GULFSTREAM GOODWILL INDUSTRIES, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

Year Ended December 31, 2019

**(with summarized comparative financial information
for the year ended December 31, 2018)**

CONTENTS

MSL

Certified Public Accountants

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 statement of financial position as of December 31, 2019, 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.

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 audit. We conducted our audit 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 audit 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, 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 audit was 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 38 and 39 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. 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 June 19, 2020, 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.

Prior Period Financial Statements and Summarized Comparative Information

The financial statements as of and for the year ended December 31, 2018 were audited by other auditors whose report dated June 19, 2019, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein for the year ended December 31, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

MSL, P.A.

Certified Public Accountants

Tampa, Florida
June 19, 2020

GULFSTREAM GOODWILL INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	**$ 4,328,118**	$ 4,903,844
Investments	**1,508,251**	1,214,179
Accounts receivable	**1,536,881**	2,016,236
Prepaid expenses and other assets	**1,229,981**	1,880,569
Contributed goods inventory	**2,625,980**	2,786,085
TOTAL CURRENT ASSETS	**11,229,211**	12,800,913
Investments - designated	**-**	103,493
Land, building, and equipment, net	**9,938,676**	9,912,673
Beneficial interest in trusts	**604,339**	579,053
TOTAL ASSETS	**$ 21,772,226**	$ 23,396,132

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable	**$ 1,536,405**	$ 903,192
Accrued expenses	**2,325,626**	2,008,995
Deferred revenue	**318,379**	27,961
Insurance note payable	**894,603**	980,057
Current portion of capital lease obligations and bond payable	**630,377**	610,280
TOTAL CURRENT LIABILITIES	**5,705,390**	4,530,485
Fair value of interest rate swap agreement	**175,434**	58,030
Capital lease obligations	**330,773**	566,259
Bond payable, net	**4,052,998**	4,463,098
TOTAL LIABILITIES	**10,264,595**	9,617,872
NET ASSETS		
Without donor restrictions	**10,903,292**	13,132,432
With donor restrictions	**604,339**	645,828
TOTAL NET ASSETS	**11,507,631**	13,778,260
TOTAL LIABILITIES AND NET ASSETS	**$ 21,772,226**	$ 23,396,132

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, 2019
(with summarized comparative financial information for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	**2019 Totals**	2018 Totals
SUPPORT				
Contributions of goods inventory	$ 28,708,737	$ -	**$ 28,708,737**	$ 30,325,790
Contributions	1,257,211	-	**1,257,211**	811,595
TOTAL SUPPORT	29,965,948	-	**29,965,948**	31,137,385
REVENUES AND GAINS				
Contributed goods store sales	28,868,842	-	**28,868,842**	30,206,944
E-books / E-commerce	1,797,434	-	**1,797,434**	1,199,406
Employment and training	10,686,927	-	**10,686,927**	10,242,891
Contracts	4,274,558	-	**4,274,558**	4,140,147
Salvage and recycling	1,647,470	-	**1,647,470**	2,030,648
Investment returns, net	336,123	62,960	**399,083**	(56,221)
Change in value of beneficial interest in trusts	-	20,046	**20,046**	(71,284)
Other revenues:				
Administrative fee	442,300	-	**442,300**	483,433
Participant rents	240,992	-	**240,992**	226,728
Miscellaneous	56,718	-	**56,718**	5,278
TOTAL REVENUES	48,351,364	83,006	**48,434,370**	48,407,970
TOTAL SUPPORT REVENUES AND GAINS	78,317,312	83,006	**78,400,318**	79,545,355
NET ASSETS RELEASED FROM RESTRICTIONS	124,495	(124,495)	**-**	-
Expenses				
Program services:				
Vocational and rehabilitation	75,082,769	-	**75,082,769**	74,636,880
Supporting services:				
Management and general	4,777,075	-	**4,777,075**	4,484,358
fundraising	486,240	-	**486,240**	474,012
TOTAL EXPENSES	80,346,084	-	**80,346,084**	79,595,250
Other (losses) gains:				
Change in fair value of interest rate swap agreement	(117,404)	-	**(117,404)**	67,666
Loss on disposal of assets	(207,459)	-	**(207,459)**	(1,731)
TOTAL OTHER (LOSSES) GAINS	(324,863)	-	**(324,863)**	65,935
Change in net assets	(2,229,140)	(41,489)	**(2,270,629)**	16,040
NET ASSETS, BEGINNING OF YEAR	13,132,432	645,828	**13,778,260**	13,762,220
NET ASSETS, END OF YEAR	$ 10,903,292	$ 604,339	**$ 11,507,631**	$ 13,778,260

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, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from support and revenues	**$ 49,788,308**	$ 49,549,561
Cash paid for program and supporting services	**(48,404,325)**	(47,902,403)
Investment returns	**399,083**	53,814
Interest Paid:		
Non-occupancy related	**(92,169)**	(25,686)
Occupancy related	**(168,835)**	(180,823)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**1,522,062**	1,494,463
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land, building, and equipment	**(1,445,147)**	(613,170)
Proceeds from sale of equipment	**7,036**	9,970
Purchase of investments	**58,098**	(39,030)
Contributions to beneficial interest in trusts	**-**	(50,000)
NET CASH USED IN INVESTING ACTIVITIES	**(1,380,013)**	(692,230)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligations	**(235,221)**	(72,197)
Payments on bonds payable	**(397,100)**	(390,268)
Proceeds from insurance note payable	**2,006,362**	2,052,135
Payments on insurance note payable	**(2,091,816)**	(1,808,843)
NET CASH USED IN FINANCING ACTIVITIES	**(717,775)**	(219,173)
CHANGE IN CASH	**(575,726)**	583,060
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,903,844**	4,320,784
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 4,328,118**	$ 4,903,844

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, 2019 and 2018

	2019	2018
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	**$ (2,270,629)**	$ 16,040
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**1,372,603**	1,285,228
Amortization of debt costs as a component of interest expense	**6,832**	6,832
Loss on disposal of assets	**207,459**	1,731
Realized loss (gain) on investments	**3,890**	(10,981)
Change in unrealized (gain) loss on investments	**(252,567)**	121,016
Contribution to beneficial interest in trusts	**-**	(50,100)
Change in value of beneficial interest in trusts	**(25,286)**	71,284
Change in fair value of interest rate swap agreement	**117,404**	(67,666)
(Increase) decrease in assets		
Accounts receivable	**479,355**	346,329
Prepaid expenses and other assets	**482,634**	(343,204)
Contributed goods inventory	**160,105**	(118,846)
Increase (decrease) in liabilities		
Accounts payable	**633,213**	(147,740)
Accrued expenses	**316,631**	478,278
Deferred revenue	**290,418**	(93,738)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 1,522,062**	$ 1,494,463

	2019	2018
Supplemental schedule of noncash investing and financing activities		
During the year, Goodwill acquired equipment through capital lease transactions	**$ -**	$ 637,561

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, 2019

	Program Services	Supporting Services		
	Vocational and Rehabilitation	Management and General	Fundraising	**2019 Totals**
Salaries	$ 20,333,233	$ 1,884,685	$ 323,343	**$ 22,541,261**
Payroll taxes and related	2,744,647	295,989	35,806	**3,076,442**
Employee benefits	1,797,017	160,080	12,091	**1,969,188**
Total Salaries and Other Related Expenses	24,874,897	2,340,754	371,240	**27,586,891**
Cost of donated goods sold	28,868,842	-	-	**28,868,842**
Occupancy	14,029,575	274,137	3,114	**14,306,826**
Professional fees and contract services	2,015,162	1,213,866	4,378	**3,233,406**
Supplies, printing, promotion, and other	1,739,240	150,365	25,520	**1,915,125**
Depreciation and amortization	1,100,379	272,224	-	**1,372,603**
Transportation	1,159,306	81,770	9,839	**1,250,915**
Telephone	638,641	62,421	7,843	**708,905**
Store discounts, drug screening, and other	292,649	81,613	3,312	**377,574**
Membership dues	17,274	212,104	6,159	**235,537**
Postage, shipping and freight	223,474	6,135	872	**230,481**
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 EXPENSES	$ 75,082,769	$ 4,777,075	$ 486,240	**$ 80,346,084**

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, 2018

	Program Services	Supporting Services		
	Vocational and Rehabilitation	Management and General	Fundraising	2018 Totals
Salaries	$ 20,372,850	$ 2,111,327	$ 273,444	$ 22,757,621
Payroll taxes and related	2,357,477	144,934	25,464	2,527,875
Employee benefits	1,758,425	131,915	12,042	1,902,382
Total Salaries and Other Related Expenses	24,488,752	2,388,176	310,950	27,187,878
Cost of donated goods sold	30,206,944	-	-	30,206,944
Occupancy	13,248,844	255,838	-	13,504,682
Professional fees and contract services	1,648,919	1,064,858	46,582	2,760,359
Transportation	1,461,054	54,834	9,163	1,525,051
Supplies, printing, promotion, and other	1,346,744	86,496	26,784	1,460,024
Depreciation and amortization	1,019,253	265,975	-	1,285,228
Telephone	601,264	79,118	8,312	688,694
Store discounts, drug screening, and other	282,418	10,683	515	293,616
Membership dues	6,767	226,933	2,113	235,813
Postage, shipping and freight	245,537	3,181	1,385	250,103
Meetings	11,499	-	68,200	79,699
Bank and other fees	44,563	24,506	-	69,069
Interest (non-occupancy)	8,750	23,760	8	32,518
Benevolent assistance	15,572	-	-	15,572
TOTAL EXPENSES	$ 74,636,880	$ 4,484,358	$ 474,012	$ 79,595,250

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

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.

Lighthouse for the Blind of the Palm Beaches, Inc. ("Lighthouse") was founded in 1946 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.

Consolidation and Basis of Presentation

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

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

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 statement 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 statement of financial position.

Investments

The Organization's investments, including investments designated, are reported at fair value (see Note 3). Investments designated related to funds set aside for a management executive as deferred compensation (see Note 13). 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 statement 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.

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.

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 statement of activities and change in net assets for the years ended December 31, 2019 and 2018:

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

Revenue Recognition *(Continued)*

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, 2019 and 2018.

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.

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, 2019 and 2018.

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.

Revenue Recognition *(Continued)*

Administrative Fee - Goodwill provides management services to two other organizations: Lighthouse and Career Academy, a charter school, for which Goodwill acts as sponsor. 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 receiving the services monthly based on the appropriate performance indicators, and records revenue as the services are performed. The revenues from Lighthouse, a related party, are eliminated during consolidation. Career Academy has a separate board and acts independently of the Organization.

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.

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 revenues is as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Store Sales	**62.5%**	63.7%
Government Contracts	**26.2%**	25.3%
Non-Government Contracts	**1.7%**	1.7%
Other	**9.6%**	9.3%

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 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, 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, 2019, with few exceptions, Goodwill and Lighthouse are no longer subject to income tax examinations on its federal income tax returns prior to 2016.

Advertising

Goodwill expenses advertising costs as they are incurred. Advertising expense was approximately $90,000 and $148,000 for the years ended December 31, 2019 and 2018, 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. Goodwill expenses the cost of shipping as incurred. Total shipping expense is reported in the consolidated statements of functional expenses.

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, 2018, from which the summarized information was derived.

Certain 2018 amounts have been reclassified to conform to 2019 classifications. These reclassifications would have no effect on the 2018 change in net assets. The most significant reclassification is related to contributions of goods inventory and contributed goods store sales that were presented as a net amount in 2018 have been reclassified to be presented as gross.

Recent Accounting Pronouncements

As of January 1, 2019, the Organization adopted the provisions of FASB Accounting Standard 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. ASU 2014-09 and its amendments have been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

As of January 1, 2019, the Organization also adopted the provisions of FASB Accounting Standards Update ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) ("ASU 2018-08"). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09. If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending December 31, 2019 are presented under FASB ASU 2018-08. There was no material impact to the financial statements as a result of adoption.

As of January 1, 2019, the Organization adopted the provisions of FASB ASU 2016-18, *Statement of Cash Flows* (Topic 230) (ASU 2016-18). This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows.

The amendments in ASU 2016-18 do not provide a definition of restricted cash or restricted cash equivalents. The Organization has applied the provisions of ASU 2016-18 retrospectively to all periods presented with no effect on net assets or previously issued consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events for recognition and disclosure through June 19, 2020, 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.

As of December 31, 2019 and 2018, 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:

	2019	2018
Cash and cash equivalents	**$ 4,328,118**	$ 4,903,844
Accounts receivable	**1,536,881**	2,016,236
Investments	**1,508,251**	1,214,179
Total	**$ 7,373,250**	$ 8,134,259

NOTE 3 - INVESTMENTS

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

	Goodwill	**Lighthouse**	**Total**
Current	**$ 791,404**	**$ 716,847**	**$ 1,508,251**

Investments as of December 31, 2018, consisted of the following:

	Goodwill	Lighthouse	Total
Current	$ 634,609	$ 579,570	$ 1,214,179
Non-current, designated	103,493	-	103,493
	$ 738,102	$ 579,570	$ 1,317,672

At December 31, 2019 and 2018, the costs of investments were approximately $1,133,000 and $1,138,000, respectively.

NOTE 3 - INVESTMENTS *(Continued)*

The fair value levels and amounts are presented as of December 31, 2019 and 2018 in the following tables:

December 31, 2019	Fair Value Methodology	Goodwill	Lighthouse	Total
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**	**14,500**	**56,385**	**70,885**
		$ 791,404	**$ 716,847**	**$ 1,508,251**

December 31, 2018	Fair Value Methodology	Goodwill	Lighthouse	Total
Cash and cash equivalents	Level 1	$ 25,224	$ 38,099	$ 63,323
Mutual and index funds - fixed income	Level 1	160,024	91,444	251,468
Mutual and index funds - equity	Level 1	489,219	398,682	887,901
Exchange traded products	Level 1	63,635	51,345	114,980
		$ 738,102	$ 579,570	$ 1,317,672

NOTE 4 - ACCOUNTS RECEIVABLE

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

	Goodwill	Lighthouse	Total
Government Contracts	**$ 1,030,554**	**$ -**	**$ 1,030,554**
Non-Government Contracts	**104,268**	**-**	**104,268**
Store Sales	**52,379**	**-**	**52,379**
Other	**247,342**	**102,338**	**349,680**
	$ 1,434,543	**$ 102,338**	**$ 1,536,881**

Accounts receivable as of December 31, 2018, consisted of the following:

	Goodwill	Lighthouse	Total
Government Contracts	$ 1,529,616	$ -	$ 1,529,616
Non-Government Contracts	128,738	-	128,738
Store Sales	31,304	-	31,304
Other	234,649	158,245	392,894
	$ 1,924,307	$ 102,338	$ 2,208,552

NOTE 5 - PREPAID EXPENSES AND OTHER ASSETS

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

	Goodwill	Lighthouse	Total
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**
	$ 1,207,139	**$ 22,842**	**$ 1,229,981**

Prepaid expenses and other assets as of December 31, 2018 consisted of the following:

	Goodwill	Lighthouse	Total
Prepaid insurance	$ 1,228,399	$ 8,099	$ 1,236,498
Prepaid expense	263,150	-	263,150
Reserve for unemployment claims	153,043	-	153,043
Prepaid rents and rental deposits, net	42,064	50,383	92,447
Supplies	60,699	1,423	62,122
Prepaid property tax	40,011	-	40,011
Utility deposits	22,087	480	22,567
Prepaid postage	10,731	-	10,731
	$ 1,820,184	$ 60,385	$ 1,880,569

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT

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

	Goodwill	Lighthouse	Total
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**
	26,480,766	**159,349**	**26,640,115**
Less accumulated depreciation	**(16,611,088)**	**(90,351)**	**(16,701,439)**
	$ 9,869,678	**$ 68,998**	**$ 9,938,676**

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT *(Continued)*

Land, building, and equipment as of December 31, 2018, consisted of the following:

	Goodwill	Lighthouse	Total
Land	$ 2,499,458	$ -	$ 2,499,458
Building	8,467,295	-	8,467,295
Building improvements	932,740	-	932,740
Leasehold improvements	4,096,021	-	4,096,021
Automotive	2,216,433	70,046	2,286,479
Furniture and equipment	6,232,858	135,574	6,368,432
Capital lease vehicles and equipment	763,256	-	763,256
	25,208,061	205,620	25,413,681
Less accumulated depreciation	15,329,256	171,752	15,501,008
	$ 9,878,805	$ 33,868	$ 9,912,673

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 was approximately $1,373,000 and $1,285,000, respectively.

The net book value of assets under capital lease at December 31, 2019 and 2018 was approximately $550,000 and $726,000, 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 (see Note 19).

NOTE 7 - BENEFICIAL INTEREST IN TRUSTS

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:

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

Fair values of beneficial interest in trusts measured on a recurring basis as of December 31, 2018, according to Level 3 of the Fair Value Hierarchy, are as follows:

	Goodwill	Lighthouse	Total
Level 3:			
Beneficial interests in investment assets	$ -	$ 245,237	$ 245,237
Charitable remainder unitrusts	-	240,560	240,560
Beneficial interests in investment assets	46,578	46,678	93,256
	$ 46,578	$ 532,475	$ 579,053

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

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

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

A reconciliation of the Organization's Level 3 instruments for the year ended December 31, 2018, is provided below:

	Goodwill	Lighthouse	Total
Balance, beginning of year	$ -	$ 550,237	$ 550,237
Contributions	50,000	50,100	100,100
Settlement	-	-	-
Net change in value	(3,422)	(67,862)	(71,284)
Balance, end of year	$ 46,578	$ 532,475	$ 579,053

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, 2019 and 2018:

	Fair Value	Valuation Techniques	Unobservable Inputs	Range of Significant Input Values	Weighted Average
Goodwill:					
Beneficial interest in assets	**2019-$27,791** 2018-$46,578	Third-party valuation pricing	Fair value of assets held by third party		
Lighthouse:					
Beneficial interest in assets	**2019-$27,791** 2018-$46,678	Third-party valuation pricing	Fair value of assets held by third party		
			Discount Rate	**2019: 5.8%** 2018: 5.8%	**2019: 5.8%** 2018: 5.8%
Beneficial interest in trusts	**2019-$548,757** 2018-$485,797	Discounted cash flows	Assumed Rate of Return	**2019: 7.5%** 2018: 7.5%	**2019: 7.5%** 2018: 7.5%

NOTE 8 - ACCRUED EXPENSES

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

	Goodwill	Lighthouse	Total
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
	$ 2,298,875	$ 26,751	$ 2,325,626

Accrued expenses as of December 31, 2018, consisted of the following:

	Goodwill	Lighthouse	Total
Accrued payroll and related payables	$ 1,011,443	$ -	$ 1,011,443
Accrued purchases	485,378	-	485,378
Accrued retail gift cards	154,558	-	154,558
Other accrued expenses	109,564	21,286	130,850
Accrued pension retirement	127,277	-	127,277
Accrued sales tax	83,598	-	83,598
Accrued interest	15,891	-	15,891
	$ 1,987,709	$ 21,286	$ 2,008,995

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% (3.46% and 3.57% as of December 31, 2019 and 2018, 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, 2019 and 2018. During the years ended December 31, 2019 and 2018 the Organization paid $-0- interest.

NOTE 10 - INSURANCE NOTE PAYABLE

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.

During 2018, Goodwill entered into a financing agreement to fund its insurance premiums. The agreement specifies twelve monthly payments of approximately $171,000 of principal and interest at an annual rate of 3.27%, of which six monthly payments remain as of December 31, 2018.

NOTE 10 - INSURANCE NOTE PAYABLE *(Continued)*

In May 2020, Goodwill paid $125,000 under a deferred payment plan for worker's compensation coverage.

NOTE 11 - BOND PAYABLE AND CAPITAL LEASES

On July 2, 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 have a floating interest rate which is 3.04% at December 31, 2019 and 3.57% at December 31, 2018; however, the interest rate is fixed for the term of the bond at 3.24% under an interest rate swap agreement entered into with a financial institution (see Note 12). Principal and interest are payable monthly. Goodwill capitalizes cost associated with the issuance of these bond. These costs are amortized on a straight-line method over the term of the debt, and shown net of the bond payable. The unamortized costs at December 31, 2019 and 2018 are approximately $65,000 and $72,000, respectively. Amortization of these bond issuance costs for the years ended December 31, 2019 and 2018 was approximately $7,000 and $7,000, respectively, and are recognized as a component of interest expense.

The Series 2014A Bond is collateralized by the assets of Goodwill.

The terms of the Series 2014A Bond and the line of credit agreement require Goodwill to maintain a debt service coverage ratio ("DSCR") of at least 1.25 to 1.0, and also to maintain a minimum liquidity of $1,500,000. Goodwill was not in compliance with the debt service coverage ratio at December 31, 2019 and the Bondholder has the right to declare an event of a default although there has been no notification that it plans to do so.

Goodwill leases certain equipment which has been classified as a capital lease and included within land, building, and equipment at December 31, 2019 and 2018. The lease agreements require monthly payments between $931 and $15,202 and mature between March 2021 and September 2023.

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

	2019	2018
Total minimum lease payments	**$ 557,245**	$ 799,635
Less amount representing interest	**(6,195)**	(13,365)
Present value of minimum lease payments	**551,050**	786,270
Less current maturities	**(220,277)**	(220,011)
Obligations under capital leases, non-current liabilities	**$ 330,773**	$ 566,259

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

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

Years Ending December 31,	Series 2014A Bond	Capital Leases	Total
2020	$ 410,100	$ 220,277	$ 630,377
2021	423,200	183,808	607,008
2022	437,400	108,097	545,497
2023	451,700	38,868	490,568
2024	466,200	-	466,200
Thereafter	2,339,400	-	2,339,400
	$ 4,528,000	$ 551,050	$ 5,079,050

During June 2020, the Organization paid off the outstanding balance of the Series 2014A Bond (see Note 19).

NOTE 12 - INTEREST RATE SWAP AGREEMENT

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:

Goodwill:	Fair Value	Valuation Techniques	Unobservable Inputs
Interest rate swap agreement (the "Swap")	**2019-$ 175,434** 2018-$ 58,030	Discounted cash flows, pricing models	Interest rate

The notional amount of the interest rate swap agreement was $4,528,000 and $4,893,000 at December 31, 2019 and 2018, respectively.

The aggregate fair value of the Swap of approximately $176,000 and $58,000 represents the estimated amount at which the swap agreement could be settled (see Note 19), and is included as a liability in the accompanying consolidated statements of financial position as of December 31, 2019 and 2018, respectively. The change in value of the Swap is approximately ($117,000) and $68,000, for the years ended December 31, 2019 and 2018, respectively, and is included in the accompanying consolidated statements of activities.

Credit losses from the Swap counterparty's non-performance are not anticipated. The interest rate differential to be received or paid is recognized on the term of the Swap as an increase or decrease in interest expense.

A reconciliation of this Level 3 instrument for the years ended December 31, 2019 and 2018 is provided below:

	2019	2018
Balance, beginning of year	**$ 58,030**	$ 125,696
Net change on fair value of Swap	**117,404**	(67,666)
Balance, end of year	**$ 175,434**	$ 58,030

NOTE 13 - EMPLOYEE BENEFIT PLANS

Goodwill maintains a qualified thrift plan under section 403(b) of the Internal Revenue 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 $213,000 and $229,000 to the plan for the years ended December 31, 2019 and 2018, respectively. In addition, Goodwill has in place a 457(b) deferred compensation plan for certain members of management. Approximately $-0- and $24,000 was contributed to the 457(b) plan during the fiscal years ended December 31, 2019 and 2018, respectively. This plan is a non- qualified deferred compensation plan subject to the claims of creditors. During 2019, a participant of the 457(b) deferred compensation plan received a distribution that was designated as "investments, designated." As of December 31, 2019 and 2018, approximately $-0- and $103,000 of plan assets is reflected as "investments designated" on the consolidated statements of financial position, respectively.

NOTE 14 - RELATED-PARTY TRANSACTIONS

During 2019 and 2018, Goodwill paid Goodwill Industries International ("GII"), an affiliated national organization, approximately $175,000 and $169,000 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 storefront facilities, residential units and vehicles under numerous operating leases that expire through 2033. Leased facility rent expense, which is reflected as part of occupancy in the consolidated financial statements, is approximately $10,909,000 and $10,213,000 for the years ended December 31, 2019 and 2018, respectively. The storefront leases contain renewal options varying from one to ten years, and rent escalation clauses ranging from one percent to four percent per year.

Total minimum rental payments under non-cancelable operating leases as of December 31, 2019 are approximately:

	Total
2020	$ 8,675,507
2021	8,169,626
2022	7,757,527
2023	7,007,634
2024	6,388,403
Thereafter	33,556,537
	$ 71,555,234

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 statement 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 2021 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.

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, 2019 and 2018, net assets with donor restrictions consisted of the following sub-categories:

	2019	2018
Goodwill:		
Perpetuity	**$ 27,791**	$ 46,578
Lighthouse:		
Purpose	**-**	66,775
Perpetuity	**576,548**	532,475
	576,548	599,250
Total	**$ 604,339**	$ 645,828

During 2019 and 2018, approximately $124,496 and $-0- were released from restrictions.

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.

The following table shows the activities in the Organization's endowments for the years ended December 31, 2019 and 2018:

	With Donor Restrictions Permanent in Nature
Endowment net assets, January 1, 2018	$ 550,237
Investment return, net	(71,284)
Contributions and other support	100,100
Appropriation of endowment assets for expenditure	-
Endowment net assets, December 31, 2018	579,053
Investment return, net	83,006
Contributions and other support	-
Appropriation of endowment assets for expenditure	(57,720)
Endowment net assets, December 31, 2019	$ 604,339

NOTE 19 - SUBSEQUENT EVENTS

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, "shelter in place" 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.

COVID-19 *(Continued)*

After close monitoring, responses, and guidance from federal, state, and local governments, during March 2020 the Organization temporarily closed all of its retail locations until May 2020 in an effort to mitigate the spread of COVID-19. Management has taken steps to reduce spending, has utilized governmental assistance programs, and has entered into a sell-leaseback agreement on two properties for approximately $11,500,000 and believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19 for the next 12 months from the date of this report.

Deferred Payment Plan

In May 2020, Goodwill paid $125,000 under a deferred payment plan for worker's compensation coverage.

Sale of Building

During 2020, the Organization entered into an agreement to sell two properties to an unrelated third party for approximately $11,500,000. Concurrent with the sales transaction, the Organization plans to lease the properties back for initial terms of 15 years with two five-year options. This sale-leaseback transaction involving real estate does not provide for any continuing involvement other than a normal lease whereby the Organization intends to actively use the property during the lease term.

The sale of the first property was completed during June 2020 and the proceeds were used to pay off the outstanding balance of the outstanding Series 2014A Bond (see Note 11).

Separation from Lighthouse

During June 2020, the Organization began working towards an agreement to divest Lighthouse from the Organization. Goodwill expects to deconsolidate in 2020. The Organization is unable to determine any loss that may occur due to the deconsolidation and this amount is not reflected in the consolidated financial statements.

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. Principal and interest payments commence December 2020 with a final maturity date of May 2022, unless both the Organization and the lender agree to an extension. 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.

Interest Rate Swap Agreement

On June 16, 2020, Goodwill notified the Swap's counterparty that Goodwill has elected to terminate the Swap. The Organization agreed to pay the Swap's counterparty approximately $340,000 based on the value of the Swap at the date of termination (see Note 12).

SUPPLEMENTAL INFORMATION

MSL

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 consolidated financial statements of Gulfstream Goodwill Industries, Inc. (the "Organization") which comprise the consolidated statement of financial position as of December 31, 2019, 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 June 19, 2020.

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
June 19, 2020

MSL

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, 2019. 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, 2019.

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
June 19, 2020

GULFSTREAM GOODWILL INDUSTRIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2019

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

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

GULFSTREAM GOODWILL INDUSTRIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*

Year Ended December 31, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS *(Continued)*

Federal Awards and State Financial Assistance (Continued)

Dollar threshold used to distinguish between Type A and Type B programs for federal awards:	$750,000	
Auditee qualified as low-risk auditee?	X Yes	___ No

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, 2019

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	$ 889,109
Continuum of Care Program-Project Succeed	14.267	FL0289L4D051710	1,146,705
Continuum of Care Program-Beacon Place	14.267	FL0503L4D051704	473,368
Continuum of Care Program-Beacon Place 2	14.267	FL0541L4D051703	257,413
Indirect Programs Passed Through			
U.S. Department of Justice			
Palm Beach County			
Ex-Offender Re-entry Services-Adult Re-entry	99.999	R2018-1652	33,128
Ex-Offender Re-entry Services-Adult Re-entry	99.999	R2019-1569	9,621
Smart	99.999	R2018-0936	54,248
Indirect Programs Passed Through			
U.S. Department of Transportation			
Capital Assistance Program for Elderly Persons & Persons with Disabilities	20.513	G0972	7,629
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	TRIPS-13-MV-FTS	36,046
		TOTAL EXPENDITURES OF FEDERAL AWARDS	**$ 2,907,267**

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, 2019. 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 Principals, 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, 2019

		New Avenues	Project Succeed	Beacon Place	Beacon Place 2
	REVENUES				
5210	Rent revenues	$ 43,858	$ -	$ -	$ -
5121	Tenant assistance payments	889,109	1,146,705	473,368	257,413
5100T	TOTAL RENT REVENUE	932,967	1,146,705	473,368	257,413
5990	Miscellaneous revenue	-	-	-	-
5000T	TOTAL REVENUE	932,967	1,146,705	473,368	257,413
	EXPENSES				
6250	Other renting expenses - rent payments	469,877	667,109	103,404	143,758
6310	Payroll	259,665	320,077	173,061	69,981
6311	Office expenses	27,757	17,874	38,370	9,083
6390	Miscellaneous - professional fees	58,939	(4,445)	78,785	(2,013)
6263T	TOTAL ADMINISTRATIVE EXPENSES	816,238	1,000,615	393,620	220,809
6450	Electric	1,467	2,414	2,397	507
6453	Sewer	1,260	2,433		330
6400T	TOTAL UTILITIES EXPENSES	2,727	4,847	2,397	837
6515	Operating and maintenance - supplies	339	289	1,208	296
6520	Building maintenance and repair	7,000	5,619	4,862	3,846
6530	Security Payroll/Contract	3,816	24,752	16,536	6,784
6570	Vehicle and maintenance equipment operations and repairs	13,404	4,832	7,059	1,908
6500T	TOTAL OPERATING AND MAINTENANCE EXPENSES	24,559	35,492	29,665	12,834
6711	Payroll Taxes	19,814	24,373	13,120	5,251
6720	Property and liability insurance	35,858	37,890	14,467	7,480
6722	Worker's compensation	11,181	10,473	5,956	2,406
6723	Health insurance and other employee benefits	22,493	32,943	14,053	7,796
6790	Misc. taxes, licenses, permits & insurance	97	72	90	-
6700T	TOTAL TAXES AND INSURANCE	89,443	105,751	47,686	22,933
6000T	TOTAL COSTS OF OPERATIONS BEFORE DEPRECIATION	932,967	1,146,705	473,368	257,413
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, 2019

		New Avenues	Project Succeed	Beacon Place	Beacon Place 2
	CASH FLOWS FROM OPERATING ACTIVITIES				
200-030	Other operating receipts	$ 932,967	$ 1,146,705	$ 473,368	$ 257,413
200-030	TOTAL RECEIPTS	932,967	1,146,705	473,368	257,413
200-050	Administrative	816,238	1,000,615	393,620	220,809
200-090	Utilities	2,727	4,847	2,397	837
200-100	Operating and maintenance	24,559	35,492	29,665	12,834
200-150	Taxes and insurance	89,443	105,751	47,686	22,933
200-230	Total disbursements	932,967	1,146,705	473,368	257,413
200-470	Net increase in cash and cash equivalents	-	-	-	-
200-480	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.

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

December 31, 2019

ASSETS

	Goodwill	Lighthouse	Eliminations	Totals
CURRENT ASSETS				
Cash and cash equivalents	$ 1,306,425	$ 3,021,693	$ -	$ 4,328,118
Investments	791,404	716,847	-	1,508,251
Accounts receivable, net	1,510,519	102,338	(75,976)	1,536,881
Prepaid expenses and other assets	1,207,139	22,842	-	1,229,981
Contributed goods inventory	2,625,980	-	-	2,625,980
TOTAL CURRENT ASSETS	7,441,467	3,863,720	(75,976)	11,229,211
Land, building, and equipment, net	9,869,678	68,998	-	9,938,676
Beneficial interest in trusts	27,791	576,548	-	604,339
TOTAL ASSETS	$ 17,338,936	$ 4,509,266	$ (75,976)	$ 21,772,226

LIABILITIES AND NET ASSETS

	Goodwill	Lighthouse	Eliminations	Totals
CURRENT LIABILITIES				
Accounts payable	$ 1,530,242	$ 82,139	$ (75,976)	$ 1,536,405
Accrued expenses	2,298,875	26,751	-	2,325,626
Deferred revenue	300,379	18,000	-	318,379
Insurance note payable	894,603	-	-	894,603
Current portion of capital lease obligations and bond payable	630,377	-	-	630,377
TOTAL CURRENT LIABILITIES	5,654,476	126,890	(75,976)	5,705,390
Fair value of interest rate swap agreement	175,434	-	-	175,434
Capital lease obligations	330,773	-	-	330,773
Bond payable, net	4,052,998	-	-	4,052,998
TOTAL LIABILITIES	10,213,681	126,890	(75,976)	10,264,595
TOTAL NET ASSETS	7,125,255	4,382,376	-	11,507,631
TOTAL LIABILITIES AND NET ASSETS	$ 17,338,936	$ 4,509,266	$ (75,976)	$ 21,772,226

See Independent Auditor's Report.

GULFSTREAM GOODWILL INDUSTRIES, INC.

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2019

	Goodwill	Lighthouse	Eliminations	Totals
SUPPORT AND REVENUES				
Support:				
Contributions of goods inventory	$ 28,708,737	$ -	$ -	**$ 28,708,737**
Contributions	758,514	498,697	-	**1,257,211**
TOTAL SUPPORT	29,467,251	498,697	-	**29,965,948**
Revenues:				
Contributed goods store sales	28,868,842	-	-	**28,868,842**
E-books/E-commerce	1,797,434	-	-	**1,797,434**
Employment and training	9,898,677	788,250	-	**10,686,927**
Contracts	4,274,558	-	-	**4,274,558**
Salvage and recycling	1,647,470	-	-	**1,647,470**
Investment returns, net	162,884	236,199	-	**399,083**
Change in value of beneficial interest in trusts	10,055	9,991	-	**20,046**
Other revenues:				
Administrative fee	1,451,505	-	(1,009,205)	**442,300**
Participant rents	240,992	-	-	**240,992**
Miscellaneous	53,535	3,183	-	**56,718**
TOTAL REVENUES	48,405,952	1,037,623	(1,009,205)	**48,434,370**
TOTAL SUPPORT AND REVENUES	77,873,203	1,536,320	(1,009,205)	**78,400,318**
EXPENSES				
Cost of donated goods sold	28,868,842	-	-	**28,868,842**
Salary and other related expenses	27,586,891	711,007	(711,007)	**27,586,891**
Occupancy	13,880,509	157,955	(155,738)	**13,882,726**
Professional fees and contract services	3,671,002	143,998	(97,918)	**3,717,082**
Supplies, printing, promotion, and other	1,906,954	37,934	(7,082)	**1,937,806**
Deprecation and amortization	1,348,698	23,905	-	**1,372,603**
Transportation	1,227,930	48,095	(25,111)	**1,250,914**
Telephone	671,069	16,952	(9,494)	**678,527**
Store discounts, drug screening, and other	312,738	29,902	(405)	**342,235**
Membership dues	229,553	5,984	-	**235,537**
Postage, shipping and freight	226,958	3,942	(419)	**230,481**
Interest (non-occupancy)	99,000	-	-	**99,000**
Meetings	61,852	3,786	(2,031)	**63,607**
Bank and other fees	69,359	226	-	**69,585**
Benevolent assistance	10,248	-	-	**10,248**
TOTAL EXPENSES	80,171,603	1,183,686	(1,009,205)	**80,346,084**
Other (losses) gains:				
Change in fair value of interest rate swap agreement	(117,404)	-	-	**(117,404)**
(Loss) gain on disposal of assets	(207,459)	-	-	**(207,459)**
TOTAL OTHER (LOSSES) GAINS	(324,863)	-	-	**(324,863)**
Change in net assets	(2,623,263)	352,634	-	**(2,270,629)**
Net assets, beginning of year	9,748,518	4,029,742	-	**13,778,260**
Net assets, end of year	$ 7,125,255	$ 4,382,376	$ -	**$ 11,507,631**

See Independent Auditor's Report.