

GULFSTREAM GOODWILL INDUSTRIES, INC.

**COMBINED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2023

**(with summarized comparative financial information
for the year ended December 31, 2022)**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying combined financial statements of Gulfstream Goodwill Industries, Inc. (the "Organization"), which are comprised of the combined statements of financial position as of December 31, 2023 and 2022, and the related combined statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined financial statements. The accompanying supplemental information shown on pages 35 and 36 are presented for purposes of additional analysis, as required by the *Combined 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 37 and 38 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined 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 November 11, 2024 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

Tampa, Florida
November 11, 2024

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

ASSETS		
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 331,440	\$ 1,381,270
Investments	5,391,267	6,080,400
Accounts receivable	2,830,402	3,389,487
Prepaid expenses and other current assets	4,175,636	1,918,126
Contributed goods inventory	3,046,674	2,901,398
TOTAL CURRENT ASSETS	15,775,419	15,670,681
Land, building, and equipment, net	5,216,759	7,997,776
Right-of-use lease assets, net	38,278,707	44,950,473
Other assets	225,853	225,853
Beneficial interest in trusts	34,906	29,253
TOTAL ASSETS	\$ 59,531,644	\$ 68,874,036
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ -	\$ 600,000
Accounts payable	3,392,827	3,313,951
Accrued expenses	2,997,766	2,223,590
Deferred revenue	589,028	593,306
Insurance notes payable	814,313	838,823
Current portion of right-of-use lease obligations	5,741,079	6,039,065
Due to affiliates	-	4,620
TOTAL CURRENT LIABILITIES	13,535,013	13,613,355
Other long-term liabilities	223,331	227,358
Right-of-use lease obligations, less current portion	33,531,411	39,625,365
TOTAL LIABILITIES	47,289,755	53,466,078
NET ASSETS		
Without donor restrictions	12,206,983	15,378,705
With donor restrictions	34,906	29,253
TOTAL NET ASSETS	12,241,889	15,407,958
TOTAL LIABILITIES AND NET ASSETS	\$ 59,531,644	\$ 68,874,036

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

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2023
(With Summary Total For 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals
SUPPORT				
Contributions of goods inventory	\$ 37,726,431	\$ -	\$ 37,726,431	\$ 36,387,908
Contributions	864,368	-	864,368	380,127
TOTAL SUPPORT	38,590,799	-	38,590,799	36,768,035
REVENUES AND GAINS				
Contributed goods store sales	32,231,167	-	32,231,167	33,337,477
Contributed goods e-books/e-commerce	5,349,988	-	5,349,988	3,086,730
Employment and training	11,934,121	-	11,934,121	12,213,958
Contracts	3,518,340	-	3,518,340	3,817,302
Salvage and recycling	2,293,265	-	2,293,265	2,125,556
Investment returns, net	1,070,957	-	1,070,957	(805,625)
Change in value of beneficial interest in trusts	-	5,653	5,653	(6,566)
Other revenues:				
Administrative fee	718,451	-	718,451	-
Participant rents	271,981	-	271,981	244,440
Miscellaneous	1,120,664	-	1,120,664	72,980
TOTAL REVENUES	58,508,934	5,653	58,514,587	54,086,252
TOTAL SUPPORT REVENUES AND GAINS	97,099,733	5,653	97,105,386	90,854,287
EXPENSES				
Program services:				
Vocational and rehabilitation	92,537,997	-	92,537,997	88,528,338
Supporting services:				
Management and general	7,113,761	-	7,113,761	5,894,875
Fundraising	596,573	-	596,573	331,853
TOTAL EXPENSES	100,248,331	-	100,248,331	94,755,066
OTHER CHANGES				
Loss on disposal of assets	(25,803)	-	(25,803)	(366)
Net asset transfer	-	-	-	9,307
TOTAL OTHER	(25,803)	-	(25,803)	8,941
NET CHANGE IN CONTINUING OPERATIONS	(3,174,401)	5,653	(3,168,748)	(3,891,838)
GAIN (LOSS) ON DISCONTINUED OPERATIONS	2,679	-	2,679	(906,998)
CHANGE IN NET ASSETS	(3,171,722)	5,653	(3,166,069)	(4,798,836)
NET ASSETS AT BEGINNING OF YEAR	15,378,705	29,253	15,407,958	20,206,794
NET ASSETS, END OF YEAR	\$ 12,206,983	\$ 34,906	\$ 12,241,889	\$ 15,407,958

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

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Cash received from support and revenues	\$ 55,832,069	\$ 53,368,853
Cash paid for program and supporting services	(58,901,081)	(54,578,494)
Investment returns	298,683	187,876
Interest paid:		
Non-occupancy related	(215,805)	(78,950)
NET CASH USED IN OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	(2,986,134)	(1,100,715)
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Purchase of land, building, and equipment	1,641,555	(726,763)
Net change in investments	1,187,820	(748,068)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	2,829,375	(1,474,831)
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Payments on financing leases	(259,184)	(330,734)
Proceeds from line of credit	(600,000)	600,000
Proceeds from insurance notes payable	2,250,464	2,250,464
Payments on insurance note payable	(2,274,974)	(2,222,956)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(883,694)	296,774
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Net cash flows used in operating activities	(9,377)	(919,054)
NET CASH USED IN DISCONTINUED OPERATIONS	(9,377)	(919,054)
CHANGE IN CASH AND CASH EQUIVALENTS	(1,049,830)	(3,197,826)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,381,270	4,579,096
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 331,440	\$ 1,381,270

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

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINED STATEMENTS OF CASH FLOWS (Continued)

Years Ended December 31, 2023 and 2022

	2023	2022
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (3,166,069)	\$ (4,798,836)
Net change from discontinued operations	(2,679)	(906,998)
Change in net assets from continuing operations	(3,168,748)	(3,891,838)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	1,113,659	1,230,845
Amortization of right to use financing leases	298,683	187,876
Non-cash portion of rent and right-to-use operating leases	-	735,218
Loss on disposal of assets	25,803	366
Realized loss on investments	622	180,767
Change in unrealized (gain) loss on investments	(499,309)	1,054,528
Change in value of beneficial interest in trusts	(5,653)	6,566
Change in:		
Accounts receivable	560,065	(1,467,941)
Prepaid expenses and other assets	(2,246,066)	(178,488)
Contributed goods inventory	(145,276)	36,299
Accounts payable	78,876	1,274,703
Accrued expenses	773,808	(259,849)
Due to affiliates	(4,620)	4,620
Deferred revenue	(4,278)	54,112
Right-of-use operating leases	240,327	-
Other long-term liabilities	(4,027)	(68,499)
NET CASH USED IN OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	\$ (2,986,134)	\$ (1,100,715)
Supplemental schedule of noncash investing and financing activities		
Goodwill acquired equipment through financing lease transactions	\$ 141,949	\$ 467,310

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

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2023

	Program Services	Supporting Services		Totals
	Vocational and Rehabilitation	Management and General	Fundraising	
Salaries	\$ 21,382,751	\$ 3,475,597	\$ 376,755	\$ 25,235,103
Payroll taxes and related	2,199,644	589,172	19,362	2,808,178
Employee benefits	2,002,800	186,620	36,619	2,226,039
TOTAL SALARIES AND OTHER RELATED EXPENSES	25,585,195	4,251,389	432,736	30,269,320
Cost of donated goods sold	37,581,155	-	-	37,581,155
Occupancy	10,161,858	804,158	22,291	10,988,307
Operating lease expense	6,278,528	1,221,890	52,397	7,552,815
Professional fees and contract services	5,699,266	131,168	68,440	5,898,874
Supplies, printing, promotion, and other	3,893,401	227,360	4,143	4,124,904
Depreciation and amortization	1,322,270	81,815	8,257	1,412,342
Transportation	694,212	57,543	2,003	753,758
Telephone	268,346	2,684	444	271,474
Postage, shipping and freight	239,197	315	485	239,997
Membership dues	227,712	3,898	230	231,840
Interest (non-occupancy)	116,174	100,480	-	216,654
Bank and other fees	202,811	-	-	202,811
Store discounts, drug screening, and other	(6,110)	193,696	-	187,586
Benevolent assistance	270,744	17,500	1,350	289,594
Meetings	3,238	19,865	3,797	26,900
TOTAL EXPENSES	\$ 92,537,997	\$ 7,113,761	\$ 596,573	\$ 100,248,331

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

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended December 31, 2022

	Program Services	Supporting Services		Totals
	Vocational and Rehabilitation	Management and General	Fundraising	
Salaries	\$ 21,061,608	\$ 2,607,075	\$ 157,945	\$ 23,826,628
Payroll taxes and related	2,491,342	163,030	5,240	2,659,612
Employee benefits	1,595,076	109,273	13,427	1,717,776
TOTAL SALARIES AND OTHER RELATED EXPENSES	25,148,026	2,879,378	176,612	28,204,016
Cost of donated goods sold	36,424,207	-	-	36,424,207
Occupancy	9,404,552	452,865	-	9,857,417
Operating lease expense	7,613,291	427,433	-	8,040,724
Professional fees and contract services	4,583,225	800,054	69,868	5,453,147
Supplies, printing, promotion, and other	3,321,746	247,672	1,848	3,571,266
Depreciation and amortization	1,199,681	218,863	177	1,418,721
Transportation	695,379	80,778	1,588	777,745
Telephone	228,605	59,060	325	287,990
Postage, shipping and freight	139,243	2,980	34	142,257
Membership dues	-	176,533	1,419	177,952
Bank and other fees	42,488	64,701	899	108,088
Store discounts, drug screening, and other	96,025	9,137	430	105,592
Interest (non-occupancy)	21,584	58,181	-	79,765
Benevolent assistance	30,390	31,200	5,900	67,490
Meetings	6,897	29,982	1,810	38,689
TOTAL EXPENSES	\$ 88,955,339	\$ 5,538,817	\$ 260,910	\$ 94,755,066

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

GULFSTREAM GOODWILL INDUSTRIES, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

Year Ended December 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Combination and Basis of Presentation

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 (see Note 19).
- 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 (collectively, the “West Palm Territories”) and maintains administration facilities in West Palm Beach, Florida.

GGI Ability Services, Inc. (“Abilities”) is a Florida nonprofit corporation whose operations commenced October 1, 2022. Abilities’ purpose includes job training and supported employment for individuals with disabilities through a contract with the Army Corp of Engineers at the Okeechobee Waterways. Abilities employees are responsible to mow and maintain levies and recreational areas around Lake Okeechobee with the requirement that a minimum of 70% of the employees have a disability.

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

Combination and Basis of Presentation *(Continued)*

GGI Foundation, Inc. (the “Foundation”) is a Florida nonprofit corporation whose operations commenced December 1, 2022. The Foundation’s purpose includes providing support to Gulfstream Goodwill Industries, Inc., and to other programs furthering rehabilitation, training, employment, and for low-income housing for persons with disabilities, and the disadvantaged throughout the southeast Florida region.

Goodwill, Abilities, and the Foundation share common management, and have been presented on a combined basis (collectively, the “Organization”). All significant inter-organization accounts and transactions have been eliminated.

The Organization’s combined financial statements are presented in accordance with Financial Accountant Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Presentation of Financial Statements*. This standard requires the classification of the Organization’s combined 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 combined 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 combined 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 combined 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 combined 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 combined 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 combined 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.

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 14).

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 combined 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 combined statements of activities and change in net assets:

Contributions and Contributions of Inventory - Contributions are recognized at their estimated 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 combined financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2023 and 2022. Goodwill recognized a liability of approximately \$188,000 and \$256,000 for the discount program under the Good Friends Membership at December 31, 2023 and 2022, respectively.

Contributed Goods E-commerce - Goodwill established an on-line sales program (Shopgoodwill.com 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 combined financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2023 and 2022.

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 combined statements of activities and changes in net assets. Revenue for these services is recorded when the service has been provided as determined by the satisfactory completion of the defined performance indicators.

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 combined financial statements for such donated services.

The composition of revenue is as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Store sales	69.4%	67.2%
Government contracts	20.8%	22.5%
Non-Government contracts	6.1%	7.0%
Other	3.7%	3.3%

Expense Allocation

The costs of providing the program and supporting services are summarized on a functional basis in the combined 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.

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

Income Taxes

Goodwill, the Academy, Abilities, the Foundation, Retail Services, and Human Services 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, 2023 and 2022, and accordingly there is no provision for income taxes reflected in the accompanying combined 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, 2023, with few exceptions, the Organization is no longer subject to income tax examinations on its federal income tax returns prior to 2020.

Advertising

Goodwill expenses advertising costs as they are incurred. Advertising expense was approximately \$158,000 and \$247,000 for the years ended December 31, 2023 and 2022, respectively, and is reflected as part of supplies, printing, promotion, and other in the combined statements of functional expenses.

Shipping Expense

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

Comparable Information and Reclassifications

The combined 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 combined financial statements for the year ended December 31, 2022, from which the summarized information was derived. Certain 2022 amounts have been reclassified to conform to 2023 classifications. These reclassifications would have no effect on the 2022 change in net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events for recognition and disclosure through November 11, 2024, the date the combined 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 and investments.

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.

As of December 31, 2023 and 2022, the following tables show the total financial assets held by the Organization that could readily be made available within one year of the combined statements of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 331,440	\$ 1,381,270
Investments	5,391,267	6,080,400
Accounts receivable	2,830,402	3,389,487
Due from Goodwill Manasota	2,534,108	-
Total	<u>\$ 11,087,217</u>	<u>\$ 10,851,157</u>

NOTE 3 - INVESTMENTS

The following table sets forth financial instruments, by level, within the fair value hierarchy as of December 31, 2023:

	<u>Fair Value Measurement</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments				
Cash and money market funds	\$ 505,671	\$ -	\$ -	\$ 505,671
Certificates of deposit	-	252,600	-	252,600
Mutual funds - equities	571,045	-	-	571,045
Corporate bonds	1,671,139	-	-	1,671,139
ETF funds	2,390,812	-	-	2,390,812
Total investments	<u>\$ 5,138,667</u>	<u>\$ 252,600</u>	<u>\$ -</u>	<u>\$ 5,391,267</u>

NOTE 3 - INVESTMENTS (Continued)

The following table sets forth financial instruments, by level, within the fair value hierarchy as of December 31, 2022:

	Fair Value Measurement			Total
	Level 1	Level 2	Level 3	
Investments				
Cash and money market funds	\$ 1,083,517	\$ -	\$ -	\$ 1,083,517
Certificates of deposit	-	251,591	-	251,591
Domestic equities and mutual funds	445,591	-	-	445,591
Corporate bonds	2,280,383	-	-	2,280,383
ETF funds	2,019,318	-	-	2,019,318
Total investments	\$ 5,828,809	\$ 251,591	\$ -	\$ 6,080,400

At December 31, 2023 and 2022, the costs of investments were approximately \$4,977,000 and \$6,165,000, respectively.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
Government contracts	\$ 1,685,437	\$ 2,555,463
E-commerce	602,573	280,290
Other government funding	263,169	-
Non-government contracts	226,898	498,348
Store sales	47,949	48,365
Other	4,376	7,021
	\$ 2,830,402	\$ 3,389,487

Accounts receivable as of January 1, 2022 was approximately \$1,921,000.

NOTE 5 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets as of December 31, 2023 and 2022 consisted of the following:

	2023	2022
Prepaid insurance	\$ 1,174,058	\$ 1,076,229
Other receivables	2,534,108	-
Prepaid rents and rental deposits, net	157,092	168,491
Prepaid expense	135,456	432,918
Prepaid property tax	93,525	158,384
Supplies	42,674	44,500
Utility deposits and other	37,929	37,358
Prepaid postage	794	246
	\$ 4,175,636	\$ 1,918,126

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT

Land, building, and equipment as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,033,612	\$ 1,033,612
Building	5,367,322	5,367,322
Building improvements	218,711	206,827
Leasehold improvements	2,000,305	4,743,914
Automotive	1,177,779	950,526
Furniture and equipment	2,146,195	5,320,332
Construction in process	-	2,965
	<u>11,943,924</u>	<u>17,625,498</u>
Less accumulated depreciation	<u>(6,727,165)</u>	<u>(9,627,772)</u>
	<u>\$ 5,216,759</u>	<u>\$ 7,997,776</u>

Depreciation and amortization expense for the years ended December 31, 2023 and 2022 was approximately \$1,114,000 and \$1,231,000, respectively.

NOTE 7 - BENEFICIAL INTEREST IN TRUSTS

Fair values of beneficial interest in trusts measured on a recurring basis as of December 31, 2023 and 2022, according to Level 3 of the fair value hierarchy, are as follows:

	<u>2023</u>	<u>2022</u>
Level 3:		
Beneficial interests in investment assets	<u>\$ 34,906</u>	<u>\$ 29,253</u>

A reconciliation of the Organization's Level 3 instruments for the years ended December 31, 2023 and 2022, is provided below:

Balance, beginning of year ended January 1, 2022	\$ 35,819
Investment returns, net	<u>(6,566)</u>
Balance, year ended December 31, 2022	29,253
Investment returns, net	<u>5,653</u>
Balance, year ended December 31, 2023	<u>\$ 34,906</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, 2023 and 2022:

	<u>Fair Value</u>	<u>Valuation Techniques</u>	<u>Unobservable Inputs</u>
Beneficial interest in assets	2023 - \$34,906 2022 - \$29,253	Third-party valuation pricing	Fair value of assets held by third party

NOTE 8 - ACCRUED EXPENSES

Accrued expenses as of December 31, 2023 and 2022 consisted of the following:

	<u>2023</u>	<u>2022</u>
Accrued payroll and related payables	\$ 2,519,484	\$ 1,648,991
Other accrued expenses	109,156	171,295
Accrued purchases	72,947	84,365
Accrued sales tax	181,440	207,850
Accrued retail gift cards	114,739	111,089
	<u>\$ 2,997,766</u>	<u>\$ 2,223,590</u>

NOTE 9 - LINE-OF-CREDIT

In December 2022, Goodwill obtained a \$3,500,000 revolving line-of-credit from a financial institution that matured during 2023. Interest only payments were due monthly on outstanding borrowings at a variable interest rate of Prime minus 0.5% with a 3.00% floor (7% at December 31, 2022). There was a \$600,000 outstanding balance at December 31, 2022 which was repaid during 2023. During the years ended December 31, 2023 and 2022, the Organization paid approximately \$81,600 and \$350 in interest, respectively.

NOTE 10 - INSURANCE NOTE PAYABLE

During 2023, Goodwill entered into certain financing agreements to fund its insurance premiums over a period of less than one year plus interest ranging from 6.95% to 11.25%. At December 31, 2023, total remaining payments of approximately \$1,004,000 were due through May 31, 2024. The principal balance due at December 31, 2023 was approximately \$814,000.

During 2022, Goodwill entered into a financing agreement to fund its insurance premiums through May 2023 at a rate of 3.77%. The insurance note payable was approximately \$839,000 at 2022, respectively.

NOTE 11 - RIGHT-OF-USE LEASES

All non-cancellable leases with terms greater than 12 months are recorded as both right-of-use ("ROU") lease assets and lease obligations based upon the present value of the lease payments. The Organization has elected to exclude any payments associated with a lease agreement that are for services other than the rental of the specific leased asset.

Financing Leases

The Organization leases certain vehicles which are set end at various dates through December 2027. For 2023, the weighted average term of the Organization's financing leases was 3.27 years, and the weighted average discount rate was 3.27%. For 2022, the weighted average term of the Organization's financing leases was 3.65 years and the weighted average discount rate was 3.86%.

NOTE 11 - RIGHT-OF-USE LEASES (Continued)

Financing Leases (Continued)

Amounts reflected in the combined financial statements for FASB ASC 842, *Leases*, (“ASC 842”) are as follows:

Right-of-Use Financing Lease Assets:	
Asset recognized as of January 1, 2022	\$ 599,909
Plus additions for 2022	467,310
Less amortization expense for 2022	<u>(187,876)</u>
Right-of-use lease assets, net at December 31, 2023	879,343
Plus additions for 2023	141,949
Less amortization expense for 2023	<u>(298,683)</u>
Right-of-use lease assets, net at December 31, 2023	<u>\$ 722,609</u>
Right-of-Use Financing Lease Obligations:	
Obligations recognized as of January 1, 2022	\$ 721,506
Plus additions during 2022	467,310
Plus amount charged to interest expense during 2022	43,367
Less amount paid during 2022	<u>(374,101)</u>
Obligations recognized as of December 31, 2022	858,082
Plus additions during 2023	141,949
Plus amount charged to interest expense during 2023	20,095
Less amount paid during 2023	<u>(279,279)</u>
Obligations recognized as of December 31, 2023	740,847
Less: current portion	<u>(229,493)</u>
Long-term portion	<u>\$ 511,354</u>

The following schedule outlines the approximate undiscounted cash outflows for rent due under the financing leases as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 244,132
2025	243,727
2026	206,714
2027	73,412
2028	<u>4,996</u>
Total minimum lease payments	772,981
Less amount representing interest	<u>(32,134)</u>
Right-of-use lease obligations	<u>\$ 740,847</u>

NOTE 11 - RIGHT-OF-USE LEASES (Continued)

Operating Leases

The Organization leases property and equipment. These leases are set to end at varying dates through June 2040, unless extended. For 2023, the weighted average term of the Organization's financing leases was 8.49 years, and the weighted average discount rate was 3.77%. For 2022, the weighted average term of the Organization's operating leases was 9.01 years, and the weighted average discount rate was 3.77%.

Amounts reflected in the combined financial statements for ASC 842 are as follows:

Right-of-Use Operating Lease Assets:	
Asset recognized as of January 1, 2022	\$ 47,490,443
Additions during 2022 net of incentives received	2,896,165
Less amount charged to lease expense	<u>(6,315,478)</u>
Right-of-use lease assets, net at December 31, 2022	44,071,130
Less lease assumed by Manasota	(508,285)
Less amount charged to lease expense	<u>(6,006,747)</u>
Right-of-use lease assets, net at December 31, 2023	<u>\$ 37,556,098</u>
Right-of-Use Operating Lease Obligations:	
Obligations recognized as of January 1, 2022	\$ 47,490,433
Additions during 2022	2,896,165
Plus amount charged to lease expense	1,725,246
Less amount paid during 2022	<u>(7,305,496)</u>
Obligations recognized as of December 31, 2023	44,806,348
Plus amount charged to lease expense	1,546,068
Less lease assumed by Manasota	(560,960)
Less amount paid during 2023	<u>(7,259,813)</u>
Obligations recognized as of December 31, 2023	38,531,643
Less: current portion	<u>(5,511,586)</u>
Long-term portion	<u><u>\$ 30,020,057</u></u>

The following schedule outlines the approximate undiscounted cash outflows for rent due under the operating leases as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	\$ 6,846,091
2025	6,304,185
2026	5,834,389
2027	5,361,541
2028	4,454,551
Thereafter	<u>16,469,772</u>
Total minimum operating lease payments	45,270,528
Less amount representing interest	<u>(6,738,885)</u>
Right-of-use operating lease obligations	<u><u>\$ 38,531,643</u></u>

The ROU assets and lease obligations are presented on the combined statements of financial position.

NOTE 11 - RIGHT-OF-USE LEASES (Continued)

Lease Expense

The following summarizes the Foundation's lease and rent expenses, excluding those leases classified as financing leases, for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Total lease expense and rent	\$ 14,540,848	\$ 14,077,993
Less other rents under short-term and insignificant rental arrangements	<u>(6,669,255)</u>	<u>(5,806,026)</u>
Total lease expense under right-of-use leases	7,871,593	8,271,967
Less expense on right-of-use financing leases	<u>(318,778)</u>	<u>(231,243)</u>
Total lease expense under right-of-use operating leases	<u>\$ 7,552,815</u>	<u>\$ 8,040,724</u>

NOTE 12 - 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 \$361,000 and \$251,000 to the plan for the years ended December 31, 2023 and 2022, respectively.

NOTE 13 - RELATED-PARTY TRANSACTIONS

During 2023 and 2022, Goodwill paid Goodwill Industries International ("GII"), an affiliated national organization, approximately \$202,000 and \$178,000 for annual dues, respectively, which is reflected in the membership dues line in the combined statements of functional expenses.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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 combined 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 14 - 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 2025 and is expected to be renewed.

Litigation

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

NOTE 15 - 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 multiple government agencies represent more than 40% of the accounts receivable at both December 31, 2023 and 2022, respectively, and the remaining balance of accounts receivable is owed by a variety of other organizations or companies.

NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2023 and 2022, net assets with donor restrictions consisted of the following sub-categories:

	<u>2023</u>	<u>2022</u>
Goodwill:		
Perpetuity	<u>\$ 34,906</u>	<u>\$ 29,253</u>

During 2023 and 2022, approximately \$-0- was released from restriction.

NOTE 17 - 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.

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, 2023 and 2022:

	With Donor Restrictions Permanent in Nature
Endowments net assets January 1, 2022	\$ 35,819
Investment return, net	(6,566)
Endowment net assets, December 31, 2022	29,253
Investment return, net	5,653
Endowment net assets, December 31, 2023	\$ 34,906

NOTE 18 - DISCONTINUED OPERATIONS

Effective December 31, 2022, Worn Not Wasted, Inc.'s operations were discontinued. Goodwill recognized a gain (loss) of approximately \$2,700 and \$(907,000) for the years ended December 31, 2023 and 2022, respectively, which is summarized as follows:

	<u>2023</u>	<u>2022</u>
Total support and revenue	\$ 2,705	\$ 39,541
Less:		
Salary and other related expenses	-	470,845
Occupancy	-	23,129
Professional fees and contract services	-	246,060
Supplies, printing, promotion, and other	26	191,931
Depreciation and amortization	-	196
Transportation	-	328
Telephone	-	21
Postage, shipping and freight	-	10,490
Store discounts, drug screening, and other	-	2,350
Bank and other fees	-	766
Meetings	-	423
Gain (loss) on discontinued operations	\$ 2,679	\$ (906,998)

NOTE 19 - TRANSACTION WITH MANASOTA GOODWILL

On December 31, 2023, Goodwill agreed to permanently transfer its retail assets (including certain leases) along with the associated retail operations for the West Palm Territory, subject to final approval by GII, to Goodwill Industries-Manasota, Inc. (“Manasota”) under the terms of an asset purchase agreement (the “Retail Agreement”). In April 2024, Manasota assumed full control over the retail operations and associated assets following approval by both GII and the respective landlords at the various retail locations. During the transition period, Manasota oversaw retail operations under an interim services agreement.

Under the terms of the Retail Agreement, Goodwill will receive in varying installments an amount equal to \$9,500,000 of guaranteed payments as follows: (a) \$5,000,000 due at closing, (b) four (4) quarterly installments of \$750,000 starting on the first anniversary from the effective closing date, and (c) four (4) quarterly installments starting on the second anniversary from the effective closing date. Manasota and Goodwill agreed to share in the costs of certain leasehold improvements.

Subject to retail operations generating excess cash flows as defined by the Retail Agreement, Goodwill will receive an annual royalty payment based upon a calculated direct margin from West Palm Territory retail operations.

The following table outlines Goodwill’s applicable percentage by anniversary year:

<u>Year</u>	<u>Applicable Percentage</u>
1 through 5	9.5%
6 through 10	7.0%
11 through 15	6.0%
16 through 20	4.0%
20+	3.0%

NOTE 20 - SUBSEQUENT EVENTS

In October 2024, Goodwill sold a building and other equipment for total proceeds of \$2.6 million.

SUPPLEMENTAL INFORMATION



Certified Public Accountants

**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 combined financial statements of Gulfstream Goodwill Industries, Inc. (the "Organization") which comprise the combined statement of financial position as of December 31, 2023, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated November 11, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined 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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 combined 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 combined 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 combined 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 11, 2024



**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, 2023. 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, 2023.

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; 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.

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.

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

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 combined financial statements of the Organization as of and for the year ended December 31, 2023, and have issued our report thereon dated November 11, 2024 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the combined 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 combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
November 11, 2024

GULFSTREAM GOODWILL INDUSTRIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major federal programs and state projects:			
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> None Reported

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	<u> </u>	Yes	<u> X </u> No
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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?	<u> X </u>	Yes	<u> </u>	No
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See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Year Ended December 31, 2023

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.

See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

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

Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Number	Contract / Grant Number	Federal Expenditures Recognized
Federal Awards			
Direct Programs			
U.S. Department of Housing and Urban Development			
Continuum of Care Program-Beacon Place	14.267	FL0503L4D052108	\$ 806,594
Continuum of Care Program-New Avenues	14.267	FL0347L4D052110	95,136
Continuum of Care Program-New Avenues	14.267	FL0347L4D052211	909,393
Continuum of Care Program-Project Succeed	14.267	FL0289L4D052114	1,177,281
Continuum of Care Program-Project Succeed	14.267	FL0289L4D052215	205,270
Youth Homelessness Demonstration-Home Run II Yth PSH	14.267	FL0842Y4D052101	460,115
Youth Homelessness Demonstration -Touchdown Yth RRH	14.267	FL0843Y4D052101	155,442
Youth Homelessness Demonstration- Home Run II Yth PSH	14.267	FL0842Y4D052202	194,993
Youth Homelessness Demonstration - Touchdown Yth RRH	14.267	FL0989Y4D052200	47,741
Indirect Programs Passed Through			
U.S. Department of Justice			
The Lord's Place			
Ex-Offender Re-entry Services-Adult Re-entry	16.812	R2021-1594	21,248
Ex-Offender Re-entry Services-Adult Re-entry	16.812	R2021-1593	175,565
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,248,778

1. Basis of Presentation

The above schedule includes the federal award and other financial assistance of Gulfstream Goodwill Industries, Inc. for the year ended December 31, 2023. 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 minimis 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, 2023

		<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	1,004,529	1,382,551	806,594	655,108	203,183
5100T	TOTAL RENT REVENUE	1,004,529	1,382,551	806,594	655,108	203,183
5990	Miscellaneous revenue	-	-	-	-	-
5000T	TOTAL REVENUE	1,004,529	1,382,551	806,594	655,108	203,183
EXPENSES						
6250	Other renting expenses - rent payments	652,282	956,835	390,511	358,825	107,528
6310	Payroll	158,915	240,381	198,608	211,763	72,137
6311	Office expenses	12,586	19,927	20,982	18,445	3,315
6340, 6390	Miscellaneous - professional fees	27,286	18,504	52,571	10,532	4,838
6263T	TOTAL ADMINISTRATIVE EXPENSES	851,069	1,235,647	662,672	599,565	187,818
6450	Electric	16,978	32,194	7,326	8,827	274
6453	Sewer	7,678	5,760	3,288	3,559	-
6400T	TOTAL UTILITIES EXPENSES	24,656	37,954	10,614	12,386	274
6515	Operating and maintenance - supplies	290	425	-	180	-
6520	Building maintenance and repair	8,978	11,178	8,372	4,637	1,702
6530	Security Payroll/Contract	191	188	9	6	-
6570	Vehicle and maintenance equipment operations and repairs	42,817	19,592	24,691	7,111	-
6500T	TOTAL OPERATING AND MAINTENANCE EXPENSES	52,276	31,383	33,072	11,934	1,702
6711	Payroll taxes	19,864	21,519	24,244	10,983	4,258
6720	Property and liability insurance	30,709	28,899	40,918	3,824	3,123
6722	Worker's compensation	7,925	8,487	9,838	5,033	2,060
6723	Health insurance and other employee benefits	15,392	15,902	22,241	11,107	3,948
6790	Misc. taxes, licenses, permits and insurance	2,638	2,760	2,995	276	-
6700T	TOTAL TAXES AND INSURANCE	76,528	77,567	100,236	31,223	13,389
6000T	TOTAL COSTS OF OPERATIONS BEFORE DEPRECIATION	1,004,529	1,382,551	806,594	655,108	203,183
3250	CHANGE IN TOTAL NET ASSETS FROM OPERATIONS	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

SUPPORTING INFORMATION REQUIRED BY HUD (Continued)

HUD-STATEMENT OF CASH FLOWS DATA

December 31, 2023

		<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						
S1200-030	Other operating receipts	\$ 1,004,529	\$ 1,382,551	\$ 806,594	\$ 655,108	\$ 203,183
S1200-030	TOTAL RECEIPTS	1,004,529	1,382,551	806,594	655,108	203,183
S1200-050	Administrative	851,069	1,235,647	662,672	599,565	187,818
S1200-090	Utilities	24,656	37,954	10,614	12,386	274
S1200-100	Operating and maintenance	52,276	31,383	33,072	11,934	1,702
S1200-150	Taxes and insurance	76,528	77,567	100,236	31,223	13,389
S1200-230	Total disbursements	1,004,529	1,382,551	806,594	655,108	203,183
S1200-470	Net change in cash and cash equivalents	-	-	-	-	-
S1200-480	CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	-	-	-	-
S1200T	CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINING STATEMENTS OF FINANCIAL POSITION

December 31, 2023

ASSETS

	Goodwill	Worn Not Wasted	Foundation	Abilities	Eliminations	Combining Totals
CURRENT ASSETS						
Cash and cash equivalents	\$ 312,238	\$ -	\$ 19,202	\$ -	\$ -	\$ 331,440
Investments	440,977	-	4,950,290	-	-	5,391,267
Accounts receivable	2,547,879	-	-	282,523	-	2,830,402
Prepaid expenses and other current assets	4,143,774	-	17,278	14,584	-	4,175,636
Contributed goods inventory	3,046,674	-	-	-	-	3,046,674
Due from affiliates	2,999,668	-	750,000	3,092,893	(6,842,561)	-
TOTAL CURRENT ASSETS	13,491,210	-	5,736,770	3,390,000	(6,842,561)	15,775,419
Land, building, and equipment, net	5,116,335	-	-	100,424	-	5,216,759
Right-of-use lease assets, net	38,085,521	-	-	193,186	-	38,278,707
Other assets	225,853	-	-	-	-	225,853
Beneficial interest in trusts	34,906	-	-	-	-	34,906
TOTAL ASSETS	\$ 56,953,825	\$ -	\$ 5,736,770	\$ 3,683,610	\$ (6,842,561)	\$ 59,531,644

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES						
Accounts payable	\$ 3,392,827	\$ -	\$ -	\$ -	\$ -	\$ 3,392,827
Accrued expenses	2,912,025	-	-	85,741	-	2,997,766
Deferred revenue	545,028	-	44,000	-	-	589,028
Insurance notes payable	805,799	-	-	8,514	-	814,313
Current portion of right-of-use lease obligations	5,688,141	-	-	52,938	-	5,741,079
Due to affiliates	3,861,735	-	20,335	2,960,491	(6,842,561)	-
TOTAL CURRENT LIABILITIES	17,205,555	-	64,335	3,107,684	(6,842,561)	13,535,013
Other long-term liabilities	223,331	-	-	-	-	223,331
Right-of-use lease obligations, less current portion	33,390,436	-	-	140,975	-	33,531,411
TOTAL LIABILITIES	50,819,322	-	64,335	3,248,659	(6,842,561)	47,289,755
TOTAL NET ASSETS	6,134,503	-	5,672,435	434,951	-	12,241,889
TOTAL LIABILITIES AND NET ASSETS	\$ 56,953,825	\$ -	\$ 5,736,770	\$ 3,683,610	\$ (6,842,561)	\$ 59,531,644

See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

COMBINING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)

Year Ended December 31, 2023

	Goodwill	Worn Not Wasted	Foundation	Abilities	Eliminations	Combining Totals
SUPPORT AND REVENUES						
Support:						
Contributions of goods inventory	\$ 37,726,431	\$ -	\$ -	\$ -	\$ -	\$ 37,726,431
Contributions	644,061	-	220,307	-	-	864,368
TOTAL SUPPORT	38,370,492	-	220,307	-	-	38,590,799
Revenues:						
Contributed goods store sales	32,231,167	-	-	-	-	32,231,167
Contributed goods E-books/E-commerce	5,349,988	-	-	-	-	5,349,988
Employment and training	11,934,121	-	-	-	-	11,934,121
Contracts	140,119	-	-	3,378,221	-	3,518,340
Salvage and recycling	2,293,265	-	-	-	-	2,293,265
Investment returns, net	507,946	-	563,011	-	-	1,070,957
Change in value of beneficial interest in trusts	5,653	-	-	-	-	5,653
Other revenues:						
Administrative fee	718,451	-	-	-	-	718,451
Participant rents	271,981	-	-	-	-	271,981
Miscellaneous	1,321,598	-	-	-	(200,934)	1,120,664
TOTAL REVENUES	54,774,289	-	563,011	3,378,221	(200,934)	58,514,587
TOTAL SUPPORT AND REVENUES	93,144,781	-	783,318	3,378,221	(200,934)	97,105,386
EXPENSES						
Cost of donated goods sold	37,581,155	-	-	-	-	37,581,155
Salary and other related expenses	28,385,669	-	-	1,883,651	-	30,269,320
Occupancy	10,817,979	-	-	170,328	-	10,988,307
Operating lease expense	7,552,815	-	-	-	-	7,552,815
Professional fees and contract services	5,507,576	-	57,113	535,119	(200,934)	5,898,874
Supplies, printing, promotion, and other	4,091,261	-	68	33,575	-	4,124,904
Depreciation and amortization	1,294,079	-	-	118,263	-	1,412,342
Transportation	462,393	-	-	291,365	-	753,758
Telephone	259,501	-	-	11,973	-	271,474
Postage, shipping and freight	239,984	-	-	13	-	239,997
Membership dues	231,840	-	-	-	-	231,840
Interest (non-occupancy)	215,805	-	-	849	-	216,654
Bank and other fees	201,147	-	1,664	-	-	202,811
Store discounts, drug screening, and other	187,231	-	-	355	-	187,586
Benevolent assistance	73,228	-	216,366	-	-	289,594
Meetings	26,603	-	-	297	-	26,900
TOTAL EXPENSES	97,128,266	-	275,211	3,045,788	(200,934)	100,248,331
OTHER CHANGES						
Loss on disposal of assets	(25,803)	-	-	-	-	(25,803)
Net asset transfer	18,842	(18,842)	-	-	-	-
TOTAL OTHER	(6,961)	(18,842)	-	-	-	(25,803)
GAIN (LOSS) ON DISCONTINUED OPERATIONS						
	2,705	(26)	-	-	-	2,679
Change in net assets	(3,987,741)	(18,868)	508,107	332,433	-	(3,166,069)
Net assets, beginning of year	10,122,244	18,868	5,164,328	102,518	-	15,407,958
Net assets, end of year	<u>\$ 6,134,503</u>	<u>\$ -</u>	<u>\$ 5,672,435</u>	<u>\$ 434,951</u>	<u>\$ -</u>	<u>\$ 12,241,889</u>

See Independent Auditor's Report.