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

Financial Statements

June 30, 2025 and 2024

Independent Auditors' Report

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

Opinion

We have audited the financial statements of Goodwill Industries of Greater New York and Northern New Jersey, Inc. (Goodwill), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Goodwill as of June 30, 2025 and 2024, 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 (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Goodwill and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Goodwill's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Baker Tilly US, LLP

New York, New York
November 21, 2025

Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents (Note 2)	$ 8,310,818	$ 4,295,612
Accounts receivable, net (Note 2)	15,304,055	19,786,696
Contributions receivable (Note 2)	274,499	67,499
Prepaid expenses and other assets	1,454,955	989,985
Inventory (Note 2)	3,148,925	3,150,217
Investments (Notes 2, 5 and 11)	31,541,080	35,137,232
Security deposits	687,983	684,335
Property and equipment, net (Notes 2 and 4)	8,301,160	9,300,557
Right-of-use assets, operating leases (Notes 2 and 9)	58,075,471	61,628,038
Total assets	$ 127,098,946	$ 135,040,171
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses (Note 15)	$ 7,810,620	$ 10,065,935
Accrued compensation	4,573,326	4,110,339
Refundable advances/due to funding source (Note 6)	2,947,743	3,463,253
Line of credit payable (Note 7)	6,400,000	6,000,000
Equipment loan payable (Note 8)	663,419	958,838
Operating lease liabilities (Notes 2 and 9)	63,133,626	65,606,688
Total liabilities	85,528,734	90,205,053
Commitments and Contingencies (Note 13)		
Net Assets (Note 2)		
Without donor restrictions:		
Operating	7,578,838	8,547,152
Board-designated for endowment (Note 11)	31,742,436	34,687,518
Total without donor restrictions	39,321,274	43,234,670
With donor restrictions (Notes 10 and 11)	2,248,938	1,600,448
Total net assets	41,570,212	44,835,118
Total liabilities and net assets	$ 127,098,946	$ 135,040,171

See notes to financial statements

Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Public support:			
Contributions (Note 2)	$ 664,147	$ 968,000	$ 1,632,147
Special events (net of direct expenses of $99,130 (Note 2)	373,158	-	373,158
Contributed nonfinancial assets, donated goods (Notes 2 and 16)	38,311,919	-	38,311,919
Net assets released from restrictions (Note 10)	416,130	(416,130)	-
Total public support	39,765,354	551,870	40,317,224
Governmental support:			
Fees and grants from governmental agencies (Note 2)	25,068,869	-	25,068,869
Total governmental support	25,068,869	-	25,068,869
Other revenue:			
Industrial operations (Note 2)	37,348,889	-	37,348,889
Endowment distribution (Notes 5 and 11)	1,895,423	-	1,895,423
Other	2,238,206	-	2,238,206
Total other revenue	41,482,518	-	41,482,518
Total operating revenues	106,316,741	551,870	106,868,611
Operating Expenses (Note 2)			
Program services:			
Industrial operations	65,822,976	-	65,822,976
Rehabilitation and employment services	29,163,806	-	29,163,806
Supporting services:			
Management and administration	14,278,089	-	14,278,089
Fundraising	940,678	-	940,678
Total operating expenses	110,205,549	-	110,205,549
Operating (loss) income	(3,888,808)	551,870	(3,336,938)
Nonoperating (Loss) Income			
Investment returns, net (Note 5)	1,554,918	96,620	1,651,538
Occupancy expense above lease payments (Note 2)	(1,079,506)	-	(1,079,506)
Other nonoperating expense	(500,000)	-	(500,000)
Total nonoperating (loss) income	(24,588)	96,620	72,032
Changes in net assets	(3,913,396)	648,490	(3,264,906)
Net Assets, Beginning	43,234,670	1,600,448	44,835,118
Net Assets, Ending	$ 39,321,274	$ 2,248,938	$ 41,570,212

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

Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Public support:			
Contributions (Note 2)	$ 523,052	$ 159,000	$ 682,052
Special events (net of direct expenses of $102,328) (Note 2)	363,274	-	363,274
Contributed nonfinancial assets, donated goods (Notes 2 and 16)	38,134,579	-	38,134,579
Net assets released from restrictions (Note 10)	239,751	(239,751)	-
Total public support	39,260,656	(80,751)	39,179,905
Governmental support:			
Fees and grants from governmental agencies (Note 2)	25,655,156	-	25,655,156
Total governmental support	25,655,156	-	25,655,156
Other revenue:			
Industrial operations (Note 2)	35,870,179	-	35,870,179
Endowment distribution (Notes 5 and 11)	1,799,611	-	1,799,611
Other	4,186,365	-	4,186,365
Total other revenue	41,856,155	-	41,856,155
Total operating revenues	106,771,967	(80,751)	106,691,216
Operating Expenses (Note 2)			
Program services:			
Industrial operations	64,533,409	-	64,533,409
Rehabilitation and employment services	29,870,243	-	29,870,243
Supporting services:			
Management and administration	13,500,315	-	13,500,315
Fundraising	735,900	-	735,900
Total operating expenses	108,639,867	-	108,639,867
Operating loss	(1,867,900)	(80,751)	(1,948,651)
Nonoperating Income (Loss)			
Investment returns, net (Note 5)	2,527,828	114,580	2,642,408
Occupancy expense above lease payments (Note 2)	(374,309)	-	(374,309)
Total nonoperating income	2,153,519	114,580	2,268,099
Changes in net assets	285,619	33,829	319,448
Net Assets, Beginning	42,949,051	1,566,619	44,515,670
Net Assets, Ending	$ 43,234,670	$ 1,600,448	$ 44,835,118

See notes to financial statements

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

Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services			Supporting Services			
	Industrial Operations	Rehabilitation and Employment Services	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	Total
Salaries:							
Program participants	$ 18,687,242	$ -	$ 18,687,242	$ -	$ -	$ -	$ 18,687,242
Employees	15,602,164	16,087,295	31,689,459	6,268,320	576,454	6,844,774	38,534,233
Payroll taxes and benefits (Note 12)	4,794,286	3,728,589	8,522,875	1,386,797	103,677	1,490,474	10,013,349
Total salaries and related costs	39,083,692	19,815,884	58,899,576	7,655,117	680,131	8,335,248	67,234,824
Occupancy (Notes 2 and 9)	16,355,675	3,252,209	19,607,884	449,376	-	449,376	20,057,260
Purchased goods	43,795	421	44,216	-	-	-	44,216
Trucking services	2,652,440	-	2,652,440	-	-	-	2,652,440
Professional fees	1,782,717	1,042,465	2,825,182	4,172,473	33,998	4,206,471	7,031,653
Supplies	821,216	527,108	1,348,324	23,466	389	23,855	1,372,179
Communication	329,561	367,901	697,462	112,392	2,466	114,858	812,320
Postage and shipping	558,459	5,427	563,886	7,249	1,549	8,798	572,684
Insurance	1,215,685	231,321	1,447,006	57,181	-	57,181	1,504,187
Outside printing	3,351	1,273	4,624	1,274	4,110	5,384	10,008
Transportation	322,092	208,851	530,943	159,337	1,478	160,815	691,758
Equipment maintenance and rental	238,665	34,040	272,705	6,012	-	6,012	278,717
Membership dues/staff development	28,030	156,862	184,892	322,065	4,015	326,080	510,972
Client activities	5,738	1,266,181	1,271,919	-	-	-	1,271,919
Expensed equipment (Note 2)	146,944	273,385	420,329	28,081	3,366	31,447	451,776
Bad debt	1,544	1,809,903	1,811,447	500,000	100,000	600,000	2,411,447
Interest	-	-	-	343,661	-	343,661	343,661
Depreciation and amortization (Notes 2 and 4)	1,407,723	159,974	1,567,697	308,576	300	308,876	1,876,573
Events	-	-	-	-	99,130	99,130	99,130
Miscellaneous	1,705,986	185,589	1,891,575	656,010	108,876	764,886	2,656,461
	66,703,313	29,338,794	96,042,107	14,802,270	1,039,808	15,842,078	111,884,185
Less cost of direct benefit to donors (Note 2)	-	-	-	-	99,130	99,130	99,130
Total expenses	66,703,313	29,338,794	96,042,107	14,802,270	940,678	15,742,948	111,785,055
Less occupancy expense above lease payments (Note 2)	880,337	174,988	1,055,325	24,181	-	24,181	1,079,506
Less other nonoperating expense	-	-	-	500,000	-	500,000	500,000
Total operating expenses	$ 65,822,976	$ 29,163,806	$ 94,986,782	$ 14,278,089	$ 940,678	$ 15,218,767	$ 110,205,549

See notes to financial statements

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

Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services			Supporting Services			
	Industrial Operations	Rehabilitation and Employment Services	Total Program Services	Management and Administration	Fundraising	Total Supporting Services	Total
Salaries:							
Program participants	$19,689,638	$ -	$ 19,689,638	$ -	$ -	$ -	$ 19,689,638
Employees	13,934,201	15,591,593	29,525,794	5,797,236	479,473	6,276,709	35,802,503
Payroll taxes and benefits (Note 12)	4,680,245	3,563,385	8,243,630	1,262,077	77,550	1,339,627	9,583,257
Total salaries and related costs	38,304,084	19,154,978	57,459,062	7,059,313	557,023	7,616,336	65,075,398
Occupancy (Notes 2 and 9)	15,744,564	3,104,514	18,849,078	395,580	-	395,580	19,244,658
Purchased goods	11,884	-	11,884	-	-	-	11,884
Trucking services	2,409,538	20	2,409,558	15,038	-	15,038	2,424,596
Professional fees	1,943,276	1,809,695	3,752,971	4,176,614	45,311	4,221,925	7,974,896
Supplies	747,414	479,815	1,227,229	27,739	36	27,775	1,255,004
Communication	338,680	413,349	752,029	92,290	2,902	95,192	847,221
Postage and shipping	488,476	3,685	492,161	9,388	427	9,815	501,976
Insurance	1,155,020	224,073	1,379,093	50,807	-	50,807	1,429,900
Outside printing	5,169	464	5,633	4,626	3,431	8,057	13,690
Transportation	299,237	165,983	465,220	145,897	1,751	147,648	612,868
Equipment maintenance and rental	322,408	43,409	365,817	8,384	-	8,384	374,201
Membership dues/staff development	44,663	159,309	203,972	291,787	12,568	304,355	508,327
Client activities	30	1,442,552	1,442,582	-	-	-	1,442,582
Expensed equipment (Note 2)	67,302	288,380	355,682	26,702	-	26,702	382,384
Bad debt	57	2,184,980	2,185,037	-	-	-	2,185,037
Interest	-	-	-	438,177	-	438,177	438,177
Depreciation and amortization (Notes 2 and 4)	1,274,859	263,604	1,538,463	358,571	300	358,871	1,897,334
Events	-	-	-	-	102,328	102,328	102,328
Miscellaneous	1,682,980	191,816	1,874,796	407,096	112,151	519,247	2,394,043
	64,839,641	29,930,626	94,770,267	13,508,009	838,228	14,346,237	109,116,504
Less cost of direct benefit to donors (Note 2)	-	-	-	-	102,328	102,328	102,328
Total expenses	64,839,641	29,930,626	94,770,267	13,508,009	735,900	14,243,909	109,014,176
Less occupancy expense above lease payments (Note 2)	306,232	60,383	366,615	7,694	-	7,694	374,309
Total operating expenses	$ 64,533,409	$ 29,870,243	$ 94,403,652	$ 13,500,315	$ 735,900	$ 14,236,215	$ 108,639,867

See notes to financial statements

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

Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Changes in net assets	$ (3,264,906)	$ 319,448
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation and amortization	1,876,573	1,897,334
Realized gains on investments	(2,230,271)	(1,630,002)
Unrealized gains on investments	(528,709)	(1,904,479)
Loss on disposal of property and equipment	268,584	-
Bad debt	2,411,447	2,185,037
Net accretion of operating leases	1,079,505	374,310
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	2,071,194	(4,179,824)
Contributions receivable	(207,000)	142,500
Prepaid expenses and other assets	(464,970)	(152,231)
Inventory	1,292	119,714
Security deposits	(3,648)	(13,864)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(2,255,315)	915,839
Accrued compensation	462,987	705,085
Refundable advances/due to funding source	(515,510)	(133,858)
Net cash flows from operating activities	(1,298,747)	(1,354,991)
Cash Flows From Investing Activities		
Proceeds from note receivable	-	500,000
Property and equipment acquisitions	(1,145,760)	(2,823,201)
Purchases of investments	(13,980,070)	(14,721,928)
Proceeds from sale of investments	20,335,202	10,240,667
Net cash flows from investing activities	5,209,372	(6,804,462)
Cash Flows From Financing Activities		
Proceeds from line of credit	12,900,000	14,400,000
Repayments of line of credit	(12,500,000)	(11,400,000)
Repayments of equipment loan payable	(295,419)	(725,354)
Net cash flows from financing activities	104,581	2,274,646
Net increase (decrease) in cash and cash equivalents	4,015,206	(5,884,807)
Cash and Cash Equivalents, Beginning	4,295,612	10,180,419
Cash and Cash Equivalents, Ending	$ 8,310,818	$ 4,295,612
Supplementary Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 343,661	$ 438,177

See notes to financial statements

1. Organization and Nature of Activities

Goodwill Industries of Greater New York and Northern New Jersey, Inc. (Goodwill) is organized under the Not-for-Profit Corporation Law of the State of New York. Goodwill has 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 and the economically disadvantaged. Goodwill receives 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 it provides.

2. Summary of Significant Accounting Policies

Basis of Presentation

Goodwill's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) using the accrual basis of accounting.

Net Assets

Goodwill maintains its net assets under the following classes:

Net Assets Without Donor Restrictions - Net assets represent resources that are not donor restricted, and are therefore, available for use in carrying out the operations of Goodwill.

Net Assets With Donor Restrictions - Net assets represent assets resulting from contributions and other inflows of assets whose use by Goodwill is restricted by donor-imposed stipulations. Net assets with donor restrictions also includes net assets subject to donor-imposed restrictions that stipulate resources be maintained in perpetuity (donor-restricted endowment fund), but generally permit Goodwill to utilize earnings as specified by donors.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, or restricted endowment earnings are appropriated), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Cash and Cash Equivalents

Goodwill considers all highly liquid instruments with maturities of 90 days or less when originally acquired to be cash and cash equivalents. Tenant security deposits held are maintained in bank cash accounts and are not considered cash and cash equivalents for statements of cash flow purposes.

Investments

Investments are recorded at fair value.

Fair Value Measurements

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 value into three levels, as described in Note 5.

Accounts Receivable and Refundable Advances - Contracts With Customers

Cash received for unsatisfied obligations is considered contract liabilities and presented as deferred revenue in the statements of financial position. Accounts receivable and deferred revenue from contracts with customers as of beginning and end of the years ended June 30, 2025 and 2024 are as follows:

	July 1, 2023	June 30, 2024	June 30, 2025
Accounts receivable, net	$ 8,672,200	$ 11,164,390	$ 9,552,546
Refundable advances	3,384,904	3,251,046	2,871,641

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable 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 discount rates applicable to the years in which the contributions are received. Amortization of the discounts is included in contributions revenue. Conditional contributions are not included as contribution revenue until the conditions are substantially met.

Allowance for Doubtful Accounts

Goodwill recognizes an allowance for doubtful accounts for receivables arising from nonreciprocal revenue (contributions receivable). Bad debt expense is recorded when a receivable is determined to be uncollectible based upon periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year-end. As of June 30, 2025, the allowance for doubtful accounts was approximately $100,000. As of June 30, 2024, there was no allowance for doubtful accounts.

Allowance for Credit Losses

Goodwill recognizes an allowance for credit losses for its receivables arising from reciprocal transactions (certain accounts receivable and note receivables) to present the net amount expected to be collected as of the statements of financial position dates. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events. Such receivables are written off when Goodwill determines that such receivables are deemed uncollectible.

Goodwill utilizes the loss rate method in determining its lifetime expected credit losses on accounts and note receivables. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, payor type, customer creditworthiness and the effect of other external forces, such as economic conditions and legal and regulatory requirements, on the level of estimated credit losses in the existing receivables. As of June 30, 2025 and 2024, the allowance for credit losses was approximately $2,463,000 and $671,000, respectively.

Inventory and Contributed Nonfinancial Assets

For the years ended June 30, 2025 and 2024, Goodwill received contributed merchandise (clothing, etc.) with a fair value estimated to be $38,311,919 and $38,134,579, respectively. Goodwill reflects such contributed merchandise as contributed nonfinancial assets revenue in the accompanying 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 $3,148,925 and $3,150,217 as of June 30, 2025 and 2024, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Goodwill capitalizes property and equipment with a cost of $1,500 or more and a useful life of greater than two years. 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.

Contributions

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 are those with a measurable performance or other barrier and a right of return/right of release, and are not recognized until the conditions on which they depend have been met.

Goodwill reports gifts of long-lived assets as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Goodwill reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Grants From Governmental Agencies

A significant portion of Goodwill's revenue is derived from cost-reimbursable federal, state and city grants, which are conditioned upon certain performance requirements and/or the occurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Goodwill has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. These grants require Goodwill to provide certain services during specified grant periods. If such services are not provided during those periods, the governmental entities are not obligated to expend the funds allotted under the grants.

Revenue From Contracts With Customers

Fees From Governmental Agencies

Goodwill receives revenue for services provided to approved clients from third-party reimbursement agencies. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. In the opinion of management, retroactive adjustments, if any, would not be material to the financial position or results of operations of Goodwill. Such revenues are recognized at the point in time services are rendered or, if related to housing, during the month when housing is provided at contractual rates or, in the case of third-party reimbursements, at the net realizable value. Payments are due upon receipt of related billing. Subsequent adjustments to transaction price are recorded as reductions in revenue in the period made.

Industrial Operations

Goodwill recognizes retail store sales revenue at the point in time when consideration is transferred between Goodwill and the customer. The retail store sales revenue included in industrial operations in the amount of $8,999,313 and $7,552,257 for the years ended June 30, 2025 and 2024, respectively, represents the gross retail store sales revenue minus the portion that is reported as contributed nonfinancial assets revenue. In addition, Goodwill derives revenue in the amount of $23,672,450 and $23,902,620 for the years ended June 30, 2025 and 2024, respectively, for the staffing of temporary workers under its GoodTemps program, where the transaction price is based on agreed upon rates with various employers. Revenue is recognized in the period that the labor is performed by the temporary workers. Lastly, Goodwill generates janitorial services related revenue of $4,677,126 and $4,415,302 for the years ended June 30, 2025 and 2024, respectively, at the point in time when services are performed.

Special Events Revenue

A portion of special events revenue represents a reciprocal transaction equal to the cost of direct benefits to donors with the remainder representing contributions. For example, meals and facilities rental are considered direct costs of special events. Special events revenue is recognized at the time the event takes place. For the years ended June 30, 2025 and 2024, there was a direct benefit to donors in the amount of approximately $99,000 and $102,000, respectively.

Lease Obligations and Right-of-Use Assets

Goodwill evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use asset for all leases with a term greater than 12 months. Leases are classified as either finance or operating. All lease liabilities are measured at the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the right-of-use asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. Right-of-use assets are subject to long-lived impairment testing.

Operating lease expense is recognized on a straight-line basis over the lease term and is included within occupancy in the statements of functional expenses. For financing leases amortization expense is recorded for the right-of-use assets and interest expense is recorded for the lease liability. The lease term for operating and financing leases is determined based on the date Goodwill acquires control of the leased premises through the end of the lease term. As of June 30, 2025 and 2024, there were no finance leases.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities and 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. Occupancy, insurance and depreciation and amortization expenses are allocated based on square footage estimates.

Measure of Operations

Goodwill's measure of operations includes all operating revenues and expenses that are an integral part of the programs and supporting activities and net assets released from donor restrictions to support operating expenditures. The measure of operations excludes investment returns, except as appropriated for operations, occupancy expense above lease payments and other nonoperating expense.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Reclassifications

Certain items in the 2024 financial statements have been reclassified to conform with the 2025 financial statement presentation.

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 expenditures, although there is an annual appropriation from the endowment funds for operations, as more fully described in Note 11. Goodwill also has a line of credit of $10,000,000 available, as more fully described in Note 7.

Financial assets available for general expenditures within one year of the statements of financial position dates, without donor or other restrictions limiting their use, were as follows as of June 30:

	2025	2024
Cash and cash equivalents	$ 8,310,818	$ 4,295,612
Accounts receivable	15,304,055	19,786,696
Contributions receivable	274,499	67,499
Investments	31,541,080	35,137,232
	55,430,452	59,287,039
Less donor-restricted net assets	(2,248,938)	(1,600,448)
Less Board-designated net assets	(31,742,436)	(34,687,518)
Financial assets available for general expenditures	$ 21,439,078	$ 22,999,073

4. Property and Equipment

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

	Estimated Useful Lives	2025	2024
Equipment, furniture and fixtures	3 - 10 years	$ 28,723,005	$ 28,602,101
Leasehold improvements	2 - 12 years	25,452,509	25,136,241
Transportation equipment	5 years	876,231	846,231
Construction-in-progress		346,869	98,265
Total cost		55,398,614	54,682,838
Less accumulated depreciation and amortization		(47,097,454)	(45,382,281)
Total		$ 8,301,160	$ 9,300,557

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was approximately $1,877,000 and $1,897,000, respectively. Goodwill is involved in a variety of construction projects as of June 30, 2025, whereby Goodwill will incur additional costs of approximately $897,000 subsequent to June 30, 2025.

On November 2, 2020, Goodwill completed a sale of one of its buildings in Astoria, NY, for a purchase price of $14.4 million. As part of consideration for the sale, Goodwill received a $500,000 note receivable on the date of sale. The note had a maturity date of February 28, 2024 and carried an interest rate of 0% unless payment was not made on the maturity date. The payment was made on the maturity date.

5. Investments

Investments consist of the following as of June 30:

	2025	2024
Equity securities	$ 22,116,405	$ 25,352,314
Fixed income mutual funds	7,068,981	7,392,136
Limited partnerships	1,842,505	1,866,600
Real estate income trust	513,189	526,182
Total	$ 31,541,080	$ 35,137,232

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

Investment returns, net (including Board-designated endowment distribution of $1,895,423 and $1,799,611 for the years ended June 30, 2025 and 2024, respectively) consists of the following for the years ended June 30:

	2025	2024
Realized gains on investments	$ 2,230,271	$ 1,630,002
Unrealized gains on investments	528,709	1,904,479
Interest and dividend income	926,220	1,043,164
Less investment fees	(138,239)	(135,626)
Total	$ 3,546,961	$ 4,442,019

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 the 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.

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

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

Investments in limited partnerships are valued using net asset value (NAV) as a practical expedient.

Investments in real estate income trust are valued using NAV as a practical expedient.

Financial assets carried at fair value as of June 30, 2025, are classified in the table as follows:

	Level 1	Total
Assets carried at fair value:		
Investments:		
Equity securities	$ 22,116,405	$ 22,116,405
Fixed income mutual funds	7,068,981	7,068,981
	$ 29,185,386	29,185,386
Investments measured using net asset value as a practical expedient:		
Limited partnerships		1,842,505
Real estate income trust		513,189
		2,355,694
Total investments at fair value		$ 31,541,080

Financial assets carried at fair value as of June 30, 2024, are classified in the table as follows:

	Level 1	Total
Assets carried at fair value:		
Investments:		
Equity securities	$ 25,352,314	$ 25,352,314
Fixed income mutual funds	7,392,136	7,392,136
	$ 32,744,450	32,744,450
Investments measured using net asset value as a practical expedient:		
Limited partnerships		1,866,600
Real estate income trust		526,182
		2,392,782
Total investments at fair value		$ 35,137,232

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of June 30, 2025:

	Fair Value as of June 30, 2025	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Limited partnerships	$ 1,842,505	$ -	Quarterly	1 month
Real estate income trust	513,189	-	Monthly	1 month
Total	$ 2,355,694	$ -		

The following table summarizes investments for which fair value is measured using the NAV per share practical expedient as of June 30, 2024:

	Fair Value as of June 30, 2024	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Limited partnerships	$ 1,866,600	$ -	Quarterly	1 month
Real estate income trust	526,182	-	Monthly	1 month
Total	$ 2,392,782	$ -		

The investment objective of the limited partnerships is to seek capital appreciation by investing primarily in equity securities (and securities convertible into equity securities) issued by non-U.S. issuers. The investment objective of the real estate income trust is to generate income by investing in high-quality, stabilized income-generating real estate.

6. Refundable Advances/Due to Funding Sources

Included in refundable advances/due to funding sources as of June 30, 2025 and 2024, was a Community Support Program (CSP) Medicaid liability due to the New York State Office of Mental Health (NYS OMH) amounting to approximately $1,500,000 and $1,900,000, respectively.

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.

7. Line of Credit

Goodwill has a line of credit with a bank that has a maximum borrowing limit of $10,000,000 and expires in April 2026. Effective April 25, 2024, interest charged by the bank is based on sum of the greater of the Term Secured Overnight Financing Rate or the Index Floor, plus 80 basis points. Effective April 25, 2025, interest charged by the bank is based on sum of the greater of the Term Secured Overnight Financing Rate or the Index Floor, plus 87 basis points. The interest rate as of June 30, 2025 and 2024 was 5.30% and 6.24%, respectively. As of June 30, 2025 and 2024, Goodwill has outstanding borrowings of $6,400,000 and $6,000,000, respectively. The line of credit is secured by Goodwill's investments. The interest expense for the line of credit for the years ended June 30, 2025 and 2024 was approximately $297,000 and $332,000, respectively.

8. Equipment Loan Payable

Goodwill obtained several loans secured by their equipment. The loans are payable in monthly installments through November 2028 and bear interest at approximately 4%.

Future minimum loan payments for each of the years subsequent to June 30, 2025 were as follows:

Years ending June 30:	
2026	$ 167,195
2027	177,313
2028	182,915
2029	135,996
Total	$ 663,419

Interest expense for the years ended June 30, 2025 and 2024 was approximately $47,000 and $106,000, respectively.

9. Right-of-Use Assets and Operating Lease Liabilities

Goodwill is obligated under the terms of several noncancelable operating leases for real and personal property.

Right-of-use assets represent Goodwill's right to use an underlying asset for the lease term, while lease liabilities represent Goodwill's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of Goodwill's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at Goodwill's sole discretion. Goodwill regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, Goodwill includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, Goodwill uses the rate implicit in the lease, or if not readily available, Goodwill uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with Goodwill's long-lived asset policy. Goodwill reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

Goodwill made significant assumptions and judgments in applying the requirements of Topic 842. In particular, Goodwill:

- Evaluated whether a contract contains a lease, by considering factors such as whether Goodwill obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determined whether contracts contain embedded leases.
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.
- Allocated consideration in the contract between lease and nonlease components, as applicable.

Goodwill does not have any material leasing transactions with related parties.

The following table summarizes the operating lease right-of-use assets and operating lease liabilities as of June 30:

	2025	2024
Operating lease right-of-use assets	$ 58,075,471	$ 61,628,038
Operating lease liabilities:		
Current	$ 8,309,915	$ 7,928,265
Long-term	54,823,711	57,678,423
Total operating lease liabilities	$ 63,133,626	$ 65,606,688

Below is a summary of expenses incurred pertaining to leases for the years ended June 30:

	2025	2024
Operating lease expense	$ 10,798,504	$ 11,096,104
Short-term lease expense	630,672	707,654
Sublease income	(80,471)	(482,828)
Total lease expense	$ 11,348,705	$ 11,320,930

As of June 30, 2025 and 2024, the right-of-use assets and operating lease liabilities were calculated using a weighted-average discount rate of 3.54% and 3.45%, respectively. As of June 30, 2025 and 2024, the weighted-average remaining lease term was 9.63 and 9.92 years, respectively.

The table below summarizes Goodwill's scheduled future minimum lease payments for years ending after June 30, 2025:

Years ending June 30:	
2026	$ 10,377,615
2027	9,615,110
2028	8,795,525
2029	8,013,295
2030	6,410,403
Thereafter	32,004,518
Total lease payments	75,216,466
Less present value discount	(12,082,840)
Total operating lease liabilities	63,133,626
Less current portion	(8,309,915)
Long-term operating lease liabilities	$ 54,823,711

The following table includes supplemental cash flow and noncash information related to the leases for the years ended June 30:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 10,522,065	$ 10,721,795
Operating lease right-of-use assets obtained in exchange for lease liabilities	1,971,932	14,356,538

10. Net Assets With Donor Restrictions

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

	2025	2024
Program services	$ 1,006,978	$ 455,108
Unappropriated endowment earnings	352,082	255,462
Donor-restricted endowment corpus	889,878	889,878
Total	$ 2,248,938	$ 3,200,896

For the years ended June 30, 2025 and 2024, $416,130 and $239,751, respectively, of net assets with donor restrictions were released and transferred to the net assets without donor restrictions category by incurring costs which satisfied the following restricted purposes:

	2025	2024
Subject to specified purpose:		
Program services	$ 416,130	$ 239,751
Total	$ 416,130	$ 479,502

11. Endowment Net Assets

Endowment net assets consist of donor-restricted and Board-designated endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. See Note 2 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.

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 spending 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 spending policy adopted by the Board of Directors sets forth a quarterly withdrawal rate of 5% on the average quarterly closing fair value of the previous 20 quarters.

The policy for valuing Goodwill's investments is disclosed in Note 2. In accordance with 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, 2025 or 2024.

Changes in endowment net assets for the year ended June 30, 2025, are as follows:

	Board-Designated	Restricted Endowment Earnings	Endowment Corpus	Total
Investment activity:				
Interest and dividends	$ 894,684	$ 31,536	$ -	$ 926,220
Realized gains	2,174,883	55,388	-	2,230,271
Unrealized gains	515,579	13,130	-	528,709
Investment fees	(134,805)	(3,434)	-	(138,239)
	3,450,341	96,620	-	3,546,961
Endowment distribution	(1,895,423)	-	-	(1,895,423)
Transfer to Operations	(4,500,000)	-	-	(4,500,000)
Change in endowment net assets	(2,945,082)	96,620	-	(2,848,462)
Endowment net assets, beginning	34,687,518	255,462	889,878	35,832,858
Endowment net assets, ending	$ 31,742,436	$ 352,082	$ 889,878	$ 32,984,396

Changes in endowment net assets for the year ended June 30, 2024, are as follows:

	Board-Designated	Restricted Endowment Earnings	Endowment Corpus	Total
Investment activity:				
Interest and dividends	$ 1,015,786	$ 27,378	$ -	$ 1,043,164
Realized gains	1,588,182	41,820	-	1,630,002
Unrealized gains	1,855,617	48,862	-	1,904,479
Investment fees	(132,146)	(3,480)	-	(135,626)
	4,327,439	114,580	-	4,442,019
Endowment distribution	(1,799,611)	-	-	(1,799,611)
Transfer to Operations	(1,494,367)	-	-	(1,494,367)
Change in endowment net assets	1,033,461	114,580	-	1,148,041
Endowment net assets, beginning	33,654,057	140,882	889,878	34,684,817
Endowment net assets, ending	$ 34,687,518	$ 255,462	$ 889,878	$ 35,832,858

Endowment net assets of $32,984,396 and $35,832,858 as of June 30, 2025 and 2024, respectively, are included in investments and cash and cash equivalents in the accompanying statements of financial position.

12. Pension Plans

Goodwill has two pension plans covering all qualifying employees. The first plan is a qualified defined contribution pension plan covering all eligible employees. The second plan is a 403(b) Plan that provides for employee and employer matching contributions covering all eligible employees. Employer contributions amounted to approximately $558,000 and $734,000 for the years ended June 30, 2025 and 2024, respectively.

13. Commitments and Contingencies

Contingencies

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 financial statements make no provision for possible disallowances or payback other than discussed in Note 6. 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.

Litigation

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.

Uncertain Tax Positions

Goodwill believes it has no uncertain tax positions as of June 30, 2025, 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.

14. Concentrations of Credit Risk

Financial instruments which potentially subject Goodwill to concentration of credit risk consist primarily of cash and cash equivalents, investments and accounts receivable. At various times, Goodwill has cash deposits at financial institutions which exceed the Federal Deposit Insurance Corporation insurance limits. These financial institutions have strong credit ratings and management believes that credit risk related to these accounts is minimal. Investments are subject to credit risk (i.e. risk investments may be less than AAA rating), interest rate risk (i.e. risk that investments' interest rates are unfavorable to in comparison to market interest rates) and concentration of credit risk (i.e. risk that portfolio of investments may not be diversified due to a limited number of investments). Accounts receivable are predominantly from federal, state and city governmental agencies.

15. Restructuring Costs

During the years ended June 30, 2022 and 2021, Goodwill approved a plan to restructure certain components of its operations, which included consolidating program sites, closing some locations and ending some programs.

Accrued restructuring costs, consist of net lease obligations related to two locations, of approximately $2,668,000 and $3,615,000 as of June 30, 2025 and 2024, respectively, are included in accounts payable and accrued expenses on the accompanying statements of financial position. Due to uncertainties in the settlement process, however, it is at least reasonably possible that management's estimates may change in the near term.

16. Contributed Nonfinancial Assets

Contributed nonfinancial assets consisted of the following for the year ended June 30, 2025:

Nonfinancial Asset	Amount	Usage in Programs/ Activities	Donor Restrictions	Fair Value Techniques
Donated goods	$ 38,311,919	Industrial operations	No associated donor restriction	Based on actual retail sales values in excess of the processing costs.

Contributed nonfinancial assets consisted of the following for the year ended June 30, 2024:

Nonfinancial Asset	Amount	Usage in Programs/ Activities	Donor Restrictions	Fair Value Techniques
Donated goods	$ 38,134,579	Industrial operations	No associated donor restriction	Based on actual retail sales values in excess of the processing costs.

17. Subsequent Events

Management has evaluated events subsequent to the date of the statements of financial position through November 21, 2025, the date the financial statements were available to be issued.