

GULFSTREAM GOODWILL INDUSTRIES, INC.

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

Year Ended December 31, 2020

**(with summarized comparative financial information
for the year ended December 31, 2019)**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Gulfstream Goodwill Industries, Inc. (a not-for-profit corporation) (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Other Matters

Report on 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 37 and 38 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 39 and 40 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 6, 2021, 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
August 6, 2021

GULFSTREAM GOODWILL INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2020 and 2019

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,333,995	\$ 1,306,425
Investments	877,026	791,404
Accounts receivable	2,002,631	1,510,519
Prepaid expenses and other assets	1,759,906	1,207,139
Contributed goods inventory	2,257,792	2,625,980
Current assets of discontinued operations	-	3,787,744
	17,231,350	11,229,211
TOTAL CURRENT ASSETS		
Land, building, and equipment, net	8,362,452	9,869,678
Beneficial interest in trusts	31,332	27,791
Non-current assets of discontinued operations	-	645,546
	8,393,784	10,543,015
	\$ 25,625,134	\$ 21,772,226
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,134,166	\$ 1,530,242
Accrued expenses	2,325,984	2,298,875
Deferred revenue	2,139,123	300,379
Insurance note payable	730,473	894,603
Current portion of capital lease obligations and bond payable	243,721	630,377
Current liabilities of discontinued operations	-	50,914
	7,573,467	5,705,390
TOTAL CURRENT LIABILITIES		
Fair value of interest rate swap agreement	-	175,434
Other long-term liabilities	165,000	-
Deferred gain on sale-leaseback transactions	7,491,318	-
Capital lease obligations, less current portion	230,910	330,773
Bond payable, less current portion, net	-	4,052,998
	7,887,228	4,559,205
	15,460,695	10,264,595
TOTAL LIABILITIES		
NET ASSETS		
Without donor restrictions	10,133,107	10,903,292
With donor restrictions	31,332	604,339
	10,164,439	11,507,631
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS	\$ 25,625,134	\$ 21,772,226

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, 2020

(with summarized comparative financial information for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Totals	2019 Totals
SUPPORT				
Contributions of goods inventory	\$ 27,317,210	\$ -	\$ 27,317,210	\$ 30,506,171
Contributions	616,317	-	616,317	758,514
TOTAL SUPPORT	27,933,527	-	27,933,527	31,264,685
REVENUES AND GAINS				
Contributed goods store sales	25,508,432	-	25,508,432	28,868,842
Contributed goods E-books/E-commerce	2,176,966	-	2,176,966	1,797,434
Employment and training	9,537,062	-	9,537,062	9,898,677
Contracts	5,448,868	-	5,448,868	4,274,558
Salvage and recycling	1,424,085	-	1,424,085	1,647,470
Investment returns, net	137,826	-	137,826	162,884
Change in value of beneficial interest in trusts	-	3,541	3,541	10,055
Other revenues:				
Administrative fee	-	-	-	442,300
Participant rents	245,897	-	245,897	245,897
Miscellaneous	2,994,583	-	2,994,583	48,630
TOTAL REVENUES	47,473,719	3,541	47,477,260	47,396,747
TOTAL SUPPORT REVENUES AND GAINS	75,407,246	3,541	75,410,787	78,661,432
Expenses				
Program services:				
Vocational and rehabilitation	69,442,959	-	69,442,959	76,100,413
Supporting services:				
Management and general	4,652,325	-	4,652,325	4,687,026
Fundraising	235,611	-	235,611	470,591
TOTAL EXPENSES	74,330,895	-	74,330,895	81,258,030
Other gains (losses):				
Loss on termination of interest rate swap agreement	(169,941)	-	(169,941)	(117,404)
Loss on extinguishment of debt	(61,487)	-	(61,487)	-
Gain (loss) on disposal of assets	1,802,513	-	1,802,513	(207,459)
TOTAL OTHER GAINS (LOSSES)	1,571,085	-	1,571,085	(324,863)
NET CHANGE IN CONTINUING OPERATIONS	2,647,436	3,541	2,650,977	(2,921,461)
(LOSS) INCOME ON DISCONTINUED OPERATIONS	(3,417,621)	(576,548)	(3,994,169)	650,832
CHANGE IN NET ASSETS	(770,185)	(573,007)	(1,343,192)	(2,270,629)
NET ASSETS, BEGINNING OF YEAR	10,903,292	604,339	11,507,631	13,762,220
NET ASSETS, END OF YEAR	\$ 10,133,107	\$ 31,332	\$ 10,164,439	\$ 11,491,591

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, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Cash received from support and revenues	\$ 48,059,656	\$ 48,991,087
Cash paid for program and supporting services	(43,379,461)	(47,598,792)
Investment returns	207,058	216,186
Interest Paid:		
Non-occupancy related	(79,045)	(92,168)
Occupancy related	(63,209)	(168,835)
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	4,744,999	1,347,478
CASH FLOWS FROM INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Purchase of land, building, and equipment	(1,995,531)	(1,386,112)
Proceeds from sale of equipment	81,831	7,036
Proceeds from sale-leaseback transactions	11,479,503	-
Net change in investments	(16,390)	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES FROM CONTINUING OPERATIONS	9,549,413	(1,379,076)
CASH FLOWS FROM FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Payments on capital lease obligations	(242,337)	(235,221)
Payments on bonds payable	(4,515,000)	(397,100)
Payment to settle interest rate swap agreement	(345,375)	-
Proceeds from insurance note payable	1,992,976	2,006,362
Payments on insurance note payable	(2,157,106)	(2,091,816)
NET CASH USED IN FINANCING ACTIVITIES FROM CONTINUING OPERATIONS	(5,266,842)	(717,775)
CASH FLOWS FROM DISCONTINUED OPERATIONS		
Net cash flows (used in) provided by operating activities	(260,387)	174,584
Net cash flows used in investing activities	(2,761,306)	(937)
NET CASH (USED IN) PROVIDED BY DISCONTINUED OPERATIONS	(3,021,693)	173,647
CHANGE IN CASH AND CASH EQUIVALENTS	6,005,877	(575,726)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,328,118	4,903,844
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 10,333,995	\$ 4,328,118
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in continuing operations	\$ 10,333,995	\$ 1,306,425
Cash and cash equivalents included in discontinued operations	-	3,021,693
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 10,333,995	\$ 4,328,118

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, 2020 and 2019

	2020	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (1,343,192)	\$ (2,270,629)
Net change from discontinued operations	(3,994,169)	650,832
Change in net assets from continuing operations	2,650,977	(2,921,461)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,154,633	1,348,698
Amortization of debt costs as a component of interest expense	3,415	6,832
(Gain) loss on disposal of assets	(10,216)	207,459
Realized (gain) loss on investments	(37,247)	12,151
Change in unrealized gain on investments	(31,985)	(65,453)
Change in value of beneficial interest in trusts	(3,541)	18,787
Recognition of gain on sale-leaseback transactions	(1,792,297)	-
Loss on early extinguishment of debt	61,487	-
Change in fair value of interest rate swap agreement	169,941	117,404
(Increase) decrease in assets:		
Accounts receivable	(103,905)	788,048
Prepaid expenses and other assets	(319,228)	445,091
Contributed goods inventory	368,188	160,105
Increase (decrease) in liabilities:		
Accounts payable	603,924	646,233
Accrued expenses	27,109	311,166
Deferred revenue	1,838,744	272,418
Other long-term liabilities	165,000	-
NET CASH PROVIDED BY OPERATING ACTIVITIES FROM CONTINUING OPERATIONS	\$ 4,744,999	\$ 1,347,478
Supplemental schedule of noncash investing and financing activities		
During the year, Goodwill acquired equipment through capital lease transactions	\$ 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, 2020

	Program Services	Supporting Services		2020 Totals
	Vocational and Rehabilitation	Management and General	Fundraising	
Continuing Operations:				
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
Total Salaries and Other Related Expenses	19,977,443	2,114,366	207,242	22,299,051
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
Total of Continuing Operations	69,442,959	4,652,325	235,611	74,330,895
Discontinued Operations:				
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
Total Salaries and Other Related Expenses	596,591	69,666	11,398	677,655
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
Total of Discontinued Operations	744,425	97,868	16,825	859,118
TOTAL EXPENSES	\$ 70,187,384	\$ 4,750,193	\$ 252,436	\$ 75,190,013

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, 2019

	Program Services	Supporting Services		2019 Totals
	Vocational and Rehabilitation	Management and General	Fundraising	
Continuing Operations:				
Salaries	\$ 19,803,774	\$ 1,828,679	\$ 314,243	\$ 21,946,696
Payroll taxes and related	2,708,982	291,273	35,034	3,035,289
Employee benefits	1,726,403	155,755	11,741	1,893,899
Total Salaries and Other Related Expenses	24,239,159	2,275,707	361,018	26,875,884
Cost of donated goods sold	30,666,276	-	-	30,666,276
Occupancy	14,029,575	274,137	3,114	14,306,826
Professional fees and contract services	1,985,945	1,197,991	1,173	3,185,109
Supplies, printing, promotion, and other	1,710,642	146,810	23,298	1,880,750
Depreciation and amortization	1,077,974	270,724	-	1,348,698
Transportation	1,136,322	81,770	9,839	1,227,931
Telephone	635,255	58,349	7,843	701,447
Store discounts, drug screening, and other	261,171	81,613	3,312	346,096
Postage, shipping and freight	223,474	6,135	872	230,481
Membership dues	11,290	212,104	6,159	229,553
Interest (non-occupancy)	68,339	30,570	92	99,001
Bank and other fees	43,424	42,699	-	86,123
Meetings	8,319	8,417	46,871	63,607
Benevolent assistance	3,248	-	7,000	10,248
Total of Continuing Operations	76,100,413	4,687,026	470,591	81,258,030
Discontinued Operations:				
Salary and other related expenses	529,459	56,006	9,100	594,565
Payroll taxes and related	35,665	4,716	772	41,153
Employee benefits	70,614	4,325	350	75,289
Total Salaries and Other Related Expenses	635,738	65,047	10,222	711,007
Professional fees and contract services	29,217	15,875	3,205	48,297
Supplies, printing, promotion, and other	28,598	3,555	2,222	34,375
Store discounts, drug screening, and other	31,478	-	-	31,478
Depreciation and amortization	22,405	1,500	-	23,905
Transportation	22,984	-	-	22,984
Telephone	3,386	4,072	-	7,458
Membership dues	5,984	-	-	5,984
Total of Discontinued Operations	779,790	90,049	15,649	885,488
TOTAL EXPENSES	\$ 76,880,203	\$ 4,777,075	\$ 486,240	\$ 82,143,518

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 both 2020 and 2019 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) is 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, 2020 and 2019. Goodwill recognized a liability of approximately \$258,000 and \$244,000 for the discount program under the Good Friends Membership at December 31, 2020 and 2019, 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 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, 2020 and 2019.

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 Freight on Board (“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 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 2020, all services were eliminated in the consolidation. Prior to January 1, 2020, Goodwill recognized fees charged to the Academy which has its own governing board.

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 (see Note 10).

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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Store Sales	60.0%	62.5%
Government Contracts	29.0%	26.2%
Non-Government Contracts	2.2%	1.7%
Other	8.8%	9.6%

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

Expenses

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 year ended December 31, 2020 and 2019, 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, 2020, 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 \$78,000 and \$90,000 for the years ended December 31, 2020 and 2019, 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, 2019, from which the summarized information was derived.

Certain 2019 amounts have been reclassified to conform to 2020 classifications. These reclassifications would have no effect on the 2019 change in net assets. The most significant reclassification relates to the classification of Lighthouse activities as discontinued operations.

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 6, 2021, 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

As of December 31, 2020 and 2019, 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 10,333,995	\$ 4,328,118
Accounts receivable	2,002,631	1,536,881
Investments	877,026	1,508,251
Less amounts classified as discontinued operations	<u>-</u>	<u>(3,787,744)</u>
Total	<u>\$ 13,213,652</u>	<u>\$ 3,585,506</u>

NOTE 3 - INVESTMENTS

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

	<u>Goodwill</u>
Current	<u>\$ 877,026</u>

Investments as of December 31, 2019, consisted of the following:

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Current	<u>\$ 791,404</u>	<u>\$ 716,847</u>	<u>\$ 1,508,251</u>

At December 31, 2020 and 2019, the costs of investments were approximately \$543,000 and \$1,133,000, respectively.

The fair value levels and amounts are presented as of December 31, 2020 and 2019 in the following tables:

December 31, 2020	<u>Fair Value Methodology</u>	<u>Goodwill</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	<u>9,065</u>		
		<u>\$ 877,026</u>		
December 31, 2019	<u>Fair Value Methodology</u>	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Cash and cash equivalents	Level 1	\$ 14,529	\$ 43,196	\$ 57,725
Mutual and index funds - fixed income	Level 1	641,133	515,154	1,156,287
Mutual and index funds - equity	Level 1	121,242	102,112	223,354
Exchange traded products	Level 1	<u>14,500</u>	<u>56,385</u>	<u>70,885</u>
		<u>\$ 791,404</u>	<u>\$ 716,847</u>	<u>\$ 1,508,251</u>

NOTE 4 - ACCOUNTS RECEIVABLE

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

	<u>Goodwill</u>
Government Contracts	\$ 1,274,973
Non-Government Contracts	531,749
Store Sales	78,933
Other	116,976
	<u>\$ 2,002,631</u>

Accounts receivable as of December 31, 2019, consisted of the following:

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Government Contracts	\$ 1,030,554	\$ -	\$ 1,030,554
Non-Government Contracts	104,268	-	104,268
Store Sales	52,379	-	52,379
Other	323,318	26,362	349,680
	<u>\$ 1,510,519</u>	<u>\$ 26,362</u>	<u>\$ 1,536,881</u>

NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS

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	\$ 953,883	\$ -	\$ 953,883
Prepaid rents and rental deposits, net	497,041	-	497,041
Prepaid expense	88,152	4,114	92,266
Supplies	85,437	-	85,437
Prepaid rents and rental deposits, net	73,739	-	73,739
Prepaid property tax	35,436	-	35,436
Utility deposits	22,087	-	22,087
Prepaid postage	17	-	17
	<u>\$ 1,755,792</u>	<u>\$ 4,114</u>	<u>\$ 1,759,906</u>

Prepaid expenses and other assets as of December 31, 2019 consisted of the following:

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Prepaid insurance	\$ 907,904	\$ 7,987	\$ 915,891
Supplies	85,437	1,423	86,860
Reserve for unemployment claims	83,572	-	83,572
Prepaid rents and rental deposits, net	37,994	12,437	50,431
Prepaid expense	44,577	515	45,092
Prepaid property tax	25,048	-	25,048
Utility deposits	22,087	480	22,567
Prepaid postage	520	-	520
	<u>\$ 1,207,139</u>	<u>\$ 22,842</u>	<u>\$ 1,229,981</u>

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT

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

	<u>Goodwill</u>
Land	\$ 1,033,612
Building	5,367,322
Building improvements	181,773
Leasehold improvements	5,174,775
Automotive	2,131,692
Furniture and equipment	6,306,220
Capital lease vehicles and equipment	<u>870,588</u>
	<u>21,065,982</u>
Less accumulated depreciation	<u>(12,703,530)</u>
	<u>\$ 8,362,452</u>

Land, building, and equipment as of December 31, 2019, consisted of the following:

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Land	\$ 2,499,458	\$ -	\$ 2,499,458
Building	8,467,295	-	8,467,295
Building improvements	955,612	-	955,612
Leasehold improvements	4,312,642	-	4,312,642
Automotive	2,321,953	76,846	2,398,799
Furniture and equipment	6,339,137	82,503	6,421,640
Capital lease vehicles and equipment	763,256	-	763,256
Construction in process	821,413	-	821,413
	<u>26,480,766</u>	<u>159,349</u>	<u>26,640,115</u>
Less accumulated depreciation	<u>(16,611,088)</u>	<u>(90,351)</u>	<u>(16,701,439)</u>
	<u>\$ 9,869,678</u>	<u>\$ 68,998</u>	<u>\$ 9,938,676</u>

Depreciation and amortization expense for the years ended December 31, 2020 and 2019, was approximately \$1,176,000 and \$1,373,000, respectively. This includes approximately \$1,155,000 and \$1,349,000 of depreciation and amortization from continuing operations for the years ended December 31, 2020 and 2019, respectively.

The net book value of assets under capital lease at December 31, 2020 and 2019, was approximately \$473,000 and \$550,000, 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 \$1,790,000. At December 31, 2020, the Organization had a deferred gain of approximately \$7,490,000 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, 2020, according to Level 3 of the fair value hierarchy, are as follows:

	<u>Goodwill</u>
Level 3:	
Beneficial interests in investment assets	<u>\$ 31,332</u>

Fair values of beneficial interest in trusts measured on a recurring basis as of December 31, 2019, according to Level 3 of the fair value hierarchy, are as follows:

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Level 3:			
Beneficial interests in irrevocable trusts	\$ -	\$ 275,406	\$ 275,406
Charitable remainder unitrusts	-	273,351	273,351
Beneficial interests in investment assets	<u>27,791</u>	<u>27,791</u>	<u>55,582</u>
	<u>\$ 27,791</u>	<u>\$ 576,548</u>	<u>\$ 604,339</u>

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

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Balance, beginning of year	\$ 27,791	\$ 576,548	\$ 604,339
Contributions	-	-	-
Settlement	-	-	-
Distributed to Lighthouse (see Note 19)	-	(641,241)	(641,241)
Net change in value	<u>3,541</u>	<u>64,693</u>	<u>68,234</u>
Balance, end of year	<u>\$ 31,332</u>	<u>\$ -</u>	<u>\$ 31,332</u>

A reconciliation of the Organization's Level 3 instruments for the year ended December 31, 2019, is provided below:

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Balance, beginning of year	\$ 46,578	\$ 532,475	\$ 579,053
Contributions	-	-	-
Settlement	(28,842)	(28,879)	(57,721)
Net change in value	<u>10,055</u>	<u>72,952</u>	<u>83,007</u>
Balance, end of year	<u>\$ 27,791</u>	<u>\$ 576,548</u>	<u>\$ 604,339</u>

NOTE 7 - BENEFICIAL INTEREST IN TRUSTS (Continued)

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, 2020 and 2019:

	<u>Fair Value</u>	<u>Valuation Techniques</u>	<u>Unobservable Inputs</u>	<u>Range of Significant Input Values</u>	<u>Weighted Average</u>
<u>Goodwill:</u>					
Beneficial interest in assets	2020-\$31,332 2019-\$27,791	Third-party valuation pricing	Fair value of assets held by third party		
<u>Lighthouse:</u>					
Beneficial interest in assets	2019-\$27,791	Third-party valuation pricing	Fair value of assets held by third party		
			Discount Rate	2019: 5.8%	2019: 5.8%
Beneficial interest in trusts	2019-\$548,757	Discounted cash flows	Assumed Rate of Return	2019: 7.5%	2019: 7.5%

NOTE 8 - ACCRUED EXPENSES

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	\$ 1,303,367	\$ -	\$ 1,303,367
Other accrued expenses	337,025	6,388	343,413
Accrued purchases	421,894	-	421,894
Accrued sales tax	189,003	-	189,003
Accrued retail gift cards	67,897	-	67,897
Accrued pension retirement	410	-	410
	<u>\$ 2,319,596</u>	<u>\$ 6,388</u>	<u>\$ 2,325,984</u>

Accrued expenses as of December 31, 2019, consisted of the following:

	<u>Goodwill</u>	<u>Lighthouse</u>	<u>Total</u>
Accrued payroll and related payables	\$ 1,165,959	\$ -	\$ 1,165,959
Other accrued expenses	518,205	26,716	544,921
Accrued purchases	363,486	-	363,486
Accrued sales tax	146,673	35	146,708
Accrued retail gift cards	60,450	-	60,450
Accrued pension retirement	29,365	-	29,365
Accrued interest	14,737	-	14,737
	<u>\$ 2,298,875</u>	<u>\$ 26,751</u>	<u>\$ 2,325,626</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% (1.85% and 3.46% as of December 31, 2020 and 2019, 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, 2020 and 2019. During the years ended December 31, 2020 and 2019, the Organization paid \$-0-interest.

NOTE 10 - INSURANCE NOTE PAYABLE

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.

During 2019, Goodwill entered into a financing agreement to fund its insurance premiums. The agreement specifies twelve monthly payments of approximately \$182,000 of principal and interest at an annual rate of 3.97%, of which five monthly payments remain as of December 31, 2019.

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 3.04% at December 31, 2019, 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. The unamortized costs of approximately \$64,000 was shown net of the bond payable at December 31, 2019. Goodwill recognized a loss on extinguishment of debt approximately \$61,000 during 2020 representing the write-off of these previously capitalized costs. Amortization of these bond issuance costs for the years ended December 31, 2020 and 2019 was approximately \$3,000 and \$7,000, respectively, and are 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, 2020 and 2019. The lease agreements require monthly payments between \$468 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>2020</u>	<u>2019</u>
Total minimum lease payments	\$ 482,518	\$ 557,245
Less amount representing interest	<u>(7,887)</u>	<u>(6,195)</u>
Present value of minimum lease payments	474,631	551,050
Less current maturities	<u>(243,721)</u>	<u>(220,277)</u>
Obligations under capital leases, non-current liabilities	<u>\$ 230,910</u>	<u>\$ 330,773</u>

The future principal maturity payment schedules of the Series 2014A Bond and capital leases are as follows:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2021	\$ 243,721
2022	164,791
2023	<u>66,119</u>
	<u>\$ 474,631</u>

NOTE 12 - INTEREST RATE SWAP AGREEMENT

The aggregate fair value of the Swap was approximately \$175,000 at December 31, 2019 representing the estimated settlement amount and is included as a liability in the accompanying consolidated statements of financial position. The notional amount of the Swap was \$4,528,000 at December 31, 2019. The change in value of the Swap is approximately (\$170,000) and (\$117,000) for the years ended December 31, 2020 and 2019, respectively, and is included in the accompanying consolidated statements of activities.

FASB ASC 820 requires disclosure of quantitative information about the unobservable inputs used to measure Level 3 assets and liabilities. The following table provides the following information about Level 3 interest rate swap liability at December 31, 2019:

Goodwill:	<u>Fair Value</u>	<u>Valuation Techniques</u>	<u>Unobservable Inputs</u>
Interest rate swap agreement (the "Swap")	2019-\$ 175,434	Discounted cash flows, pricing models	Interest rate

The interest rate differential to be received or paid was recognized on the term of the Swap as an increase or decrease in interest expense. The Swap was terminated in July 2020 at a loss of approximately \$170,000 which included a cash settlement of approximately \$345,000.

NOTE 12 - INTEREST RATE SWAP AGREEMENT (Continued)

A reconciliation of this Level 3 instrument for the years ended December 31, 2020 and 2019 is provided below:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 175,434	\$ 58,030
Net change on fair value of Swap	169,941	117,404
Termination payment on Swap	<u>(345,375)</u>	
Balance, end of year	<u>\$ -</u>	<u>\$ 175,434</u>

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, 2020 and 2019, 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.

At December 31, 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 2020 and 2019, Goodwill paid Goodwill Industries International ("GII"), an affiliated national organization, approximately \$174,000 and \$175,000 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 \$11,503,000 and \$10,909,000 for the years ended December 31, 2020 and 2019, respectively. The storefront leases contain renewal options varying from one to thirty years, and rent escalation clauses ranging from 1% to 4% per year.

NOTE 15 - COMMITMENTS AND CONTINGENCIES *(Continued)*

Total minimum rental payments under non-cancelable operating leases as of December 31, 2020 are approximately:

	Sale- Leasebacks	Other Leases
2021	\$ 819,000	\$ 8,170,000
2022	827,000	7,758,000
2023	836,000	7,008,000
2024	848,000	6,388,000
2025	865,000	5,800,000
Thereafter	<u>12,115,000</u>	<u>27,757,000</u>
	<u>\$ 16,310,000</u>	<u>62,881,000</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.

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 2022 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.

NOTE 15 - COMMITMENTS AND CONTINGENCIES (Continued)

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 Act (“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 is unsecured and bears interest at 1.0% per annum. As subsequently amended by the PPP Flexibility Act, the principal balance and accrued interest are expected to be forgivable over a period of up to 24-weeks to the extent the Organization has eligible expenditures (including payroll, benefits, rent and utilities) and maintains certain payroll levels. While the Organization anticipates receiving forgiveness, it recognized as a component of miscellaneous revenue approximately \$2,800,000 of loan forgiveness based on its payroll expenditures. At December 31, 2020, classified \$1,600,000 as deferred revenue until the Organization receives verification that the remaining PPP loan has been forgiven.

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, beneficial interest in trust, and interest rate swap agreements. 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, beneficial interest in trusts and interest rate swap agreement 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, 2020 and 2019, net assets with donor restrictions consisted of the following sub-categories:

	<u>2020</u>	<u>2019</u>
<i>Goodwill:</i>		
Perpetuity	\$ 31,332	\$ 27,791
<i>Lighthouse (discontinued operations):</i>		
Perpetuity	<u>-</u>	<u>576,548</u>
Total	<u>\$ 31,332</u>	<u>\$ 604,339</u>

During 2020 and 2019, approximately \$-0- and \$124,500 was released from restriction. During 2020, approximately \$577,000 of net assets with donor restrictions was transferred by the Organization as part of the separation of Lighthouse.

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.

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.

NOTE 18 - ENDOWMENTS (Continued)

The following table shows the activities in the Organization's endowments for the years ended December 31, 2020 and 2019:

	With Donor Restrictions Permanent in Nature
Endowments net assets January 1, 2019	\$ 579,053
Investment return, net	83,006
Contributions and other support	-
Appropriation of endowment assets for expenditure	<u>(57,720)</u>
Endowment net assets, December 31, 2019	604,339
Investment return, net	3,541
Distributed to Lighthouse	(576,548)
Contributions and other support	-
Appropriation of endowment assets for expenditure	<u>-</u>
Endowment net assets, December 31, 2020	<u>\$ 31,332</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 and the year ended December 31, 2019:

	<u>2020</u>	<u>2019</u>
Total support and revenue	\$ 876,951	\$ 1,536,320
Less:		
Program services expenses	(744,425)	(779,790)
Supportive expenses	(114,693)	(105,698)
Loss on final settlement with Goodwill	<u>(4,012,002)</u>	<u>-</u>
(Loss) income on discontinued operations	<u>\$ (3,994,169)</u>	<u>\$ 650,832</u>

NOTE 19 - DISCONTINUED OPERATIONS (Continued)

The major components of assets and liabilities related to discontinued operations are summarized below at November 30, 2020 and December 31, 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ -	\$ 3,021,693
Investments	-	716,847
Other current assets	-	49,204
Vehicles and equipment	-	68,998
Beneficial interest in trusts	-	576,548
	<u> </u>	<u> </u>
Assets included in discontinued operations	\$ -	\$ 4,433,290
Accounts payable and other payables	\$ -	\$ 32,914
Deferred revenue	-	18,000
	<u> </u>	<u> </u>
Liabilities included in discontinued operations	\$ -	\$ 50,914

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, 2020, 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 6, 2021.

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.

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 6, 2021



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

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, 2020. 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.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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”). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable 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 those requirements.

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred in the first paragraph of this section that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph of this section. In planning and performing our audit, we considered the Organization's internal control over compliance with the types of compliance requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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, in 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
August 6, 2021

GULFSTREAM GOODWILL INDUSTRIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2020

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?	_____	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:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	_____	Yes	_____ X _____	No
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Identification of major federal programs:

Name of Federal Program or Cluster

CFDA
Number(s)

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
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GULFSTREAM GOODWILL INDUSTRIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Year Ended December 31, 2020

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, 2020

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Contract / Grant Number	Federal Expenditures Recognized
Federal Awards			
Direct Programs			
U.S. Department of Housing and Urban Development			
Continuum of Care Program-New Avenues	14.267	FL0347L4D051807	\$ 69,598
Continuum of Care Program-New Avenues	14.267	FL0347L4D051908	771,750
Continuum of Care Program-Project Succeed	14.267	FL0289L4D051811	984,472
Continuum of Care Program-Project Succeed	14.267	FL0289L4D051912	213,735
Continuum of Care Program-Beacon Place	14.267	FL0503L4D051805	483,003
Continuum of Care Program-Beacon Place 2	14.267	FL0541L4D051804	264,613
Direct Programs			
U.S. Department of Housing and Urban Development			
Youth Homelessness Demonstration	14.276	FL0842Y4D051800	80,894
Indirect Programs Passed Through			
U.S. Department of Justice			
Palm Beach County			
Ex-Offender Re-entry Services-Adult Re-entry	99.999	R2019-1569	33,130
Ex-Offender Re-entry Services-Adult Re-entry	99.999	R2020-1569	11,963
Smart	99.999	R2018-0936	55,290
Indirect Programs Passed Through			
U.S. Department of Education			
Florida Department of Educations			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	17-131	98,375
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	17-132	98,375
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	17-133	26,479
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,191,677

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, 2020. 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, 2020

		New Avenues	Project Succeed	Beacon Place	Beacon Place 2	Home Run 2	Touchdown Youth RRH
REVENUES							
5120	Rent revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5121	Tenant assistance payments	841,348	1,198,206	483,003	264,613	50,090	30,804
5100T	TOTAL RENT REVENUE	841,348	1,198,206	483,003	264,613	50,090	30,804
5990	Miscellaneous revenue	-	-	-	-	-	-
5000T	TOTAL REVENUE	841,348	1,198,206	483,003	264,613	50,090	30,804
EXPENSES							
6250	Other renting expenses - rent payments	486,062	673,593	110,614	157,801	7,895	4,125
6310	Payroll	226,912	313,295	164,743	75,702	37,444	22,839
6311	Office expenses	14,038	22,172	56,174	4,331	-	-
6340, 6390	Miscellaneous - professional fees	19,958	52,235	61,727	(2,778)	-	610
6263T	TOTAL ADMINISTRATIVE EXPENSES	746,970	1,061,295	393,258	235,056	45,339	27,574
6450	Electric	1,168	2,071	2,317	-	-	-
6453	Sewer	3,356	2,607	-	-	-	-
6400T	TOTAL UTILITIES EXPENSES	4,524	4,678	2,317	-	-	-
6515	Operating and maintenance - supplies	139	747	201	-	-	-
6520	Building maintenance and repair	575	6,637	12,813	1,979	-	-
6530	Security Payroll/Contract	3,604	15,043	14,390	5,062	-	-
6570	Vehicle and maintenance equipment operations and repairs	9,468	3,991	2,415	752	-	-
6500T	TOTAL OPERATING AND MAINTENANCE EXPENSES	13,786	26,418	29,819	7,793	-	-
6711	Payroll taxes	17,525	23,997	12,642	5,633	2,278	1,635
6720	Property and liability insurance	32,436	36,439	23,272	4,145	-	-
6722	Worker's compensation	10,529	14,588	7,955	3,510	1,157	863
6723	Health insurance and other employee benefits	15,480	30,721	13,643	8,476	1,316	732
6790	Misc. taxes, licenses, permits and insurance	98	70	97	-	-	-
6700T	TOTAL TAXES AND INSURANCE	76,068	105,815	57,609	21,764	4,751	3,230
6000T	TOTAL COSTS OF OPERATIONS BEFORE DEPRECIATION	841,348	1,198,206	483,003	264,613	50,090	30,804
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, 2020

		<u>New Avenues</u>	<u>Project Succeed</u>	<u>Beacon Place</u>	<u>Beacon Place 2</u>	<u>Home Run 2</u>	<u>Touchdown Youth RRH</u>
CASH FLOWS FROM OPERATING ACTIVITIES							
200-030	Other operating receipts	\$ 841,348	\$ 1,198,206	\$ 483,003	\$ 264,613	\$ 50,090	\$ 30,804
200-030	TOTAL RECEIPTS	841,348	1,198,206	483,003	264,613	50,090	30,804
200-050	Administrative	746,970	1,061,295	393,258	235,056	45,339	27,574
200-090	Utilities	4,524	4,678	2,317	-	-	-
200-100	Operating and maintenance	13,786	26,418	29,819	7,793	-	-
200-150	Taxes and insurance	76,068	105,815	57,609	21,764	4,751	3,230
200-230	Total disbursements	841,348	1,198,206	483,003	264,613	50,090	30,804
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>	<u>\$ -</u>

See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2020

ASSETS

	Goodwill	Academy	Eliminations	Totals
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,230,596	\$ 103,399	\$ -	\$ 10,333,995
Investments	877,026	-	-	877,026
Accounts receivable, net	2,042,331	-	(39,700)	2,002,631
Prepaid expenses and other assets	1,755,792	4,114	-	1,759,906
Contributed goods inventory	2,257,792	-	-	2,257,792
TOTAL CURRENT ASSETS	17,163,537	107,513	(39,700)	17,231,350
Land, building, and equipment, net	8,362,452	-	-	8,362,452
Beneficial interest in trusts	31,332	-	-	31,332
TOTAL ASSETS	\$ 25,557,321	\$ 107,513	\$ (39,700)	\$ 25,625,134

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES				
Accounts payable	\$ 2,134,166	\$ -	\$ -	\$ 2,134,166
Accrued expenses	2,319,596	46,088	(39,700)	2,325,984
Deferred revenue	2,139,123	-	-	2,139,123
Insurance note payable	730,473	-	-	730,473
Current portion of capital lease obligations	243,721	-	-	243,721
TOTAL CURRENT LIABILITIES	7,567,079	46,088	(39,700)	7,573,467
Other long-term liabilities	-	165,000	-	165,000
Capital lease obligations, less current portion	230,910	-	-	230,910
Deferred gain on sale-leaseback transactions	7,491,318	-	-	7,491,318
TOTAL LIABILITIES	15,289,307	211,088	(39,700)	15,460,695
TOTAL NET ASSETS (DEFICIT)	10,268,014	(103,575)	-	10,164,439
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 25,557,321	\$ 107,513	\$ (39,700)	\$ 25,625,134

See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2020

	Goodwill	Academy	Lighthouse	Eliminations	Totals
SUPPORT AND REVENUES					
Support:					
Contributions of goods inventory	\$ 27,317,210	\$ -	\$ -	\$ -	\$ 27,317,210
Contributions	610,929	5,388	-	-	616,317
TOTAL SUPPORT	27,928,139	5,388	-	-	27,933,527
Revenues:					
Contributed goods store sales	25,508,432	-	-	-	25,508,432
Contributed goods E-books/E-commerce	2,176,966	-	-	-	2,176,966
Employment and training	9,537,062	-	-	-	9,537,062
Contracts	4,275,712	1,173,156	-	-	5,448,868
Salvage and recycling	1,424,085	-	-	-	1,424,085
Investment returns, net	137,826	-	-	-	137,826
Change in value of beneficial interest in trusts	3,541	-	-	-	3,541
Other revenues:					
Administrative fee	1,774,391	-	-	(1,774,391)	-
Participant rents	245,897	-	-	-	245,897
Miscellaneous	2,983,730	10,853	-	-	2,994,583
TOTAL REVENUES	48,067,642	1,184,009	-	(1,774,391)	47,477,260
TOTAL SUPPORT AND REVENUES	75,995,781	1,189,397	-	(1,774,391)	75,410,787
EXPENSES					
Cost of donated goods sold	27,685,398	-	-	-	27,685,398
Salary and other related expenses	22,584,090	800,702	-	(1,085,741)	22,299,051
Occupancy	14,210,765	147,982	-	-	14,358,747
Professional fees and contract services	4,995,106	82,692	-	(279,513)	4,798,285
Supplies, printing, promotion, and other	1,998,100	203,356	-	(4,424)	2,197,032
Deprecation and amortization	1,154,633	-	-	-	1,154,633
Transportation	605,456	41,014	-	-	646,470
Telephone	489,426	8,349	-	(15,916)	481,859
Postage, shipping and freight	281,153	6,074	-	(590)	286,637
Membership dues	195,678	2,803	-	-	198,481
Interest (non-occupancy)	75,630	-	-	-	75,630
Bank and other fees	56,412	-	-	-	56,412
Store discounts, drug screening, and other	54,093	-	-	-	54,093
Benevolent assistance	24,000	-	-	-	24,000
Meetings	14,167	-	-	-	14,167
TOTAL EXPENSES	74,424,107	1,292,972	-	(1,386,184)	74,330,895
Other (losses) gains:					
Loss on termination of interest rate swap agreement	(169,941)	-	-	-	(169,941)
Loss on extinguishment of debt	(61,487)	-	-	-	(61,487)
Gain on disposal of assets	1,802,513	-	-	-	1,802,513
TOTAL OTHER (LOSSES) GAINS	1,571,085	-	-	-	1,571,085
NET CHANGE IN CONTINUING OPERATIONS	3,142,759	(103,575)	-	(388,207)	2,650,977
LOSS ON DISCONTINUED OPERATIONS					
Change in net assets	3,142,759	(103,575)	(4,382,376)	388,207	(3,994,169)
Net assets, beginning of year	7,125,255	-	4,382,376	-	11,507,631
Net assets, end of year	\$ 10,268,014	\$ (103,575)	\$ -	\$ -	\$ 10,164,439

See Independent Auditor's Report.