

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

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CPAs & Advisors

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Goodwill Industries of Mississippi, Inc.

### **Qualified Opinion**

We have audited the accompanying financial statements of Goodwill Industries of Mississippi, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, activities by function, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Goodwill Industries of Mississippi, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion**

As discussed in Note 2 to the financial statements, Goodwill Industries of Mississippi, Inc. does not record the value of donated goods received until such assets are sold. In our opinion, Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605, *Accounting for Contributions Received and Contributions Made*, requires Goodwill Industries of Mississippi, Inc. to recognize such contributions as revenues and assets in the period received at the estimated fair value of the donated goods. The effects of this departure from accounting principles generally accepted in the United States of America on the Company's 2021 and 2020 financial position and changes in net assets have not been quantified, but is presumed to be material.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Goodwill Industries of Mississippi, Inc. 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 qualified audit opinion.

## **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 Industries of Mississippi, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Industries of Mississippi, Inc.'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 Industries of Mississippi, Inc.'s ability to continue as a going concern for a reasonable period of time.

**Auditor's Responsibilities for the Audit of the Financial Statements - continued:**

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.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of cash and cash equivalents on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Haddox Reid Lubank Betts PLLC*

Jackson, Mississippi  
July 5, 2022

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 3,469,698	1,351,396
Accounts receivable	149,048	146,286
Inventory	1	1
Prepaid expenses	<u>95,489</u>	<u>86,666</u>
	<u>3,714,236</u>	<u>1,584,349</u>
<b>INVESTMENTS</b>	<u>1,475,888</u>	<u>759,942</u>
<b>LAND, BUILDINGS &amp; EQUIPMENT, NET</b>	<u>713,880</u>	<u>1,035,340</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>5,904,004</u></b>	<b><u>3,379,631</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 64,448	75,514
Accrued liabilities	<u>177,436</u>	<u>161,188</u>
	<u>241,884</u>	<u>236,702</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>5,662,120</u>	<u>3,142,929</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>5,904,004</u></b>	<b><u>3,379,631</u></b>

The accompanying notes are an integral part of these statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUE AND SUPPORT:</b>		
Operations:		
Store sales	\$ 5,287,307	3,690,851
Vocational services	793,034	650,556
Salvage	1,240,379	771,201
E-Commerce	400,012	256,610
Grant income	296,439	53,653
Interest and miscellaneous income	12,101	14,047
Unrealized gain on investments	82,172	47,517
Paycheck protection forgiveness	701,908	701,900
Gain (loss) on disposition of land, buildings and equipment	<u>7,969</u>	<u>(17,233)</u>
Total operations	<u>8,821,321</u>	<u>6,169,102</u>
Contributions:		
Goodwill Industries Volunteer Services	-	27,000
Other	<u>96,112</u>	<u>65,725</u>
Total contributions	<u>96,112</u>	<u>92,725</u>
Total revenue and support	8,917,433	6,261,827
<b>COST OF GOODS SOLD</b>	<u>115,243</u>	<u>67,062</u>
Gross profit	<u>8,802,190</u>	<u>6,194,765</u>
<b>EXPENSES:</b>		
Advertising	12,924	7,166
Awards, contributions, and grants	22,310	15,940
Credit card fees	95,614	68,000
Depreciation	145,794	153,202
Insurance	69,212	67,111
Membership	80,044	43,198
Miscellaneous	36,166	1,331
Occupancy	961,232	912,977
Personnel costs	3,906,521	3,709,772

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF ACTIVITIES - CONTINUED:  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>EXPENSES - CONTINUED:</b>		
Postage	\$ 1,688	1,349
Printing and publications	16,326	16,838
Professional and other administrative costs	175,062	89,739
Repair and maintenance	57,539	42,244
Specific assistance	17,162	17,565
Supplies	111,520	83,731
Taxes and licenses	792	1,415
Technology	78,911	57,435
Telephone and utilities	171,220	157,410
Travel and conferences	113,652	40,899
Waste disposal	<u>209,310</u>	<u>187,018</u>
Total expenses	<u>6,282,999</u>	<u>5,674,340</u>
<b>CHANGE IN NET ASSETS</b>	2,519,191	520,425
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</b>	<u>3,142,929</u>	<u>2,622,504</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</b>	\$ <u>5,662,120</u>	<u>3,142,929</u>

The accompanying notes are an integral part of these statements.



**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENT OF ACTIVITIES BY FUNCTION  
YEAR ENDED DECEMBER 31, 2021**

	Program Services					Management and Administrative Services	Total
	Stores and Contributed Goods Production	Vocational	Grants and Contracts	Salvage	E-Commerce		
<b>REVENUE AND SUPPORT:</b>							
Sales and contract revenue	\$ 5,287,307	793,034	296,439	1,240,379	400,012	-	8,017,171
Contributions	-	-	-	-	-	96,112	96,112
Interest and miscellaneous income	701,908	-	-	-	-	12,101	714,009
Unrealized gain on investments	-	-	-	-	-	82,172	82,172
Gain on disposition of land, buildings and equipment	7,969	-	-	-	-	-	7,969
Total revenue and support	5,997,184	793,034	296,439	1,240,379	400,012	190,385	8,917,433
<b>COST OF GOODS SOLD</b>	39,820	-	-	-	75,423	-	115,243
Gross profit	5,957,364	793,034	296,439	1,240,379	324,589	190,385	8,802,190
<b>EXPENSES:</b>							
Advertising	-	-	-	-	-	12,924	12,924
Awards, contributions, and grants	13,726	4,920	-	-	-	3,664	22,310
Credit card fees	95,404	-	-	-	-	210	95,614
Depreciation	142,510	-	-	-	-	3,284	145,794
Insurance	62,255	-	-	-	1,236	5,721	69,212
Membership	53,765	7,098	2,653	11,102	3,580	1,846	80,044
Miscellaneous	640	-	6,197	10,670	-	18,659	36,166
Occupancy	928,678	-	-	-	10,266	22,288	961,232
Personnel costs	2,208,450	496,839	176,929	45,850	132,798	845,655	3,906,521
Postage	297	-	-	-	16	1,375	1,688
Printing and publications	5,665	211	270	-	-	10,180	16,326
Professional and other administrative costs	6,145	-	1,340	-	-	167,577	175,062
Repair and maintenance	47,176	-	420	-	-	9,943	57,539
Specific assistance	7,464	2	-	-	-	9,696	17,162
Supplies	35,998	257	1,105	7,757	-	66,403	111,520
Taxes and licenses	792	-	-	-	-	-	792
Technology	28,775	388	3,675	-	96	45,977	78,911
Telephone and utilities	155,821	2,042	2,954	-	637	9,766	171,220
Travel and conferences	4,514	15,223	29,876	294	31	63,714	113,652
Waste disposal	207,473	-	-	-	-	1,837	209,310
Total expenses	4,005,548	526,980	225,419	75,673	148,660	1,300,719	6,282,999
<b>CHANGE IN NET ASSETS</b>	\$ 1,951,816	266,054	71,020	1,164,706	175,929	(1,110,334)	2,519,191

The accompanying notes are an integral part of these statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENT OF ACTIVITIES BY FUNCTION  
YEAR ENDED DECEMBER 31, 2020**

	Program Services					Management and Administrative Services	Total
	Stores and Contributed Goods Production	Vocational	Grants and Contracts	Salvage	E-Commerce		
<b>REVENUE AND SUPPORT:</b>							
Sales and contract revenue	\$ 3,690,851	650,556	53,653	771,201	256,610	-	5,422,871
Contributions	-	-	-	-	-	92,725	92,725
Interest and miscellaneous income	701,900	-	-	-	-	14,047	715,947
Unrealized gain on investments	-	-	-	-	-	47,517	47,517
Loss on disposition of equipment	(17,233)	-	-	-	-	-	(17,233)
Total revenue and support	4,375,518	650,556	53,653	771,201	256,610	154,289	6,261,827
<b>COST OF GOODS SOLD</b>	14,284	-	-	-	52,778	-	67,062
Gross profit	4,361,234	650,556	53,653	771,201	203,832	154,289	6,194,765
<b>EXPENSES:</b>							
Advertising	16	-	-	-	-	7,150	7,166
Awards, contributions, and grants	2,920	-	-	-	-	13,020	15,940
Credit card fees	67,813	-	-	-	15	172	68,000
Depreciation	148,061	-	1,600	-	-	3,541	153,202
Insurance	60,552	-	-	-	2,728	3,831	67,111
Membership	28,855	4,199	346	4,978	1,737	3,083	43,198
Miscellaneous	50	-	2,708	-	-	(1,427)	1,331
Occupancy	880,393	-	4,774	-	6,844	20,966	912,977
Personnel costs	2,236,173	441,335	114,776	42,140	100,886	774,462	3,709,772
Postage	332	-	-	-	-	1,017	1,349
Printing and publications	11,944	295	284	-	-	4,315	16,838
Professional and other administrative costs	4,019	-	-	-	-	85,720	89,739
Repair and maintenance	40,170	-	393	-	48	1,633	42,244
Specific assistance	2,300	-	-	-	-	15,265	17,565
Supplies	34,608	335	249	4,554	1,495	42,490	83,731
Taxes and licenses	1,000	415	-	-	-	-	1,415
Technology	13,050	-	12,554	-	1,156	30,675	57,435
Telephone and utilities	144,132	1,530	1,732	-	602	9,414	157,410
Travel and conferences	9,704	5,950	4,661	196	2,930	17,458	40,899
Waste disposal	186,562	-	-	-	-	456	187,018
Total expenses	3,872,654	454,059	144,077	51,868	118,441	1,033,241	5,674,340
<b>CHANGE IN NET ASSETS</b>	\$ 488,580	196,497	(90,424)	719,333	85,391	(878,952)	520,425

The accompanying notes are an integral part of these statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets without donor restrictions	\$ 2,519,191	520,425
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	145,794	153,202
Unrealized gain on investments	(82,172)	(47,517)
(Gain) loss on disposition of land, buildings and equipment	(7,969)	17,233
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(2,762)	29,941
Increase in prepaid expense	(8,823)	(14,173)
Increase in accounts payable and accrued liabilities	<u>5,182</u>	<u>84,805</u>
Net cash provided by operating activities	<u>2,568,441</u>	<u>743,916</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(633,774)	(712,425)
Proceeds from the sale of land, buildings and equipment	259,128	-
Purchases of land, buildings and equipment	<u>(75,493)</u>	<u>(92,718)</u>
Net cash used in investing activities	<u>(450,139)</u>	<u>(805,143)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,118,302	(61,227)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>1,351,396</u>	<u>1,412,623</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ <u>3,469,698</u>	<u>1,351,396</u>

The accompanying notes are an integral part of these statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES**

Goodwill Industries of Mississippi, Inc. (Goodwill) was incorporated under the laws of the State of Mississippi on September 9, 1955 as a nonprofit corporation and has qualified as a tax-exempt organization under the Internal Revenue Code. Goodwill is a voluntary health and welfare organization that provides training and employment opportunities and sells donated goods to residents within the State of Mississippi.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets without Donor Restrictions**

Net assets available for use in general operations and not subject to donor restrictions.

**Net Assets with Donor Restrictions**

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Goodwill reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

Contributions and Gifts

Cash contributions are recorded as support when received unless specified for use in future periods. Periodically, the governing board allocates various contributions to be set aside for scholarship grants. Goodwill reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Currently, all assets of Goodwill are not restricted by donor-imposed stipulations.

Government and Other Grants

Goodwill receives grants from governmental agencies and certain foundations that are considered contributions under GAAP. Goodwill recognizes income from these grants as revenue and support only to the extent that expenditures have been made for the purposes specified by the grant agreement.

Functional Allocation of Expenses

The costs of program services and other activities have been summarized on a functional basis in the accompanying statement of activities by function. Certain costs have been allocated among the program services and management and general expense categories based on estimates made by management.

Cash and Cash Equivalents

Cash and cash equivalents include cash, money market accounts and other highly liquid investments with original maturities of three months or less. Because of the short-term nature of these investments, the estimated fair value of these investments approximates cost.

Accounts Receivable

Accounts receivable generally consists of amounts due from the Mississippi Department of Rehabilitation Services (MDRS). The MDRS contracts with Goodwill to provide certain professional services in connection with training of individuals to join the workforce. Management anticipates these amounts are fully collectible and, consequently, there is no allowance for uncollectible accounts recorded in the accompanying financial statements.

Inventory

The value of donated goods is not recognized as an asset or as revenues or gains until such assets are sold. Consequently, the fair value of donated assets on hand at December 31, 2021 and 2020

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

Inventory - continued:

is not included in the accompanying statements of financial position, as required by GAAP. The effect of this departure from GAAP on the 2021 and 2020 financial statements has not been quantified, but is presumed to be material.

Property and Equipment

Depreciable assets are shown in the accompanying statements of financial position at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets ranging from five to thirty-nine years and is computed using the straight-line method. Maintenance, repairs and minor renewals are charged to expense, whereas additions and major improvements are capitalized at cost. Items of land, buildings and equipment retired or otherwise disposed of are removed from the asset and related accumulated depreciation accounts and any profits or losses from the disposition of assets are credited or charged through income.

Income Taxes

The Internal Revenue Service has recognized Goodwill as being exempt from Federal and state income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). However, Goodwill files an annual information return Form 990 with the Internal Revenue Service. Goodwill does not have unrelated business income and, therefore, does not file tax Form 990-T.

Accounting standards require the recognition and measurement of uncertain tax positions taken or expected to be taken by Goodwill in income tax issues. Goodwill has evaluated its tax positions and determined that it does not have any liability that should be accrued under the standards related to uncertain tax positions.

Revenue Recognition

Effective January 1, 2020, Goodwill adopted FASB ASC No. 606, *Revenue from Contracts with Customers*, a new revenue recognition model that requires a company to recognize revenue for the transfer of goods or services to customers in an amount that reflects the consideration the company expects to receive for these goods or services. Goodwill adopted the model using the modified retrospective approach. Results for reporting periods beginning on January 1, 2020 are presented under the new revenue standard. The adoption of FASB ASC No. 606 did not have a material impact on the financial statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

Revenue Recognition - continued:

A description of Goodwill's revenue streams accounted for under ASC 606 follows:

Store Sales - Store sales consist of the sale of donated goods and new goods, and the sale of each individual item is recorded at the point of sale, the point at which the performance obligation for each individual item sold is met. Store sales do not include sales tax, because Goodwill is a pass-through conduit for collecting and remitting sales taxes. Returns are not allowed within the stores. Store merchandise is priced as marked or labeled.

Vocational Service - Vocational services are services provided by Goodwill to other organizations or private individuals for the purpose of training individuals for permanent employment. Performance obligations under each contract are defined in terms of the various performance indicators. Revenue for these services is recognized when the service has been provided as determined by the satisfactory completion of the contracts' defined performance indicators.

Salvage - Salvage revenue consists of donated goods that were unable to be sold in our retail stores and are sold on the after-retail market. Salvage is sold in bundles FOB shipping at prices determined by existing customer agreements, and revenue from each individual bundle is recognized when the bundle is shipped to the customer.

E-commerce - E-commerce sales consist of sales of donated books, jewelry, clothes, musical instruments and other items on ShopGoodwill.com, and related shipping and handling revenue. 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.

Use of Estimates

In preparing Goodwill's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities 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.

The statements of functional expenses present expenses by function and natural classification. Goodwill allocates its expenses on a functional basis among its various program services and supporting activities. Expenses that can be identified with a specific program and supporting

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:**

Use of Estimates - continued:

activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on the basis of estimates of square footage and time and effort.

General Litigation

Goodwill is subject to claims that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position or results of operations of Goodwill.

**NOTE 3 - INVESTMENTS**

Authoritative guidance establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes 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 I measurements) and the lowest priority to unobservable inputs (Level III measurements). The three levels of the fair value hierarchy are described as follows:

Level I - Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Level II - Observable inputs other than quoted prices included in Level I that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level III - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Company's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary greatly and is affected by a wide variety of factors, including, for example, the type of instrument, whether the instrument is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the



**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 3 - INVESTMENTS - CONTINUED:**

instrument. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level III.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, the asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Goodwill holds an investment portfolio managed by a professional investment management group where funds are invested based on investment objectives determined by Goodwill. Fiduciary oversight of the portfolio is provided by the Board of Directors. These investments are recorded at fair value and are included in the accompanying statements of financial position. These investments consist of mutual funds and have quoted prices in active markets (Level 1). Cost and fair value of these investments as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cost	\$ 1,393,716	712,425
Net unrealized gains	<u>82,172</u>	<u>47,517</u>
Fair value	\$ <u>1,475,888</u>	<u>759,942</u>

**NOTE 4 - LAND, BUILDINGS AND EQUIPMENT**

Land, buildings and equipment at December 31, 2021 and 2020 are comprised of:

	December 31,	
	<u>2021</u>	<u>2020</u>
Land	\$ 50,561	110,561
Buildings	351,341	674,860
Machinery and equipment	53,002	72,678
Automobiles and transportation equipment	250,419	250,419
Office furniture and equipment	595,326	529,282
Leasehold improvements	<u>731,311</u>	<u>755,393</u>
	2,031,960	2,393,193
Less accumulated depreciation	<u>1,318,080</u>	<u>1,357,853</u>
	\$ <u>713,880</u>	<u>1,035,340</u>

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 4 - LAND, BUILDINGS AND EQUIPMENT - CONTINUED:**

During 2021, Goodwill sold its Metro facility and land for \$288,750. This sale resulted in a gain of \$8,992.

**NOTE 5 - OPERATING LEASE COMMITMENTS**

Goodwill occupied eight locations under noncancelable operating lease agreements as of December 31, 2021 and 2020, respectively. These leases expire at various dates through March 2029. Minimum future rental payments under noncancelable operating leases having initial or remaining terms in excess of one year as of December 31, 2021 are as follows:

2022	\$ 750,724
2023	477,107
2024	318,923
2025	184,356
2026	188,106
Thereafter	<u>538,958</u>
	<u>\$ 2,458,174</u>

Rental payments under noncancelable operating leases for the years ended December 31, 2021 and 2020 were approximately \$900,000 and \$840,000, respectively.

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

Goodwill has cash balances in accounts held by four banking institutions at December 31, 2021 and 2020, respectively, and, at times, balances may exceed federally insured limits. Goodwill has never experienced any losses related to these balances. These cash balances in excess of federal insured limits totaled \$2,792,828 on December 31, 2021 and \$802,196 on December 31, 2020.

**NOTE 7 - COST OF GOODS SOLD**

Cost of goods sold, reflected in the accompanying statements of activities, represents the cost of items purchased and resold by Goodwill during the years ended December 31, 2021 and 2020.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,469,698	1,351,396
Accounts receivable	149,048	146,286
Investments	<u>1,475,888</u>	<u>759,942</u>
 Total available for general expenditures within one year	 \$ <u>5,094,634</u>	 <u>2,257,624</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the date of the statements of financial position. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year. Goodwill has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 9 - PAYCHECK PROTECTION PROGRAM**

On April 4, 2020, Goodwill received the proceeds of a note in the amount of \$701,900 under the provisions of the Paycheck Protection Program (PPP) which was authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was passed by Congress and signed into law on March 27, 2020. On January 20, 2021, Goodwill received the proceeds of a second PPP loan in the amount of \$701,908 which was authorized by the Economic Aid to Hard-Hit Small Business, Nonprofits and Venues (Economic Aid) Act which was passed by Congress and signed into law on December 27, 2020. The Small Business Association (SBA) PPP loan program is an economic incentive for employers to keep their workers on payroll over an eight to twenty-four week period, and is subject to forgiveness of payroll, rent, mortgage interest, and utilities incurred by the employers during that period. Both PPP loans were fully forgiven by the SBA and recognized as income in the accompanying financial statements in their respective years. The loan forgiveness recognized as income in the accompanying financial statements for the years ended December 31, 2021, and 2020 was \$701,908 and \$701,900, respectively. Both loans are subject to potential audit by the SBA in future periods; however, management does not believe there will be any adjustments made to the amount of the forgiveness.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 10 - NEW ACCOUNTING STANDARD**

In February 2016, the FASB issued ASU 2016-02 *Leases (Topic 842)*. ASU 2016-02 increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the standard, leased assets will be recorded as right-of-use assets, and liabilities will be recorded for future lease payments. Goodwill is required to adopt ASU 2016-02 in its annual financial statements for the year ended December 31, 2022 using a modified retrospective approach. Early adoption is permitted. Goodwill is currently evaluating the new guidance and has not determined the impact this standard may have on their financial statements.

**NOTE 11 - SUBSEQUENT EVENTS**

Goodwill had no subsequent events of a material nature requiring adjustment to or disclosure in the financial statements through July 5, 2022, the date the financial statements were approved by Goodwill's management and thereby available to be issued.

**SUPPLEMENTAL INFORMATION**

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**SCHEDULE OF CASH AND CASH EQUIVALENTS**

	December 31, <u>2021</u>	December 31, <u>2020</u>
Bank Plus	\$ 802,203	106,007
Bancorp South	116,838	116,771
Edward Jones	28,020	-
First Commercial Bank	100,481	100,330
Trustmark National Bank	2,418,606	1,024,738
Change Fund	<u>3,550</u>	<u>3,550</u>
	<u>\$ 3,469,698</u>	<u>1,351,396</u>