

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

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

YEARS ENDED DECEMBER 31, 2020 AND 2019

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CPAs & Advisors

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Goodwill Industries of Mississippi, Inc.

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, 2020 and 2019, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such

Auditor's Responsibility - continued:

opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

As discussed in Note 2 to the financial statements, Goodwill 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 the Company to recognize such contributions as revenues and assets in the period received. The effects of this departure from accounting principles generally accepted in the United States of America on the Company's 2020 and 2019 financial position and changes in net assets have not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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, 2020 and 2019, 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.

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 on page 17 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 Eubank Betts PLLC

Jackson, Mississippi
August 26, 2021

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,351,396	1,412,623
Accounts receivable	146,286	176,227
Inventory	1	1
Prepaid expenses	<u>86,666</u>	<u>72,493</u>
	<u>1,584,349</u>	<u>1,661,344</u>
INVESTMENTS	<u>759,942</u>	<u>-</u>
LAND, BUILDINGS & EQUIPMENT, NET	<u>1,035,340</u>	<u>1,113,057</u>
TOTAL ASSETS	\$ <u>3,379,631</u>	<u>2,774,401</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 75,514	55,179
Accrued liabilities	<u>161,188</u>	<u>96,718</u>
	<u>236,702</u>	<u>151,897</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>3,142,929</u>	<u>2,622,504</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>3,379,631</u>	<u>2,774,401</u>

The accompanying notes are an integral part of these statements.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT:		
Operations:		
Store sales	\$ 3,690,851	4,662,036
Vocational services	650,556	875,790
Salvage	771,201	785,262
E-Commerce	256,610	218,100
Grant income	53,653	31,449
Interest and miscellaneous income	14,047	924
Unrealized gain on investments	47,517	-
Paycheck protection forgiveness	701,900	-
Loss on disposition of equipment	<u>(17,233)</u>	<u>(15,042)</u>
Total operations	<u>6,169,102</u>	<u>6,558,519</u>
Contributions:		
Goodwill Industries Volunteer Services	27,000	41,350
Other	<u>65,725</u>	<u>76,152</u>
Total contributions	<u>92,725</u>	<u>117,502</u>
Total revenue and support	6,261,827	6,676,021
COST OF GOODS SOLD	<u>67,062</u>	<u>92,696</u>
Gross profit	<u>6,194,765</u>	<u>6,583,325</u>
EXPENSES:		
Advertising	\$ 7,166	29,832
Awards, contributions, and grants	15,940	10,088
Credit card fees	68,000	76,022
Depreciation	153,202	147,321
Insurance	67,111	62,676
Membership	43,198	70,731
Miscellaneous	1,331	11,524
Occupancy	912,977	797,549
Personnel costs	3,709,772	4,154,358

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**STATEMENTS OF ACTIVITIES - CONTINUED:
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
EXPENSES - CONTINUED:		
Postage	\$ 1,349	3,559
Printing and publications	16,838	27,799
Professional and other administrative costs	89,739	118,041
Repair and maintenance	42,244	70,702
Specific assistance	17,565	15,598
Supplies	83,731	147,887
Taxes and licenses	1,415	1,107
Technology	57,435	60,277
Telephone and utilities	157,410	179,871
Travel and conferences	40,899	88,908
Waste disposal	<u>187,018</u>	<u>183,852</u>
Total expenses	<u>5,674,340</u>	<u>6,257,702</u>
CHANGE IN NET ASSETS	520,425	325,623
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	<u>2,622,504</u>	<u>2,296,881</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ <u>3,142,929</u>	<u>2,622,504</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, 2020**

	Program Services					Management and Administrative Services	Total
	Stores and Contributed Goods Production	Vocational	Grants and Contracts	Salvage	E-Commerce		
REVENUE AND SUPPORT:							
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
COST OF GOODS SOLD	14,284	-	-	-	52,778	-	67,062
Gross profit	4,361,234	650,556	53,653	771,201	203,832	154,289	6,194,765
EXPENSES:							
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
CHANGE IN NET ASSETS	\$ 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.

**STATEMENT OF ACTIVITIES BY FUNCTION
YEAR ENDED DECEMBER 31, 2019**

	Program Services					Management and Administrative Services	Total
	Stores and Contributed Goods Production	Vocational	Grants and Contracts	Salvage	E-Commerce		
REVENUE AND SUPPORT:							
Sales and contract revenue	\$ 4,662,036	875,790	31,449	785,262	218,100	-	6,572,637
Contributions	-	-	-	-	-	117,502	117,502
Interest and miscellaneous income	-	-	-	-	-	924	924
Loss on disposition of equipment	(15,042)	-	-	-	-	-	(15,042)
Total revenue and support	4,646,994	875,790	31,449	785,262	218,100	118,426	6,676,021
COST OF GOODS SOLD	<u>34,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,898</u>	<u>-</u>	<u>92,696</u>
Gross profit	<u>4,612,196</u>	<u>875,790</u>	<u>31,449</u>	<u>785,262</u>	<u>160,202</u>	<u>118,426</u>	<u>6,583,325</u>
EXPENSES:							
Advertising	6,923	-	-	-	-	22,909	29,832
Awards, contributions, and grants	9,488	-	-	-	-	600	10,088
Credit card fees	75,218	-	-	-	431	373	76,022
Depreciation	143,767	-	-	-	-	3,554	147,321
Insurance	56,199	-	490	-	2,656	3,331	62,676
Membership	59,250	9,406	320	43	-	1,712	70,731
Miscellaneous	98	-	1,049	-	-	10,377	11,524
Occupancy	765,408	-	-	-	10,266	21,875	797,549
Personnel costs	2,509,435	583,042	94,486	79,613	120,880	766,901	4,154,358
Postage	1,666	-	-	-	-	1,893	3,559
Printing and publications	11,067	82	-	-	82	16,568	27,799
Professional and other administrative costs	3,173	-	-	-	9,068	105,800	118,041
Repair and maintenance	68,501	-	-	-	526	1,675	70,702
Specific assistance	5,758	-	-	-	-	9,840	15,598
Supplies	64,440	151	84	1,543	2,683	78,986	147,887
Taxes and licenses	1,179	-	-	-	-	(72)	1,107
Technology	10,176	702	2,197	-	1,156	46,046	60,277
Telephone and utilities	167,175	1,311	1,511	-	540	9,334	179,871
Travel and conferences	16,459	9,778	3,003	25	1,000	58,643	88,908
Waste disposal	183,125	-	-	-	-	727	183,852
Total expenses	<u>4,158,505</u>	<u>604,472</u>	<u>103,140</u>	<u>81,224</u>	<u>149,288</u>	<u>1,161,072</u>	<u>6,257,702</u>
CHANGE IN NET ASSETS	<u>\$ 453,691</u>	<u>271,318</u>	<u>(71,691)</u>	<u>704,038</u>	<u>10,914</u>	<u>(1,042,646)</u>	<u>325,623</u>

The accompanying notes are an integral part of these statements.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets without donor restrictions	\$ 520,425	325,623
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	153,202	147,321
Unrealized gain on investments	(47,517)	-
Loss on disposition of equipment	17,233	15,042
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	29,941	(29,995)
(Increase) decrease in prepaid expense and other assets	(14,173)	8,361
Increase (decrease) in accounts payable and accrued expenses	84,805	(77,098)
Decrease in deferred compensation	-	(5,465)
Net cash provided by operating activities	<u>743,916</u>	<u>383,789</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(712,425)	-
Purchases of land, buildings and equipment	<u>(92,718)</u>	<u>(299,966)</u>
Net cash used in investing activities	<u>(805,143)</u>	<u>(299,966)</u>
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	(61,227)	83,823
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,412,623</u>	<u>1,328,800</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>1,351,396</u>	<u>1,412,623</u>

The accompanying notes are an integral part of these statements.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 AND 2019

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, 2020 and 2019 is not included in the accompanying statements of financial position, as required by GAAP.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

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, while prior period amounts are not adjusted and continue to be reported in accordance with Goodwill's historic accounting under *ASC 605 - Revenue Recognition*. The adoption of FASB ASC No. 606 did not have a material impact on the financial statements.

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 our stores. Store merchandise is priced as marked or labeled.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

Revenue Recognition - continued:

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 various performance indicators. Revenue for these services are recorded when the service has been provided as determined by the satisfactory completion of the 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 bundled, and each individual bundle has a separate performance obligation. Salvage is sold FOB shipping at pricing determined by existing customer agreements, and revenue from each individual bundle is recorded when the bundle is shipped to the customer.

E-commerce - E-commerce sales consist of sales of donated books on Amazon, donated jewelry on ShopGoodwill.com, and shipping 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. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based on management's estimates.

General Litigation

Goodwill is subject to accident 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.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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 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).

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment at December 31, 2020 and 2019 are comprised of:

	<u>2020</u>	<u>2019</u>
Land	\$ 110,561	110,561
Buildings	674,860	674,860
Machinery and equipment	72,678	121,385
Automobiles and transportation equipment	250,419	250,419
Office furniture and equipment	529,282	564,952
Leasehold improvements	<u>755,393</u>	<u>711,289</u>
	2,393,193	2,433,466
Less accumulated depreciation	<u>1,357,853</u>	<u>1,320,409</u>
	<u>\$ 1,035,340</u>	<u>1,113,057</u>

NOTE 5 - OPERATING LEASE COMMITMENTS

Goodwill occupied eight and six locations, respectively, under noncancelable operating lease agreements as of December 31, 2020 and 2019, respectively. Minimum future rentals on noncancelable operating leases at December 31, 2020:

2021	\$ 788,524
2022	750,724
2023	477,107
2024	318,923
2025	184,356
Thereafter	<u>727,064</u>
	<u>\$ 3,246,698</u>

Rental payments under noncancelable operating leases for the years ended December 31, 2020 and 2019 were approximately \$840,000 and \$745,000, respectively.

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Goodwill has cash balances in accounts held by 4 and 6 banking institutions at December 31, 2020 and 2019, 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 \$802,196 on December 31, 2020 and \$638,031 on December 31, 2019.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

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, 2020 and 2019.

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, 2020 and 2019, are comprised of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 1,351,396	1,412,623
Accounts receivable	146,286	176,227
Investments	<u>759,742</u>	<u>-</u>
Total available for general expenditures within one year	\$ <u>2,257,424</u>	<u>1,588,850</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 - CONTINGENCIES

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States and around the world. As a result of the outbreak of COVID-19, Goodwill was required to close its retail stores for approximately two months beginning in April 2020. In response, management implemented cost savings and other measures to reduce operating expenses and ensure adequate liquidity. Retail stores re-opened beginning June 2020. Goodwill is aware of changes in its business as a result of COVID-19, but uncertain of the impacts of those changes on its statements of position, operations, or cash flows. Management believes the disruption will be temporary, but there is uncertainty about the duration and hence the potential impact. While the ultimate potential impact cannot be estimated at this time, management does not currently anticipate a material adverse effect on Goodwill's financial position or results of operations.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

NOTE 9 - CONTINGENCIES - CONTINUED:

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. 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. For amounts not forgiven under the program, the note bears interest at a rate of one percent, is due within two years, and is fully guaranteed by the U.S. Government. On November 3, 2020, 100% of Goodwill's loan was forgiven by the SBA and recognized as income in the accompanying financial statements. The loan is 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.

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 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 nor has the method of adoption been determined by management of Goodwill.

NOTE 11 - SUBSEQUENT EVENTS

On January 20, 2021, Goodwill received the proceeds of a second PPP loan in the amount of \$701,900 under the provision of the PPP which was authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues (Economic Aid) Act which was passed by Congress and signed into law on December 27, 2020. Goodwill believes that most, if not all, of the second PPP loan will meet the requirements for debt forgiveness.

Except as described above, Goodwill had no subsequent events of a material nature requiring adjustment to or disclosure in the financial statements through August 26, 2021, 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

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank Plus	\$ 106,007	99,355
Bancorp South	116,771	116,567
First Commercial Bank	100,330	156,175
Regions Bank	-	113,365
Trustmark National Bank	1,024,738	839,937
BankFirst Financial Services	-	80,521
PayPal	-	3,753
Change Fund	<u>3,550</u>	<u>2,950</u>
	\$ <u>1,351,396</u>	<u>1,412,623</u>