



**Davis Memorial Goodwill Industries
(d/b/a Goodwill of Greater Washington)
and Subsidiaries**

**Consolidated Financial Statements and
Supplementary Information**

*For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)*



**and
Report Thereon**



**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

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For the Year Ended December 31, 2023**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodwill of Greater Washington and Subsidiaries

Opinion

We have audited the consolidated financial statements of Davis Memorial Goodwill Industries (d/b/a Goodwill of Greater Washington) (GGW) and subsidiaries Best Kept Buildings (BKB) and The Goodwill Excel Center, Public Charter School (GEC) (collectively referred to as Goodwill), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Goodwill as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Goodwill and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Goodwill's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Summarized Comparative Information

We have previously audited Goodwill's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 10, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Washington, DC
May 16, 2024

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2023
(With Summarized Financial Information as of December 31, 2022)**

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 18,202,980	\$ 13,712,777
Receivables	2,672,496	2,847,995
Inventory	922,249	958,663
Prepaid expenses and other	1,865,848	1,658,215
Investments	8,365,298	7,316,507
Investments – deferred compensation plan	1,266,803	977,735
Property and equipment, net	12,183,797	12,166,731
Right of use asset – operating	45,224,324	52,705,090
Right of use asset – finance	229,421	310,779
Deposits	<u>672,495</u>	<u>534,964</u>
TOTAL ASSETS	<u><u>\$ 91,605,711</u></u>	<u><u>\$ 93,189,456</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,212,349	\$ 2,208,381
Accrued payroll and related liabilities	2,330,368	2,373,178
Contract liabilities and deposits	2,067,511	1,899,842
Lease liability – operating	54,531,843	62,499,967
Lease liability – finance	246,859	328,535
Deferred compensation obligations	<u>1,266,803</u>	<u>977,735</u>
TOTAL LIABILITIES	<u>62,655,733</u>	<u>70,287,638</u>
Net Assets		
Without donor restrictions	28,185,819	22,147,483
With donor restrictions	<u>764,159</u>	<u>754,335</u>
TOTAL NET ASSETS	<u>28,949,978</u>	<u>22,901,818</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 91,605,711</u></u>	<u><u>\$ 93,189,456</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023**

(With Summarized Financial Information for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
OPERATING REVENUE AND SUPPORT				
Revenue:				
Donated goods sales	\$ 55,761,478	\$ -	\$ 55,761,478	\$ 50,370,757
Service contracts	13,868,531	-	13,868,531	12,636,611
Per pupil funding	10,518,708	-	10,518,708	9,431,741
Other income	31,672	-	31,672	7,153
Total Revenue	80,180,389	-	80,180,389	72,446,262
Support:				
Contributions – donated goods	13,920,969	-	13,920,969	13,278,829
Contributions and grants – other	1,893,379	1,308,500	3,201,879	1,958,201
Legacies and bequests	25,000	-	25,000	45,000
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,298,676	(1,298,676)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	97,318,413	9,824	97,328,237	87,728,292
OPERATING EXPENSES				
Program Services:				
Retail program	63,483,191	-	63,483,191	59,526,571
Service contracts	11,100,977	-	11,100,977	10,423,573
Education program	9,834,740	-	9,834,740	8,665,876
Workforce development	2,063,066	-	2,063,066	1,838,971
Total Program Services	86,481,974	-	86,481,974	80,454,991
Supporting Services:				
Management and general	4,769,352	-	4,769,352	4,145,747
Fundraising	1,073,073	-	1,073,073	950,792
Total Supporting Services	5,842,425	-	5,842,425	5,096,539
TOTAL OPERATING EXPENSES	92,324,399	-	92,324,399	85,551,530
Change in net assets from operations	4,994,014	9,824	5,003,838	2,176,762
NONOPERATING ACTIVITIES				
Investment income (loss)	1,044,322	-	1,044,322	(1,379,848)
CHANGE IN NET ASSETS	6,038,336	9,824	6,048,160	796,914
NET ASSETS, BEGINNING OF YEAR	22,147,483	754,335	22,901,818	22,104,904
NET ASSETS, END OF YEAR	\$ 28,185,819	\$ 764,159	\$ 28,949,978	\$ 22,901,818

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)**

	Program Services				Supporting Services			2023 Total	2022 Total	
	Retail Program	Service Contracts	Education Program	Workforce Development	Total Program Services	Management and General	Fundraising			Total Supporting Services
Personnel Expenses:										
Salaries	\$ 24,960,620	\$ 6,566,135	\$ 5,920,784	\$ 1,109,515	\$ 38,557,054	\$ 2,294,564	\$ 434,755	\$ 2,729,319	\$ 41,286,373	\$ 37,395,951
Employee benefits	3,693,671	2,027,128	37,086	193,277	5,951,162	365,626	75,797	441,423	6,392,585	6,336,060
Total Personnel Expenses	28,654,291	8,593,263	5,957,870	1,302,792	44,508,216	2,660,190	510,552	3,170,742	47,678,958	43,732,011
Cost of sales – donated goods	13,957,383	-	-	-	13,957,383	-	-	-	13,957,383	13,291,780
Occupancy	10,160,141	188,198	1,145,432	212,325	11,706,096	542,454	188,198	730,652	12,436,748	12,103,779
Depreciation, amortization and loss on disposal of assets	1,086,432	147,596	806,407	7,812	2,048,247	351,460	120,456	471,916	2,520,163	1,929,405
Supplies	1,137,560	517,235	216,256	9,922	1,880,973	27,871	2,633	30,504	1,911,477	1,781,299
Professional fees	917,288	148,207	174,718	37,753	1,277,966	386,880	87,185	474,065	1,752,031	1,686,969
Other expenses	491,485	50,759	806,733	53,743	1,402,720	58,879	28,971	87,850	1,490,570	2,029,794
Auctions	1,284,564	-	-	-	1,284,564	-	-	-	1,284,564	1,203,886
Utilities	1,068,510	2,361	14,400	9,395	1,094,666	6,807	2,361	9,168	1,103,834	1,260,728
Bank service charges	992,439	304	8,296	31	1,001,070	43,741	11,863	55,604	1,056,674	938,231
Subcontractors	49,559	704,213	-	109,990	863,762	15,355	-	15,355	879,117	484,290
Postage and shipping	792,081	1,993	5,111	61	799,246	5,145	3,663	8,808	808,054	674,432
Grant expense	671,666	-	-	-	671,666	-	-	-	671,666	-
Advertising	80,110	22,603	123,380	25,077	251,170	373,515	967	374,482	625,652	518,286
Equipment rental and maintenance	547,976	32,485	12,428	1,113	594,002	5,233	355	5,588	599,590	597,932
Insurance	316,848	43,751	80,850	8,770	450,219	49,215	2,712	51,927	502,146	446,153
SourceAmerica commissions	-	487,558	-	-	487,558	-	-	-	487,558	446,264
Software maintenance	242,895	40,353	53,367	75,402	412,017	11,300	24,322	35,622	447,639	324,912
Telephone	267,489	50,104	72,560	13,650	403,803	19,158	6,798	25,956	429,759	448,183
Maintenance and repairs	260,218	5,283	32,154	7,448	305,103	9,804	3,401	13,205	318,308	445,317
Dues	89,487	13,387	25,307	25,152	153,333	63,164	38,916	102,080	255,413	233,564
Taxes, licenses and permits	53,762	3,909	155,811	225	213,707	9,970	5,737	15,707	229,414	234,200
Printing and publications	89,187	11,939	43,996	10,046	155,168	47,762	23,581	71,343	226,511	182,317
Travel	97,529	7,887	19,530	39,143	164,089	22,666	8,240	30,906	194,995	153,345
Vehicles – rentals and maintenance	169,365	24,916	3	3	194,287	681	4	685	194,972	229,352
Student transportation stipends	-	-	79,412	111,028	190,440	-	-	-	190,440	87,177
Special events	3,134	881	719	2,185	6,919	52,663	366	53,029	59,948	64,020
Interest and other fees	1,792	1,792	-	-	3,584	5,439	1,792	7,231	10,815	16,487
Cost of sales – purchased goods	-	-	-	-	-	-	-	-	-	7,417
TOTAL EXPENSES	\$ 63,483,191	\$ 11,100,977	\$ 9,834,740	\$ 2,063,066	\$ 86,481,974	\$ 4,769,352	\$ 1,073,073	\$ 5,842,425	\$ 92,324,399	\$ 85,551,530

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,048,160	\$ 796,914
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,452,940	1,808,947
Amortization of right of use assets	9,055,700	8,904,290
Unrealized and realized (gains) losses on investments	(855,678)	1,521,603
Losses on disposal of assets	67,223	120,458
Changes in assets and liabilities:		
Receivables	175,499	(149,318)
Inventory	36,414	17,491
Prepaid expenses and other	(207,633)	624,958
Deposits	(137,531)	3,855
Accounts payable and accrued expenses	(381,646)	(194,989)
Accrued payroll and related liabilities	(42,810)	(1,260,838)
Contract liabilities and deposits	167,669	437,292
Lease liability	(9,543,058)	(9,498,816)
Deferred compensation obligations	289,068	(121,863)
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,124,317	3,009,984
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	2,038,788	1,147,731
Purchases of investments	(2,520,969)	(1,121,579)
Purchases of property and equipment	(2,070,257)	(1,895,961)
NET CASH USED IN INVESTING ACTIVITIES	(2,552,438)	(1,869,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	-	(137,871)
Principal payments on financing lease	(81,676)	(78,778)
NET CASH USED IN FINANCING ACTIVITIES	(81,676)	(216,649)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,490,203	923,526
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	13,712,777	12,789,251
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 18,202,980	\$ 13,712,777
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid and other fees	\$ 10,815	\$ 16,487
NONCASH TRANSACTIONS		
Noncash investing activities:		
Property and equipment purchases in accounts payable	\$ 578,160	\$ 192,546
Leasehold improvements paid directly by landlord	\$ -	\$ 3,013,089

The accompanying notes are an integral part of these consolidated financial statements.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. Organization and Summary of Significant Accounting Policies

Organization

Davis Memorial Goodwill Industries (d/b/a Goodwill of Greater Washington) (GGW) opened in Washington, D.C., in 1935 as a provider of quality service programs to those in need with support and/or training necessary to assume a self-sufficient role in their community. Goodwill is a publicly supported organization exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3), except for unrelated business income. GGW's operations are financed primarily through fees earned from custodial contracts; income earned from the operation of contributed goods thrift shops; and contributions from private foundations, corporations and individuals.

GGW's wholly owned for-profit subsidiary, Best Kept Buildings (BKB), provides custodial and other services under commercial contracts. BKB was initially incorporated in 1994 and commenced its current business operations in 2004.

The Goodwill Excel Center, Public Charter School (GEC) was formed on February 23, 2015. The goal of the school is to provide Washington, D.C., adult residents the opportunity and support to earn a high school diploma and post-secondary education while developing career paths that present greater employment and career growth opportunities.

Principles on Consolidation

The consolidated financial statements include the accounts of GGW, BKB and GEC (collectively referred to as Goodwill). The organizations are consolidated due to the existence of effective control and an economic interest, per accounting principles generally accepted in the United States of America (GAAP). All intercompany transactions and balances are eliminated in consolidation.

Basis of Accounting

The accompanying consolidated financial statements have been prepared in accordance with GAAP using the accrual basis of accounting.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with initial maturities of three months or less.

Receivables

Receivables consist of amounts due under contracts or other exchange transactions and are recorded at net realizable value. Goodwill recognized an expected allowance for credit losses using the loss rate method, which takes into account management's historical collection experience, adjusted for management's expectations. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk and future economic conditions since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. At December 31, 2023, there was no allowance for credit losses.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. Organization and Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of donated and purchased goods. Donated goods are originally recorded in the accompanying consolidated financial statements at their estimated fair value, using an inventory calculation model developed by Goodwill Industries International, Inc. Slow-moving inventory is periodically assessed for impairment, if any, and adjusted to net realizable value.

The donated items require processing in preparation for retail sale. The costs related to this processing, and the turnover of donated goods inventory, is included as retail program expense in the accompanying consolidated statement of activities.

Investments

Investments consist of exchange-traded, mutual, and money market funds, as well as a certificate of deposit. These investments are recorded in the accompanying consolidated financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains and losses are determined by comparison of fair value at the beginning and end of the reporting period and are included in investment income in the accompanying consolidated statement of activities.

Fair Value Measurement

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, Goodwill has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy attributes the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Goodwill has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurement (continued)

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s assumptions that a market participant would use in pricing the asset or liability.

As of and for the year ended December 31, 2023, only Goodwill’s investments, as described in Notes 3 and 4 of these consolidated financial statements, were measured at fair value on a recurring basis.

Property and Equipment and Related Depreciation and Amortization

All acquisitions of property and equipment in excess of \$1,000 with an economic life of more than 12 months are capitalized and recorded at cost. Depreciation and amortization are recorded using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives.

Furniture and equipment	3 to 10 years
Buildings and improvements	5 to 20 years
Software	3 to 10 years
Vehicles and transportation equipment	3 to 7 years

Leasehold improvements are amortized over the remaining life of the lease. Assets in process are stated at cost and are not depreciated until the assets are complete and placed in service. Maintenance and repairs are expensed as incurred. Significant renewals and betterments are capitalized. At the time assets are retired or otherwise disposed of, the property and related accumulated depreciation and amortization accounts are relieved of the applicable amounts and any gain or loss is credited or charged to revenue or expense.

Impairment of Long-Lived Assets

Goodwill reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. There were no impairment losses recognized for the year ended December 31, 2023.

Right of Use Asset and Lease Liability

Goodwill determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. The ROU asset and lease liability are recognized at the commencement date of the lease agreement based on the present value of lease payments over the lease term using Goodwill’s estimated incremental borrowing rate or implicit rate, when readily determinable, and is adjusted for lease incentives. The ROU asset is amortized on a straight-line basis over the

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. Organization and Summary of Significant Accounting Policies (continued)

Right of Use Asset and Lease Liability (continued)

lease term and is reflected as lease expense in the accompanying financial statements. The lease liability is reduced as cash payments are made under the terms of the lease. Interest is charged to lease expense for the difference. Short-term operating leases, which have an initial term of 12 months or less, are not recorded on the statement of financial position. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Net Assets

The net assets of Goodwill are classified as follows:

- *Without donor restrictions* – Net assets that are not subject to any donor-imposed stipulations or other legal limitations and are available for support of Goodwill's operations.
- *With donor restrictions* – Net assets subject to donor-imposed stipulations that may be used for a particular purpose or within a specific time period.

Revenue and Support Recognition

Revenue from the sale of inventory is recognized as donated goods sales at the point in time of the sale. Any store credits or gift cards which have been issued, but not redeemed, are included in contract liabilities and deposits in the accompanying consolidated statement of financial position.

Revenue from service contracts is primarily related to fixed-price contracts with the federal government and other local agencies. These contracts contain a single performance obligation, and revenue under these contracts is recognized over time as the customer receives the benefit from the services, and there is an enforceable right to payment. Revenue recognized on firm fixed-price contracts for which payments have not been received is reflected as receivables in the accompanying consolidated statement of financial position. Any contract payments received in advance of satisfying the performance obligations are included in contract liabilities and deposits in the accompanying consolidated statement of financial position.

Per pupil funding represents the per pupil student allocation and facility allowance from the District of Columbia, as well as federal entitlement funding, to pay for the academic services of the students attending GEC. Revenue is recognized over the course of the school year as academic services are provided to students. Per pupil funding received in advance of when revenue is earned is included in contract liabilities and deposits in the accompanying consolidated statement of financial position.

Unconditional grants and contributions are recognized as revenue and support in the accounting period in which they are received or when an unconditional promise to give is made. Unconditional contributions are considered available for general expenditure unless

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued)

specifically restricted by a donor. Amounts that are designated for future periods or restricted by the donor for a specific purpose are reported as grants and contributions with donor restrictions in the accompanying statement of activities. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and released from restriction. Unconditional grants and contributions that are received and spent in the same year are included as grants and contributions without donor restrictions in the accompanying consolidated statement of activities. Unconditional grants or contributions that have been committed to Goodwill, but have not been received as of year-end, are reflected as receivables in the accompanying statement of financial position. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at their present value using appropriate discount rates. Amortization of the discount is recorded as additional contribution or grant support and is used in accordance with donor-imposed restrictions, if any, on the contributions or grants.

Conditional promises to give – that is, those with measurable performance obligations or other barriers, and a right of return, are not recognized until the conditions on which they depend have been met. As of December 31, 2023, Goodwill had conditional contributions totaling \$1,125,000 that have yet to be recognized due to the existence of outstanding performance obligations.

Donated Support

Goodwill's policy for donated goods is to monetize such goods upon receipt and processing, primarily through resale at its various retail store locations and its e-commerce site. Any donated goods that cannot be sold through its retail operations are sold to its salvage partners, or disposed of. Donated goods are valued at their estimated fair value using a valuation model designed to value donated thrift items. The valuation model considers Goodwill's internal costs to process and ready the donated goods as inputs to estimate the fair value, which is included in contributions – donated goods in the accompanying consolidated statement of activities.

Functional Allocation of Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated financial statements. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Salaries and benefits are allocated based on estimates of time and effort. Overhead costs such as occupancy costs are allocated based on square footage. Selected other expenses are allocated based on the program's proportionate share of expenses, while expenses for other supporting services are allocated based on headcount.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

1. Organization and Summary of Significant Accounting Policies (continued)

Definition of Operations

Operating revenue and expenses generally reflect those revenues and expenses that are an integral part of the programs and supporting activities of Goodwill and exclude investment income (loss).

Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued guidance FASB ASC 326, *Current Expected Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the organization that are subject to the guidance in FASB ASC 326 were trade accounts receivable. Goodwill adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

2. Receivables

Receivables consisted of the following as of December 31, 2023:

U.S. government prime contracts	\$ 1,307,000
Donated goods sales	1,024,532
Contributions and grants	294,051
Commercial contracts	10,036
Other	<u>36,877</u>
Total Receivables	<u>\$ 2,672,496</u>

All receivables are deemed fully collectible and are anticipated to be received within one year.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

3. Investments

Investments are stated at fair value and consisted of the following as of December 31, 2023:

Exchange-traded funds:	
Equities	\$ 5,204,592
Fixed-income	376,852
Mutual funds:	
Fixed-income	1,992,911
Money market funds	578,543
Certificate of deposit	<u>212,400</u>
Total Investments	<u>\$ 8,365,298</u>

The certificate of deposit serves as collateral for Goodwill's letter of credit (see Note 9).

At December 31, 2023, investments totaling \$1,266,803 were held in segregated accounts to fund Goodwill's deferred compensation obligations to certain key employees. These investments are recorded as investments – deferred compensation plan in the consolidated statement of financial position.

A summary of investment income is as follows for the year ended December 31, 2023:

Interest and dividends, net	\$ 188,644
Realized loss	(98,063)
Unrealized gain	<u>953,741</u>
Investment Income, Net	<u>\$ 1,044,322</u>

4. Fair Value Measurement

The following table summarizes Goodwill's assets and liabilities measured at fair value on a recurring basis as of December 31, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Exchange-traded funds	\$ 5,581,444	\$ 5,581,444	\$ -	\$ -
Mutual funds	1,992,911	1,992,911	-	-
Money market funds	578,543	578,543	-	-
Certificate of deposit	<u>212,400</u>	<u>-</u>	<u>212,400</u>	<u>-</u>
Total Investments	<u>\$ 8,365,298</u>	<u>\$ 8,152,898</u>	<u>\$ 212,400</u>	<u>\$ -</u>

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

4. Fair Value Measurement (continued)

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets (continued):				
Investments – deferred compensation plan:				
Mutual funds	\$ 721,926	\$ 721,926	\$ -	\$ -
Annuity contracts	<u>48,848</u>	<u>-</u>	<u>48,848</u>	<u>-</u>
Subtotal Investments – Deferred Compensation Plan	770,774	<u>\$ 721,926</u>	<u>\$ 48,848</u>	<u>\$ -</u>
Pooled separate accounts	<u>496,029</u>			
Total Investments – Deferred Compensation Plan	<u>\$ 1,266,803</u>			
Liabilities:				
Deferred compensation obligations	<u>\$ (1,266,803)</u>	<u>\$ -</u>	<u>\$ (1,266,803)</u>	<u>\$ -</u>

Exchange-traded, mutual and money market funds – Value derived from the net asset value (NAV) of shares held at year-end and based on quoted market prices in active markets.

Certificate of deposit – Valued at cost plus accrued interest.

Annuity contracts – Value determined by discounting the related cash flows on current yields of similar investments with comparable duration, considering the creditworthiness of the issuer.

Pooled Separate Accounts – Valued based on NAV as a practical expedient, as reported by the manager of the pooled separate accounts, and as supported by the unit prices of actual purchase and sale transactions occurring as of or close to the financial statement date. In terms of ability to redeem funds, the redemption frequency, if currently eligible, is daily and there is no redemption notice period.

Deferred compensation obligations – Valued based on fair value of the underlying deferred compensation plan assets.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

5. Property and Equipment

The following property and equipment was held as of December 31, 2023:

Leasehold improvements	\$ 13,047,720
Furniture and equipment	9,801,375
Buildings and improvements	4,818,679
Land	1,218,700
Software	1,039,324
Vehicles and transportation equipment	806,934
Assets in process	<u>1,549,767</u>
Total Property and Equipment	32,282,499
Less: Accumulated Depreciation and Amortization	<u>(20,098,702)</u>
Property and Equipment, Net	<u>\$ 12,183,797</u>

As of December 31, 2023, assets in process included costs related to improvements on leased space and building redevelopment costs that had not yet been completed or placed into service. Accordingly, no depreciation or amortization expense is reported for these costs for the year ended December 31, 2023.

Depreciation and amortization expense totaled \$2,520,163 for the year ended December 31, 2023 and is included in depreciation, amortization and loss on disposal of assets in the accompanying statement of functional expenses.

6. Right-of-Use Asset and Lease Liability

Operating Leases

Goodwill evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent Goodwill's right to use underlying assets for the lease term, and the lease liabilities represent Goodwill's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. Goodwill has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

Goodwill leases real property for its stores, warehouse, education center and administrative offices under several noncancelable leases, the last of which expires in July 2035. The organization has twenty-nine real estate leases. Some leases have options for renewal, at Goodwill's option, for which management is not reasonably certain to exercise. Therefore, the payments associated with those extensions are not included in the ROU asset nor the lease liability recognized as of December 31, 2023. The organization entered into two new leases and modified one lease during the year ended December 31, 2023, resulting in an increase of the lease liability of \$1,574,934.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

6. Right-of-Use Asset and Lease Liability (continued)

Operating Leases (continued)

For the year ended December 31, 2023, total operating lease cost was \$10,180,171. Cash paid for operating leases for the year ended December 31, 2023 totaled \$10,677,176. For the year ended December 31, 2023, right of use assets acquired in exchange for associated lease obligations related to new or amended lease agreements totaled \$1,574,934.

Weighted average lease term and discount rate as December 31, 2023 were as follows:

Weighted average remaining lease term	7.49 years
Weighted average discount rate	1.89%

The maturities of operating lease liabilities as of December 31, 2023 were as follows:

<u>For the Year Ending December 31,</u>	
2024	\$ 10,195,505
2025	9,871,909
2026	7,876,020
2027	6,607,271
2028	5,394,742
Thereafter	<u>18,463,373</u>
Total	58,408,820
Less: Present Value Discount	<u>(3,876,977)</u>
Lease Liability	<u>\$ 54,531,843</u>

Finance Leases

Goodwill leases vehicles through finance leases. The lease terms range from three to seven years with expiration dates through November 30, 2026, and have a cost of \$569,509 and accumulated depreciation of \$340,088 as of December 31, 2023.

As of December 31, 2023, the future minimum lease payments due under Goodwill's finance leases were as follows:

<u>For the Year Ending December 31,</u>	
2024	\$ 92,220
2025	92,220
2026	<u>75,609</u>
Subtotal	260,049
Less: Portion Representing Interest	<u>(13,190)</u>
Total	<u>\$ 246,859</u>

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

6. Right-of-Use Asset and Lease Liability (continued)

Interest expense related to finance leases totaled \$10,543 and is included in interest and other fees in the accompanying consolidated statement of functional expenses for the year ended December 31, 2023.

7. Line of Credit

Goodwill has a \$5,000,000 revolving line of credit with Truist Bank that matures on August 31, 2024, with interest at a rate equal to the one-month Adjusted Term SOFR Rate, plus 1.75% (which was 7.11% as of December 31, 2023). The line of credit is automatically drawn upon as funds are needed and automatically repaid as funds are available in the operating cash accounts held at Truist Bank. There were no borrowings and repayments and no interest expense during the year ended December 31, 2023. The line of credit is unsecured and requires Goodwill to comply with certain financial and nonfinancial covenants. As of December 31, 2023, Goodwill was in compliance with financial covenants and there was no balance outstanding on the line of credit.

8. Risks, Commitments and Contingencies

Employment Contracts

Effective January 1, 2014, Goodwill entered into an employment contract with its President and Chief Executive Officer (CEO). The contract was amended and restated effective January 1, 2019, to continue for a period of five years through December 31, 2023. The contract was amended and restated effective January 1, 2024, to continue for a period of three years through December 31, 2026. Thereafter, the parties will mutually agree whether to extend or renew the agreement. In the event of termination without cause, the President and CEO will receive pay equal to 12 months' base salary.

9. Letter of Credit

As of December 31, 2023, Goodwill had a \$212,400 letter of credit from Truist Bank that is provided pursuant to a Guarantee and Suretyship Agreement for a workers' compensation captive that Goodwill left in 2008 but that contains post-termination obligations that expire no later than September 30, 2017, or upon the payment in full by the captive of all deficit amounts for the years Goodwill was a member of the captive. This letter of credit renews annually in February and requires Goodwill to pay an annual fee equal to 1% of the outstanding balance.

As of December 31, 2023, Goodwill had a \$207,723 Irrevocable Standby Letter of Credit from Truist Bank pursuant to a real estate lease agreement security deposit requirement. This letter of credit automatically renews for 12 months from August 1, 2024, the date of expiration, and requires Goodwill to pay an annual fee of 1% of the outstanding balance.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

10. Net Assets With Donor Restriction

Net assets with donor restriction as of December 31, 2023 are available for the following purposes:

Sustainability program	\$ 659,159
Workforce development program	<u>105,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 764,159</u>

11. Availability and Liquidity

Goodwill regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. Goodwill's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2023, were as follows:

Cash and cash equivalents	\$ 18,202,980
Receivables	2,672,496
Investments	<u>8,365,298</u>
Total Financial Assets	29,240,774
Less:	
Amounts with donor purpose restrictions	(764,159)
Amounts restricted as collateral for letter of credit (see Note 9)	<u>(212,400)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 28,264,215</u>

Goodwill has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of Goodwill throughout the year through monitoring and reviewing Goodwill's cash flow needs on an ongoing basis. As a result, management is aware of the cyclical nature of the cash flow related to Goodwill's various funding sources and is, therefore, able to ensure that there is cash available to meet current liquidity needs. As part of its liquidity plan, excess cash is invested in publicly traded investment vehicles, including mutual funds and exchange traded funds. Goodwill's investments can be readily liquidated and are therefore available to meet current cash flow needs. To help manage unanticipated liquidity needs, Goodwill has a \$5,000,000 unsecured revolving line of credit with Truist Bank that matures on August 31, 2024.

12. Significant Customers

During the year ended December 31, 2023, approximately 99% of service contracts income was earned through contracts with agencies of the federal government. Revenue from service contracts with federal agencies totaled \$13,809,759 for the year ended December 31, 2023.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

13. Donated Support

During the year ended December 31, 2023, Goodwill recognized support from donated goods with an estimated fair value of \$13,920,969, of which \$922,249 is included in inventory at December 31, 2023 as reported in the accompanying consolidated statement of financial position. These items are reported as contributions - donated goods and retail program expenses in the accompanying consolidated statement of activities. There were no donor-imposed restrictions associated with the donated goods.

14. Retirement Plans

Defined Contribution Plan

Goodwill has a group tax-deferred annuity plan available for its employees. Participation is voluntary, and contributions to the plan are funded by employee salary deductions and employer matching contributions. Employees may elect voluntary deferrals from salary by payroll deduction on a pre-tax basis up to the amount allowed by federal law. Plan contributions totaled \$386,526 for the year ended December 31, 2023, and are included in employee benefits in the accompanying consolidated statement of functional expenses.

Deferred Compensation Plan

Goodwill has a 457(b) deferred compensation plan (the Plan) covering highly compensated employees. The Plan is funded by employer matching contributions in accordance with regulations established under Section 457(b) of the IRC. The funds for the Plan are held in segregated accounts for each participant and are invested by the trustees, as directed by the plan participants and as permitted by the 457(b) eligible deferred compensation trust documents. As of December 31, 2023, deferred compensation assets and the related liability totaled \$1,266,803 and are included in the accompanying consolidated statement of financial position.

15. Income Taxes

GGW and GEC are publicly supported organizations exempt from federal income tax under IRC Section 501(c)(3), except for unrelated business income. For the year ended December 31, 2023, there was no substantial unrelated business income and, consequently, no provision for income taxes has been made.

BKB is subject to federal and state income taxes. At December 31, 2023, BKB had net operating loss carryforwards aggregating to approximately \$11,880,000. Of this amount, approximately \$6,000,000 relates to 2017 and earlier, is fully available to offset future income, and expires in 2024 through 2037. The remaining net operating loss carryforwards of approximately \$5,880,000 relate to 2018 and later, are available to offset 80% of future taxable income and do not expire. No deferred tax asset has been recorded for these cumulative net operating loss carryforwards, as management believes that the future taxable income required to realize such a deferred tax asset is uncertain at this time.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2023**

15. Income Taxes (continued)

Goodwill performed an evaluation of uncertainty in income taxes for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2023, the statute of limitations remained open with the U.S. federal jurisdiction and the various states and local jurisdictions in which Goodwill files tax returns, however there are currently no examinations pending or in progress. It is Goodwill's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2023, Goodwill had no accrual for interest and/or penalties.

16. Prior Year Summarized Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Goodwill's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

17. Reclassification

Certain reclassifications to the prior year financial statements have been made to conform to the current year presentation.

18. Subsequent Events

In preparing these consolidated financial statements, Goodwill has evaluated events and transactions, for potential recognition or disclosure, through May 16, 2024, the date the consolidated financial statements were available to be issued. Goodwill Affordable Housing Mission, LLC, was formed on March 5, 2024 to partner with another organization for an affordable housing development project at its Glebe Road location in Arlington, Virginia. There were no other subsequent events that require recognition or disclosure in these consolidated financial statements.

SUPPLEMENTARY INFORMATION

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
December 31, 2023**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 5,583,820	\$ 72,733	\$ 12,546,427	\$ -	\$ 18,202,980
Receivables	3,037,143	11,633	27,910	(404,190)	2,672,496
Intercompany receivable	11,016,054	-	-	(11,016,054)	-
Inventory	922,249	-	-	-	922,249
Prepaid expenses and other	1,631,471	5,859	228,518	-	1,865,848
Investments	8,365,298	-	-	-	8,365,298
Investments – deferred compensation plan	1,266,803	-	-	-	1,266,803
Property and equipment, net	8,117,130	-	4,069,083	(2,416)	12,183,797
Right of use assets – operating	38,173,362	-	7,050,962	-	45,224,324
Right of use assets – finance	229,421	-	-	-	229,421
Deposits	609,237	-	63,258	-	672,495
TOTAL ASSETS	<u>\$ 78,951,988</u>	<u>\$ 90,225</u>	<u>\$ 23,986,158</u>	<u>\$ (11,422,660)</u>	<u>\$ 91,605,711</u>
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 1,966,316	\$ 2,788	\$ 647,435	\$ (404,190)	\$ 2,212,349
Intercompany payables	-	11,016,054	-	(11,016,054)	-
Accrued payroll and related liabilities	1,907,113	305,496	117,759	-	2,330,368
Contract liabilities and deposits	308,497	-	1,759,014	-	2,067,511
Lease liability – operating	42,829,876	-	11,701,967	-	54,531,843
Lease liability – finance	246,859	-	-	-	246,859
Deferred compensation obligations	1,266,803	-	-	-	1,266,803
TOTAL LIABILITIES	<u>48,525,464</u>	<u>11,324,338</u>	<u>14,226,175</u>	<u>(11,420,244)</u>	<u>62,655,733</u>
Net Assets					
Without donor restrictions	29,662,365	(11,234,113)	9,759,983	(2,416)	28,185,819
With donor restrictions	764,159	-	-	-	764,159
TOTAL NET ASSETS	<u>30,426,524</u>	<u>(11,234,113)</u>	<u>9,759,983</u>	<u>(2,416)</u>	<u>28,949,978</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 78,951,988</u>	<u>\$ 90,225</u>	<u>\$ 23,986,158</u>	<u>\$ (11,422,660)</u>	<u>\$ 91,605,711</u>

See independent auditors' report on supplementary information.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended December 31, 2023**

	Goodwill of Greater Washington	Best Kept Buildings	The Goodwill Excel Center, Public Charter School	Eliminations	Total
OPERATING REVENUE AND SUPPORT					
Revenue:					
Donated goods sales	\$ 55,761,478	\$ -	\$ -	\$ -	\$ 55,761,478
Service contracts	13,846,256	22,275	-	-	13,868,531
Per pupil funding	-	-	10,518,708	-	10,518,708
Contract service income	2,677,490	10,644,562	-	(13,322,052)	-
Other income	30,647	-	1,025	-	31,672
Total Revenue	72,315,871	10,666,837	10,519,733	(13,322,052)	80,180,389
Support:					
Contributions – donated goods	13,920,969	-	-	-	13,920,969
Contributions and grants – other	2,641,751	119,988	440,140	-	3,201,879
Legacies and bequests	25,000	-	-	-	25,000
TOTAL OPERATING REVENUE AND SUPPORT	88,903,591	10,786,825	10,959,873	(13,322,052)	97,328,237
OPERATING EXPENSES					
Program Services:					
Retail program	63,864,761	10,118,088	-	(10,499,658)	63,483,191
Service contracts	11,025,896	127,003	-	(51,922)	11,100,977
Education program	564,930	-	9,270,378	(568)	9,834,740
Workforce development	2,063,066	-	-	-	2,063,066
Total Program Services	77,518,653	10,245,091	9,270,378	(10,552,148)	86,481,974
Supporting Services:					
Management and general	4,674,564	1,616,006	1,249,254	(2,770,472)	4,769,352
Fundraising	1,073,073	-	-	-	1,073,073
Total Supporting Services	5,747,637	1,616,006	1,249,254	(2,770,472)	5,842,425
TOTAL OPERATING EXPENSES	83,266,290	11,861,097	10,519,632	(13,322,620)	92,324,399
Change in net assets from operations	5,637,301	(1,074,272)	440,241	568	5,003,838
NONOPERATING ACTIVITIES					
Investment income	1,044,322	-	-	-	1,044,322
CHANGE IN NET ASSETS	6,681,623	(1,074,272)	440,241	568	6,048,160
NET ASSETS, BEGINNING OF YEAR	23,744,901	(10,159,841)	9,319,742	(2,984)	22,901,818
NET ASSETS, END OF YEAR	\$ 30,426,524	\$ (11,234,113)	\$ 9,759,983	\$ (2,416)	\$ 28,949,978

See independent auditors' report on supplementary information.