

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Financial Statements

December 31, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Goodwill Industries of Mississippi, Inc.  
Ridgeland, Mississippi

### 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, 2024 and 2023, and the related statements of activities, functional expenses 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 matters described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Mississippi, Inc. as of December 31, 2024 and 2023, 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

We did not observe the taking of the physical inventories at December 31, 2024 (stated at \$330,337). We were unable to obtain sufficient appropriate audit evidence about inventory quantities by other auditing procedures.

As discussed in Note 1 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. Quantification of the effects of that departure from U.S. generally accepted accounting principles on the financial statements of Goodwill Industries of Mississippi, Inc. is not practicable.

We conducted our audit 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.

## **Correction of Error**

As discussed in Note 2 to the financial statements, certain errors resulting in an understatement of amounts previously reported in accounts receivable, accounts payable, income, expenses, and net assets without donor restrictions as of and for the year ended December 31, 2023 were discovered by management of Goodwill during the current year. Accordingly, amounts reported for accounts receivable, accounts payable, income, expenses, and net assets without donor restrictions have been restated in the 2023 financial statements now presented to correct the error. Our opinion is not modified with respect to this matter.

## **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.

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 Supplemental Information**

Our audit was 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 23 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 audit 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.

BMSS, LLC

Ridgeland, Mississippi  
August 1, 2025

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**Statements of Financial Position  
December 31, 2024 and 2023

	2024	2023
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,337,152	\$ 6,046,650
Employee Retention Credit receivable	1,059,366	1,059,366
Accounts receivable	308,004	252,797
Investments	1,533,357	1,406,167
Inventory	330,337	119,446
Prepaid and other assets	117,386	168,295
	<u>10,685,602</u>	<u>9,052,721</u>
Land, buildings and equipment	4,754,772	5,024,976
Operating lease right-of-use assets	<u>3,927,164</u>	<u>4,281,555</u>
Total assets	<u>\$ 19,367,538</u>	<u>\$ 18,359,252</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 249,692	\$ 306,602
Accrued liabilities	502,301	335,873
Current portion of notes payable	176,099	165,005
Current portion of operating lease liabilities	<u>498,633</u>	<u>510,342</u>
	<u>1,426,725</u>	<u>1,317,822</u>
Notes payable, less current portion	2,997,002	3,172,266
Operating lease liabilities, less current portion	<u>3,355,442</u>	<u>3,826,411</u>
	<u>6,352,444</u>	<u>6,998,677</u>
Total liabilities	<u>7,779,169</u>	<u>8,147,000</u>
Net assets without donor restrictions	<u>11,588,369</u>	<u>10,042,753</u>
Total liabilities and net assets	<u>\$ 19,367,538</u>	<u>\$ 18,359,252</u>

See notes to financial statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**Statements of Activities  
Years ended December 31, 2024 and 2023

	2024	2023
<b>Revenue and Support</b>		
<b>Operations</b>		
Store sales	\$ 8,080,976	\$ 7,700,001
Less: Cost of goods sold	(245,207)	(218,073)
	7,835,769	7,481,928
Vocational services	1,119,653	960,307
Salvage	622,430	662,505
E-Commerce	424,450	469,942
Grant income	31,652	378,871
Employee retention credit	-	1,059,366
Net investment income	119,352	160,788
Miscellaneous income	6,853	27,574
	10,160,159	11,201,281
<b>Contributions</b>		
Goodwill Industries Volunteer Services	12,910	9,933
Other	95,496	124,696
	108,406	134,629
<b>Total Revenue and Support</b>	10,268,565	11,335,910
<b>Expenses</b>		
Program services	7,617,865	7,428,587
Management and administrative services	1,105,084	1,262,029
	8,722,949	8,690,616
Change in net assets	1,545,616	2,645,294
Net assets without donor restrictions, beginning of year	10,042,753	7,397,459
Net assets without donor restrictions, end of year	\$ 11,588,369	\$ 10,042,753

See notes to financial statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Statement of Functional Expenses

Year ended December 31, 2024

Description	Program Services					Management and Administrative Services		Total
	Stores and Contributed Goods	Vocational	Grants and Contracts	Salvage	E-Commerce			
Advertising	\$ 5,160	\$ -	\$ 1,403	\$ -	\$ -	\$ 6,984	\$	13,547
Awards, contributions and grants	4,170	-	5,029	-	-	3,480		12,679
Credit card fees	163,565	-	-	-	30,252	921		194,738
Depreciation	371,784	177	1,558	-	3,517	14,195		391,231
Insurance	93,373	-	-	-	-	41,392		134,765
Interest expense	172,657	-	-	-	-	-		172,657
Membership	82,665	11,454	324	6,317	4,342	1,159		106,261
Miscellaneous	8,113	1,350	5,247	433	-	23,828		38,971
Occupancy	874,050	277	2,036	-	1,108	69,089		946,560
Personnel costs	3,314,208	801,446	248,797	71,233	192,811	525,152		5,153,647
Postage	1,598	-	-	-	-	260		1,858
Printing and publications	4,807	-	3,631	-	-	13,530		21,968
Professional and other administrative costs	2,937	-	-	-	7	232,163		235,107
Repairs and maintenance	71,980	-	101	5,167	-	3,688		80,936
Specific assistance	827	-	1,814	-	-	13,675		16,316
Supplies	127,955	1,452	15,065	8,930	11,638	33,890		198,930
Taxes and licenses	4,031	-	-	-	-	7,202		11,233
Technology	37,643	18	24,896	-	1,172	30,624		94,353
Telephone and utilities	292,801	5,542	6,458	-	816	20,639		326,256
Travel and conferences	13,761	28,242	14,298	-	474	63,213		119,988
Waste disposal	450,948	-	-	-	-	-		450,948
	<u>\$ 6,099,033</u>	<u>\$ 849,958</u>	<u>\$ 330,657</u>	<u>\$ 92,080</u>	<u>\$ 246,137</u>	<u>\$ 1,105,084</u>		<u>\$ 8,722,949</u>

See notes to financial statements.



**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Statement of Functional Expenses

Year ended December 31, 2023

Description	Program Services					Management and Administrative Services		Total
	Stores and Contributed Goods	Vocational	Grants and Contracts	Salvage	E-Commerce			
Advertising	\$ 100	\$ -	\$ 847	\$ -	\$ -	\$ 12,575	\$	13,522
Awards, contributions and grants	3,654	5	250	-	-	2,393		6,302
Credit card fees	143,115	-	-	-	35,417	7,501		186,033
Depreciation	356,618	-	-	-	-	387		357,005
Insurance	110,341	-	-	-	-	5,688		116,029
Interest expense	166,602	-	-	-	-	-		166,602
Membership	121,468	15,034	6,475	10,449	7,046	4,313		164,785
Miscellaneous	8,799	280	62,301	-	98	10,832		82,310
Occupancy	908,548	143	305	80	8,443	18,347		935,866
Personnel costs	3,195,551	660,600	310,069	44,112	186,321	736,091		5,132,744
Postage	6,224	-	44	25	-	3,585		9,878
Printing and publications	8,419	-	637	-	-	7,639		16,695
Professional and other administrative costs	6,346	-	-	-	-	302,712		309,058
Repairs and maintenance	67,729	-	-	6,641	-	3,935		78,305
Specific assistance	120	-	-	-	-	7,677		7,797
Supplies	139,723	1,604	15,734	4,817	3,157	22,821		187,856
Taxes and licenses	4,106	-	-	-	-	-		4,106
Technology	60,097	211	19,007	-	1,866	36,775		117,956
Telephone and utilities	241,343	2,400	3,545	1,594	1,958	15,799		266,639
Travel and conferences	40,901	11,186	41,866	-	3,366	60,137		157,456
Waste disposal	361,627	-	-	9,223	-	2,822		373,672
	<u>\$ 5,951,431</u>	<u>\$ 691,463</u>	<u>\$ 461,080</u>	<u>\$ 76,941</u>	<u>\$ 247,672</u>	<u>\$ 1,262,029</u>		<u>\$ 8,690,616</u>

See notes to financial statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**Statements of Cash Flows  
Years ended December 31, 2024 and 2023

	2024	2023
<b>Operating Activities</b>		
Change in net assets	\$ 1,545,616	\$ 2,645,294
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	391,231	357,005
Noncash operating lease expense	757,879	704,812
Unrealized gain on investments	(112,666)	(131,794)
Gain on disposal of land, buildings and equipment	(6,839)	-
Changes in operating assets and liabilities		
Accounts receivable	(55,207)	(1,218,419)
Inventory	(210,891)	(119,446)
Prepaid and other assets	50,909	44,301
Accounts payable and accrued liabilities	109,518	213,095
Operating lease liabilities	(886,166)	(687,259)
Net cash provided by operating activities	1,583,384	1,807,589
<b>Investing Activities</b>		
Purchases of investments	(14,524)	(25,674)
Proceeds from disposal of land, buildings and equipment	41,624	-
Purchases of land, buildings and equipment	(155,812)	(2,009,614)
Net cash used in investing activities	(128,712)	(2,035,288)
<b>Financing Activities</b>		
Proceeds from notes payable	-	1,325,000
Principal paid on notes payable	(164,170)	(148,191)
Net cash (used in) provided by financing activities	(164,170)	1,176,809
Net increase in cash and cash equivalents	1,290,502	949,110
Cash and cash equivalents at beginning of year	6,046,650	5,097,540
Cash and cash equivalents at end of year	\$ 7,337,152	\$ 6,046,650

See notes to financial statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Statements of Cash Flows  
Years ended December 31, 2024 and 2023  
(Continued)

	2024	2023
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ 172,657	\$ 166,602
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Operating lease right-of-use assets and lease liabilities recognized	\$ 403,488	\$ 2,347,034

See notes to financial statements.

## **GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

### **NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Nature of Organization**

Goodwill Industries of Mississippi, Inc. (Goodwill or Organization) 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.

#### **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).

#### **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.

#### **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 and the Allowance for Credit Losses**

Accounts receivable generally consisted 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 credit losses recorded in the accompanying financial statements.

Goodwill pooled its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, Goodwill measures those receivables individually. The Organization continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Continued**

**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, 2024 and 2023, is not included in the accompanying statements of financial position, as required by GAAP. The effect of this departure from GAAP on the 2024 and 2023 financial statements has not been quantified.

Goodwill purchases certain inventory to complement sales of donated goods. This inventory is carried at the lower of costs or net realizable value.

**Land, Buildings 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, which is 7 to thirty-nine years for buildings; 5 to thirty-nine years for leasehold improvements; 5 years for automobiles and transportation equipment and 5 to 7 years for machinery and equipment and office furniture and equipment. Depreciation is calculated 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 gains or losses from the disposition of assets are credited or charged through income.

**Right-of-use Assets and Lease Liabilities**

Right-of-use assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right-of-use assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

As most of the operating leases do not provide an implicit rate, the Organization uses the risk-free rate at the inception of the lease to determine the present value of lease payments.

**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:

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Net Assets - Continued**

**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. There were no net assets with donor restrictions at December 31, 2024 or 2023.

**Revenue Recognition**

Goodwill recognizes multiple revenue streams accounted for under FASB ASC 606, *Revenue from Contracts with Customers*, as follows:

**Store Sales** - Store sales consist of the sale of donated goods and new goods. 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. 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.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Continued**

**Revenue Recognition - Continued**

Salvage - Salvage revenue consists of donated goods that were unable to be sold in Goodwill's retail stores and are sold on the after-retail market. Salvage is sold in bundles 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.

**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, 2024 and 2023.

**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.

**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.

**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 Form 990-T.



**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Continued**

**Income Taxes - Continued**

Accounting standards require the recognition and measurement of uncertain tax positions taken or expected to be taken by Goodwill on 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.

**Fair Value**

The established framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price the Organization would expect to receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology 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.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The 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. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Functional Allocation of Expenses**

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

**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.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets.

**NOTE 2 - PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2024, Goodwill discovered that income and expenses had been misstated in the prior year, resulting in an understatement of accounts receivable and accounts payable. The 2023 financial statements of Goodwill did not include \$1,059,366 of income arising from Employee Retention Credits (ERC) and \$169,499 of related professional invoices related to the filing of ERC claims. Goodwill restated several accounts in order to correct this prior period misstatement.

	As Previously Reported	Restated
Employee Retention Credit receivable	\$ -	\$ 1,059,366
Total assets	17,299,886	18,359,252
Accounts payable	137,103	306,602
Total liabilities	8,147,000	8,147,000
Employee retention credit	-	1,059,366
Management and administrative services	1,092,530	1,262,029
Change in net assets	1,755,427	2,645,294
Net assets without donor restrictions, end of year	9,152,886	10,042,753

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 2 - PRIOR PERIOD ADJUSTMENT - Continued**

The prior period adjustment noted above increased net assets without donor restrictions by \$889,867 in the prior period.

**NOTE 3 - INVESTMENTS**

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. Investments carried at fair value based on quoted market prices in active markets (Level 1) at December 31, consisted of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Mutual and exchange-traded funds	\$1,407,091	\$1,533,357	\$1,392,567	\$1,406,167

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

Land, buildings and equipment at December 31, 2024 and 2023, consisted of the following:

	2024	2023
Land	\$ 260,561	\$ 260,561
Buildings	2,666,731	2,666,731
Machinery and equipment	116,259	72,999
Automobiles and transportation equipment	445,248	440,112
Office furniture and equipment	976,462	938,601
Leasehold improvements	2,392,223	2,387,741
Construction in progress	23,447	-
	6,880,931	6,766,745
Less accumulated depreciation-	2,126,159	1,741,769
	<u>\$ 4,754,772</u>	<u>\$ 5,024,976</u>

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 5 - NOTES PAYABLE**

On August 12, 2022, Goodwill entered into a term note payable with a financial institution for \$2,160,242. Repayment began January 12, 2023, in monthly installments of \$17,052, including interest at 4.90%, with a balloon payment due on November 12, 2029. The note is collateralized by the land and building of Goodwill's Greenville retail store location. As of December 31, 2024 and 2023, the note payable balance was \$1,955,609 and \$2,059,967, respectively.

On February 15, 2023, Goodwill entered into a term note payable with a financial institution for \$1,325,000. Repayment began March 15, 2023, in monthly installments of \$11,017, including interest at 5.69%, with a balloon payment due on February 15, 2030. The note is collateralized by the land and building of Goodwill's Hattiesburg retail store location. As of December 31, 2024 and 2023, the note payable balance was \$1,217,492 and \$1,277,304, respectively.

Maturities of the notes payable for years subsequent to December 31, 2024, are as follows:

2025	\$ 176,099
2026	185,461
2027	195,324
2028	205,713
2029	1,556,665
Thereafter	853,839
	<u>\$ 3,173,101</u>

**NOTE 6 - LEASES**

Goodwill leases certain retail space at various terms under long-term noncancellable operating lease agreements. The leases expire at various dates through 2029 and several of these leases provide for renewal options ranging from 1 to 20 years. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The Organization's operating leases provide for increases in future minimum annual rental payments.

The weighted-average remaining lease term related to Goodwill's lease liability as of December 31, 2024 and 2023, was 11.75 and 2.10 years, respectively. The weighted-average discount rate related to Goodwill's lease liability as of December 31, 2024 and 2023, was 1.95% and 2.10%, respectively.

Rent expense for noncancellable operating leases for the years ended December 31, 2024 and 2023, totaled approximately \$868,000 and \$870,000, respectively.

# **GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

## **NOTE 6 – LEASES - Continued**

Future minimum lease payments for operating leases as of December 31, 2024, were as follows:

2025	\$ 582,460
2026	523,394
2027	454,254
2028	363,095
2029	311,057
Thereafter	<u>2,146,460</u>
	4,380,720
Less imputed interest	<u>526,645</u>
	<u><u>\$ 3,854,075</u></u>

## **NOTE 7 - FAIR VALUE**

The Organization's money market account is measured at amortized cost which approximates fair value which may not be indicative of net realizable value or reflective future fair value. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Organization's investment assets at fair value, as of December 31:

	Quoted Prices in Active Markets for Identical Assets (Level 1)			Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value					
<b>December 31, 2024</b>					
Money market	\$ 217,166	\$ 217,166	\$	\$	\$
Mutual funds	1,054,127	1,054,127	\$	\$	\$
Exchange-traded funds	479,230	479,230	\$	\$	\$
<b>December 31, 2023</b>					
Money market	\$ 226,977	\$ 226,977	\$	\$	\$
Mutual funds	786,946	786,946	\$	\$	\$
Exchange-traded funds	619,221	619,221	\$	\$	\$

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 8 - CONCENTRATIONS OF CREDIT RISK**

Goodwill has cash balances in accounts held by five financial institutions at December 31, 2024 and 2023, 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 \$6,779,230 and \$5,248,770 on December 31, 2024 and 2023, respectively.

**NOTE 9 - 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, 2024 and 2023, consisted of the following:

	2024	2023
Cash and cash equivalents	\$ 7,337,152	\$ 6,046,650
Accounts receivable	308,004	252,797
Investments	1,533,357	1,406,167
Total available for general expenditures within one year	<u>\$ 9,178,513</u>	<u>\$ 7,705,614</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. Goodwill has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**NOTE 10 - BOARD DESIGNATED NET ASSETS**

The board has designated \$50,000 of net assets without restrictions as of December 31, 2024 and 2023, for scholarships.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Notes to Financial Statements

December 31, 2024 and 2023

(Continued)

**NOTE 11 - SUBSEQUENT EVENTS**

In February 2025, the Organization finalized the purchase of a building in order to move an existing store from a leased to an owned building. The purchase price of the building was \$3,150,000 and was in part financed by a new loan for \$2,520,000. This new loan, which has an interest rate of 5.90%, is payable monthly in eighty-three payments of \$21,240 and one lump sum payment of \$1,638,603 in February 2032.

In July 2025, the Organization entered into a contract to purchase a building for \$3,590,000 for new store. The Organization expects to close on the purchase with a new loan in 2026.

Management has evaluated subsequent events through August 1, 2025, the date the financial statements were approved and, thereby, available to be issued and other than the building purchase described above has determined that there are no subsequent events of a material nature requiring adjustment to or disclosure in the financial statements.



**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

Schedules of Cash and Cash Equivalents  
December 31, 2024 and 2023

	2024	2023
BankPlus	\$ 853,017	\$ 798,923
Cadence Bank	121,005	119,038
Edward Jones	16,625	26,637
First Commercial Bank	100,934	100,783
Trustmark National Bank	6,192,588	4,995,969
Undeposited funds	47,683	-
Change Fund	5,300	5,300
	<u>\$ 7,337,152</u>	<u>\$ 6,046,650</u>