



**Goodwill Industries of Greater New York and
Northern New Jersey, Inc.**

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2022 and 2021

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.**

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Goodwill Industries of Greater New York and
Northern New Jersey, Inc.

Opinion

We have audited the financial statements of Goodwill Industries of Greater New York and Northern New Jersey, Inc. ("Goodwill"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Goodwill as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Report on 2021 Financial Statements

The financial statements of Goodwill Industries as of and for the year ended June 30, 2021 were audited by another auditor whose report dated November 29, 2021 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Mayer Hoffman McCann CPAs

New York, NY
November 29, 2022

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and cash equivalents (Notes 2D and 15)	\$ 4,112,430	\$ 17,186,417
Accounts receivable, net (Notes 2F and 4)	16,995,065	11,143,906
Contributions receivable (Note 2F)	-	19,000
Note receivable (Note 5)	500,000	500,000
Inventory (Note 2G)	3,233,558	2,623,201
Investments (Notes 2E, 2J, 6, and 12)	34,634,950	40,837,484
Prepaid expenses, deferred charges and other	2,029,496	799,691
Security deposits	844,510	857,461
Property and equipment, net (Notes 2C and 5)	7,614,203	9,061,149
TOTAL ASSETS	\$ 69,964,212	\$ 83,028,309
LIABILITIES		
Accounts payable and accrued expenses (Note 16)	\$ 12,226,564	\$ 14,817,652
Payroll taxes payable	778,651	1,706,593
Accrued salaries	931,634	1,195,444
Accrued vacation	1,527,280	1,185,358
Deferred revenue/due to funding sources (Note 7)	3,976,840	4,250,859
Deferred rent (Notes 2K and 14B)	3,232,149	2,875,280
Line of credit payable (Note 8)	3,200,000	5,000,000
Equipment loan payable (Note 10)	1,578,770	2,410,722
Paycheck Protection Program loan payable (Note 9)	-	10,000,000
TOTAL LIABILITIES	27,451,888	43,441,908
COMMITMENTS AND CONTINGENCIES (Note 14)		
NET ASSETS (Note 2B)		
Without donor restrictions:		
Operating	20,592,944	11,748,154
Board designated for endowment (Note 12)	20,606,376	26,426,138
Total without donor restrictions	41,199,320	38,174,292
With donor restrictions (Notes 11 and 12)	1,313,004	1,412,109
TOTAL NET ASSETS	42,512,324	39,586,401
TOTAL LIABILITIES AND NET ASSETS	\$ 69,964,212	\$ 83,028,309

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>For the Year Ended June 30, 2022</u>			<u>For the Year Ended June 30, 2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>
OPERATING REVENUES:						
Public Support:						
Contributions (Notes 2G, 2M, 2N)	\$ 346,990	\$ 477,605	\$ 824,595	\$ 668,197	\$ 400,000	\$ 1,068,197
Special events (net of direct expenses of \$54,220 and \$0 for 2022 and 2021, respectively) (Note 2O)	150,188	-	150,188	-	-	-
Bequests and legacies	181,530	-	181,530	-	-	-
Contributed revenue - donated goods (Notes 2G and 17)	38,802,697	-	38,802,697	31,576,222	-	31,576,222
Net assets released from restrictions (Note 11)	422,035	(422,035)	-	39,786	(39,786)	-
Total Public Support	<u>39,903,440</u>	<u>55,570</u>	<u>39,959,010</u>	<u>32,284,205</u>	<u>360,214</u>	<u>32,644,419</u>
Governmental Support:						
Fees and grants from governmental agencies (Note 2M)	24,142,475	-	24,142,475	22,298,956	-	22,298,956
Total Governmental Support	<u>24,142,475</u>	<u>-</u>	<u>24,142,475</u>	<u>22,298,956</u>	<u>-</u>	<u>22,298,956</u>
Other Revenue:						
Industrial operations (Note 2N)	32,767,802	-	32,767,802	26,879,761	-	26,879,761
Gain on sale of property and equipment (Note 5)	-	-	-	11,526,870	-	11,526,870
Endowment earnings appropriations (Note 12)	1,189,890	-	1,189,890	1,126,384	-	1,126,384
Gain from forgiveness of Paycheck Protection Program loan (Note 9)	10,000,000	-	10,000,000	-	-	-
Other	1,071,440	-	1,071,440	667,336	-	667,336
Total Other Revenue	<u>45,029,132</u>	<u>-</u>	<u>45,029,132</u>	<u>40,200,351</u>	<u>-</u>	<u>40,200,351</u>
TOTAL OPERATING REVENUES	<u>109,075,047</u>	<u>55,570</u>	<u>109,130,617</u>	<u>94,783,512</u>	<u>360,214</u>	<u>95,143,726</u>
OPERATING EXPENSES: (Note 2H)						
Program Services						
Industrial operations	59,138,383	-	59,138,383	52,231,986	-	52,231,986
Rehabilitation and employment services	27,011,187	-	27,011,187	25,289,403	-	25,289,403
Supporting Services						
Management and administration	12,792,709	-	12,792,709	15,119,764	-	15,119,764
Other supporting services	183,840	-	183,840	1,074,233	-	1,074,233
Fundraising	747,269	-	747,269	534,171	-	534,171
TOTAL OPERATING EXPENSES	<u>99,873,388</u>	<u>-</u>	<u>99,873,388</u>	<u>94,249,557</u>	<u>-</u>	<u>94,249,557</u>
OPERATING INCOME	<u>9,201,659</u>	<u>55,570</u>	<u>9,257,229</u>	<u>533,955</u>	<u>360,214</u>	<u>894,169</u>
NONOPERATING INCOME (LOSS):						
Investment activity (Note 6)	(5,819,762)	(154,675)	(5,974,437)	5,024,041	210,558	5,234,599
Occupancy expense above lease payments (Notes 2K and 14B)	(356,869)	-	(356,869)	(1,511,014)	-	(1,511,014)
TOTAL NONOPERATING INCOME (LOSS)	<u>(6,176,631)</u>	<u>(154,675)</u>	<u>(6,331,306)</u>	<u>3,513,027</u>	<u>210,558</u>	<u>3,723,585</u>
CHANGES IN NET ASSETS	<u>3,025,028</u>	<u>(99,105)</u>	<u>2,925,923</u>	<u>4,046,982</u>	<u>570,772</u>	<u>4,617,754</u>
Net Assets - Beginning of Year	38,174,292	1,412,109	39,586,401	34,127,310	841,337	34,968,647
NET ASSETS - END OF YEAR	<u>\$ 41,199,320</u>	<u>\$ 1,313,004</u>	<u>\$ 42,512,324</u>	<u>\$ 38,174,292</u>	<u>\$ 1,412,109</u>	<u>\$ 39,586,401</u>

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)**

	For the Year Ended June 30, 2022								
	Program Services			Supporting Services					
	Industrial Operations	Rehabilitation and Employment Services	Total Program Services	Management and Administration	Other Supporting Services	Fundraising	Total Supporting Services	Total 2022	Total 2021
Salaries:									
Program participants	\$ 17,733,209	\$ -	\$ 17,733,209	\$ -	\$ -	\$ -	\$ -	\$ 17,733,209	\$ 13,918,825
Employees	13,155,049	14,479,980	27,635,029	4,206,362	-	389,414	4,595,776	32,230,805	30,419,231
Payroll taxes and benefits (Note 13)	2,302,599	4,516,461	6,819,060	768,189	37,997	59,327	865,513	7,684,573	9,125,675
Total Salaries and Related Costs	33,190,857	18,996,441	52,187,298	4,974,551	37,997	448,741	5,461,289	57,648,587	53,463,731
Occupancy (Notes 2K, 14B and 16)	16,774,942	3,081,619	19,856,561	1,383,881	10,197	-	1,394,078	21,250,639	24,075,332
Specific assistance to program participants	-	12,500	12,500	-	-	-	-	12,500	-
Purchased goods	65,244	-	65,244	-	-	-	-	65,244	97,463
Trucking services	1,996,695	-	1,996,695	14,863	850	-	15,713	2,012,408	2,055,055
Professional fees	1,434,233	959,015	2,393,248	4,465,974	132,948	206,384	4,805,306	7,198,554	5,666,957
Supplies	640,054	467,606	1,107,660	30,747	2,019	25	32,791	1,140,451	721,886
Communication	278,446	488,451	766,897	151,208	-	3,652	154,860	921,757	971,570
Postage and shipping	326,481	1,600	328,081	7,550	-	477	8,027	336,108	211,903
Insurance	864,403	113,083	977,486	68,555	-	-	68,555	1,046,041	1,295,272
Outside printing	3,450	3,376	6,826	8,873	-	11,384	20,257	27,083	24,823
Transportation	302,285	99,248	401,533	127,629	-	482	128,111	529,644	329,052
Equipment maintenance and rental	183,609	79,384	262,993	19,991	-	-	19,991	282,984	518,548
Membership dues/staff development	74,810	142,603	217,413	327,598	-	1,649	329,247	546,660	427,174
Client activities	450	2,000,148	2,000,598	779	-	337	1,116	2,001,714	560,517
Expensed equipment (Note 2C)	38,431	302,194	340,625	69,859	-	2,349	72,208	412,833	385,748
Bad debt	274,469	41,690	316,159	-	-	-	-	316,159	133,100
Interest	-	-	-	109,343	-	-	109,343	109,343	244,198
Depreciation and amortization (Note 2C)	1,172,875	186,998	1,359,873	750,537	-	300	750,837	2,110,710	2,611,966
Events	-	-	-	-	-	54,220	54,220	54,220	-
Miscellaneous	1,798,356	86,982	1,885,338	304,011	-	71,489	375,500	2,260,838	1,966,276
SUBTOTAL	59,420,090	27,062,938	86,483,028	12,815,949	184,011	801,489	13,801,449	100,284,477	95,760,571
Less: cost of direct benefit to donors (Note 2O)	-	-	-	-	-	54,220	54,220	54,220	-
TOTAL EXPENSES	59,420,090	27,062,938	86,483,028	12,815,949	184,011	747,269	13,747,229	100,230,257	95,760,571
Less: occupancy expense above lease payments (Note 2K and 14B)	281,707	51,751	333,458	23,240	171	-	23,411	356,869	1,511,014
TOTAL OPERATING EXPENSES	\$ 59,138,383	\$ 27,011,187	\$ 86,149,570	\$ 12,792,709	\$ 183,840	\$ 747,269	\$ 13,723,818	\$ 99,873,388	\$ 94,249,557

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

For the Year Ended June 30, 2021

	Program Services			Supporting Services				Total 2021
	Industrial Operations	Rehabilitation and Employment Services	Total Program Services	Management and Administration	Other Supporting Services	Fundraising	Total Supporting Services	
Salaries:								
Program participants	\$ 13,918,825	\$ -	\$ 13,918,825	\$ -	\$ -	\$ -	\$ -	\$ 13,918,825
Employees	11,930,562	13,820,091	25,750,653	4,390,754	-	277,824	4,668,578	30,419,231
Payroll taxes and benefits (Note 13)	2,826,918	5,322,319	8,149,237	904,358	23,622	48,458	976,438	9,125,675
Total Salaries and Related Costs	28,676,305	19,142,410	47,818,715	5,295,112	23,622	326,282	5,645,016	53,463,731
Occupancy (Notes 2K, 14B and 16)	16,407,664	2,894,237	19,301,901	4,735,269	30,849	7,313	4,773,431	24,075,332
Purchased goods	97,463	-	97,463	-	-	-	-	97,463
Trucking services	2,055,055	-	2,055,055	-	-	-	-	2,055,055
Professional fees	738,497	958,519	1,697,016	3,496,125	304,114	169,702	3,969,941	5,666,957
Supplies	438,827	251,305	690,132	22,025	9,181	548	31,754	721,886
Communication	132,231	649,251	781,482	186,077	-	4,011	190,088	971,570
Postage and shipping	200,907	2,347	203,254	4,325	-	4,324	8,649	211,903
Insurance	1,074,673	130,155	1,204,828	90,444	-	-	90,444	1,295,272
Outside printing	8,192	4,214	12,406	8,519	-	3,898	12,417	24,823
Transportation	160,937	39,681	200,618	127,203	-	1,231	128,434	329,052
Equipment maintenance and rental	366,399	80,957	447,356	70,334	796	62	71,192	518,548
Membership dues/staff development	47,427	65,616	113,043	305,831	-	8,300	314,131	427,174
Client activities	-	514,850	514,850	45,667	-	-	45,667	560,517
Expensed equipment (Note 2C)	10,915	322,476	333,391	49,602	2,755	-	52,357	385,748
Bad debt	(2,639)	134,329	131,690	1,410	-	-	1,410	133,100
Interest	-	-	-	244,198	-	-	244,198	244,198
Depreciation and amortization (Note 2C)	1,272,461	190,077	1,462,538	444,276	704,852	300	1,149,428	2,611,966
Miscellaneous	1,576,448	90,627	1,667,075	290,542	-	8,659	299,201	1,966,276
TOTAL EXPENSES	53,261,762	25,471,051	78,732,813	15,416,959	1,076,169	534,630	17,027,758	95,760,571
Less: occupancy expense above lease payments (Note 2K and 14B)	1,029,776	181,648	1,211,424	297,195	1,936	459	299,590	1,511,014
TOTAL OPERATING EXPENSES	\$ 52,231,986	\$ 25,289,403	\$ 77,521,389	\$ 15,119,764	\$ 1,074,233	\$ 534,171	\$ 16,728,168	\$ 94,249,557

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 2,925,923	\$ 4,617,754
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	2,110,710	2,611,966
Realized losses (gains) on investment sales	34,930	(1,726,416)
Unrealized losses (gains) on investments	5,301,510	(4,329,878)
Gain on sale of property	-	(11,526,870)
Gain on forgiveness of Paycheck Protection Program loan payable	(10,000,000)	-
Bad debt	316,159	133,100
	689,232	(10,220,344)
Subtotal		
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(6,167,318)	(608,389)
Contributions receivable	19,000	25,933
Inventory	(610,357)	(97,835)
Prepaid expenses, deferred charges and other	(1,229,805)	838,128
Security deposits	12,951	(16,862)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,591,088)	(459,022)
Payroll taxes payable	(927,942)	1,180,898
Accrued salaries	(263,810)	334,128
Accrued vacation	341,922	141,944
Deferred revenue/due to funding sources	(274,019)	(1,478,623)
Deferred rent	356,869	1,511,014
Net Cash Used in Operating Activities	(10,644,365)	(8,849,030)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	(663,764)	(3,623,222)
Proceeds from sale of property and equipment	-	12,806,671
Investment purchases	(6,721,148)	(14,202,392)
Proceeds from sale of investments	7,587,242	3,187,601
Net Cash Provided by (Used In) Investing Activities	202,330	(1,831,342)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from line of credit	3,200,000	-
Repayments of line of credit	(5,000,000)	-
Repayments of equipment loan payable	(831,952)	(828,591)
Proceeds from Paycheck Protection Program loan payable	-	10,000,000
Repayments of loan payable	-	(20,422)
Net Cash (Used in) Provided by Financing Activities	(2,631,952)	9,150,987
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,073,987)	(1,529,385)
Cash and Cash Equivalents - Beginning of Year	17,186,417	18,715,802
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,112,430	\$ 17,186,417
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 109,343	\$ 244,198
Supplemental Disclosure of Non-cash Investing and Financing Activities:		
Gain on forgiveness of Paycheck Protection Program loan payable	\$ 10,000,000	\$ -
Issuance of note receivable	\$ -	\$ 500,000

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

Goodwill Industries of Greater New York and Northern New Jersey, Inc. (“Goodwill”) is organized under the Not-for-Profit Corporation Law of the State of New York. Goodwill has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Goodwill provides comprehensive rehabilitation services to persons with emotional, developmental and/or physical disabilities, the economically disadvantaged, receiving its principal governmental support from federal, New York State and New York City sources. Goodwill also operates retail stores and donation centers throughout greater New York and northern New Jersey that generate funds used to support the services they provide.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Goodwill’s financial statements have been prepared on the accrual basis of accounting. Goodwill adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. Goodwill maintains its net assets under the following classes:
- Without donor restrictions – represents resources available for support of Goodwill’s operations over which the Board of Directors has discretionary control.
 - With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by Goodwill is limited by donor-imposed stipulations, including donor-restricted endowment funds. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, or endowment earnings are appropriated for operations), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.
- C. Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Goodwill capitalizes property and equipment with a cost of \$1,500 or more and a useful life of greater than two years. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease. Certain purchases of equipment are expensed by Goodwill (rather than capitalized) because the cost of these items was reimbursed by governmental funding sources, where the contractual agreement specifies that title to these assets rests with the governmental funding source rather than Goodwill.
- D. Goodwill considers all highly liquid instruments with maturities of 90 days or less when acquired to be cash and cash equivalents, except for cash maintained in its investment portfolio. Tenant security deposits held are maintained in bank cash accounts and are not considered cash and cash equivalents for statement of cash flow purposes.
- E. Investments are recorded at fair value.
- F. Goodwill determines whether an allowance for doubtful accounts should be provided for accounts and contributions receivable. Such estimates are based on management’s assessment of the aged basis of its government funding sources, current economic conditions, creditworthiness of tenants, government, customers, contributors and other sources and historical information. Contributions receivable that are expected to be collected in future years are recorded at their net present value (if materially less than the actual amount pledged) computed using the risk adjusted interest rate applicable to the year in which the contribution is made. There were no contributions receivable as of June 30, 2022. As of June 30, 2021, contributions receivable were expected to be collected within one year.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- G. During the years ended June 30, 2022 and 2021, Goodwill received contributed merchandise (clothing, etc.) with a fair value estimated to be \$38,802,697 and \$31,576,222, respectively. Goodwill reflects such contributed merchandise as contribution revenue in the accompanying financial statements. Goodwill reflects its industrial operations sales net of the aforementioned estimated amount of contributed goods. This merchandise requires program-related expenses/processes accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale. The fair value of the contributed merchandise is estimated at the retail sales value in excess of the processing costs. The contributed merchandise inventory is estimated by utilizing inventory turnover rates. Inventory consisted of contributed merchandise of \$3,233,558 and \$2,623,201 as of June 30, 2022 and 2021, respectively.
- H. The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. The expenses that have been allocated include salaries and payroll taxes and benefits, which have been allocated based on estimates of time and effort, and occupancy, insurance, and depreciation and amortization, which are estimated using square footage estimates.
- I. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- J. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.
- K. Goodwill leases real property under various leases through 2037. The difference between rental payments actually due under the lease and rent expense calculated on the straight-line basis for the years ended June 30, 2022 and 2021, amounted to \$356,869 and \$1,511,014, respectively, and is reflected in the accompanying statements of activities as occupancy expense (below) above lease payments. As of June 30, 2022 and 2021, a liability in the amount of \$3,232,149 and \$2,875,280, respectively, is reflected on the accompanying statements of financial position as deferred rent.
- L. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as contribution revenue until the conditions are substantially met.

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NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- M. Goodwill recognizes contributions when cash, securities or other assets, an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of a return/right of release – are not recognized until the conditions on which they depend have been met.

Goodwill's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the occurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Goodwill has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. Goodwill was awarded cost-reimbursable grants of \$10,673,180 and \$17,496,347 that have not been recognized at June 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

- N. Goodwill recognizes retail store sales revenue at the point in time when consideration is transferred between Goodwill and the customer.

Goodwill derives revenue for the staffing of temporary workers under its GoodTemps program, where the transaction price is based on agreed upon rates with various employers. Revenue is recognized in the period that the labor is performed by the temporary workers.

- O. The direct cost of special events includes expenses for the benefit of the donor. For example, meals and facilities rental are considered direct costs of special events.

- P. FASB Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets ("Gifts-in-Kind")* was adopted by the Organization for the year ended June 30, 2022. The core guidance in ASU 2020-07 is to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit ("NFP") organizations, including transparency on how those assets are used and how they are valued. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs. The amendments did not change existing recognition and measurement requirements for those assets. The adoption of ASU 2020-07 did not result in changes to Goodwill's financial statements except for disclosures (See Note 17).

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES

Goodwill regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Goodwill considers all expenditures related to its ongoing programs and supporting services to be general expenditures.

Goodwill's investment funds consist of Board-designated net assets and donor-restricted endowment funds. The endowment is not available for general expenditure, although there is an annual appropriation from the endowment funds for operations, as more fully described in Note 12. Goodwill also has a line of credit of \$5,000,000 available, as more fully described in Note 8.

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NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES (Continued)

Financial assets available for general expenditure within one year of the statement of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,112,430	\$ 17,186,417
Accounts receivable	16,995,065	11,143,906
Contributions receivable	-	19,000
Investments	<u>34,634,950</u>	<u>40,837,484</u>
	55,742,445	69,186,807
Less: Donor-restricted net assets	(1,313,004)	(1,412,109)
Less: Board-designated net assets	<u>(20,606,376)</u>	<u>(26,426,138)</u>
Financial assets available for general expenditures	<u>\$ 33,823,065</u>	<u>\$ 41,348,560</u>

NOTE 4—ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Government Sources		
New York City Human Resources Administration	\$ 4,910,752	\$ 2,977,125
New York State Vocational and Educational Services for Individuals with Disabilities	40,402	40,402
New York City Department of Youth and Community Development	6,508	18,832
New York State Office for People with Developmental Disabilities	2,570,729	2,033,714
New York City Office of Mental Health	771,297	516,197
New York City Department of Health and Mental Hygiene	1,667,068	382,201
Other	564,411	449,400
Industrial operations and other:		
GoodTemps (a temporary staffing service for employers)	3,299,110	2,295,094
Others:		
Janitorial Services	658,920	666,072
New York State Industries for the Disabled	1,778,260	889,930
Salvage	274,800	-
Escrow - Due from Sale of Affiliate/Air Rights	1,000,000	1,000,000
Other receivables	<u>380,707</u>	<u>486,675</u>
Subtotal	17,922,964	11,755,642
Less: allowance for doubtful accounts	<u>(927,899)</u>	<u>(611,736)</u>
	<u>\$ 16,995,065</u>	<u>\$ 11,143,906</u>

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NOTE 5—PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>	<u>Estimated Useful Lives</u>
Equipment	\$ 26,165,604	\$ 26,109,103	3-10 years
Leasehold improvements	22,453,006	21,585,713	2-12 years
Transportation equipment	903,335	907,335	5 years
Construction-in-progress	104,656	364,686	-
Collection boxes	<u>145,042</u>	<u>145,042</u>	5 years
Total cost	49,771,643	49,111,879	
Less: accumulated depreciation and amortization	<u>(42,157,440)</u>	<u>(40,050,730)</u>	
Net book value	<u>\$ 7,614,203</u>	<u>\$ 9,061,149</u>	

Depreciation and amortization expense for the years ended June 30, 2022 and 2021, amounted to \$2,110,710 and \$2,611,966, respectively. Goodwill is involved in a variety of projects as of June 30, 2022, whereby Goodwill will incur additional costs subsequent to June 30, 2022.

During the year ended June 30, 2020, Goodwill entered into an agreement to sell a building in Astoria, NY for a purchase price of \$14.4 million. On November 2, 2020, the sale of the building was completed. The related property and equipment had been classified as assets held for sale on the accompanying statements of financial position as of June 30, 2020. The assets sold had an original cost of \$3,303,789, and associated depreciation of \$1,523,988. The gain recognized on the sale of \$11,526,870 is included as gain on sale of property and equipment in the accompanying statements of activities for the year ended June 30, 2021. As part of consideration for the sale, Goodwill had received a \$500,000 note receivable. The note has a maturity date of November 23, 2023 and carries an interest rate of 0% unless payment is not made on the maturity date. If the payment is not made on the maturity date, then the entire principal amount will bear interest at an annual rate of 12%.

During the year ended June 30, 2022, Goodwill disposed of fully depreciated transportation equipment with an original cost of \$4,000.

NOTE 6—INVESTMENTS

Investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 2,910,643	\$ 3,491,176
Equities	18,015,910	23,043,473
Fixed income funds	8,678,700	8,868,178
Limited partnerships	4,472,456	4,973,093
Real estate income trust	<u>557,241</u>	<u>461,564</u>
	<u>\$ 34,634,950</u>	<u>\$ 40,837,484</u>

Investments are subject to market volatility that could substantially change their carrying value in the near term.

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NOTE 6—INVESTMENTS

Investment activity (including board-designated endowment earnings appropriation of \$1,189,890 and \$1,126,384, respectively) consists of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Realized (losses) gains on investment sales	\$ (34,930)	\$ 1,726,416
Unrealized (losses) gains on investments	(5,301,510)	4,329,878
Interest and dividend income	653,200	373,990
Less: investment fees	<u>(101,307)</u>	<u>(69,301)</u>
	<u>\$ (4,784,547)</u>	<u>\$ 6,360,983</u>

The fair value hierarchy defines three levels as follows:

Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 – Valuations based on unobservable inputs are used when little or no market data is available. The hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, Goodwill utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds:

Money market funds are valued at the net asset value (“NAV”) at a constant \$1.00 per share.

Equities:

Equity securities are valued at the closing price reported on the active market on which the individual securities are traded.

Fixed income mutual funds:

Fixed income mutual funds are valued at the closing price reported in the active market in which the fund is traded.

Limited partnerships:

Investments in limited partnerships are valued using NAV as a practical expedient.

Real estate income trust:

Investments in real estate income trust are valued using NAV as a practical expedient.

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NOTE 6—INVESTMENTS (Continued)

Financial assets carried at fair value at June 30, 2022, are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Assets Carried at Fair Value:		
Investments:		
Money market funds	\$ 2,910,643	\$ 2,910,643
Equities	18,015,910	18,015,910
Fixed income mutual funds	<u>8,678,700</u>	<u>8,678,700</u>
Subtotal	<u>\$ 29,605,253</u>	<u>29,605,253</u>
Investments measured using net asset value as a practical expedient		
Limited partnerships		4,472,456
Real estate income trust		<u>557,241</u>
		<u>5,029,697</u>
Total investments, at fair value		<u>\$ 34,634,950</u>

Financial assets carried at fair value at June 30, 2021, are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Assets Carried at Fair Value:		
Investments:		
Money market funds	\$ 3,491,176	\$ 3,491,176
Equities	23,043,473	23,043,473
Fixed income mutual funds	<u>8,868,178</u>	<u>8,868,178</u>
Subtotal	<u>\$ 35,402,827</u>	<u>35,402,827</u>
Investments measured using net asset value as a practical expedient		
Limited partnerships		4,973,093
Real estate income trust		<u>461,564</u>
		<u>5,434,657</u>
Total investments, at fair value		<u>\$ 40,837,484</u>

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2022 and 2021:

	<u>Fair Value at June 30, 2022</u>	<u>Fair Value at June 30, 2021</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Limited partnership	\$ 4,472,456	\$ 4,973,093	\$ -	Monthly	10 days
Real estate income trust	557,241	461,564	-	Monthly	1 day
	<u>\$ 5,029,697</u>	<u>\$ 5,434,657</u>	<u>\$ -</u>		

The investment objective of the limited partnerships is to seek capital appreciation by investing primarily in equity securities (and securities convertible into equity securities) issued by non-U.S. issuers. The investment objective of the real estate income trust is to generate income by investing in high-quality, stabilized income-generating real estate.

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NOTE 6—INVESTMENTS (Continued)

The investment objective of the real estate private ownership is to provide current income in the form of regular, stable cash distributions; preserve and protect invested capital; realize appreciation in net asset value and provide an investment alternative for stockholders seeking to allocate a portion of their long-term investment portfolios to commercial real estate with lower volatility than listed public real estate companies.

NOTE 7—DEFERRED REVENUE/DUE TO FUNDING SOURCES

Included in deferred revenue/due to funding sources as of June 30, 2022 and 2021, was a Community Support Program (“CSP”) Medicaid liability due to the New York State Office of Mental Health (“NYS OMH”) amounting to approximately \$1,899,760.

The balance represents advances received from various funding sources under government grants for which Goodwill has not yet met the grant conditions or provided the services. In addition, it includes amounts due to government agencies for advances received during current and prior years. Such amounts will be recouped by the funding sources.

NOTE 8—LINE OF CREDIT

Goodwill has a line of credit with a bank that has a maximum borrowing limit of \$5,000,000 and expires in April 2023. Prior to October 1, 2021, interest charged by the bank was equal to the London Interbank Offering Rate (“LIBOR”) rate plus 1.60 percentage points. Effective October 1, 2021, the interest charged by the bank was reduced to 1% until April 25, 2022. Effective April 25, 2022, interest charged by the bank is equal to the greater of the Bloomberg Short-Term Bank Yield Index (“BSBY”) daily floating rate or a rate of .7%. As of both June 30, 2022 and 2021, Goodwill has outstanding borrowings of \$3,200,000 and \$5,000,000, respectively. The line of credit is secured by Goodwill’s investments. There was an outstanding balance of \$2,400,000 as of November 29, 2022. The interest expense for the line of credit for the years ended June 30, 2022 and 2021, amounted to \$43,250 and \$152,949 respectively.

NOTE 9—LOAN PAYABLE

In March 2021, Goodwill applied for and received a Paycheck Protection Program (“PPP”) loan in the amount of \$10,000,000. The loan is funded by the Coronavirus Aid Relief and Economic Security (“CARES”) Act through Signature Bank (the “Lender”) and is to assist Goodwill in paying eligible payroll and other occupancy costs resulting from revenue losses due to COVID-19. The loan accrues interest at 1% and is due in full within five years of the date a loan number was assigned, March 25, 2021. If Goodwill meets the requirements under the CARES Act for forgiveness and is approved for forgiveness, no payments will be required for the loan. If Goodwill does not submit to the Lender a Loan Forgiveness Application within 10 months of the end of the Loan Forgiveness Covered Period, which is up to 24 weeks after the disbursement of the loan, they must pay principal and interest in monthly installments over the remaining term of the Loan, unless otherwise forgiven in whole or in part in accordance with PPP regulations. Goodwill has applied for and received forgiveness in April 2022 and has a recorded a gain from extinguishment of debt for the full amount of the loan in the statement of activities for the year ended June 30, 2022.

NOTE 10—EQUIPMENT LOAN PAYABLE

During the year ended June 30, 2019, Goodwill obtained loans secured by their equipment. Goodwill obtained three additional loans during the year ended June 30, 2020. The loans are payable in monthly installments through December 2024 and bear interest at approximately four percent.

Future minimum loan payments for each of the years subsequent to June 30, 2022 were as follows:

2023	\$	821,200
2024		643,671
2025		<u>113,899</u>
	\$	<u>1,578,770</u>

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NOTE 10—EQUIPMENT LOAN PAYABLE (Continued)

Interest expense for the years ended June 30, 2022 and 2021 was \$66,087 and \$86,103, respectively.

NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Program services	\$ 81,935	\$ 51,549
Bridge to Technology	125,888	260,124
Pharmacy Technology	159,420	-
Unappropriated endowment earnings	55,883	210,558
Donor-restricted endowment corpus	<u>889,878</u>	<u>889,878</u>
	<u>\$ 1,313,004</u>	<u>\$ 1,412,109</u>

During the years ended June 30, 2022 and 2021, \$422,035 and \$39,786 of net assets with donor restrictions were released and transferred to the net assets without donor restrictions category by incurring costs which satisfied the restricted purposes, respectively.

NOTE 12—ENDOWMENT NET ASSETS

Endowment net assets consist of donor-restricted and Board designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. See Note 2B for details on how Goodwill maintains its net assets.

New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings are reflected as net assets with donor restrictions until appropriated.

Goodwill’s Board of Directors has interpreted NYPMIFA as allowing Goodwill to appropriate for expenditure or accumulate so much of an endowment fund as Goodwill determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Goodwill has adopted investment and spending policies that attempt to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets of endowed funds and to provide a predictable stream of funding for programs supported by its endowment and other board-designated commitments reflected in the annual operating budget. The investment policy adopted by the Board of Directors sets forth a quarterly withdrawal rate of 5% on the average quarterly closing fair market value of the previous 20 quarters.

The policy for valuing Goodwill’s investments is disclosed in Notes 2E and 2J. In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. Goodwill has not incurred such deficiencies in its endowment funds as of June 30, 2022 and 2021.

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NOTE 12—ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for year ended June 30, 2022, are as follows:

	<u>Board Designated</u>	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity:				
Interest and dividends	\$ 632,083	\$ 21,117	\$ -	\$ 653,200
Realized losses	(33,801)	(1,129)	-	(34,930)
Unrealized losses	(5,130,123)	(171,387)	-	(5,301,510)
Investment fees	<u>(98,031)</u>	<u>(3,276)</u>	<u>-</u>	<u>(101,307)</u>
	(4,629,872)	(154,675)	-	(4,784,547)
Endowment earnings appropriation	<u>(1,189,890)</u>	<u>-</u>	<u>-</u>	<u>(1,189,890)</u>
Change in endowment net assets	(5,819,762)	(154,675)	-	(5,974,437)
Endowment net assets, beginning of year	<u>26,426,138</u>	<u>210,558</u>	<u>889,878</u>	<u>27,526,574</u>
Endowment net assets, end of year	<u>\$ 20,606,376</u>	<u>\$ 55,883</u>	<u>\$ 889,878</u>	<u>\$ 21,552,137</u>

Changes in endowment net assets for year ended June 30, 2021, are as follows:

	<u>Board Designated</u>	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity:				
Interest and dividends	\$ 360,678	\$ 13,312	\$ -	\$ 373,990
Realized gains	1,664,968	61,448	-	1,726,416
Unrealized gains	4,175,765	154,113	-	4,329,878
Investment fees	<u>(66,834)</u>	<u>(2,467)</u>	<u>-</u>	<u>(69,301)</u>
	6,134,577	226,406	-	6,360,983
Appropriated and transferred to board designated	15,848	(15,848)	-	-
Contributions	-	-	100,000	100,000
Endowment earnings appropriation	<u>(1,126,384)</u>	<u>-</u>	<u>-</u>	<u>(1,126,384)</u>
Change in endowment net assets	5,024,041	210,558	100,000	5,334,599
Endowment net assets, beginning of year	<u>21,402,097</u>	<u>-</u>	<u>789,878</u>	<u>22,191,975</u>
Endowment net assets, end of year	<u>\$ 26,426,138</u>	<u>\$ 210,558</u>	<u>\$ 889,878</u>	<u>\$ 27,526,574</u>

Endowment net assets of \$21,522,137 and \$27,526,574 as of June 30, 2022 and 2021, respectively, are included in investments in the accompanying statements of financial position.

NOTE 13—PENSION PLANS

Goodwill has two pension plans covering all qualifying employees. The first plan is a qualified money purchase defined contribution pension plan covering all eligible employees. The second plan is a 403(b) Plan that provides for employee and employer matching contributions covering all eligible employees. Employer contributions amounted to \$454,420 and \$240,769 for the years ended June 30, 2022 and 2021, respectively.

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NOTE 14—COMMITMENTS AND CONTINGENCIES

- A. Pursuant to Goodwill’s contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of Goodwill involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances or payback other than discussed in Note 7. In addition, certain agreements provide that some property and equipment, or portions thereof, either owned by or on loan to Goodwill must be utilized by Goodwill to continue owning and/or using these assets.
- B. Goodwill is obligated, pursuant to various operating lease agreements, to approximate future minimum annual rentals for real and personal property for each of the years subsequent to June 30, 2022 and thereafter, as follows:

2023	12,355,300
2024	10,285,300
2025	7,986,900
2026	7,398,900
2027	5,798,300
Thereafter	<u>42,950,900</u>
	<u>\$ 86,775,600</u>

Rent expense for real property amounted to \$12,867,259 and \$13,188,687 for the years ended June 30, 2022 and 2021, respectively. Rent expense for personal property amounted to \$282,984 and \$518,548 for the years ended June 30, 2022 and 2021, respectively. Such amounts are included in occupancy, transportation and equipment maintenance and rental expenses in the accompanying financial statements. Goodwill is also obligated for certain other costs at some of the locations. In addition, under the terms of several of the leases, Goodwill is obligated to pay escalation rentals for certain operating expenses and real estate taxes.

After June 30, 2020, Goodwill renegotiated or terminated certain lease agreements as a result of the pandemic. The amounts shown in the future commitments table above represent the results of the new lease terms. Rent abatements totaled approximately \$100,000 and \$1,800,000 and are included under occupancy in the statement of functional expenses for the year ended June 30, 2022 and 2021, respectively.

- C. Goodwill is a defendant with respect to various claims involving accidents and other issues arising in the normal conduct of its business. Management and legal counsels believe the ultimate resolution of these claims will not have a material impact on the financial position and changes in net assets of Goodwill.
- D. Goodwill believes it has no uncertain tax positions as of June 30, 2022 and 2021, in accordance with Accounting Standards Codification (“ASC”) Topic 740 (“Income Taxes”), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 15—CONCENTRATIONS

Cash and cash equivalents that potentially subject Goodwill to a concentration of credit risk include cash accounts with various institutions that exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2022 and 2021, cash and cash equivalents held in one bank exceeded FDIC limits by approximately \$5,040,080 and \$8,876,000, respectively. Such excess excludes outstanding checks.

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NOTE 16—RESTRUCTURING COSTS

During the years ended June 30, 2022 and 2021, Goodwill approved a plan to restructure certain components of its operations, which included consolidating program sites, closing some locations, and ending some programs. The following were the estimated accrued restructuring costs as of June 30:

	<u>2022</u>	<u>2021</u>
Occupancy	\$ 5,991,063	\$ 8,176,902
	\$ 5,991,063	\$ 8,176,902

Such amounts are reflected as accounts payable and accrued expenses on the accompanying statements of financial position. During the years ended June 30, 2022 and 2021, restructuring costs of \$905,116 and \$3,727,764, respectively, are reflected on the accompanying statements of functional expenses. Due to uncertainties in the settlement process, however, it is at least reasonably possible that management's estimates may change in the near term.

NOTE 17—CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets consisted of the following for the year ended June 30, 2022:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
Donated goods	\$ 38,802,697	Industrial operations	No associated donor restriction	Based on estimated retail sales values in excess of the processing costs.

Contributed nonfinancial assets consisted of the following for the year ended June 30, 2021:

<u>Nonfinancial Asset</u>	<u>Amount</u>	<u>Usage in Programs/Activities</u>	<u>Donor Restrictions</u>	<u>Fair Value Techniques</u>
Donated goods	\$ 31,576,222	Industrial operations	No associated donor restriction	Based on estimated retail sales values in excess of the processing costs.

NOTE 18—SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through November 29, 2022, the date the financial statements were available to be issued.