



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

**Consolidated Financial Statements and Supplementary  
Information  
(Together with Independent Auditors' Report)**

**Years Ended June 30, 2020 and 2019**

**M A R K S P A N E T H**

ACCOUNTANTS & ADVISORS

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

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

**YEARS ENDED JUNE 30, 2020 AND 2019**

**CONTENTS**

**Page**

Independent Auditors' Report..... 1-2

**Basic Consolidated Financial Statements:**

Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	5-6
Consolidated Statements of Cash Flows .....	7
Notes to Consolidated Financial Statements .....	8-21

**Supplementary Information:**

Consolidating Schedules of Financial Position .....	22
Consolidating Schedules of Activities .....	23

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Goodwill Industries of Greater New York and Northern New Jersey, Inc. and Affiliate (collectively, "Goodwill"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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 consolidated financial statements.

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Goodwill Industries of Greater New York and Northern New Jersey, Inc. and Affiliate as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 to the consolidated financial statements, during the year ended June 30, 2020 Goodwill sold its membership interest in its sole affiliate. Our opinion is not modified with respect to this matter.

### ***Consolidating Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Goodwill Industries of Greater New York and Northern New Jersey, Inc. and Affiliate as a whole. The consolidating information (shown on pages 22-23) is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual companies and is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Marks Paneth LLP*

New York, NY  
January 14, 2021

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2E and 17)	\$ 18,715,802	\$ 1,684,260
Accounts receivable, net (Notes 2G and 5)	10,668,617	10,961,318
Contributions receivable (Note 2G)	44,933	39,208
Inventory (Note 2H)	2,525,366	4,053,514
Prepaid expenses, deferred charges and other	1,637,819	1,888,041
Assets held for sale (Note 6)	3,086,331	5,487,817
Investments (Notes 2F, 2L, 7, and 14)	23,766,399	23,070,907
Mortgage escrow deposits	-	118,052
Reserve for replacements (Notes 2F, 4 and 7)	-	471,072
Security deposits held by lessors	840,599	809,081
Tenant security deposits held (Note 2E)	-	94,525
Property and equipment, net (Notes 2D and 6)	6,743,363	4,008,604
 <b>TOTAL ASSETS</b>	<b>\$ 68,029,229</b>	<b>\$ 52,686,399</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses (Note 18)	\$ 15,276,674	\$ 11,352,553
Payroll taxes payable	525,695	1,072,071
Accrued salaries	861,316	1,143,103
Accrued vacation	1,043,414	1,276,381
Accrued mortgage interest	-	183,387
Deferred revenue/due to funding sources (Note 8)	5,729,482	4,444,254
Deferred rent (Note 2M)	1,364,266	2,199,042
Mortgages payable (Note 9)	-	887,297
Line of credit payable (Note 10)	5,000,000	2,000,000
Equipment loan payable (Note 12)	3,239,313	1,623,639
Loan payable (Note 11)	20,422	216,121
Tenant security deposits payable	-	94,525
 <b>TOTAL LIABILITIES</b>	<b>33,060,582</b>	<b>26,492,373</b>
 <b>COMMITMENTS AND CONTINGENCIES</b> (Note 16)		
 <b>NET ASSETS</b> (Note 2C)		
Without donor restrictions:		
Operating	12,725,213	3,237,741
Board designated for endowment (Note 14)	21,402,097	22,114,948
Total without donor restrictions	34,127,310	25,352,689
With donor restrictions (Notes 13 and 14)	841,337	841,337
 <b>TOTAL NET ASSETS</b>	<b>34,968,647</b>	<b>26,194,026</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 68,029,229</b>	<b>\$ 52,686,399</b>

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total 2020	Without Donor Restrictions	With Donor Restrictions	Total 2019
<b>OPERATING REVENUES:</b>						
<b>Public Support:</b>						
Contributions (Note 2H, 2N, 2O)	\$ 646,344	\$ -	\$ 646,344	\$ 664,761	\$ -	\$ 664,761
Bequests and legacies (Note 2I)	279,888	-	279,888	401,150	-	401,150
Contributed revenue - donated goods (Note 2H)	30,304,370	-	30,304,370	48,642,141	-	48,642,141
Net assets released from restrictions (Note 13)	-	-	-	42,500	(42,500)	-
<b>Total Public Support</b>	<u>31,230,602</u>	<u>-</u>	<u>31,230,602</u>	<u>49,750,552</u>	<u>(42,500)</u>	<u>49,708,052</u>
<b>Governmental Support:</b>						
Fees and grants from governmental agencies (2O)	22,199,423	-	22,199,423	23,484,269	-	23,484,269
<b>Total Governmental Support</b>	<u>22,199,423</u>	<u>-</u>	<u>22,199,423</u>	<u>23,484,269</u>	<u>-</u>	<u>23,484,269</u>
<b>Other Revenue:</b>						
Industrial operations	33,392,500	-	33,392,500	43,134,857	-	43,134,857
Tenant rent	828,970	-	828,970	1,649,459	-	1,649,459
Gain on sale of property and equipment (Note 6)	-	-	-	3,047,035	-	3,047,035
Gain on sale of interest in affiliate (Note 1 and 6)	29,934,901	-	29,934,901	-	-	-
Endowment earnings appropriations (Note 14)	1,070,840	-	1,070,840	1,010,685	-	1,010,685
Other	223,473	-	223,473	302,066	-	302,066
<b>Total Other Revenue</b>	<u>65,450,684</u>	<u>-</u>	<u>65,450,684</u>	<u>49,144,102</u>	<u>-</u>	<u>49,144,102</u>
<b>TOTAL OPERATING REVENUES</b>	<u>118,880,709</u>	<u>-</u>	<u>118,880,709</u>	<u>122,378,923</u>	<u>(42,500)</u>	<u>122,336,423</u>
<b>OPERATING EXPENSES: (Note 2J)</b>						
Program Services						
Industrial operations	69,170,745	-	69,170,745	83,179,406	-	83,179,406
Rehabilitation and employment services	23,871,264	-	23,871,264	25,375,354	-	25,375,354
Residential operations of affiliate	1,091,442	-	1,091,442	2,129,084	-	2,129,084
Supporting Services						
Management and administration	14,769,281	-	14,769,281	11,487,649	-	11,487,649
Other supporting services	125,522	-	125,522	305,521	-	305,521
Residential operations of affiliate	267,067	-	267,067	463,962	-	463,962
Fundraising	652,804	-	652,804	465,655	-	465,655
<b>TOTAL OPERATING EXPENSES</b>	<u>109,948,125</u>	<u>-</u>	<u>109,948,125</u>	<u>123,406,631</u>	<u>-</u>	<u>123,406,631</u>
<b>OPERATING (GAIN) LOSS</b>	<u>8,932,584</u>	<u>-</u>	<u>8,932,584</u>	<u>(1,027,708)</u>	<u>(42,500)</u>	<u>(1,070,208)</u>
<b>NONOPERATING (LOSS) INCOME:</b>						
Investment activity (Note 7)	(992,739)	-	(992,739)	(164,297)	-	(164,297)
Occupancy expense (below) above lease payments (Note 2M)	834,776	-	834,776	(105,551)	-	(105,551)
<b>TOTAL NONOPERATING LOSS</b>	<u>(157,963)</u>	<u>-</u>	<u>(157,963)</u>	<u>(269,848)</u>	<u>-</u>	<u>(269,848)</u>
<b>CHANGES IN NET ASSETS</b>	<u>8,774,621</u>	<u>-</u>	<u>8,774,621</u>	<u>(1,297,556)</u>	<u>(42,500)</u>	<u>(1,340,056)</u>
Net Assets - Beginning of Year	25,352,689	841,337	26,194,026	26,650,245	883,837	27,534,082
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 34,127,310</u>	<u>\$ 841,337</u>	<u>\$ 34,968,647</u>	<u>\$ 25,352,689</u>	<u>\$ 841,337</u>	<u>\$ 26,194,026</u>

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020  
(With Comparative Totals for the Year Ended June 30, 2019)**

	For the Year Ended June 30, 2020										Goodwill Industries Housing Company, Inc.					
	Goodwill Industries of Greater New York and Northern New Jersey, Inc.				Supporting Services						Goodwill Industries Housing Company, Inc.					
	Program Services				Supporting Services						Goodwill Industries Housing Company, Inc.					
	Industrial Operations	Rehabilitation and Employment Services			Total Program Services	Management and Administration	Other Supporting Services	Fundraising	Total Supporting Services	Total Goodwill Industries of Greater New York and Northern New Jersey, Inc.	Total Program Services	Management and Administration	Goodwill Industries Housing Company, Inc.	Consolidating Eliminations	Consolidated Total 2020	Consolidated Total 2019
Salaries (Note 18):																
Program participants	\$ 18,532,988	\$ 113	\$ 277,753	\$ 277,866	\$ 18,810,854	\$ -	\$ -	\$ -	\$ -	\$ 18,810,854	\$ -	\$ -	\$ -	\$ -	\$ 18,810,854	\$ 24,037,408
Employees	17,180,970	887	13,333,963	13,334,850	30,515,820	5,348,538	56,374	362,827	5,767,739	36,283,559	151,278	14,678	165,956	-	36,449,515	41,035,902
Payroll taxes and benefits (Note 15)	3,102,094	233	4,160,731	4,160,964	7,263,058	896,139	4,595	62,037	962,771	8,225,829	92,653	-	92,653	-	8,318,482	10,772,757
<b>Total Salaries and Related Costs</b>	<b>38,816,052</b>	<b>1,233</b>	<b>17,772,447</b>	<b>17,773,680</b>	<b>56,589,732</b>	<b>6,244,677</b>	<b>60,969</b>	<b>424,864</b>	<b>6,730,510</b>	<b>63,320,242</b>	<b>243,931</b>	<b>14,678</b>	<b>258,609</b>	<b>-</b>	<b>63,578,851</b>	<b>75,846,067</b>
Occupancy (Notes 2M, 16B and 18)	18,476,406	5,587	2,911,253	2,916,840	21,393,246	3,017,794	4,607	63	3,022,464	24,415,710	240,590	-	240,590	(81,753)	24,574,547	25,214,162
Specific assistance to program participants	-	-	22,250	22,250	22,250	-	-	-	-	22,250	-	-	-	-	22,250	13,851
Purchased goods	377,032	-	-	-	377,032	-	-	-	-	377,032	-	-	-	-	377,032	446,982
Trucking services	2,466,092	-	674	674	2,466,766	-	-	-	-	2,466,766	-	-	-	-	2,466,766	3,012,038
Professional fees	1,350,207	-	664,179	664,179	2,014,386	2,925,457	6,966	161,505	3,093,928	5,108,314	132,316	118,932	251,248	-	5,359,562	4,776,807
Supplies	1,153,036	133	271,334	271,467	1,424,503	93,975	172	5,436	99,583	1,524,086	59,253	-	59,253	-	1,583,339	1,823,112
Telephone	147,187	807	486,785	487,592	634,779	137,835	28,783	4,757	171,375	806,154	-	-	-	-	806,154	848,232
Postage and shipping	204,925	-	14,892	14,892	219,817	11,362	129	1,969	13,460	233,277	-	-	-	-	233,277	376,614
Insurance	932,700	138	98,684	98,822	1,031,522	48,126	4,774	63	52,963	1,084,485	89,707	-	89,707	-	1,174,192	1,144,792
Printing and advertising	76,986	-	8,442	8,442	85,428	44,130	-	6,629	50,759	136,187	-	-	-	-	136,187	216,575
Transportation (Note 16B)	315,943	83	122,616	122,699	438,642	46,198	481	4,806	51,485	490,127	-	-	-	-	490,127	521,730
Equipment maintenance and rental (Note 16B)	787,766	554	380,687	381,241	1,169,007	455,236	14,560	4,558	474,354	1,643,361	154,902	-	154,902	-	1,798,263	1,760,763
Membership dues/staff development	24,903	1	73,640	73,641	98,544	239,639	-	2,760	242,399	340,943	-	-	-	-	340,943	459,581
Client activities	353	3	810,835	810,838	811,191	6,095	-	237	6,332	817,523	-	-	-	-	817,523	1,368,360
Bad debt	-	-	-	-	-	186,273	-	-	186,273	186,273	-	74,400	74,400	-	260,673	598,071
Interest	3,555	-	-	-	3,555	160,923	-	-	160,923	164,478	32,941	-	32,941	-	197,419	201,815
Depreciation and amortization (Note 2D)	1,951,489	56	103,445	103,501	2,054,990	712,144	3,800	1,032	716,976	2,771,966	136,683	-	136,683	-	2,908,649	2,424,032
Miscellaneous	1,469,894	-	67,574	67,574	1,537,468	354,702	114	35,135	389,951	1,927,419	1,119	-	60,176	-	1,987,595	2,458,598
<b>TOTAL EXPENSES BEFORE ELIMINATIONS</b>	<b>68,554,526</b>	<b>8,595</b>	<b>23,809,737</b>	<b>23,818,332</b>	<b>92,372,858</b>	<b>14,684,566</b>	<b>125,355</b>	<b>653,814</b>	<b>15,463,735</b>	<b>107,836,593</b>	<b>1,091,442</b>	<b>267,067</b>	<b>1,358,509</b>	<b>(81,753)</b>	<b>109,113,349</b>	<b>123,512,182</b>
<b>ALLOCATION OF ELIMINATIONS</b>	<b>(13,703)</b>	<b>-</b>	<b>(47,408)</b>	<b>(47,408)</b>	<b>(61,111)</b>	<b>(19,632)</b>	<b>-</b>	<b>(1,010)</b>	<b>(20,642)</b>	<b>(81,753)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,753</b>	<b>-</b>	<b>-</b>
Less: occupancy expense (below) above lease payments (Note 2M)	(629,922)	(167)	(100,173)	(100,340)	(730,262)	(104,347)	(167)	-	(104,514)	(834,776)	-	-	-	-	(834,776)	105,551
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 69,170,745</b>	<b>\$ 8,762</b>	<b>\$ 23,862,502</b>	<b>\$ 23,871,264</b>	<b>\$ 93,042,009</b>	<b>\$ 14,769,281</b>	<b>\$ 125,522</b>	<b>\$ 652,804</b>	<b>\$ 15,547,607</b>	<b>\$ 108,589,616</b>	<b>\$ 1,091,442</b>	<b>\$ 267,067</b>	<b>\$ 1,358,509</b>	<b>\$ -</b>	<b>\$ 109,948,125</b>	<b>\$ 123,406,631</b>

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019**

	Goodwill Industries of Greater New York and Northern New Jersey, Inc.										Goodwill Industries Housing Company, Inc.					
	Program Services				Supporting Services						Total Goodwill Industries of Greater New York and Northern New Jersey, Inc.	Total Program Services	Management and Administration	Goodwill Industries Housing Company, Inc.	Consolidating Eliminations	Consolidated Total
	Industrial Operations	Rehabilitation and Employment Services			Total Program Services	Management and Administration	Other Supporting Services	Fundraising	Total Supporting Services	Extended Rehabilitation						
Salaries (Note 18):																
Program participants	\$ 23,623,329	\$ 246	\$ 413,833	\$ 414,079	\$ 24,037,408	\$ -	\$ -	\$ -	\$ -	\$ 24,037,408	\$ 24,037,408	\$ -	\$ -	\$ -	\$ -	\$ 24,037,408
Employees	22,651,029	3,161	13,138,920	13,142,081	35,793,110	4,636,645	56,449	217,034	4,910,128	40,703,238	40,703,238	293,419	39,245	332,664	-	41,035,902
Payroll taxes and benefits (Note 15)	4,506,037	934	5,245,062	5,245,996	9,752,033	794,069	3,958	44,853	842,880	10,594,913	10,594,913	177,844	-	177,844	-	10,772,757
<b>Total Salaries and Related Costs</b>	<b>50,780,395</b>	<b>4,341</b>	<b>18,797,815</b>	<b>18,802,156</b>	<b>69,582,551</b>	<b>5,430,714</b>	<b>60,407</b>	<b>261,887</b>	<b>5,753,008</b>	<b>75,335,559</b>	<b>75,335,559</b>	<b>471,263</b>	<b>39,245</b>	<b>510,508</b>	<b>-</b>	<b>75,846,067</b>
Occupancy (Notes 2M, 16B and 18)	20,005,021	5,984	2,925,233	2,931,217	22,936,238	1,613,663	201,438	8,171	1,823,272	24,759,510	24,759,510	621,855	-	621,855	(167,203)	25,214,162
Specific assistance to program participants	-	-	13,851	13,851	13,851	-	-	-	-	13,851	13,851	-	-	-	-	13,851
Purchased goods	446,972	-	10	10	446,982	-	-	-	-	446,982	446,982	-	-	-	-	446,982
Trucking services	3,012,038	-	-	-	3,012,038	-	-	-	-	3,012,038	3,012,038	-	-	-	-	3,012,038
Professional fees	1,292,787	60	732,755	732,815	2,025,602	2,139,909	12,617	107,002	2,259,528	4,285,130	4,285,130	251,717	239,960	491,677	-	4,776,807
Supplies	1,282,955	376	352,538	352,914	1,635,869	113,160	1,245	1,865	116,270	1,752,139	1,752,139	70,973	-	70,973	-	1,823,112
Telephone	167,155	1,280	441,274	442,554	609,709	217,653	16,886	3,984	238,523	848,232	848,232	-	-	-	-	848,232
Postage and shipping	335,992	1	24,163	24,164	360,156	12,593	229	3,636	16,458	376,614	376,614	-	-	-	-	376,614
Insurance	863,389	52	107,273	107,325	970,714	28,475	2,667	1	31,143	1,001,857	1,001,857	142,935	-	142,935	-	1,144,792
Printing and advertising	175,198	-	456	456	175,654	20,818	-	20,103	40,921	216,575	216,575	-	-	-	-	216,575
Transportation (Note 16B)	313,056	165	177,447	177,612	490,668	28,710	18	2,334	31,062	521,730	521,730	-	-	-	-	521,730
Equipment maintenance and rental (Note 16B)	984,969	254	223,778	224,032	1,209,001	460,223	999	1,787	463,009	1,672,010	1,672,010	88,753	-	88,753	-	1,760,763
Membership dues/staff development	50,611	19	143,152	143,171	193,782	263,622	-	2,177	265,799	459,581	459,581	-	-	-	-	459,581
Client activities	196	-	1,363,431	1,363,431	1,363,627	4,591	-	142	4,733	1,368,360	1,368,360	-	-	-	-	1,368,360
Expensed equipment (Note 2D)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt	-	-	-	-	-	482,085	-	-	482,085	482,085	482,085	-	115,986	115,986	-	598,071
Interest	13,965	-	-	-	13,965	104,696	-	-	104,696	118,661	118,661	83,154	-	83,154	-	201,815
Depreciation and amortization (Note 2D)	1,629,391	1,125	114,087	115,212	1,744,603	272,223	9,285	2,117	283,625	2,028,228	2,028,228	395,804	-	395,804	-	2,424,032
Miscellaneous	1,938,623	-	53,889	53,889	1,992,512	341,545	589	52,551	394,685	2,387,197	2,387,197	2,630	68,771	71,401	-	2,458,598
<b>TOTAL EXPENSES BEFORE ELIMINATIONS</b>	<b>83,292,713</b>	<b>13,657</b>	<b>25,471,152</b>	<b>25,484,809</b>	<b>108,777,522</b>	<b>11,534,680</b>	<b>306,380</b>	<b>467,757</b>	<b>12,308,817</b>	<b>121,086,339</b>	<b>121,086,339</b>	<b>2,129,084</b>	<b>463,962</b>	<b>2,593,046</b>	<b>(167,203)</b>	<b>123,512,182</b>
<b>ALLOCATION OF ELIMINATIONS</b>	<b>(28,025)</b>	<b>-</b>	<b>(96,959)</b>	<b>(96,959)</b>	<b>(124,984)</b>	<b>(40,152)</b>	<b>-</b>	<b>(2,067)</b>	<b>(42,219)</b>	<b>(167,203)</b>	<b>(167,203)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>167,203</b>	<b>-</b>
Less: occupancy expense (below) above lease payments (Note 2M)	85,282	26	12,470	12,496	97,778	6,879	859	35	7,773	105,551	105,551	-	-	-	-	105,551
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 83,179,406</b>	<b>\$ 13,631</b>	<b>\$ 25,361,723</b>	<b>\$ 25,375,354</b>	<b>\$ 108,554,760</b>	<b>\$ 11,487,649</b>	<b>\$ 305,521</b>	<b>\$ 465,655</b>	<b>\$ 12,258,825</b>	<b>\$ 120,813,585</b>	<b>\$ 120,813,585</b>	<b>\$ 2,129,084</b>	<b>\$ 463,962</b>	<b>\$ 2,593,046</b>	<b>\$ -</b>	<b>\$ 123,406,631</b>

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



**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 8,774,621	\$ (1,340,056)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	2,908,649	2,424,032
Realized gains on investment sales	(369,364)	(1,056,464)
Unrealized (gains) losses on investments	(755,153)	653,349
Gain on sale of property	-	(3,047,035)
Gain on sale of interest in affiliate	(29,934,901)	-
Bad debt	260,673	598,071
Subtotal	(19,115,475)	(1,768,103)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	32,028	(491,952)
Contributions receivable	(5,725)	(39,208)
Inventory	1,528,148	(53,876)
Prepaid expenses, deferred charges and other	250,222	(839,423)
Security deposits held by lessors	(31,518)	(1,972)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,924,121	(740,035)
Payroll taxes payable	(546,376)	(169,761)
Accrued salaries	(281,787)	151,746
Accrued vacation	(232,967)	5,218
Accrued mortgage interest	(183,387)	19,843
Deferred revenue/due to funding sources	1,285,228	830,854
Deferred rent	(834,776)	105,551
<b>Net Cash Used in Operating Activities</b>	<b>(14,212,264)</b>	<b>(2,991,118)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Mortgage escrow withdrawal (deposit) - net	118,052	(299)
Property and equipment acquisitions	(5,722,739)	(1,873,344)
Proceeds from sale of property and equipment	-	4,452,067
Proceeds from sale of interest in affiliate	32,415,718	-
Reserve for replacement deposits	-	(165,204)
Reserve for replacement withdrawals	471,072	246,649
Investment purchases	(4,524,493)	(7,733,579)
Proceeds from sale of investments	4,953,518	8,302,430
<b>Net Cash Provided by Investing Activities</b>	<b>27,711,128</b>	<b>3,228,720</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal repayments of mortgages payable	(887,297)	(298,850)
Proceeds from line of credit	3,000,000	3,500,000
Repayment of line of credit	-	(4,200,000)
Proceeds from equipment loan payable	2,379,480	1,691,906
Repayments of equipment loan payable	(763,806)	(179,603)
Repayments of loan payable	(195,699)	(337,625)
<b>Net Cash Provided by Financing Activities</b>	<b>3,532,678</b>	<b>175,828</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	17,031,542	413,430
Cash and Cash Equivalents - Beginning of Year	1,684,260	1,270,830
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 18,715,802</b>	<b>\$ 1,684,260</b>
<b>Supplementary Disclosure of Cash Flow Information:</b>		
Cash paid during the year for interest (excludes amounts subsidized)	\$ 164,478	\$ 118,661

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

The consolidated financial statements of Goodwill Industries of Greater New York and Northern New Jersey, Inc. and Affiliate (collectively, "Goodwill") have been prepared by consolidating Goodwill Industries of Greater New York and Northern New Jersey, Inc. (the "Agency") and Goodwill Industries Housing Company, Inc. ("GIHC"). The Agency is organized under the Not-for-Profit Corporation Law of the State of New York. GIHC is organized under the Membership Corporation Law and Article II of the Private Housing Finance Law of the State of New York. The Agency and GIHC have been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Goodwill provides comprehensive rehabilitation services to persons with emotional, developmental and/or physical disabilities, the economically disadvantaged, receiving its principal governmental support from federal, New York State and New York City sources. Goodwill also operates retail stores and donation centers throughout greater New York and northern New Jersey that generate funds used to support the services they provide.

Pursuant to a purchase and sale agreement dated July 1, 2019, and the approval of the United States Department of Housing and Urban Development ("HUD") and the New York City Housing Development Corporation, the sole member of GIHC, the Agency, agreed to sell its membership interest in GIHC to an unrelated party. The sale closed for accounting purposes on December 23, 2019. The purchase price was \$35,000,000, and as a result of the sale, liabilities that were owed to HUD were satisfied at closing. Additionally, the assets and liabilities of GIHC were transferred to the buyer and after December 23, 2019 there is no further activity reflected for GIHC in these consolidated financial statements. Goodwill recognized a gain of approximately \$29 million. The remaining net deficit (equity) on December 23, 2019 of GIHC of \$533,637 resulted in a gain on GIHC to properly report the remaining net assets at \$0 upon transfer of all assets and liabilities of GIHC. Subsequent financial statements will not report GIHC as an affiliate.

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

- A. Goodwill's consolidated financial statements have been prepared on the accrual basis of accounting. Goodwill adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP").
- B. The consolidated financial statements include the accounts of Goodwill Industries of Greater New York and Northern New Jersey, Inc. and Goodwill Industries Housing Company, Inc. Upon consolidation, all significant intercompany balances and transactions are eliminated.
- C. Goodwill maintains its net assets under the following classes:
  - Without donor restrictions – represents resources available for support of Goodwill's operations over which the Board of Directors has discretionary control.
  - With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by Goodwill is limited by donor-imposed stipulations, including donor-restricted endowment funds. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, or endowment earnings are appropriated for operations), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.
- D. Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. The Agency capitalizes property and equipment with a cost of \$1,500 or more and a useful life of greater than two years. GIHC capitalizes property and equipment with a cost of \$250 or more and a useful life of greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease. Certain purchases of equipment are expensed by Goodwill (rather than capitalized) because the cost of these items was reimbursed by governmental funding sources, where the contractual agreement specifies that title to these assets rests with the governmental funding source rather than Goodwill.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- E. Goodwill considers all highly liquid instruments with maturities of 90 days or less when acquired to be cash and cash equivalents, except for cash maintained in its investment portfolio. Tenant security deposits held are maintained in bank cash accounts and are not considered cash and cash equivalents for consolidated statement of cash flow purposes.
- F. Investments and the reserve for replacements are recorded at fair value.
- G. Goodwill determines whether an allowance for doubtful accounts should be provided for accounts and contributions receivable. Such estimates are based on management's assessment of the aged basis of its government funding sources, current economic conditions, creditworthiness of tenants, government, customers, contributors and other sources and historical information. Contributions receivable that are expected to be collected in future years are recorded at their net present value (if materially less than the actual amount pledged) computed using the risk adjusted interest rate applicable to the year in which the contribution is made. As of June 30, 2020 and 2019, contributions receivable were expected to be collected within one year.
- H. During the years ended June 30, 2020 and 2019, Goodwill received contributed merchandise (clothing, etc.) with a fair value estimated to be \$30,304,370 and \$48,642,141, respectively. Goodwill reflects such contributed merchandise as contribution revenue in the accompanying consolidated financial statements. Goodwill reflects its industrial operations sales net of the aforementioned estimated amount of contributed goods. This merchandise requires program-related expenses/processes accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale. The fair value of the contributed merchandise is estimated at the retail sales value in excess of the processing costs. The contributed merchandise inventory is estimated by utilizing inventory turnover rates. Inventory consisted of contributed merchandise of \$2,525,366 and \$4,053,514 as of June 30, 2020 and 2019, respectively.
- I. Goodwill recognizes bequests and legacies when the proceeds are measurable and an irrevocable right to the proceeds has been established by Goodwill. Goodwill's policy is to designate bequests and legacies as Board designated net assets.
- J. The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. The expenses that have been allocated include salaries and payroll taxes and benefits, which have been allocated based on estimates of time and effort, and occupancy, insurance, and depreciation and amortization, which are estimated using square footage estimates.
- K. The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- L. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair values into three levels as described in Note 7.
- M. Goodwill leases real property under various leases through 2037. The difference between rental payments actually due under the lease and rent expense calculated on the straight-line basis for the years ended June 30, 2020 and 2019, amounted to \$834,776 and \$(105,551), respectively, and is reflected in the accompanying consolidated statements of activities as occupancy expense (below) above lease payments. As of June 30, 2020 and 2019, a liability in the amount of \$1,364,266 and \$2,199,042, respectively, is reflected on the accompanying consolidated statements of financial position as deferred rent.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- N. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as contribution revenue until the conditions are substantially met.
- O. Goodwill recognizes contributions when cash, securities or other assets, an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of a return – are not recognized until the conditions on which they depend have been met.

Goodwill's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrent of allowable qualifying expenses. Amounts received are recognized as revenue when Goodwill has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statement of financial position. Goodwill received cost-reimbursable grants of \$26,369,655 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred, with an advance payment of \$5,729,482 recognized in the consolidated statement of financial position as a refundable advance.

- P. FASB ASU 2018-08, "Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made" (Topic 958) was adopted by Goodwill for the year ended June 30, 2020. The core guidance is to assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. The adoption of ASU 2018-08 did not result in changes as the funding received from contributors are nonreciprocal transactions where the contributors do not receive direct benefit.
- Q. Certain line items in the June 30, 2019 consolidated financial statements have been reclassified to conform to the June 30, 2020 presentation. These changes had no impact on the change in net assets for the year ended June 30, 2019.

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

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

Goodwill's investment funds consist of Board-designated net assets and donor-restricted endowment funds. The endowment is not available for general expenditure, although there is an annual appropriation from the endowment funds for operations as more fully described in Note 13. Goodwill also has a line of credit available as more fully described in Note 10.

Goodwill entered into agreements to sell property and equipment, as further described in Note 6. Proceeds from the sales will be available for operations and improve liquidity for future periods.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

Financial assets available for general expenditure within one year of the consolidated statement of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30, 2020:

Cash and cash equivalents	\$ 18,715,802
Accounts receivable	10,668,617
Contributions receivable	44,933
Investments	<u>23,766,399</u>
	53,195,751
Less: Donor-restricted net assets	(841,337)
Less: Board-designated net assets	<u>(21,402,097)</u>
Net book value	<u>\$ 30,952,317</u>

Financial assets available for general expenditure within one year of the consolidated statement of financial position date, without donor or other restrictions limiting their use, were as follows as of June 30, 2019:

Cash and cash equivalents	\$ 1,684,260
Accounts receivable	10,961,318
Contributions receivable	39,208
Investments	<u>23,070,907</u>
	35,755,693
Less: donor-restricted net assets	(841,337)
Less: Board-designated net assets	<u>(22,114,948)</u>
Net book value	<u>\$ 12,799,408</u>

**NOTE 4—RESERVE FOR REPLACEMENTS**

A regulatory agreement between GIHC and HUD requires that GIHC maintain a reserve fund for replacements under the control of the New York City Housing Development Corporation. The funds are periodically used with the consent of HUD. As of June 30, 2020, the funds were part of the sale described in Note 1 and were transferred to the Agency at closing. As of June 30, 2019, the funds were invested in United States Treasury notes.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 5—ACCOUNTS RECEIVABLE**

Accounts receivable consists of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Government Sources		
New York City Human Resources Administration	\$ 3,621,055	\$ 2,819,865
New York State Vocational and Educational Services for Individuals with Disabilities	41,360	177,592
New York City Department of Youth and Community Development	5,089	17,579
New York State Office for People with Developmental Disabilities	1,366,953	1,576,580
New York City Office of Mental Health	406,357	337,218
New York City Department of Health and Mental Hygiene	237,332	831,650
Other	970,700	495,133
Industrial operations and other:		
GoodTemps (a temporary staffing service for employers)	1,710,537	4,188,803
Others:		
Janitorial Services	208,453	133,933
New York State Industries for the Disabled	926,054	517,963
Salvage	559,485	20,094
Tenants receivable	-	478,250
Escrow - Due from Sale of Affiliate	715,000	-
Other receivables	410,736	309,927
Subtotal	<u>11,179,111</u>	<u>11,904,587</u>
Less: allowance for doubtful accounts	<u>(510,494)</u>	<u>(943,269)</u>
	<u>\$ 10,668,617</u>	<u>\$ 10,961,318</u>

**NOTE 6—PROPERTY AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>	<u>Estimated Useful Lives</u>
Equipment	\$ 23,776,326	22,791,055	3-10 years
Leasehold improvements	19,132,695	16,312,551	2-12 years
Transportation equipment	847,577	847,577	5 years
Construction-in-progress (see below)	1,587,017	116,303	-
Collection boxes	<u>145,042</u>	<u>145,042</u>	5 years
Total cost	45,488,657	40,212,528	
Less: accumulated depreciation and amortization	<u>(38,745,294)</u>	<u>(36,203,924)</u>	
Net book value	<u>\$ 6,743,363</u>	<u>\$ 4,008,604</u>	

During the year ended June 30, 2020, Goodwill disposed of equipment with an original cost of \$446,610, and associated depreciation of \$230,596.

Goodwill is involved in a variety of construction projects as of June 30, 2020, whereby Goodwill will incur additional costs subsequent to June 30, 2020.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 6—PROPERTY AND EQUIPMENT (Continued)**

Depreciation and amortization expense for the years ended June 30, 2020 and 2019, amounted to \$2,771,966 and \$2,424,032, respectively.

During the year ended June 30, 2019, Goodwill entered into an agreement to sell a building in Astoria, NY for an approximate purchase price of \$14.4 million, subject to adjustments set forth in the purchase and sale agreement. On November 2, 2020, the sale of the building was completed. The related property and equipment have been classified as assets held for sale on the accompanying consolidated statements of financial position.

**NOTE 7—INVESTMENTS**

Investments consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 1,821,266	\$ 1,726,394
Equities	11,944,813	11,019,542
Fixed income funds	4,460,652	4,670,339
Limited partnerships (primarily consisting of listed stocks)	<u>5,539,668</u>	<u>5,654,632</u>
	<u>\$ 23,766,399</u>	<u>\$ 23,070,907</u>

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

Investment activity (including endowment earnings appropriation of \$1,070,840 and \$1,010,685, respectively) consists of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Realized gains on investment sales	\$ 369,364	\$ 1,056,464
Unrealized (losses) on investments	(755,153)	(653,349)
Interest and dividend income	509,542	464,922
Less: investment fees	<u>(45,652)</u>	<u>(21,649)</u>
	<u>\$ 78,101</u>	<u>\$ 846,388</u>

The fair value hierarchy defines three levels as follows:

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

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

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

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

**Money market funds:**

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7—INVESTMENTS (Continued)**

**Equities:**

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

**Fixed income mutual funds:**

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

**U.S. Treasury notes:**

U.S. Treasury notes are valued at the closing price reported in the active market in which the individual securities are traded.

**Limited partnerships – equity securities:**

Investments in limited partnerships are valued using NAV as a practical expedient. The majority of the underlying investments of the limited partnerships consist of common stock, preferred stock, money market funds and debt instruments, which are generally classified as Level 1 investments in the partnership's audited financial statements.

Financial assets carried at fair value at June 30, 2020, are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Assets Carried at Fair Value:		
Investments:		
Money market funds	\$ 1,821,265	\$ 1,821,265
Equities	11,944,813	11,944,813
Fixed income mutual funds	<u>4,460,653</u>	<u>4,460,653</u>
Subtotal	18,226,731	18,226,731
	<u>\$ 18,226,731</u>	\$ 18,226,731
Investments measured using net asset value as a practical expedient		<u>5,539,668</u>
Total investments, at fair value		<u>\$ 23,766,399</u>



**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 7—INVESTMENTS (Continued)**

Financial assets carried at fair value at June 30, 2019, are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Assets Carried at Fair Value:		
Investments:		
Money market funds	\$ 1,726,394	\$ 1,726,394
Equities	11,019,542	11,019,542
Fixed income mutual funds	<u>4,670,339</u>	<u>4,670,339</u>
Subtotal	17,416,275	17,416,275
Reserve for replacements:		
U.S. Treasury notes	<u>471,072</u>	<u>471,072</u>
	<u>\$ 17,887,347</u>	\$ 17,887,347
Investments measured using net asset value as a practical expedient		<u>5,654,632</u>
Total investments, at fair value		<u>\$ 23,541,979</u>

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2020 and 2019:

	<u>Fair Value at June 30, 2020</u>	<u>Fair Value at June 30, 2019</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Limited partnership	\$ 5,539,668	\$ 5,654,632	\$ -	Monthly	10 days

The investment objective of the partnership is to seek capital appreciation by investing primarily in equity securities (and securities convertible into equity securities) issued by non-U.S. issuers.

**NOTE 8—DEFERRED REVENUE/DUE TO FUNDING SOURCES**

Included in deferred revenue/due to funding sources as of June 30, 2020 and 2019, was a Community Support Program (“CSP”) Medicaid liability due to the New York State Office of Mental Health (“NYS OMH”) amounting to \$1,899,762.

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 9—MORTGAGES PAYABLE**

Mortgages payable consist of the following as of June 30:

	<u>2019</u>	<u>Annual Interest Rate</u>	<u>Due Date</u>
HUD insured note	\$ 52,297	8.500%	8/1/2019
Subordinate note - HDC	<u>835,000</u>	7.757%	8/1/2019
	<u>\$ 887,297</u>		

The HUD insured note was payable to the New York City Housing Development Corporation (“HDC”) and was secured by GIHC's property located in Astoria, Queens, New York, as well as the rental receipts. This mortgage was secured by HUD pursuant to Section 223(f) of the National Housing Act. The monthly payment was \$26,436, applied first to interest with the balance to principal. HUD was obligated, pursuant to an agreement for interest reduction payments, to pay HDC the difference between the debt service computed at the actual mortgage rate of 8.50% annually and the debt service computed at 1% annually, up to an annual maximum of \$225,756. The actual subsidy of GIHC's interest expense was \$57,100 and \$207,814 for the years ended June 30, 2020 and 2019, respectively. The HUD note was fully satisfied in August 2019.

The second mortgage was payable to HDC and was secured by GIHC's property located in Astoria, Queens, New York, as well as the rents. The monthly payment was \$5,398, applied first to interest with the balance to principal. The second mortgage was fully satisfied at the closing of the sale of GIHC on December 23, 2019. During the years ended June 30, 2020 and 2019, no payments were applied to principal. HUD was obligated, pursuant to an agreement for interest reduction payments, to pay HDC the difference between the debt service computed at the actual mortgage rate of 7.757% annually and the debt service computed at 1% annually, up to an annual maximum of \$44,929. The actual subsidy of GIHC's interest expense was \$22,464 and \$44,929 for the years ended June 30, 2020 and 2019, respectively. Such amounts are included in fees and grants from governmental agencies on the accompanying consolidated financial statements.

**NOTE 10—LINE OF CREDIT**

The Agency has a line of credit with a bank that has a maximum borrowing limit of \$5,000,000 and expires April 2021. Interest charged by the bank is equal to the LIBOR rate plus 1.60 percentage points (1.79% as of June 30, 2020). As of June 30, 2020 and 2019, Goodwill has outstanding borrowings of \$5,000,000 and \$2,000,000, respectively. The outstanding balance as of January 14, 2021, amounted to \$5 million. The interest expense for the line of credit for the years ended June 30, 2020 and 2019, amounted to \$57,945 and \$104,612, respectively.

**NOTE 11—LOAN PAYABLE**

The Agency borrowed \$1,000,000 from Goodwill Industries International. The loan is repayable in monthly installments, bears interest at 3.5% and matures in July 2020. The loan is secured by the Agency's future revenue. Interest expense for the loan amounted to \$3,555 and \$13,999 for the years ended June 30, 2020 and 2019, respectively. The remaining principal balance at June 30, 2020 of \$20,422 was repaid in July 2020.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 12—EQUIPMENT LOAN PAYABLE**

During the year ended June 30, 2019, Goodwill signed capital leases secured by their equipment. Goodwill signed three additional leases during the year ended June 30, 2020. The leases are payable in monthly installments through December 2024 and bear interest at approximately 4 percent.

Future minimum lease payments for each of the years subsequent to June 30, 2020 were as follows:

2021	\$	830,328
2022		830,328
2023		822,301
2024		641,761
2025		114,595
	\$	3,239,313

**NOTE 13—NET ASSETS WITH DONOR RESTRICTIONS**

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

	2020	2019
Program services	\$ 51,459	\$ 51,459
Donor-restricted endowment corpus	789,878	789,878
	\$ 841,337	\$ 841,337

There were no net assets released from restrictions during the year ended June 30, 2020 and \$42,500 were released during the year ended June 30, 2019.

**NOTE 14—ENDOWMENT NET ASSETS**

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

New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings are reflected as net assets with donor restrictions until appropriated. All earnings have been appropriated and designated by the Board of Directors as of June 30, 2020 and 2019.

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

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

The policy for valuing Goodwill’s investments is disclosed in Notes 2F and 2L. In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. Goodwill has not incurred such deficiencies in its endowment funds as of June 30, 2020 and 2019.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 14—ENDOWMENT NET ASSETS (Continued)**

Changes in endowment net assets for year ended June 30, 2020, are as follows:

	<u>Board Designated</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity:			
Interest and dividends	\$ 492,221	\$ 17,321	\$ 509,542
Realized gains	356,808	12,556	369,364
Unrealized losses	(729,483)	(25,670)	(755,153)
Investment fees	<u>(44,100)</u>	<u>(1,552)</u>	<u>(45,652)</u>
	75,446	2,655	78,101
Appropriated and transferred to board designated	2,655	(2,655)	-
Contributions	279,888	-	279,888
Endowment earnings appropriation	<u>(1,070,840)</u>	<u>-</u>	<u>(1,070,840)</u>
Change in endowment net assets	(712,851)	-	(712,851)
Endowment net assets, beginning of year	<u>22,114,948</u>	<u>789,878</u>	<u>22,904,826</u>
Endowment net assets, end of year	<u>\$ 21,402,097</u>	<u>\$ 789,878</u>	<u>\$ 22,191,975</u>

Changes in endowment net assets for year ended June 30, 2019, are as follows:

	<u>Board Designated</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity:			
Interest and dividends	\$ 449,118	\$ 15,804	\$ 464,922
Realized gains	1,020,552	35,912	1,056,464
Unrealized losses	(631,140)	(22,209)	(653,349)
Investment fees	<u>(20,919)</u>	<u>(730)</u>	<u>(21,649)</u>
	817,611	28,777	846,388
Appropriated and transferred to board designated	28,777	(28,777)	-
Contributions	401,150	-	401,150
Endowment earnings appropriation	<u>(1,010,685)</u>	<u>-</u>	<u>(1,010,685)</u>
Change in endowment net assets	236,853	-	236,853
Endowment net assets, beginning of year	<u>21,878,095</u>	<u>789,878</u>	<u>22,667,973</u>
Endowment net assets, end of year	<u>\$ 22,114,948</u>	<u>\$ 789,878</u>	<u>\$ 22,904,826</u>

Endowment net assets of \$22,191,975 and \$22,904,826 as of June 30, 2020 and 2019, respectively, are included in investments in the accompanying consolidated statements of financial position.

**NOTE 15—PENSION PLANS**

Goodwill has three pension plans covering all qualifying employees. The first plan is maintained by the Agency and is a qualified money purchase defined contribution pension plan covering all eligible employees. The Agency suspended the matching contribution during the year ended June 30, 2018. Employer contributions amounted to \$189,409 and \$0 for the years ended June 30, 2020 and 2019. The second plan is a 403(b) Plan maintained by the Agency that only provides for employee contributions.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 15—PENSION PLANS (Continued)**

The third plan is maintained by GIHC, a participant in a multi-employer pension plan covering its union employees. GIHC contributes to the Building Service 32BJ Pension Fund (the “Plan”), a multi-employer, non-contributory defined benefit pension plan. The Plan provides retirement benefits to eligible participants employed in the building service industry who are covered under collective bargaining agreements. The Plan is administered by a Board of Trustees (“Trustees”). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974.

The risks of participating in multi-employer pension plans are different from single-employer plans in that: assets contributed to a multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and if GIHC stops participating in the multi-employer plan, GIHC may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

According to the audited financial statements of the Plan, the actuary certified that for the Plan year beginning July 1, 2017, the Plan was in critical status (funded percentage is less than 65%), also known as the “red zone” under the Pension Protection Act (“PPA”). The significance of entering critical status is that the Plan’s Trustees are required by law to adopt a rehabilitation plan, consistent with the requirements of the PPA, designed to improve the Plan’s funding over a period of years. The Trustees adopted a rehabilitation plan consistent with this requirement. The Plan will emerge from critical status when its actuary certifies for a plan year that the Plan is not projected to have an accumulated funding deficiency for the plan year or any of the nine succeeding plan years. Pursuant to the PPA, a surcharge is imposed on all contributing employers.

GIHC’s pension contributions for the years ended June 30, 2020 and 2019, were \$3,931 and \$7,863, respectively. GIHC has not contributed more than 5% of the total contribution to the Plan.

Pension Plan	Employer Identification Number	Pension Plan Number	PPA Zone Status Plan Years		FIP/RP Status Pending/ Implemented	Surcharge Imposed	Expiration Date of Collective Bargaining Agreements
			7/1/17 to 6/30/18	7/1/18 to 6/30/19			
Building Service 32BJ Pension Fund	13-1879376	001	Red		Yes	None	None

As discussed in Note 1, GIHC’s purchase-sale agreement provided that all liability related to the underfunded pension was transferred to the purchase upon completion of the air rights transfer.

**NOTE 16—COMMITMENTS AND CONTINGENCIES**

- A. Pursuant to Goodwill’s contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of Goodwill involving transactions relating to these contracts. The accompanying consolidated financial statements make no provision for possible disallowances or payback other than discussed in Note 8. In addition, certain agreements provide that some property and equipment, or portions thereof, either owned by or on loan to Goodwill must be utilized by Goodwill to continue owning and/or using these assets.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 16—COMMITMENTS AND CONTINGENCIES (Continued)**

- B. Goodwill is obligated, pursuant to various lease agreements, to approximate future minimum annual rentals for real and personal property for each of the years subsequent to June 30, 2020 and thereafter, as follows:

2021	\$ 12,293,000
2022	11,891,000
2023	10,449,000
2024	8,152,000
2025	6,808,000
Thereafter	<u>51,462,000</u>
	<u>\$ 101,055,000</u>

Rent expense for real property amounted to \$16,278,019 and \$14,020,247 for the years ended June 30, 2020 and 2019, respectively. Rent expense for personal property amounted to \$1,273,611 and \$1,453,222 for the years ended June 30, 2020 and 2019, respectively. Such amounts are included in occupancy, transportation and equipment maintenance and rental expenses in the accompanying consolidated financial statements. Goodwill is also obligated for certain other costs at some of the locations. In addition, under the terms of several of the leases, Goodwill is obligated to pay escalation rentals for certain operating expenses and real estate taxes.

After June 30, 2020, Goodwill renegotiated or terminated certain lease agreements as a result of the pandemic. The amounts shown in the future commitments table above represent the results of the new lease terms.

- C. Goodwill is a defendant with respect to various claims involving accidents and other issues arising in the normal conduct of its business. Management and legal counsels believe the ultimate resolution of these claims will not have a material impact on the financial position and changes in net assets of Goodwill.
- D. Goodwill believes it has no uncertain tax positions as of June 30, 2020 and 2019, in accordance with Accounting Standards Codification (“ASC”) Topic 740 (“Income Taxes”), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- E. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on Goodwill’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, Goodwill is currently unable to fully determine the extent of COVID-19’s impact on its business in future periods. Its performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. Goodwill continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

**NOTE 17—CONCENTRATIONS**

Cash and cash equivalents that potentially subject Goodwill to a concentration of credit risk include cash accounts with various institutions that exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2020 and 2019, cash and cash equivalents held in one bank exceeded FDIC limits by approximately \$901,000 and \$1,259,000, respectively. Such excess excludes outstanding checks.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

**NOTE 18—RESTRUCTURING COSTS**

During the years ended June 30, 2020 and 2019, Goodwill approved a plan to restructure certain components of its operations, which included consolidating program sites, closing some locations, and ending some programs. The following were the estimated accrued restructuring costs as of June 30:

	<u>2020</u>	<u>2019</u>
Occupancy	\$ 6,811,250	\$ 6,247,453
Severance pay	230,000	-
Other	44,104	51,415
	<u>\$ 7,085,354</u>	<u>\$ 6,298,868</u>

Such amounts are reflected as accounts payable and accrued expenses on the accompanying consolidated statements of financial position. During the years ended June 30, 2020 and 2019, restructuring costs of \$3,952,241 and \$1,257,258, respectively, are reflected on the accompanying consolidated statements of functional expenses. Due to uncertainties in the settlement process, however, it is at least reasonably possible that management's estimates may change in the near term.

**NOTE 19—SUBSEQUENT EVENTS**

Management has evaluated events subsequent to the date of the consolidated statement of financial position through January 14, 2021, the date the consolidated financial statements were available to be issued. Except for the building sale disclosed in Note 6, there are no other matters that require disclosure in these financial statements.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2020 AND 2019**

	As of June 30, 2020				As of June 30, 2019			
	Goodwill Industries of Greater New York and Northern New Jersey, Inc.	Goodwill Industries Housing Company, Inc.	Consolidating Eliminations	Consolidated Total 2020	Goodwill Industries of Greater New York and Northern New Jersey, Inc.	Goodwill Industries Housing Company, Inc.	Consolidating Eliminations	Consolidated Total 2019
<b>ASSETS</b>								
Cash and cash equivalents	\$ 18,715,802	\$ -	\$ -	\$ 18,715,802	\$ 1,493,426	\$ 190,834	\$ -	\$ 1,684,260
Accounts receivable, net	10,668,617	-	-	10,668,617	10,860,239	101,079	-	10,961,318
Contributions receivable	44,933	-	-	44,933	39,208	-	-	39,208
Inventory	2,525,366	-	-	2,525,366	4,053,514	-	-	4,053,514
Prepaid expenses, deferred charges and other	1,637,819	-	-	1,637,819	1,835,800	52,241	-	1,888,041
Due from affiliate	-	-	-	-	2,400,408	-	(2,400,408)	-
Assets held for sale	3,086,331	-	-	3,086,331	3,137,436	2,350,381	-	5,487,817
Investments	23,766,399	-	-	23,766,399	23,070,907	-	-	23,070,907
Mortgage escrow deposits	-	-	-	-	-	118,052	-	118,052
Reserve for replacements	-	-	-	-	-	471,072	-	471,072
Security deposits held by lessors	840,599	-	-	840,599	809,081	-	-	809,081
Tenant security deposits held	-	-	-	-	-	94,525	-	94,525
Property and equipment, net	6,743,363	-	-	6,743,363	3,970,708	37,896	-	4,008,604
<b>TOTAL ASSETS</b>	<b>\$ 68,029,229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,029,229</b>	<b>\$ 51,670,727</b>	<b>\$ 3,416,080</b>	<b>\$ (2,400,408)</b>	<b>\$ 52,686,399</b>
<b>LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 15,276,674	\$ -	\$ -	\$ 15,276,674	\$ 11,139,111	\$ 2,613,850	\$ (2,400,408)	\$ 11,352,553
Payroll taxes payable	525,695	-	-	525,695	1,072,071	-	-	1,072,071
Accrued salaries	861,316	-	-	861,316	1,138,836	4,267	-	1,143,103
Accrued vacation	1,043,414	-	-	1,043,414	1,276,381	-	-	1,276,381
Accrued mortgage interest	-	-	-	-	-	183,387	-	183,387
Deferred revenue/due to funding sources	5,729,482	-	-	5,729,482	4,415,908	28,346	-	4,444,254
Deferred rent	1,364,266	-	-	1,364,266	2,199,042	-	-	2,199,042
Mortgages payable	-	-	-	-	-	887,297	-	887,297
Line of credit payable	5,000,000	-	-	5,000,000	2,000,000	-	-	2,000,000
Equipment loan payable	3,239,313	-	-	3,239,313	1,623,639	-	-	1,623,639
Loan payable	20,422	-	-	20,422	216,121	-	-	216,121
Tenant security deposits payable	-	-	-	-	-	94,525	-	94,525
<b>TOTAL LIABILITIES</b>	<b>33,060,582</b>	<b>-</b>	<b>-</b>	<b>33,060,582</b>	<b>25,081,109</b>	<b>3,811,672</b>	<b>(2,400,408)</b>	<b>26,492,373</b>
<b>NET ASSETS</b>								
Without donor restrictions								
Operating	12,725,213	-	-	12,725,213	3,633,333	(395,592)	-	3,237,741
Board designated for endowment	21,402,097	-	-	21,402,097	22,114,948	-	-	22,114,948
Total without donor restrictions	34,127,310	-	-	34,127,310	25,748,281	(395,592)	-	25,352,689
With donor restrictions	841,337	-	-	841,337	841,337	-	-	841,337
<b>TOTAL NET ASSETS</b>	<b>34,968,647</b>	<b>-</b>	<b>-</b>	<b>34,968,647</b>	<b>26,589,618</b>	<b>(395,592)</b>	<b>-</b>	<b>26,194,026</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 68,029,229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 68,029,229</b>	<b>\$ 51,670,727</b>	<b>\$ 3,416,080</b>	<b>\$ (2,400,408)</b>	<b>\$ 52,686,399</b>

See independent auditors' report.



**GOODWILL INDUSTRIES OF GREATER NEW YORK AND  
NORTHERN NEW JERSEY, INC. AND AFFILIATE  
CONSOLIDATING STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	For the Year Ended June 30, 2020				For the Year Ended June 30, 2019			
	Goodwill Industries of Greater New York and Northern New Jersey, Inc.	Goodwill Industries Housing Company, Inc.	Consolidating Eliminations	Consolidated Total 2020	Goodwill Industries of Greater New York and Northern New Jersey, Inc.	Goodwill Industries Housing Company, Inc.	Consolidating Eliminations	Consolidated Total 2019
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>								
<b>OPERATING REVENUES:</b>								
<b>Public Support:</b>								
Contributions	\$ 646,344	\$ -	\$ -	\$ 646,344	\$ 664,761	\$ -	\$ -	\$ 664,761
Bequests and legacies	279,888	-	-	279,888	401,150	-	-	401,150
Contributed revenue - donated goods	30,304,370	-	-	30,304,370	48,642,141	-	-	48,642,141
Net assets released from restrictions	-	-	-	-	42,500	-	-	42,500
<b>Total Public Support</b>	<u>31,230,602</u>	<u>-</u>	<u>-</u>	<u>31,230,602</u>	<u>49,750,552</u>	<u>-</u>	<u>-</u>	<u>49,750,552</u>
<b>Governmental Support:</b>								
Fees and grants from governmental agencies	21,966,285	233,138	-	22,199,423	22,867,437	616,832	-	23,484,269
<b>Total Governmental Support</b>	<u>21,966,285</u>	<u>233,138</u>	<u>-</u>	<u>22,199,423</u>	<u>22,867,437</u>	<u>616,832</u>	<u>-</u>	<u>23,484,269</u>
<b>Other Revenue:</b>								
Industrial operations	33,392,500	-	-	33,392,500	43,134,857	-	-	43,134,857
Tenant rent	-	910,723	(81,753)	828,970	-	1,816,662	(167,203)	1,649,459
Gain on sales of property and equipment	-	-	-	-	3,047,035	-	-	3,047,035
Gain on sale of interest in affiliate	29,401,264	533,637	-	29,934,901	-	-	-	-
Endowment earnings appropriations	1,070,840	-	-	1,070,840	1,010,685	-	-	1,010,685
Other	146,870	76,603	-	223,473	137,887	164,179	-	302,066
<b>Total Other Revenue</b>	<u>64,011,474</u>	<u>1,520,963</u>	<u>(81,753)</u>	<u>65,450,684</u>	<u>47,330,464</u>	<u>1,980,841</u>	<u>(167,203)</u>	<u>49,144,102</u>
<b>TOTAL OPERATING REVENUES</b>	<u>117,208,361</u>	<u>1,754,101</u>	<u>(81,753)</u>	<u>118,880,709</u>	<u>119,948,453</u>	<u>2,597,673</u>	<u>(167,203)</u>	<u>122,378,923</u>
<b>OPERATING EXPENSES:</b>								
<b>Program Services</b>								
Industrial operations	69,184,448	-	(13,703)	69,170,745	83,207,431	-	(28,025)	83,179,406
Rehabilitation and employment services	23,918,672	-	(47,408)	23,871,264	25,472,313	-	(96,959)	25,375,354
Residential operations of affiliate	-	1,091,442	-	1,091,442	-	2,129,084	-	2,129,084
<b>Supporting Services</b>								
Management and administration	14,788,913	-	(19,632)	14,769,281	11,527,801	-	(40,152)	11,487,649
Other supporting services	125,522	-	-	125,522	305,521	-	-	305,521
Residential operations of affiliate	-	267,067	-	267,067	-	463,962	-	463,962
Fundraising	653,814	-	(1,010)	652,804	467,722	-	(2,067)	465,655
<b>TOTAL OPERATING EXPENSES</b>	<u>108,671,369</u>	<u>1,358,509</u>	<u>(81,753)</u>	<u>109,948,125</u>	<u>120,980,788</u>	<u>2,593,046</u>	<u>(167,203)</u>	<u>123,406,631</u>
<b>OPERATING GAIN (LOSS)</b>	<u>8,536,992</u>	<u>395,592</u>	<u>-</u>	<u>8,932,584</u>	<u>(1,032,335)</u>	<u>4,627</u>	<u>-</u>	<u>(1,027,708)</u>
<b>NONOPERATING INCOME (LOSS):</b>								
Investment activity	(992,739)	-	-	(992,739)	(164,297)	-	-	(164,297)
Occupancy expense below lease payments (Note 2M)	834,776	-	-	834,776	(105,551)	-	-	(105,551)
<b>TOTAL NONOPERATING INCOME (LOSS)</b>	<u>(157,963)</u>	<u>-</u>	<u>-</u>	<u>(157,963)</u>	<u>(269,848)</u>	<u>-</u>	<u>-</u>	<u>(269,848)</u>
<b>Change in Net Assets Without Donor Restrictions</b>	<u>8,379,029</u>	<u>395,592</u>	<u>-</u>	<u>8,774,621</u>	<u>(1,302,183)</u>	<u>4,627</u>	<u>-</u>	<u>(1,297,556)</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:</b>								
Net assets released from restrictions	-	-	-	-	(42,500)	-	-	(42,500)
<b>Change in Net Assets With Donor Restrictions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,500)</u>	<u>-</u>	<u>-</u>	<u>(42,500)</u>
<b>CHANGE IN NET ASSETS</b>	<u>8,379,029</u>	<u>395,592</u>	<u>-</u>	<u>8,774,621</u>	<u>(1,344,683)</u>	<u>4,627</u>	<u>-</u>	<u>(1,340,056)</u>
Net Assets - Beginning of Year	26,589,618	(395,592)	-	26,194,026	27,934,301	(400,219)	-	27,534,082
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 34,968,647</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,968,647</u>	<u>\$ 26,589,618</u>	<u>\$ (395,592)</u>	<u>\$ -</u>	<u>\$ 26,194,026</u>

See independent auditors' report.