

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**Year Ended December 31, 2021**

**(with summarized comparative financial information  
for the year ended December 31, 2020)**

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# C O N T E N T S

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	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Consolidated Statements of Functional Expenses	8
Notes to Consolidated Financial Statements	10
SUPPLEMENTAL INFORMATION	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	28
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	30
Schedule of Findings and Questioned Costs	33
Schedule of Expenditures of Federal Awards and Other Financial Assistance	35
Supporting Information Required by HUD	36
Consolidating Statements of Financial Position	38
Consolidating Statements of Activities and Changes in Net Assets	39



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Gulfstream Goodwill Industries, Inc.  
West Palm Beach, Florida

### **Opinion**

We have audited the accompanying consolidated financial statements of Gulfstream Goodwill Industries, Inc. (the "Organization"), which are comprised of the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

To the Board of Directors  
Gulfstream Goodwill Industries, Inc.

### **Auditor's 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 auditor's 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 the Organization'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 the Organization'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.

To the Board of Directors  
Gulfstream Goodwill Industries, Inc.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards and Other Financial Assistance, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying supplemental information shown on pages 36 and 37 are presented for purposes of additional analysis, as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying supplemental information shown on pages 38 and 39 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the 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 audits 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

**MSL, P.A.**

Certified Public Accountants

Orlando, Florida  
August 23, 2022

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**December 31, 2021 and 2020**

<b>ASSETS</b>		
	<b>2021</b>	<b>2020</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,579,096	\$ 10,333,995
Investments	6,567,627	877,026
Accounts receivable	1,920,566	2,002,631
Prepaid expenses and other assets	1,822,618	1,759,906
Contributed goods inventory	2,937,697	2,257,792
TOTAL CURRENT ASSETS	<b>17,827,604</b>	17,231,350
Land, building, and equipment, net	9,102,133	8,362,452
Beneficial interest in trusts	35,819	31,332
TOTAL ASSETS	<b>\$ 26,965,556</b>	<b>\$ 25,625,134</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 2,039,248	\$ 2,134,166
Accrued expenses	2,129,905	2,325,984
Deferred revenue	539,194	2,139,123
Insurance note payable	811,315	730,473
Current portion of capital lease obligations	271,753	243,721
TOTAL CURRENT LIABILITIES	<b>5,791,415</b>	7,573,467
Other long-term liabilities	165,000	165,000
Deferred gain on sale-leaseback transactions	7,055,675	7,491,318
Capital lease obligations, less current portion	449,753	230,910
TOTAL LIABILITIES	<b>13,461,843</b>	15,460,695
<b>NET ASSETS</b>		
Without donor restrictions	13,467,894	10,133,107
With donor restrictions	35,819	31,332
TOTAL NET ASSETS	<b>13,503,713</b>	10,164,439
TOTAL LIABILITIES AND NET ASSETS	<b>\$ 26,965,556</b>	<b>\$ 25,625,134</b>

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

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**Year Ended December 31, 2021**

**(with summarized comparative financial information for the year ended December 31, 2020)**

	Without Donor Restrictions	With Donor Restrictions	<b>2021 Totals</b>	2020 Totals
<b>SUPPORT</b>				
Contributions of goods inventory	\$ 35,119,493	\$ -	<b>\$ 35,119,493</b>	\$ 27,317,210
Contributions	431,545	-	<b>431,545</b>	616,317
TOTAL SUPPORT	35,551,038	-	<b>35,551,038</b>	27,933,527
<b>REVENUES AND GAINS</b>				
Contributed goods store sales	31,449,081	-	<b>31,449,081</b>	25,508,432
Contributed goods E-books/E-commerce	2,990,507	-	<b>2,990,507</b>	2,176,966
Employment and training	11,013,241	-	<b>11,013,241</b>	9,537,062
Contracts	5,366,149	-	<b>5,366,149</b>	5,448,868
Salvage and recycling	1,532,269	-	<b>1,532,269</b>	1,424,085
Investment returns, net	460,240	-	<b>460,240</b>	137,826
Change in value of beneficial interest in trusts	-	4,487	<b>4,487</b>	3,541
Other revenues:				
Participant rents	277,132	-	<b>277,132</b>	245,897
Miscellaneous	1,772,383	-	<b>1,772,383</b>	2,994,583
TOTAL REVENUES	54,861,002	4,487	<b>54,865,489</b>	47,477,260
TOTAL SUPPORT REVENUES AND GAINS	90,412,040	4,487	<b>90,416,527</b>	75,410,787
<b>Expenses</b>				
Program services:				
Vocational and rehabilitation	81,294,037	-	<b>81,294,037</b>	69,442,959
Supporting services:				
Management and general	5,894,875	-	<b>5,894,875</b>	4,652,325
Fundraising	331,853	-	<b>331,853</b>	235,611
TOTAL EXPENSES	87,520,765	-	<b>87,520,765</b>	74,330,895
<b>Other gains (losses):</b>				
Loss on termination of interest rate swap agreement	-	-	-	(169,941)
Loss on extinguishment of debt	-	-	-	(61,487)
Gain on disposal of assets	443,512	-	<b>443,512</b>	1,802,513
TOTAL OTHER GAINS (LOSSES)	443,512	-	<b>443,512</b>	1,571,085
NET CHANGE IN CONTINUING OPERATIONS	3,334,787	4,487	<b>3,339,274</b>	2,650,977
LOSS ON DISCONTINUED OPERATIONS	-	-	-	(3,994,169)
CHANGE IN NET ASSETS	3,334,787	4,487	<b>3,339,274</b>	(1,343,192)
NET ASSETS, BEGINNING OF YEAR	10,133,107	31,332	<b>10,164,439</b>	11,507,631
NET ASSETS, END OF YEAR	\$ 13,467,894	\$ 35,819	<b>\$ 13,503,713</b>	\$ 10,164,439

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

# GULFSTREAM GOODWILL INDUSTRIES, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Cash received from support and revenues	\$ 48,037,816	\$ 48,059,656
Cash paid for program and supporting services	(46,510,969)	(43,379,461)
Investment returns	279,493	207,058
Interest Paid:		
Non-occupancy related	(54,948)	(79,045)
Occupancy related	-	(63,209)
	1,751,392	4,744,999
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	1,751,392	4,744,999
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Purchase of land, building, and equipment	(1,567,143)	(1,995,531)
Proceeds from sale of equipment	120,473	81,831
Proceeds from sale-leaseback transactions	-	11,479,503
Net change in investments	(5,871,348)	(16,390)
	(7,318,018)	9,549,413
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	(7,318,018)	9,549,413
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Payments on capital lease obligations	(269,115)	(242,337)
Payments on bonds payable	-	(4,515,000)
Payment to settle interest rate swap agreement	-	(345,375)
Proceeds from insurance note payable	2,189,627	1,992,976
Payments on insurance note payable	(2,108,785)	(2,157,106)
	(188,273)	(5,266,842)
NET CASH USED IN FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	(188,273)	(5,266,842)
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Net cash flows used in operating activities	-	(260,387)
Net cash flows used in investing activities	-	(2,761,306)
	-	(3,021,693)
NET CASH PROVIDED BY (USED IN) PROVIDED BY DISCONTINUED OPERATIONS	-	(3,021,693)
CHANGE IN CASH AND CASH EQUIVALENTS	(5,754,899)	6,005,877
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	10,333,995	4,328,118
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,579,096	\$ 10,333,995

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

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

**Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	<b>\$ 3,339,274</b>	\$ (1,343,192)
Net change from discontinued operations	-	(3,994,169)
Change in net assets from continuing operations	<b>3,339,274</b>	2,650,977
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	<b>1,230,848</b>	1,154,633
Amortization of debt costs as a component of interest expense	-	3,415
Gain on disposal of assets	<b>(7,869)</b>	(10,216)
Realized gain on investments	<b>(41,493)</b>	(37,247)
Change in unrealized gain on investments	<b>222,240</b>	(31,985)
Change in value of beneficial interest in trusts	<b>(4,487)</b>	(3,541)
Recognition of gain on sale-leaseback transactions	<b>(435,643)</b>	(1,792,297)
Loss on early extinguishment of debt	-	61,487
Change in fair value of interest rate swap agreement	-	169,941
(Increase) decrease in assets:		
Accounts receivable	<b>82,065</b>	(103,905)
Prepaid expenses and other assets	<b>(62,712)</b>	(319,228)
Contributed goods inventory	<b>(679,905)</b>	368,188
Increase (decrease) in liabilities:		
Accounts payable	<b>(94,918)</b>	603,924
Accrued expenses	<b>(196,079)</b>	27,109
Deferred revenue	<b>(1,599,929)</b>	1,838,744
Other long-term liabilities	-	165,000
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	<b>\$ 1,751,392</b>	\$ 4,744,999
Supplemental schedule of noncash investing and financing activities		
During the year, Goodwill acquired equipment through capital lease transactions	<b>\$ 515,990</b>	\$ 152,918

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

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**Year Ended December 31, 2021**

	Program Services	Supporting Services		2021 Totals
	Vocational and Rehabilitation	Management and General	Fundraising	
Salaries	\$ 19,315,040	\$ 2,570,423	\$ 239,162	\$ 22,124,625
Payroll taxes and related	2,508,992	233,615	28,835	2,771,442
Employee benefits	1,074,249	327,058	16,090	1,417,397
Total Salaries and Other Related Expenses	22,898,281	3,131,096	284,087	26,313,464
Cost of donated goods sold	34,439,588	-	-	34,439,588
Occupancy	14,488,824	907,071	9,167	15,405,062
Professional fees and contract services	4,082,304	965,357	340	5,048,001
Supplies, printing, promotion, and other	2,887,183	167,322	21,486	3,075,991
Depreciation and amortization	1,049,732	178,939	2,177	1,230,848
Transportation	657,575	89,674	5,142	752,391
Telephone	451,024	93,947	2,073	547,044
Postage, shipping and freight	221,126	3,819	1,155	226,100
Membership dues	433	216,372	385	217,190
Store discounts, drug screening, and other	55,719	46,786	5,841	108,346
Interest (non-occupancy)	10,210	44,738	-	54,948
Bank and other fees	33,743	33,803	-	67,546
Benevolent assistance	15,953	-	-	15,953
Meetings	2,342	15,951	-	18,293
TOTAL EXPENSES	<u>\$ 81,294,037</u>	<u>\$ 5,894,875</u>	<u>\$ 331,853</u>	<u>\$ 87,520,765</u>

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

# GULFSTREAM GOODWILL INDUSTRIES, INC.

## CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES *(Continued)*

**Year Ended December 31, 2020**

	Program Services	Supporting Services		2020 Totals
	Vocational and Rehabilitation	Management and General	Fundraising	
<b>Continuing Operations:</b>				
Salaries	\$ 16,233,660	\$ 1,489,813	\$ 179,455	\$ 17,902,928
Payroll taxes and related	2,188,946	282,469	20,912	2,492,327
Employee benefits	1,554,837	342,084	6,875	1,903,796
<b>Total Salaries and Other Related Expenses</b>	<b>19,977,443</b>	<b>2,114,366</b>	<b>207,242</b>	<b>22,299,051</b>
Cost of donated goods sold	27,685,398	-	-	27,685,398
Occupancy	13,826,747	527,592	4,408	14,358,747
Professional fees and contract services	3,528,487	1,266,031	3,767	4,798,285
Supplies, printing, promotion, and other	2,024,694	162,203	10,135	2,197,032
Depreciation and amortization	930,299	223,474	860	1,154,633
Transportation	582,861	60,811	2,798	646,470
Telephone	434,170	45,881	1,808	481,859
Postage, shipping and freight	282,885	2,209	1,543	286,637
Membership dues	19,689	176,957	1,835	198,481
Interest (non-occupancy)	52,230	23,400	-	75,630
Bank and other fees	28,361	28,051	-	56,412
Store discounts, drug screening, and other	31,528	21,350	1,215	54,093
Benevolent assistance	24,000	-	-	24,000
Meetings	14,167	-	-	14,167
<b>Total of Continuing Operations</b>	<b>69,442,959</b>	<b>4,652,325</b>	<b>235,611</b>	<b>74,330,895</b>
<b>Discontinued Operations:</b>				
Salary and other related expenses	500,523	57,126	9,345	566,994
Payroll taxes and related	63,206	8,360	1,370	72,936
Employee benefits	32,862	4,180	683	37,725
<b>Total Salaries and Other Related Expenses</b>	<b>596,591</b>	<b>69,666</b>	<b>11,398</b>	<b>677,655</b>
Professional fees and contract services	71,362	15,875	3,205	90,442
Depreciation and amortization	19,846	1,500	-	21,346
Occupancy	11,453	3,200	-	14,653
Transportation	14,099	-	-	14,099
Store discounts, drug screening, and other	13,462	-	-	13,462
Supplies, printing, promotion, and other	7,222	3,555	2,222	12,999
Telephone	7,209	4,072	-	11,281
Membership dues	3,181	-	-	3,181
<b>Total of Discontinued Operations</b>	<b>744,425</b>	<b>97,868</b>	<b>16,825</b>	<b>859,118</b>
<b>TOTAL EXPENSES</b>	<b>\$ 70,187,384</b>	<b>\$ 4,750,193</b>	<b>\$ 252,436</b>	<b>\$ 75,190,013</b>

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

# **GULFSTREAM GOODWILL INDUSTRIES, INC.**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Years Ended December 31, 2020 and 2019**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization and Purpose**

Gulfstream Goodwill Industries, Inc. (“Goodwill”) is a community service organization whose mission is to fund, design, and deliver vocational and training programs that serve people with disabilities and other barriers to employment. The goal of Goodwill’s services is to assist those served in becoming an integral part of the local workforce and to lead independent lives. Goodwill’s income is derived principally through the sale of contributed goods, and from funding received from various governmental resources. To achieve its mission, Goodwill is committed to being the following:

- A premier provider of quality rehabilitation, employment, and training opportunities for people with barriers to employment and independence.
- Recognized as a community leader and partner, communicating closely and networking with key community groups to respond to ever-changing social problems and ensure wide use of community resources.
- A quality retailer, offering high quality, economical and fashionable merchandise, in well maintained locations, within the communities Goodwill serves.
- A quality industrial work program, providing timely delivery of quality products and services to community businesses and industry.

Goodwill serves Palm Beach, Martin, St. Lucie, Indian River, and Okeechobee counties in Southeast Florida and maintains administration facilities in West Palm Beach, Florida.

Gulfstream Goodwill Academies, Inc. (the “Academy”) is a Florida nonprofit corporation. The Academy is the member of the Gulfstream Goodwill Transitions to Life Academy, Inc. (the “School”) which provides education to children of grades 9 through 12 and to disabled students with specific exceptionalities, who are of trainable mentally handicapped ages of 14 to 22 in Palm Beach, Florida. The School operates under a charter of the School District of Palm Beach County (the “District”).

Lighthouse for the Blind of the Palm Beaches, Inc. (“Lighthouse”) was founded to assist visually impaired persons to develop their capabilities to the fullest and to utilize them in the pursuits of life that are the right and privilege of all. Lighthouse provides direct education and rehabilitation services to people who are blind or visually impaired in Palm Beach, Martin, St. Lucie, Indian River, and Okeechobee counties. Effective November 30, 2020, Lighthouse entered into a separation agreement to no longer be associated with Goodwill and became an autonomous non-profit.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Consolidation and Basis of Presentation *(Continued)***

The accompanying financial statements reflect the consolidated financial statements of Goodwill, the Academy, and Lighthouse, (collectively the “Organization”), for which Goodwill has both control and economic interest, as defined in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-810, *Consolidation*, issued by the American Institute of Certified Public Accountants. All significant inter-organization accounts and transactions have been eliminated.

All activity associated with Lighthouse has been classified for 2020 as a component of discontinuing operations in these consolidated financial statements.

The Organization’s consolidated financial statements are presented in accordance with FASB ASC 958-205, *Presentation of Financial Statements*. This standard requires the classification of the Organization’s consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- *Net assets without donor restrictions* - this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the without donor restrictions.
- *Net assets with donor restrictions* - this classification includes those net assets whose use by the Organization has been limited by donors as to time or purpose or in which the principal is to remain intact for perpetuity.

### **Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Cash and Cash Equivalents**

For the purposes of the consolidated statements of cash flows, the Organization considers money market accounts and short-term investments with original maturities of three months or less to be cash equivalents. However, cash and cash equivalents maintained by the Organization’s investment managers are part of the Organization’s long-term investment policy and are classified as investments. Cash and cash equivalents held within the beneficial interest in trusts accounts are classified as part of those asset categories in the consolidated statements of financial position.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Investments**

The Organization's investments are reported at fair value (see Note 3). Fair value is determined for those investments with readily determinable market values using the quoted closing or latest bid prices. Realized gains and losses on investment transactions are determined by specific identification and are recognized as incurred in the consolidated statements of activities and changes in net assets as the difference between proceeds received and the carrying value. Dividends are recorded in income based on declared dates. Interest is recognized when earned. Changes in net unrealized gains and losses are reported in the statements of activities and changes in net assets and represent the change in the market value of investment holdings during the year. Interest, dividends, realized gains and losses, and net unrealized gains and losses, are recorded as investment return, net in the consolidated statements of activities and changes in net assets.

### **Fair Value Measurement**

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value and provides a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices in active markets that are either directly or indirectly observable.

Level 3 - Significant unobservable inputs for the assets or liability in which little or no market data exists.

Investments are stated at fair value, based on quoted market prices of those investments, or by using the net asset value ("NAV") as a practical expedient, as quoted by the custodian. If available, quoted market prices are used to value investments. U.S. mutual and index funds and exchange traded products are valued at the closing price reported on the major market on which the individual securities are traded.

Beneficial interest in trusts approximates fair value by recording the Organization's relative share of assets that are held by the custodian and valued using quoted market prices of underlying assets discounted with an appropriate interest rate and expected term.

The interest rate swap agreement (see Note 12) was valued using a market approach based on third-party quotations which use prevailing rates based on an estimate of the net present values of the resulting cash flows, relevant market data inputs, and assumptions of no unusual market conditions or forced liquidation.

## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Accounts Receivable**

Accounts receivable consists of amounts due from various government agencies and vendors that contract with the Organization for services (see Note 4). Accounts receivable are recognized at the net amount that management expects to be collected based on established collection history and review of individual balances. Amounts charged for goods and services that are not expected to be received, representing contractual adjustments and implicit price concessions, are recognized as a reduction of the related revenue. The Organization recognizes a separate allowance only when it determines there has been an unforeseeable change in the customer's ability to pay subsequent to the delivery of goods and services resulting in an impairment loss. Such account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

### **Prepaid Expenses and Other Assets**

Prepaid expenses and other assets consist of utility and security deposits, prepaid insurance, postage, and rent. Also included is a supply inventory, consisting of small general office and maintenance supplies which are stated at lower of cost or market, and a reserve deposit for unemployment claims (see Notes 5 and 15).

### **Contributed Goods Inventory**

Contributed goods inventory consists of donor contributed goods, which are valued according to an estimate of fair value at the time of the donation. Contributed goods inventory is valued at an estimated net market value utilizing the average store sales less gross profit based upon inventory turnover at the Organization's retail locations.

### **Land, Building, and Equipment**

Land, building, and equipment are recorded at cost, if purchased, or fair value, if donated, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful asset lives, ranging from 3-30 years. Capital expenditures in excess of \$500 are capitalized and depreciated. Maintenance and repair costs are expensed as incurred.

### **Beneficial Interest in Trusts**

Beneficial interest in trusts represent agreements in which the Organization has been named the residual or income beneficiary of an irrevocable trust, unitrust, or similar arrangement (see Note 7). The Organization has legally enforceable rights and claims to either a specific income stream or a remainder interest in the assets; however, the donor or donor-designated beneficiary may retain a beneficial interest. The assets are administered by third-party investment managers and distributions are made to the Organization or to the beneficiaries under the terms of the agreements. The Organization records its interest at estimated fair value. Subsequent adjustments to estimated fair value are reported as a change in value of beneficial interest in trusts in the consolidated statements of activities.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Revenue Recognition**

The Organization recognizes revenue in accordance with FASB Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its consolidated statements of activities and change in net assets:

*Contributions and Contributions of Inventory* - Contributions are recognized at their value on the date received by the Organization.

*Contributed Goods Store Sales* - Contributed goods store sales consists of the sale of donated goods. The sale of each individual item is recorded at the point of sale, which is the point the performance obligation for each individual item sold is met. Because store sales are a pass-through conduit for collecting and remitting sales tax, store sales do not include sales tax. Discounts are offered in store for seniors (25%) and Good Friends members (25%). If probable customer returns exist at the end of an accounting period, the Organization estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2021 and 2020. Goodwill recognized a liability of approximately \$242,000 and \$244,000 for the discount program under the Good Friends Membership at December 31, 2021 and 2020, respectively.

*Contributed Goods E-books/E-commerce* - Goodwill established an on-line sales program (Shopgoodwill.com, E-books, and Bluebox) in which it sells goods over the Internet. E-commerce merchandise is priced as advertised online, including shipping charges. E-commerce sales are sold Freight on Board (“FOB”) shipping and therefore sales are recorded when the goods are shipped, the point at which the performance obligation for each individual item is met. If probable customer returns exist at the end of an accounting period, the Organization estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2021 and 2020.

*Employment, Training, and Contracts* - The Organization receives funding under various federal, state and local government programs and public grants. Services include janitorial, landscape maintenance, and warehouse management. Services are ongoing as defined by the contract, and performance obligations under each contract are defined in terms of various performance indicators including, but not limited to, hours worked, and units produced. Goodwill invoices the customers based on the appropriate performance indicator and records revenue as the services are performed.

*Salvage and Recycling* - Salvage and recycling consists of the bulk sale of donated goods which have not otherwise been sold as contributed goods store sales. Salvage is bundled, and each individual bundle is considered a separate performance obligation. Salvage is sold FOB at pricing determined by existing customer agreements, and revenue from each bundle is recorded when the bundle is shipped to the customer.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition (Continued)**

*Participant Rents* - Goodwill operates a rental assistance program under the U.S. Department of Housing and Urban Development (“HUD”). Program participants are required to contribute a specified percentage of their individual income as rent; these amounts are reflected as a component of other revenues in the consolidated statements of activities and changes in net assets. Revenue for these services are recorded when the service has been provided as determined by the satisfactory completion of the defined performance indicators.

*Administrative Fee* - Goodwill provides administration services to Lighthouse (through 2020) and to the Academy. Services are governed by a contract and performance obligations under each contract are defined in terms of various performance indicators including, but not limited to, hours worked, and units produced. Goodwill invoices the customers receiving the services monthly based on the appropriate performance indicators, and records revenue as the services are performed. For 2021 and 2020, all services were eliminated in the consolidation.

*Promises to Give* - Unconditional promises to give are generally recognized at their net realizable value in the period received and as assets with or without donor restrictions, depending upon donor restrictions and/or expected time of payment. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Organization classifies grants received as either contributions or exchange transactions based upon whether the resource provider is receiving commensurate value from the grant recipient. If no commensurate value is received by the grant maker, the transfer is classified as a contribution subject to conditions.

*Donated Services* - Unpaid volunteers have made significant contributions of their time to develop and maintain the Organization’s programs. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. No amounts have been reflected in the financial statements for such donated services.

The composition of revenue is as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Store Sales	<b>65.6%</b>	60.0%
Government Contracts	<b>27.5%</b>	29.0%
Non-Government Contracts	<b>2.3%</b>	2.2%
Other	<b>4.6%</b>	8.8%

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

### **Expense Allocation**

The costs of providing the program and supporting services are summarized on a functional basis in the consolidated statements of functional expenses. The cost of goods sold consists of the estimated fair value of donated items. The costs of operating the retail locations including transportation and processing of contributed goods is recognized according to the nature of the item. Most expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The amount of time spent on various functional categories by the employees is used to develop percentages that are used in allocating salary and related expenses, and other expenses which cannot be specifically identified with a particular functional activity.

### **Income Taxes**

Goodwill, the Academy, and Lighthouse are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”) and from state income taxes under similar provisions of the State of Florida Income Tax Code. The Organization has been classified as a publicly supported organization, which is not a private foundation under 509(a) of the Code. The Organization did not engage in any unrelated business activities during the years ended December 31, 2021 and 2020, and accordingly there is no provision for income taxes reflected in the accompanying consolidated financial statements.

The Organization follows FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. This standard seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a “more-likely-than-not” threshold. The Organization assesses the income tax positions based on management’s evaluation of the facts, circumstances, and information available at the reporting date. The Organization uses the prescribed more-likely-than-not threshold when making their assessment. As of December 31, 2021, with few exceptions, Goodwill, the Academy, and Lighthouse are no longer subject to income tax examinations on its federal income tax returns prior to 2018.

### **Advertising**

Goodwill expenses advertising costs as they are incurred. Advertising expense was approximately \$70,000 and \$78,000 for the years ended December 31, 2021 and 2020, respectively, and is reflected as part of supplies, printing, promotion, and other in the consolidated statements of functional expenses.

### **Shipping Expense**

Shipping expense is incurred as a result of the E-commerce, E-books, and Bluebox program and is expensed as incurred.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Comparable Information and Reclassifications**

The consolidated financial statements include certain prior-year summarized comparable information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain 2020 amounts have been reclassified to conform to 2021 classifications. These reclassifications would have no effect on the 2020 change in net assets.

### **Recent Accounting Pronouncements**

In 2020, the Organization elected to adopt ASU 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842), which extends the effect date of implementation for each of these standards for one year. Topic 606 has previously been adopted. The provisions of Topic 842 requires organizations to recognize most leases on the balance sheets as lease liabilities with a right-to-use asset. Management expects to adopt Topic 842 for the year ending December 31, 2022.

### **Subsequent Events**

Management has evaluated subsequent events for recognition and disclosure through August 23, 2022, the date the financial statements were available to be issued.

## NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and a line of credit (see Note 9).

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of retail operations and Human Services programs undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

**NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

As of December 31, 2021 and 2020, the following tables show the total financial assets held by the Organization that could readily be made available within one year of the balance sheet date to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	<b>\$ 4,579,096</b>	\$ 10,333,995
Investments	<b>6,567,627</b>	877,026
Accounts receivable	<b>1,920,566</b>	2,002,631
Total	<b><u>\$ 13,067,289</u></b>	<b><u>\$ 13,213,652</u></b>

**NOTE 3 - INVESTMENTS**

Investments as of December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Current	<b><u>\$ 6,567,627</u></b>	<b><u>\$ 877,026</u></b>

At December 31, 2021 and 2020, the costs of investments were approximately \$6,314,000 and \$543,000, respectively.

The fair value levels and amounts are presented as of December 31, 2021 and 2020 in the following tables:

December 31, 2021	<u>Fair Value Methodology</u>	<u>Total</u>
Mutual and index funds - equity	<b>Level 1</b>	<b>\$ 6,317,627</b>
Certificates of deposit	<b>Level 2</b>	<b>250,000</b>
		<b><u>\$ 6,567,627</u></b>
December 31, 2020	<u>Fair Value Methodology</u>	<u>Total</u>
Cash and cash equivalents	Level 1	\$ 76,549
Mutual and index funds - fixed income	Level 1	275,783
Mutual and index funds - equity	Level 1	515,629
Exchange traded products	Level 1	9,065
		<b><u>\$ 877,026</u></b>

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable as of December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Government Contracts	<b>\$ 1,015,804</b>	\$ 1,274,973
Non-Government Contracts	<b>712,658</b>	531,749
Store Sales	<b>95,273</b>	78,933
Other	<b>96,831</b>	116,976
	<u><b>\$ 1,920,566</b></u>	<u>\$ 2,002,631</u>

**NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS**

Prepaid expenses and other assets as of December 31, 2021 consisted of the following:

	<u>Goodwill</u>	<u>Academy</u>	<u>Total</u>
Prepaid insurance	<b>\$ 1,255,907</b>	\$ -	<b>\$ 1,255,907</b>
Prepaid rents and rental deposits, net	<b>246,914</b>	-	<b>246,914</b>
Prepaid expense	<b>139,234</b>	<b>14,649</b>	<b>153,883</b>
Supplies	<b>107,936</b>	-	<b>107,936</b>
Prepaid property tax	<b>31,323</b>	-	<b>31,323</b>
Utility deposits	<b>25,463</b>	-	<b>25,463</b>
Prepaid postage	<b>1,192</b>	-	<b>1,192</b>
	<u><b>\$ 1,807,969</b></u>	<u><b>\$ 14,649</b></u>	<u><b>\$ 1,822,618</b></u>

Prepaid expenses and other assets as of December 31, 2020 consisted of the following:

	<u>Goodwill</u>	<u>Academy</u>	<u>Total</u>
Prepaid insurance	\$ 1,027,622	\$ -	\$ 1,027,622
Prepaid rents and rental deposits, net	497,041	-	497,041
Prepaid expense	93,409	4,114	97,523
Supplies	76,411	-	76,411
Prepaid property tax	35,436	-	35,436
Utility deposits	25,856	-	25,856
Prepaid postage	17	-	17
	<u>\$ 1,755,792</u>	<u>\$ 4,114</u>	<u>\$ 1,759,906</u>

## NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT

Land, building, and equipment as of December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,033,612	\$ 1,033,612
Building	5,367,322	5,367,322
Building improvements	181,773	181,773
Leasehold improvements	5,962,846	5,174,775
Automotive	2,124,688	2,131,692
Furniture and equipment	7,324,518	6,306,220
Capital lease vehicles and equipment	706,233	870,588
Construction in process	209,875	-
	<u>22,910,867</u>	<u>21,065,982</u>
Less accumulated depreciation	<u>(13,808,734)</u>	<u>(12,703,530)</u>
	<u>\$ 9,102,133</u>	<u>\$ 8,362,452</u>

Depreciation and amortization expense for the years ended December 31, 2021 and 2020, was approximately \$1,231,000 and \$1,176,000, respectively.

The net book value of assets under capital lease at December 31, 2021 and 2020, was approximately \$722,000 and \$473,000, respectively (see Note 11).

During 2020, the Organization entered into an agreement to sell two properties to an unrelated third party for approximately \$11,500,000 as part of separate sale-leaseback transactions. The proceeds were utilized to pay off the outstanding bonds and related interest rate swap agreement (see Note 12). In connection with the sale-leaseback transactions, the Company recognized total gains in 2020 of approximately \$1,792,000. At December 31, 2021 and 2020, the Organization had a deferred gain of approximately \$7,490,000 and \$7,056,000, respectively, which is amortized to the gain on disposal of assets over the life of the related leases (see Note 15) which continue through July 2035 and June 2040, respectively. The leases are renewable at the option of Goodwill.

## NOTE 7 - BENEFICIAL INTEREST IN TRUSTS

Fair values of beneficial interest in trusts measured on a recurring basis as of December 31, 2021 and 2020, according to Level 3 of the fair value hierarchy, are as follows:

	<u>2021</u>	<u>2020</u>
Level 3:		
Beneficial interests in investment assets	<u>\$ 35,819</u>	<u>\$ 31,332</u>

**NOTE 7 - BENEFICIAL INTEREST IN TRUSTS (Continued)**

A reconciliation of the Organization's Level 3 instruments for the year ended December 31, 2021 and 2020, is provided below:

	<u>Goodwill</u>
Balance, beginning of year ended January 1, 2020	\$ 27,791
Investment returns, net	3,541
Balance, year ended December 31, 2020	<u>31,332</u>
Investment returns, net	<u>4,487</u>
Balance, year ended December 31, 2021	<u>\$ 35,819</u>

FASB ASC 820 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides information about Level 3 instruments at December 31, 2021 and 2020:

<u>Goodwill:</u>	<u>Fair Value</u>	<u>Valuation Techniques</u>	<u>Unobservable Inputs</u>
Beneficial interest in assets	2021-\$35,819 2020-\$31,332	Third-party valuation pricing	Fair value of assets held by third party

**NOTE 8 - ACCRUED EXPENSES**

Accrued expenses as of December 31, 2021, consisted of the following:

	<u>Goodwill</u>	<u>Academy</u>	<u>Total</u>
Accrued payroll and related payables	\$ 1,475,230	\$ -	\$ 1,475,230
Other accrued expenses	250,705	-	250,705
Accrued purchases	13,493	74,733	88,226
Accrued sales tax	196,689	-	196,689
Accrued retail gift cards	<u>119,055</u>	<u>-</u>	<u>119,055</u>
	<u>\$ 2,055,172</u>	<u>\$ 74,733</u>	<u>\$ 2,129,905</u>

Accrued expenses as of December 31, 2020, consisted of the following:

	<u>Goodwill</u>	<u>Academy</u>	<u>Total</u>
Accrued payroll and related payables	\$ 1,300,038	\$ -	\$ 1,300,038
Other accrued expenses	662,713	-	662,713
Accrued sales tax	189,003	-	189,003
Accrued purchases	99,945	6,388	106,333
Accrued retail gift cards	<u>67,897</u>	<u>-</u>	<u>67,897</u>
	<u>\$ 2,319,596</u>	<u>\$ 6,388</u>	<u>\$ 2,325,984</u>

## **NOTE 9 - LINE OF CREDIT**

Goodwill maintains a commitment from a financial institution for a \$1,500,000 revolving line of credit secured by the assets of Goodwill. Interest only payments are due each month at 30-day LIBOR plus 1.70% (1.81% and 1.85% as of December 31, 2021 and 2020, respectively). The terms of the note require a resting period (i.e., no outstanding balance) during a continuous and consecutive 30-day period during each calendar year. There is no outstanding balance as of December 31, 2021 and 2020. During the years ended December 31, 2021 and 2020, the Organization paid \$-0-interest.

## **NOTE 10 - INSURANCE NOTE PAYABLE**

During 2021, Goodwill entered into a financing agreement to fund its insurance premiums. The agreement specifies twelve monthly payments of approximately \$203,000 of principal and interest at an annual rate of 3.77%, of which five monthly payments remain as of December 31, 2021.

During 2020, Goodwill entered into a financing agreement to fund its insurance premiums. The agreement specifies twelve monthly payments of approximately \$185,000 of principal and interest at an annual rate of 3.77%, of which five monthly payments remain as of December 31, 2020.

## **NOTE 11 - BOND PAYABLE AND CAPITAL LEASES**

In June 2014, Goodwill refinanced a previous bond issue with proceeds from a new tax-exempt Industrial Development Revenue Bond of \$5,958,000 ("Series 2014A Bond"), which was issued by Palm Beach County, Florida, and held by a financial institution (the "Bondholder"). The Series 2014A Bond had a floating interest rate, which was fixed at 3.24% under an interest rate swap agreement (the "Swap") entered into with a financial institution (see Note 12). In July 2020, the Series 2014A Bond was repaid.

The cost associated with the issuance of the Series 2014A Bond was capitalized and was being amortized on a straight-line basis over the term of the debt. Goodwill recognized a loss on extinguishment of debt approximately \$61,000 during 2020 representing the write-off of these previously capitalized costs. Amortization of the bond issuance costs for the year ended December 31, 2020 was approximately \$3,000 and was recognized as a component of interest expense.

Goodwill leases certain equipment which has been classified as a capital lease and included within land, building, and equipment at December 31, 2021 and 2020. The lease agreements require monthly payments between \$405 and \$4,528 and mature between March 2021 and September 2023.

**NOTE 11 - BOND PAYABLE AND CAPITAL LEASES (Continued)**

The following schedule illustrates future minimum lease payments under capital leases and the present value of net minimum lease payments:

	<u>2021</u>	<u>2020</u>
Total minimum lease payments	\$ 736,287	\$ 482,518
Less amount representing interest	<u>(14,780)</u>	<u>(7,887)</u>
Present value of minimum lease payments	721,507	474,631
Less current maturities	<u>(271,753)</u>	<u>(243,721)</u>
Obligations under capital leases, non-current liabilities	<u>\$ 449,753</u>	<u>\$ 230,910</u>

The future principal maturity payment schedules of the capital leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 271,753
2023	171,527
2024	103,883
2025	105,132
2026	<u>69,212</u>
	<u>\$ 721,507</u>

**NOTE 12 - INTEREST RATE SWAP AGREEMENT**

The Swap was terminated in July 2020 at a loss of approximately \$170,000 which included a cash settlement of approximately \$345,000. The change in value of the Swap is approximately (\$170,000) for the year ended December 31, 2020 is included in the accompanying consolidated statements of activities.

**NOTE 13 - EMPLOYEE BENEFIT PLANS**

Goodwill maintains a qualified thrift plan under section 403(b) of the Code. Under this plan, Goodwill, at its discretion, will make a matching contribution on the employee's behalf equal to 100% of the first 4% of employee's allowable contribution. Goodwill contributed approximately \$125,000 and \$213,000 to the plan for the years ended December 31, 2021 and 2020, respectively.

All qualified employees of the School are included in the Florida Retirement System ("FRS") consisting of a defined-benefit pension plan and a retiree health insurance subsidy plan. As component unit of the School District of Palm Beach County, Florida, the School issues a separate financial statement based on its fiscal year-end June 30 in accordance with accounting standards established for Government Accounting Standards Board. Detailed information regarding the School's FRS plan and actuarial assumptions are included in those separately issued financial statements.

**NOTE 13 - EMPLOYEE BENEFIT PLANS (Continued)**

At the years ended December 31, 2021 and 2020, the Organization estimated a net pension liability of approximately \$165,000 for the School's FRS obligation which is included in other long-term liabilities in the consolidated statements of financial position.

**NOTE 14 - RELATED-PARTY TRANSACTIONS**

During 2021 and 2020, Goodwill paid Goodwill Industries International ("GII"), an affiliated national organization, approximately \$179,000 and \$174,000 for annual dues, respectively, which is reflected in the membership dues line in the consolidated statements of functional expenses.

**NOTE 15 - COMMITMENTS AND CONTINGENCIES****Operating Leases**

The Organization leases (including certain sales-leaseback transactions) storefront facilities, residential units and vehicles under numerous operating leases that expire through 2040. Leased facility rent expense, which is reflected as part of occupancy in the consolidated financial statements, is approximately \$12,030,000 and \$11,503,000 for the years ended December 31, 2021 and 2020, respectively. The storefront leases contain renewal options varying from one to thirty years, and rent escalation clauses ranging from 1% to 4% per year.

Total minimum rental payments under non-cancelable operating leases as of December 31, 2021 are approximately:

	Sale- Leasebacks	Other Leases
2022	\$ 827,000	\$ 7,096,000
2023	836,000	6,711,000
2024	848,000	6,222,000
2025	865,000	5,551,000
2026	882,000	5,036,000
Thereafter	11,233,000	20,209,000
	<u>\$ 15,491,000</u>	<u>50,825,000</u>

**Self-Insured Unemployment Claims**

As provided by Florida law for 501(c)(3) non-profit organizations, the Organization seeks to control the costs of unemployment claims through self-insurance, versus paying a specified rate to the State of Florida. The amount designated for such claims is noted as reserve for unemployment claims, which is part of prepaid expenses and other assets on the consolidated statements of financial position (see Note 5).

The Organization is involved in various legal actions related to unemployment claims that arise in the normal course of business. In management's opinion, such matters will not have a material effect upon the financial position of Goodwill.

## **NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)**

### **Liability Insurance**

The Organization is insured for professional/general liability and malpractice through a claims-made insurance policy. The policy is scheduled to expire in May 2023 and is expected to be renewed.

### **Litigation**

Management is unaware of any outstanding liability claims. Accordingly, these consolidated financial statements do not include a provision for incurred but not reported claims.

### **COVID-19**

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 outbreak has had a notable impact on general economic conditions, including, but not limited to, temporary closures of many business (including Goodwill's retail locations for a portion of 2020) and other governmental regulations, reduced consumer spending due to both job losses and other effects attributable to COVID-19. The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread, and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the potential impact of COVID-19 on the Organization's business.

### **Paycheck Protection Program**

On May 14, 2020, the Organization received loan proceeds from a financial institution, who is a member of the Small Business Administration ("SBA"), in the amount of approximately \$4,400,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security ("CARES") Act, provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of qualifying businesses. The loan was unsecured and bore interest at 1.0% per annum. As subsequently amended by the PPP Flexibility Act, the principal balance and accrued interest were expected to be forgivable over a period of up to 24-weeks to the extent the Organization had eligible expenditures (including payroll, benefits, rent and utilities) and maintained certain payroll levels. In July 2021, the Organization received full forgiveness from the SBA. The Organization recognized, as a component of miscellaneous revenue, approximately \$1,634,000 and \$2,800,000 during the years ended December 30, 2021 and 2020, respectively, of loan forgiveness based on its payroll expenditures.

## NOTE 16 - CREDIT RISKS

Financial instruments which potentially subject the Organization to concentrations of credit risk principally consist of cash and cash equivalents, accounts receivable, investments, and beneficial interest in trust. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes that it is not exposed to any significant credit risk on cash and cash equivalents or investments, given the credit quality of the financial institutions which the Organization utilizes.

The investments and beneficial interest in trusts are subject to the risk of market fluctuations.

With respect to accounts receivable, the Organization does not believe it is subject to significant credit risk as its principal account debtors are the Department of Transportation which accounts for approximately 10% of the outstanding balance, Palm Beach County, Division of Human Services, which accounts for approximately 14%, and the U.S. Army Corps of Engineers, which accounts for approximately 18%. The remaining balance of accounts receivable is owed by a variety of organizations or companies.

## NOTE 17 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021 and 2020, net assets with donor restrictions consisted of the following sub-categories:

	<u>2021</u>	<u>2020</u>
<i>Goodwill:</i>		
Perpetuity	<u>\$ 35,819</u>	<u>\$ 31,332</u>

During 2021 and 2020, approximately \$-0- was released from restriction.

## NOTE 18 - ENDOWMENTS

The Organization is required to provide information about net assets which are defined as endowments, which consist of donor-restricted funds that have been limited by the donors to be held for a specified time period. Management has interpreted the applicable laws related to endowments as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization classifies donations to be held in perpetuity at the original value of the gifts donated and any gains and losses to the funds held by third parties to the permanent endowment; the income derived from which is expendable to support the various programs sponsored by the Organization in accordance with the donor's wishes.

**NOTE 18 - ENDOWMENTS (Continued)**

The Organization seeks earnings from its invested assets in order to provide funds in support of its mission to support Organization and its mission. The Organization seeks both (a) capital appreciation to assure its beneficiary's long-term viability and special, high-quality services, and (b) current income to support the annual operating expenses of its beneficiaries and the Organization.

The following table shows the activities in the Organization's endowments for the years ended December 31, 2021 and 2020:

	With Donor Restrictions Permanent in Nature
Endowments net assets January 1, 2020	\$ 27,791
Investment return, net	3,541
Endowment net assets, December 31, 2020	<u>31,332</u>
Investment return, net	<u>4,486</u>
Endowment net assets, December 31, 2021	<u>\$ 35,818</u>

**NOTE 19 - DISCONTINUED OPERATIONS**

Effective November 30, 2020, Lighthouse agreed to pay \$525,000 to Goodwill as part of a separation agreement. In conjunction with the separation agreement, Goodwill recognized a loss of \$4,012,000 for the year ended December 31, 2020, consisting of the following transfer of net assets to Lighthouse:

Plus: liabilities transferred	
Accounts and other payables	\$ 326,713
Deferred revenue	58,108
Less: assets transferred	
Cash and cash equivalents and investments	(3,562,588)
Other current assets	(156,557)
Beneficial in trusts	(641,291)
Vehicles and equipment	<u>(36,387)</u>
Net assets transferred	<u>\$ (4,012,002)</u>

The following summarizes by major category the statement of activities for Lighthouse classified as discontinuing operations for the 11-months ended November 30, 2020.

Total support and revenue	\$ 876,951
Less:	
Program services expenses	(744,425)
Supportive expenses	(114,693)
Loss on final settlement with Goodwill	<u>(4,012,002)</u>
Loss on discontinued operations	<u>\$ (3,994,169)</u>

## **SUPPLEMENTAL INFORMATION**



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Gulfstream Goodwill Industries, Inc.  
West Palm Beach, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Gulfstream Goodwill Industries, Inc. (the “Organization”) which comprise the consolidated statement of financial position as of December 31, 2021, 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, and have issued our report thereon dated August 23, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors of  
Gulfstream Goodwill Industries, Inc.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
August 23, 2022



Certified Public Accountants

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of  
Gulfstream Goodwill Industries, Inc.  
West Palm Beach, Florida

**Report on Compliance for Each Major Federal Program**

*Opinion on Each Major Federal Program*

We have audited Gulfstream Goodwill Industries, Inc.’s (the “Organization”) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (“OMB”) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States *Government Auditing Standards*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization’s federal programs.

To the Board of Directors of  
Gulfstream Goodwill Industries, Inc.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. the Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. Report on Internal Control Over Compliance A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees,

To the Board of Directors of  
Gulfstream Goodwill Industries, Inc.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance is a deficiency*, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Organization as of and for the year ended December 31, 2021, and have issued our report thereon dated August 23, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

**MSL, P.A.**

Certified Public Accountants

Tampa, Florida  
August 23, 2022

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended December 31, 2021**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Financial Statements

Type of auditor's report issued:	<b>Unmodified</b>			
Internal control over financial reporting:				
Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ X _____	None Reported
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major federal programs and state projects:				
Material weakness(es) identified?	_____	Yes	_____ X _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ X _____	None Reported
Type of auditor's report issued on compliance for major federal programs:	<b>Unmodified</b>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	_____	Yes	_____ X _____	No
Identification of major federal programs:				
<u>Name of Federal Program or Cluster</u>			<u>Federal Assistance Number(s)</u>	
U.S. Department of Housing and Urban Development			14.267	
Dollar threshold used to distinguish between type A and type B programs:			\$ 750,000	
Auditee qualified as low-risk auditee?	_____ X _____	Yes	_____	No

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)***

**Year Ended December 31, 2021**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No current year matters were reported.

**SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**Prior Year Comments:** No findings were reported.

No current year matters were reported.

No management letter will be issued in the current year.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Year Comments:** No findings were reported.

**GULFSTREAM GOODWILL INDUSTRIES, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND OTHER FINANCIAL ASSISTANCE**

Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Number	Contract / Grant Number	Federal Expenditures Recognized
<b>Federal Awards</b>			
Direct Programs			
U.S. Department of Housing and Urban Development			
Continuum of Care Program-New Avenues	14.267	FL0347L4D051908	\$ 116,231
Continuum of Care Program-New Avenues	14.267	FL0347L4D052009	803,613
Continuum of Care Program-Project Succeed	14.267	FL0289L4D051912	971,337
Continuum of Care Program-Project Succeed	14.267	FL0289L4D052013	188,067
Continuum of Care Program-Beacon Place	14.267	FL0503L4D051906	751,994
Direct Programs			
U.S. Department of Housing and Urban Development			
Youth Homelessness Demonstration - Home Run II Yth PSH	14.276	FL0842Y4D051800	82,511
Youth Homelessness Demonstration - Home Run II Yth PSH	14.276	FL0842Y4D051899	155,445
Touchdown Yth RRH	14.276	FL0843Y4D051800	52,357
Touchdown Yth RRH	14.276	FL0843Y4D051899	89,582
Indirect Programs Passed Through			
U.S. Department of Justice			
Palm Beach County			
Ex-Offender Re-entry Services-Youth Re-entry	16.738	R2020-1766	17,082
Ex-Offender Re-entry Services-Adult Re-entry	16.738	R2021-1594	3,902
Ex-Offender Re-entry Services-Adult Re-entry	16.738	R2020-1765	49,685
Ex-Offender Re-entry Services-Adult Re-entry	16.735	R2021-1593	18,344
Indirect Programs Passed Through			
U.S. Department of Justice			
Palm Beach County			
Innovations in Reentry Initiative	16.812	R2018-0936	42,535
Comprehensive Community-Based - Adult Re-entry Program	16.812	R2018-0936	38,684
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 3,381,369</b>

**1. Basis of Presentation**

The above schedule includes the federal awards and other financial assistance of Gulfstream Goodwill Industries, Inc. for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Gulfstream Goodwill Industries, Inc., it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of Gulfstream Goodwill Industries, Inc.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles continued in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Indirect Cost Rate**

Gulfstream Goodwill Inc. has elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

See Independent Auditor's Report.

**GULFSTREAM GOODWILL INDUSTRIES, INC.**  
**SUPPORTING INFORMATION REQUIRED BY HUD**  
**HUD-STATEMENT OF ACTIVITIES DATA**

**December 31, 2021**

		<u>New Avenues</u>	<u>Project Succeed</u>	<u>Beacon Place</u>	<u>Home Run 2</u>	<u>Touchdown Youth RRH</u>
REVENUES						
5120	Rent revenues	\$ -	\$ -	\$ -	\$ -	\$ -
5121	Tenant assistance payments	919,844	1,164,522	751,994	237,957	141,939
5100T	TOTAL RENT REVENUE	<u>919,844</u>	<u>1,164,522</u>	<u>751,994</u>	<u>237,957</u>	<u>141,939</u>
5990	Miscellaneous revenue	-	-	-	-	-
5000T	TOTAL REVENUE	<u>919,844</u>	<u>1,164,522</u>	<u>751,994</u>	<u>237,957</u>	<u>141,939</u>
EXPENSES						
6250	Other renting expenses - rent payments	491,789	739,834	277,802	105,005	51,288
6310	Payroll	276,347	281,220	222,784	86,340	57,473
6311	Office expenses	5,614	14,074	59,447	10,547	2,217
6340, 6390	Miscellaneous - professional fees	22,651	3,610	68,375	20,277	12,837
6263T	TOTAL ADMINISTRATIVE EXPENSES	<u>796,401</u>	<u>1,038,738</u>	<u>628,408</u>	<u>222,169</u>	<u>123,815</u>
6450	Electric	1,063	2,412	1,211	-	103
6453	Sewer	-	-	-	-	-
6400T	TOTAL UTILITIES EXPENSES	<u>1,063</u>	<u>2,412</u>	<u>1,211</u>	<u>-</u>	<u>103</u>
6515	Operating and maintenance - supplies	-	4,709	-	-	-
6520	Building maintenance and repair	5,500	13,336	2,050	59	103
6530	Security Payroll/Contract	15,310	2,458	38,308	-	-
6570	Vehicle and maintenance equipment operations and repairs	3,913	3,955	7,340	-	-
6500T	TOTAL OPERATING AND MAINTENANCE EXPENSES	<u>24,723</u>	<u>24,458</u>	<u>47,698</u>	<u>59</u>	<u>103</u>
6711	Payroll taxes	21,311	21,798	17,173	6,916	4,478
6720	Property and liability insurance	42,392	43,757	30,804	1,960	2,170
6722	Worker's compensation	13,397	13,197	10,926	4,647	2,971
6723	Health insurance and other employee benefits	20,557	20,162	15,774	2,206	8,299
6790	Misc. taxes, licenses, permits and insurance	-	-	-	-	-
6700T	TOTAL TAXES AND INSURANCE	<u>97,657</u>	<u>98,914</u>	<u>74,677</u>	<u>15,729</u>	<u>17,918</u>
6000T	TOTAL COSTS OF OPERATIONS BEFORE DEPRECIATION	<u>919,844</u>	<u>1,164,522</u>	<u>751,994</u>	<u>237,957</u>	<u>141,939</u>
3250	CHANGE IN TOTAL NET ASSETS FROM OPERATIONS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

**GULFSTREAM GOODWILL INDUSTRIES, INC.**  
**SUPPORTING INFORMATION REQUIRED BY HUD (Continued)**  
**HUD-STATEMENT OF CASH FLOWS DATA**

**December 31, 2021**

		<u>New Avenues</u>	<u>Project Succeed</u>	<u>Beacon Place</u>	<u>Home Run 2</u>	<u>Touchdown Youth RRH</u>
CASH FLOWS FROM OPERATING ACTIVITIES						
200-030	Other operating receipts	\$ 919,844	\$ 1,164,522	\$ 751,994	\$ 237,957	\$ 141,939
200-030	TOTAL RECEIPTS	919,844	1,164,522	751,994	237,957	141,939
200-050	Administrative	796,401	1,038,738	628,408	222,169	123,815
200-090	Utilities	1,063	2,412	1,211	-	103
200-100	Operating and maintenance	24,723	24,458	47,698	59	103
200-150	Taxes and insurance	97,657	98,914	74,677	15,729	17,918
200-230	Total disbursements	919,844	1,164,522	751,994	237,957	141,939
200-470	Net change in cash and cash equivalents	-	-	-	-	-
200-480	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	-	-	-	-
S1200T	CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

# GULFSTREAM GOODWILL INDUSTRIES, INC.

## CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2021

### ASSETS

	Goodwill	Academy	Eliminations	Totals
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,416,407	\$ 162,689	\$ -	\$ 4,579,096
Investments	6,567,627	-	-	6,567,627
Accounts receivable	1,915,355	5,211	-	1,920,566
Prepaid expenses and other assets	1,807,969	14,649	-	1,822,618
Contributed goods inventory	2,937,697	-	-	2,937,697
TOTAL CURRENT ASSETS	17,645,055	182,549	-	17,827,604
Land, building, and equipment, net	9,054,256	47,877	-	9,102,133
Beneficial interest in trusts	35,819	-	-	35,819
TOTAL ASSETS	\$ 26,735,130	\$ 230,426	\$ -	\$ 26,965,556

### LIABILITIES AND NET ASSETS (DEFICIT)

<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 2,039,248	\$ -	\$ -	\$ 2,039,248
Accrued expenses	2,055,172	74,733	-	2,129,905
Deferred revenue	539,194	-	-	539,194
Insurance note payable	811,315	-	-	811,315
Current portion of capital lease obligations	271,753	-	-	271,753
TOTAL CURRENT LIABILITIES	5,716,682	74,733	-	5,791,415
Other long-term liabilities	-	165,000	-	165,000
Capital lease obligations, less current portion	449,753	-	-	449,753
Deferred gain on sale-leaseback transactions	7,055,675	-	-	7,055,675
TOTAL LIABILITIES	13,222,110	239,733	-	13,461,843
TOTAL NET ASSETS (DEFICIT)	13,513,020	(9,307)	-	13,503,713
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 26,735,130	\$ 230,426	\$ -	\$ 26,965,556

See Independent Auditor's Report.

## GULFSTREAM GOODWILL INDUSTRIES, INC.

### CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)

Year Ended December 31, 2021

	Goodwill	Academy	Eliminations	Totals
SUPPORT AND REVENUES				
Support:				
Contributions of goods inventory	\$35,119,493	\$ -	\$ -	\$ 35,119,493
Contributions	429,275	2,270	-	431,545
TOTAL SUPPORT	35,548,768	2,270	-	35,551,038
Revenues:				
Contributed goods store sales	31,449,081	-	-	31,449,081
Contributed goods E-books/E-commerce	2,990,507	-	-	2,990,507
Employment and training	11,013,241	-	-	11,013,241
Contracts	4,091,942	1,274,207	-	5,366,149
Salvage and recycling	1,532,269	-	-	1,532,269
Investment returns, net	460,240	-	-	460,240
Change in value of beneficial interest in trusts	4,487	-	-	4,487
Other revenues:				
Administrative fee	486,483	-	(486,483)	-
Participant rents	277,132	-	-	277,132
Miscellaneous	1,734,824	37,559	-	1,772,383
TOTAL REVENUES	54,040,206	1,311,766	(486,483)	54,865,489
TOTAL SUPPORT AND REVENUES	89,588,974	1,314,036	(486,483)	90,416,527
EXPENSES				
Cost of donated goods sold	34,439,588	-	-	34,439,588
Salary and other related expenses	26,056,189	701,747	(444,472)	26,313,464
Occupancy	15,171,959	233,103	-	15,405,062
Professional fees and contract services	4,957,134	90,867	-	5,048,001
Supplies, printing, promotion, and other	3,004,622	113,380	(42,011)	3,075,991
Depreciation and amortization	1,230,848	-	-	1,230,848
Transportation	693,023	59,368	-	752,391
Telephone	532,806	14,238	-	547,044
Postage, shipping and freight	222,555	3,545	-	226,100
Membership dues	213,670	3,520	-	217,190
Store discounts, drug screening, and other	108,346	-	-	108,346
Bank and other fees	67,546	-	-	67,546
Interest (non-occupancy)	54,948	-	-	54,948
Benevolent assistance	15,953	-	-	15,953
Meetings	18,293	-	-	18,293
TOTAL EXPENSES	86,787,480	1,219,768	(486,483)	87,520,765
Other gains:				
Earned portion of deferred gain on sale-leaseback	435,644	-	-	435,644
Gain on disposal of assets	7,868	-	-	7,868
TOTAL OTHER GAINS	443,512	-	-	443,512
Change in net assets	3,245,006	94,268	-	3,339,274
Net assets (deficit), beginning of year	10,268,014	(103,575)	-	10,164,439
Net assets (deficit), end of year	<u>\$ 13,513,020</u>	<u>\$ (9,307)</u>	<u>\$ -</u>	<u>\$ 13,503,713</u>

See Independent Auditor's Report.