

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

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

**YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

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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, 2019 and 2018, 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 1 to the financial statements, the Company 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 2019 and 2018 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, 2019 and 2018, 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 16 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 Beets PLLC*

Jackson, Mississippi  
September 30, 2020

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,412,623	1,328,800
Accounts receivable	176,227	146,232
Inventory	1	1
Prepaid expenses	<u>72,493</u>	<u>75,389</u>
	1,661,344	1,550,422
<b>LAND, BUILDINGS, &amp; EQUIPMENT, NET</b>	1,113,057	975,454
<b>OTHER ASSETS</b>	<u>-</u>	<u>5,465</u>
Total assets	\$ <u>2,774,401</u>	<u>2,531,341</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 55,179	79,760
Accrued liabilities	<u>96,718</u>	<u>149,235</u>
	151,897	228,995
<b>OTHER LIABILITIES:</b>		
Deferred compensation	-	5,465
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>2,622,504</u>	<u>2,296,881</u>
Total liabilities and net assets	\$ <u>2,774,401</u>	<u>2,531,341</u>

The accompanying notes are an integral part of these statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>REVENUE AND SUPPORT:</b>		
Operations:		
Store sales	\$ 5,660,191	5,142,324
Rehabilitation fees	875,790	719,956
Vending sales	991	812
Wiper sales	4,217	5,899
Interest and miscellaneous income	32,372	22,247
Loss on disposition of equipment	<u>(15,042)</u>	<u>(119)</u>
Total operations	<u>6,558,519</u>	<u>5,891,119</u>
Contributions:		
Goodwill Industries Volunteer Services	41,350	54,925
Other	<u>76,152</u>	<u>57,090</u>
Total contributions	<u>117,502</u>	<u>112,015</u>
Total revenue and support	6,676,021	6,003,134
<b>COST OF GOODS SOLD</b>	<u>92,696</u>	<u>62,170</u>
Gross profit	<u>6,583,325</u>	<u>5,940,964</u>
<b>EXPENSES:</b>		
Advertising	29,832	21,101
Awards, contributions, and grants	10,088	19,984
Credit card fees	76,022	95,815
Depreciation	147,321	140,492
Insurance	62,676	55,379
Membership	70,731	62,678
Miscellaneous	11,524	12,928
Occupancy	797,549	761,675
Personnel costs	4,154,358	3,509,240

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF ACTIVITIES - CONTINUED:  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>EXPENSES - CONTINUED:</b>		
Postage	\$ 3,559	1,909
Printing and publications	27,799	18,583
Professional and other administrative costs	118,041	118,232
Repair and maintenance	70,702	46,247
Specific assistance	15,598	14,780
Supplies	147,887	100,551
Taxes and licenses	1,107	739
Technology	60,277	42,304
Telephone and utilities	179,871	180,286
Travel and conferences	88,908	56,193
Waste disposal	<u>183,852</u>	<u>149,493</u>
Total expenses	<u>6,257,702</u>	<u>5,408,609</u>
<b>CHANGE IN NET ASSETS</b>	325,623	532,355
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR</b>	<u>2,296,881</u>	<u>1,764,526</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR</b>	\$ <u>2,622,504</u>	<u>2,296,881</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, 2019**

	Program Services				Management and Administrative Services	Total
	Stores and Contributed Goods Production	Rehabilitation	Grants and Contracts	Wipers		
<b>REVENUE AND SUPPORT:</b>						
Sales and contract revenue	\$ 5,658,240	875,790	31,449	4,217	-	6,569,696
Contributions	-	-	-	-	117,502	117,502
Interest and miscellaneous income	2,941	-	-	-	924	3,865
Loss on disposition of equipment	(15,042)	-	-	-	-	(15,042)
Total revenue and support	5,646,139	875,790	31,449	4,217	118,426	6,676,021
<b>COST OF GOODS SOLD</b>						
	92,696	-	-	-	-	92,696
Gross profit	5,553,443	875,790	31,449	4,217	118,426	6,583,325
<b>EXPENSES:</b>						
Advertising	6,302	621	-	-	22,909	29,832
Awards, contributions, and grants	9,488	-	-	-	600	10,088
Credit card fees	75,649	-	-	-	373	76,022
Depreciation	143,767	-	-	-	3,554	147,321
Insurance	58,855	-	490	-	3,331	62,676
Membership	59,250	9,406	320	43	1,712	70,731
Miscellaneous	98	-	1,049	-	10,377	11,524
Occupancy	775,674	-	-	-	21,875	797,549
Personnel costs	2,695,648	583,042	94,486	12,381	768,801	4,154,358
Postage	1,666	-	-	-	1,893	3,559
Printing and publications	11,149	82	-	-	16,568	27,799
Professional and other administrative costs	12,241	-	-	-	105,800	118,041
Repair and maintenance	69,027	-	-	-	1,675	70,702
Specific assistance	5,758	-	-	-	9,840	15,598
Supplies	68,666	151	84	-	78,986	147,887
Taxes and licenses	1,179	-	-	-	(72)	1,107
Technology	10,878	-	2,197	-	47,202	60,277
Telephone and utilities	167,715	1,311	1,511	-	9,334	179,871
Travel and conferences	17,265	9,778	3,003	-	58,862	88,908
Waste disposal	183,125	-	-	-	727	183,852
Total expenses	4,373,400	604,391	103,140	12,424	1,164,347	6,257,702
<b>CHANGE IN NET ASSETS</b>	<b>\$ 1,180,043</b>	<b>271,399</b>	<b>(71,691)</b>	<b>(8,207)</b>	<b>(1,045,921)</b>	<b>325,623</b>

The accompanying notes are an integral part of these statements.



**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENT OF ACTIVITIES BY FUNCTION  
YEAR ENDED DECEMBER 31, 2018**

	Program Services					
	Stores and Contributed Goods Production	Rehabilitation	Grants and Contracts	Wipers	Management and Administrative Services	Total
<b>REVENUE AND SUPPORT:</b>						
Sales and contract revenue	\$ 5,141,107	719,956	21,500	5,899	-	5,888,462
Contributions	-	-	-	-	112,015	112,015
Interest and miscellaneous income	2,028	-	-	-	748	2,776
Loss on disposition of equipment	<u>(119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119)</u>
Total revenue and support	5,143,016	719,956	21,500	5,899	112,763	6,003,134
<b>COST OF GOODS SOLD</b>	<u>62,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,170</u>
Gross profit	<u>5,080,846</u>	<u>719,956</u>	<u>21,500</u>	<u>5,899</u>	<u>112,763</u>	<u>5,940,964</u>
<b>EXPENSES:</b>						
Advertising	3,790	350	-	-	16,961	21,101
Awards, contributions, and grants	19,984	-	-	-	-	19,984
Credit card fees	95,499	-	-	-	316	95,815
Depreciation	136,159	-	-	-	4,333	140,492
Insurance	52,019	-	-	-	3,360	55,379
Membership	53,160	7,854	220	60	1,384	62,678
Miscellaneous	2,394	-	-	-	10,534	12,928
Occupancy	730,624	-	5	-	31,046	761,675
Personnel costs	2,395,035	506,115	16,712	8,326	583,052	3,509,240
Postage	303	-	-	-	1,606	1,909
Printing and publications	5,747	70	82	-	12,684	18,583
Professional and other administrative costs	9,204	12,331	1,261	-	95,436	118,232
Repair and maintenance	44,711	-	419	-	1,117	46,247
Specific assistance	2,445	406	-	1,308	10,621	14,780
Supplies	44,093	64	809	-	55,585	100,551
Taxes and licenses	739	-	-	-	-	739
Technology	9,630	-	713	-	31,961	42,304
Telephone and utilities	172,030	960	340	-	6,956	180,286
Travel and conferences	10,498	5,264	1,607	-	38,824	56,193
Waste disposal	148,699	-	-	-	794	149,493
Total expenses	<u>3,936,763</u>	<u>533,414</u>	<u>22,168</u>	<u>9,694</u>	<u>906,570</u>	<u>5,408,609</u>
<b>CHANGE IN NET ASSETS</b>	\$ <u>1,144,083</u>	<u>186,542</u>	<u>(668)</u>	<u>(3,795)</u>	<u>(793,807)</u>	<u>532,355</u>

The accompanying notes are an integral part of these statements.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets without donor restrictions	\$ 325,623	532,355
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	147,321	140,492
Loss on disposition of equipment	15,042	119
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(29,995)	25,285
(Increase) decrease in prepaid expense and other assets	8,361	(7,509)
(Increase) decrease in accounts payable and accrued expenses	(77,098)	44,218
Decrease in deferred compensation	<u>(5,465)</u>	<u>(4,843)</u>
Net cash provided by operating activities	<u>383,789</u>	<u>730,117</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of land, buildings and equipment	<u>(299,966)</u>	<u>(96,988)</u>
Net cash used in investing activities	<u>(299,966)</u>	<u>(96,988)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>83,823</b>	<b>633,129</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u><b>1,328,800</b></u>	<u><b>695,671</b></u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ <u><u>1,412,623</u></u></b>	<b><u><u>1,328,800</u></u></b>

The accompanying notes are an integral part of these statements.

## GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 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 U.S. generally accepted accounting principles.

##### Accounting Pronouncements Adopted

In August 2016, the FASB issued 2016-14, “*Presentation of Financial Statements of Not-for-Profit Entities*” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative information regarding liquidity and availability of resources, and (d) presenting investment return net of external and direct internal investment expenses. Although the Company’s adoption of ASU 2016-14 had no effect on the Company’s total net assets or its changes in net assets for 2019 and 2018, certain reclassifications were required of its functional expenses and certain footnote disclosures.

##### 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.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

Net Assets - continued:

**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.

Contributions and Gifts

Cash contributions are recorded as support when received unless specified for use in future periods. Other revenue is recognized when it is earned. 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.

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.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

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

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, 2019 and 2018 is not included in the accompanying statements of financial position, as required by accounting principles generally accepted in the United States of America.

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 three 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.

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED:

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.

NOTE 3 - LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment follows:

	December 31,	
	<u>2019</u>	<u>2018</u>
Land	\$ 110,561	110,561
Buildings	674,860	668,333
Machinery and equipment	121,385	153,034
Automobiles and transportation equipment	250,419	194,048
Office furniture and equipment	564,952	487,352
Leasehold improvements	<u>711,289</u>	<u>570,031</u>
	2,433,466	2,183,359
Less accumulated depreciation	<u>1,320,409</u>	<u>1,207,905</u>
	\$ <u>1,113,057</u>	<u>975,454</u>

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 4 - OPERATING LEASE COMMITMENTS**

Goodwill occupied six locations under noncancelable operating lease agreements for the years ended December 31, 2019 and 2018. Minimum future rentals on noncancelable operating leases follow:

2020	\$ 715,974
2021	721,778
2022	680,575
2023	398,047
2024	242,840
Thereafter	<u>422,157</u>
	\$ <u>3,181,371</u>

Rental payments under noncancelable operating leases for the years ended December 31, 2019 and 2018 were approximately \$745,000 and \$700,000, respectively.

**NOTE 5 - DEFERRED COMPENSATION**

Goodwill had a deferred compensation plan for a former president. The deferred compensation plan was accounted for on the accrual method. Expense under the plan was \$37 and \$158 for 2019 and 2018, respectively. Due to the death of the former president, the Plan was terminated and the remaining value of the Plan totaling \$1,720 was received in December 2019.

**NOTE 6 - CONCENTRATIONS OF CREDIT RISK**

Goodwill has cash balances in accounts held by 6 banking institutions at December 31, 2019 and 2018 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 \$638,031 on December 31, 2019 and \$545,794 on December 31, 2018.

**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, 2019 and 2018.

**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 7 - COST OF GOODS SOLD - CONTINUED:**

A major customer is any single customer generating 10% or more of total revenues. For the years ended December 31, 2019 and 2018, there were no major customers.

**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, 2019, are comprised of the following:

Cash and cash equivalents	\$ 1,412,623
Accounts receivable	176,227
Prepaid expenses	<u>72,493</u>
Total available for general expenditures within one year	\$ <u>1,661,343</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 - SUBSEQUENT EVENTS**

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 COVID-19, during March, 2020, Goodwill closed all of their retail store locations for several weeks. As a result, Goodwill has experienced a significant decline in revenue. On June 1, 2020, Goodwill was able to reopen their stores; however, possible quarantines, labor shortages, or other disruptions to Goodwill’s operations, may continue to adversely impact Goodwill’s revenues, their ability to provide services, and their operating results. The extent to which COVID-19 impacts Goodwill’s financial results will depend on future developments, which are highly uncertain and cannot be predicted and include new information which may emerge concerning the severity of COVID-19 and actions taken to contain it or its impact. As part of Goodwill’s response to the pandemic, during April 2020, Goodwill applied for a federal paycheck protection program (PPP) loan. Goodwill’s application was approved and a PPP loan of \$701,900 was received. Goodwill believes that most, if not



**GOODWILL INDUSTRIES OF MISSISSIPPI, INC.**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 9 - SUBSEQUENT EVENTS - CONTINUED:**

all, of the PPP loan will meet the requirements for debt forgiveness. In addition, Goodwill was approved for a \$400,000 line of credit; however, as of the date the financial statements were approved by management, Goodwill has not drawn any proceeds on the line of credit. 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 activities.

Except as described above, Goodwill had no subsequent events of a material nature requiring adjustment to or disclosure in the accompanying financial statement through September 30, 2020, the date the financial statement was approved by Goodwill's management and thereby available to be issued.

**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. The Organization is required to adopt ASU 2016-02 in 2022 using a modified retrospective approach. Early adoption is permitted. The Organization 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 the Organization.

**SUPPLEMENTAL INFORMATION**

GOODWILL INDUSTRIES OF MISSISSIPPI, INC.

SCHEDULE OF CASH

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	<u>Cash</u>	<u>Cash</u>
Bank Plus	\$ 99,355	99,304
Bancorp South	116,567	116,276
First Commercial Bank	156,175	155,941
Regions Bank	113,365	113,308
Trustmark National Bank	839,937	758,693
BankFirst Financial Services	80,521	80,417
PayPal	3,753	1,961
Change Fund	<u>2,950</u>	<u>2,900</u>
	\$ <u>1,412,623</u>	<u>1,328,800</u>