

# **Goodwill of Western Missouri and Eastern Kansas**

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2020 and 2019

# Goodwill of Western Missouri and Eastern Kansas

December 31, 2020 and 2019

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## Independent Auditor's Report

Board of Directors  
Goodwill of Western Missouri and Eastern Kansas  
Kansas City, Missouri

We have audited the accompanying consolidated financial statements of Goodwill of Western Missouri and Eastern Kansas and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop, which comprise the consolidated statements of financial position as of December 31, 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.

### *Auditor's 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 of Western Missouri and Eastern Kansas and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop as of December 31, 2020 and 2019, and the consolidated 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.

***Emphasis of Matter***

As described in Note 2 to the consolidated financial statements, in 2020, Goodwill of Western Missouri and Eastern Kansas and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop, adopted Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The other information listed in the table of contents including the financial statements of The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**BKD, LLP**

Kansas City, Missouri  
February 15, 2022

**Goodwill of Western Missouri and Eastern Kansas**  
**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

**Assets**

	<u>2020</u>	<u>2019</u>
Cash	\$ 4,579,016	\$ 2,085,446
Restricted cash	200,000	-
Accounts receivable, net of allowance; 2020 - \$21,440, 2019 - \$79,243	736,819	1,215,447
Investments	1,046,254	1,057,746
Inventories	1,634,913	1,676,265
Prepaid supplies and expenses	274,301	232,417
Deposits	263,552	232,223
Property and equipment, net of accumulated depreciation; 2020 - \$5,990,676, 2019 - \$5,373,844	<u>2,997,265</u>	<u>3,442,121</u>
Total assets	<u><u>\$ 11,732,120</u></u>	<u><u>\$ 9,941,665</u></u>

**Liabilities and Net Assets**

**Liabilities**

Line of credit	\$ 951,464	\$ -
Accounts payable	1,245,005	732,650
Accrued expenses	2,014,876	2,102,625
Deferred revenue	118,965	94,593
Long-term debt	<u>3,068,288</u>	<u>264,973</u>
Total liabilities	<u>7,398,598</u>	<u>3,194,841</u>

**Net Assets**

Without donor restrictions	4,128,348	6,734,852
With donor restrictions	<u>205,174</u>	<u>11,972</u>
Total net assets	<u>4,333,522</u>	<u>6,746,824</u>
Total liabilities and net assets	<u><u>\$ 11,732,120</u></u>	<u><u>\$ 9,941,665</u></u>

**Goodwill of Western Missouri and Eastern Kansas**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Net Assets Without Donor Restrictions</b>		
Revenues, gains and other support		
Sales to the public	\$ 16,817,403	\$ 20,834,570
Industrial and janitorial services	4,987,089	4,750,802
Contributions	768,474	413,843
Governmental agencies and programs	116,150	425,480
Other	60,709	116,985
Net assets released from restrictions	<u>11,710</u>	<u>6,306</u>
Total revenues, gains and other support	<u>22,761,535</u>	<u>26,547,986</u>
Expenses and losses		
Program services		
Retail operations	16,649,559	18,458,026
Workforce development	818,670	1,358,766
Sheltered workshop	<u>3,295,149</u>	<u>3,258,481</u>
Total program services	<u>20,763,378</u>	<u>23,075,273</u>
Management and general	4,315,659	3,888,790
Fundraising	<u>289,002</u>	<u>281,666</u>
Total support services	<u>4,604,661</u>	<u>4,170,456</u>
Total expenses and losses	<u>25,368,039</u>	<u>27,245,729</u>
Change in net assets without donor restrictions	<u>(2,606,504)</u>	<u>(697,743)</u>
<b>Net Assets With Donor Restrictions</b>		
Contributions	204,912	5,368
Net assets released from restrictions	<u>(11,710)</u>	<u>(6,306)</u>
Change in net assets with donor restrictions	<u>193,202</u>	<u>(938)</u>
<b>Change in Net Assets</b>	(2,413,302)	(698,681)
<b>Net Assets, Beginning of Year</b>	<u>6,746,824</u>	<u>7,445,505</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 4,333,522</u></u>	<u><u>\$ 6,746,824</u></u>

**Goodwill of Western Missouri and Eastern Kansas**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2020**

	Program Services				Support Services			Total
	Retail Operations	Workforce Development	Sheltered Workshop	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 6,450,273	\$ 428,114	\$ 1,734,224	\$ 8,612,611	\$ 1,773,576	\$ 205,220	\$ 1,978,796	\$ 10,591,407
Employee benefits	570,067	122,812	505,969	1,198,848	246,840	28,015	274,855	1,473,703
Payroll taxes	456,188	28,755	131,031	615,974	393,939	12,173	406,112	1,022,086
Professional fees	547,789	65,746	8,470	622,005	358,461	2,503	360,964	982,969
Supplies	631,693	3,744	1,974	637,411	46,143	153	46,296	683,707
Cost of merchandise	701,725	1,721	466,808	1,170,254	1,104	-	1,104	1,171,358
Occupancy	5,542,025	49,299	14,656	5,605,980	574,970	195	575,165	6,181,145
Equipment rental	209,978	1,783	38,374	250,135	22,477	-	22,477	272,612
Repairs and maintenance	194,558	-	30,678	225,236	30,677	-	30,677	255,913
Software maintenance and support	48,242	45,769	-	94,011	166,199	4,188	170,387	264,398
General insurance	228,304	14,076	80,263	322,643	64,667	6,822	71,489	394,132
Interest	10,832	-	302	11,134	46,808	-	46,808	57,942
Employee recruitment	-	22,659	-	22,659	35,436	-	35,436	58,095
Marketing	5,187	301	-	5,488	169,716	1,096	170,812	176,300
Vehicle operations	482,728	6,742	15,064	504,534	10,668	66	10,734	515,268
Conferences, meetings and trainings	11,999	5,267	1,996	19,262	29,026	1,144	30,170	49,432
Fund development	239	25	-	264	173	15,210	15,383	15,647
Memberships, dues and subscriptions	1,017	9,784	189,149	199,950	161,948	2,761	164,709	364,659
Community support	-	(3,874)	-	(3,874)	100	9,265	9,365	5,491
Depreciation	508,933	26,817	41,422	577,172	53,542	-	53,542	630,714
Miscellaneous	47,782	(10,870)	34,769	71,681	129,189	191	129,380	201,061
<b>Total expenses and losses</b>	<b>\$ 16,649,559</b>	<b>\$ 818,670</b>	<b>\$ 3,295,149</b>	<b>\$ 20,763,378</b>	<b>\$ 4,315,659</b>	<b>\$ 289,002</b>	<b>\$ 4,604,661</b>	<b>\$ 25,368,039</b>

**Goodwill of Western Missouri and Eastern Kansas**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	Program Services			Total Program Services	Support Services			Total
	Retail Operations	Workforce Development	Sheltered Workshop		Management and General	Fundraising	Total Support Services	
Salaries	\$ 8,001,769	\$ 876,765	\$ 1,782,520	\$ 10,661,054	\$ 1,961,690	\$ 187,021	\$ 2,148,711	\$ 12,809,765
Employee benefits	713,473	184,544	504,875	1,402,892	271,736	23,226	294,962	1,697,854
Payroll taxes	547,900	63,162	135,593	746,655	175,013	13,980	188,993	935,648
Professional fees	454,920	7,446	8,311	470,677	214,514	532	215,046	685,723
Supplies	717,436	8,375	1,432	727,243	56,194	3,182	59,376	786,619
Cost of merchandise	648,332	5,084	333,704	987,120	5,903	-	5,903	993,023
Occupancy	5,315,438	71,900	17,101	5,404,439	299,091	237	299,328	5,703,767
Equipment rental	195,627	7,215	46,456	249,298	34,797	-	34,797	284,095
Repairs and maintenance	278,325	274	17,205	295,804	74,841	299	75,140	370,944
Software maintenance and support	83,277	8,091	-	91,368	84,282	3,439	87,721	179,089
General insurance	221,878	21,871	77,360	321,109	68,594	5,800	74,394	395,503
Interest	13,909	-	500	14,409	-	-	-	14,409
Employee recruitment	2,232	1,643	-	3,875	36,825	-	36,825	40,700
Marketing	231	5,461	-	5,692	256,643	1,322	257,965	263,657
Vehicle operations	676,516	19,374	17,637	713,527	15,996	12	16,008	729,535
Conferences, meetings and trainings	37,525	23,161	34	60,720	77,455	6,566	84,021	144,741
Fund development	687	-	379	1,066	-	26,941	26,941	28,007
Memberships, dues and subscriptions	439	6,022	177,646	184,107	166,340	4,307	170,647	354,754
Community support	-	7,133	-	7,133	-	3,995	3,995	11,128
Depreciation	516,741	30,866	61,242	608,849	33,866	-	33,866	642,715
Miscellaneous	31,371	10,379	76,486	118,236	55,010	807	55,817	174,053
<b>Total expenses and losses</b>	<b>\$ 18,458,026</b>	<b>\$ 1,358,766</b>	<b>\$ 3,258,481</b>	<b>\$ 23,075,273</b>	<b>\$ 3,888,790</b>	<b>\$ 281,666</b>	<b>\$ 4,170,456</b>	<b>\$ 27,245,729</b>



**Goodwill of Western Missouri and Eastern Kansas**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>		
Change in net assets	\$ (2,413,302)	\$ (698,681)
Items not requiring (providing) operating activities cash flows		
Depreciation	630,714	642,715
Net realized and unrealized (gains) losses on investments	42,619	(323)
Loss on disposition of property and equipment	4,585	622
Contributed property and equipment	(30,500)	-
Contributions received restricted for acquisition of property and equipment	(200,000)	-
Changes in		
Accounts receivable	478,628	266,076
Inventories	41,352	(46,613)
Prepaid supplies and expenses	(41,884)	(52,529)
Deposits	(31,329)	(48,125)
Accounts payable	499,856	120,355
Accrued expenses	(87,749)	653,885
Deferred revenue	24,372	50,407
	<u>(1,082,638)</u>	<u>887,789</u>
Net cash provided by (used in) operating activities		
	<u>(1,082,638)</u>	<u>887,789</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(157,715)	(1,265,734)
Proceeds from disposition of property and equipment	10,271	36,975
Purchase of investments	(31,127)	(34,460)
	<u>(178,571)</u>	<u>(1,263,219)</u>
Net cash used in investing activities		
	<u>(178,571)</u>	<u>(1,263,219)</u>
<b>Financing Activities</b>		
Contributions received restricted for acquisition of property and equipment	200,000	-
Net borrowings on line of credit	951,464	-
Proceeds from issuance of long-term debt	2,873,165	-
Principal payments on long-term debt	(16,831)	(16,247)
Principal payments on capital lease obligations	(53,019)	(50,303)
	<u>3,954,779</u>	<u>(66,550)</u>
Net cash provided by (used in) financing activities		
	<u>3,954,779</u>	<u>(66,550)</u>
<b>Change in Cash and Restricted Cash</b>	2,693,570	(441,980)
<b>Cash and Restricted Cash, Beginning of Year</b>	<u>2,085,446</u>	<u>2,527,426</u>
<b>Cash and Restricted Cash, End of Year</b>	<u>\$ 4,779,016</u>	<u>\$ 2,085,446</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 57,942	\$ 14,409
Property and equipment additions in accounts payable	12,499	-
<b>Reconciliation of Cash and Restricted Cash to the Statements of Financial Position</b>		
Cash	\$ 4,579,016	\$ 2,085,446
Restricted cash	200,000	-
	<u>\$ 4,779,016</u>	<u>\$ 2,085,446</u>

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations***

Goodwill of Western Missouri and Eastern Kansas, (the “Organization”) is a not-for-profit organization whose mission is to help people with disabilities or disadvantages by maximizing their vocational potential. The Organization’s revenues and other support are derived primarily from the sale of donated clothing and merchandise, contracts, grants and contributions. The Organization operates in 10 counties in northwest Missouri and northeast Kansas.

##### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary, The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop (Sheltered Workshop). All significant intercompany accounts and transactions have been eliminated in consolidation.

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

##### ***Cash***

Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At December 31, 2020, the Organization’s cash accounts exceeded federally insured limits by approximately \$4,054,000.

##### ***Restricted Cash***

Restricted cash represents cash restricted for long-term purposes (*e.g.*, acquisition of property and equipment). These amounts are restricted and not available for current operations.

##### ***Investments and Net Investment Return***

The Organization measures securities, other than investments that qualify for the equity method of accounting, at fair value. Investment return includes dividend, interest and realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

#### **Accounts Receivable**

Accounts receivable are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive plus any accrued and unpaid interest. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Accounts receivable also include amounts associated with grants, contributions and other miscellaneous transactions not associated with transactions with customers. Refer to the contributions policy note regarding timing of recognition. All remaining receivables are due within one year.

#### **Inventories**

Inventories generally consist of donated goods that are to be sold in the Organization's retail stores. Inventory value is estimated based on average sales adjusted for inventory turnover, which approximates fair value.

#### **Deposits**

Deposits primarily consist of up-front security deposits required for leases and other agreements. Deposits are held as an asset until the end of the stated agreement term or when its assessed the amount is no longer recoverable.

#### **Property and Equipment**

Property and equipment acquisitions over \$2,500 (equipment and furniture) or \$1,000 (improvements) are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	40 years
Leasehold improvements	3-20 years
Furniture, fixtures and equipment	3-10 years
Vehicles	3-7 years

**Goodwill of Western Missouri and Eastern Kansas**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

***Long-lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2020 and 2019.

***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for an operating reserve.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Net assets with donor restrictions as of December 31, 2020 and 2019 are restricted for the following purposes:

	<b>2020</b>	<b>2019</b>
Capital projects	\$ 200,000	\$ -
Support employees in need	5,174	11,972
	\$ 205,174	\$ 11,972

***Deferred Revenue***

Revenue from grants and contracts is deferred and recognized over the periods to which the revenues relate.

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

#### ***Deferred Rent***

As further discussed in *Note 8*, the Organization records deferred rent, including lease incentives, related to escalating lease payments where the lease expense is recognized on a straight-line basis. Deferred rent is included with accrued expenses on the consolidated statements of financial position.

#### ***Sales to the Public***

Revenue from sales to the public is recognized as the Organization satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods. The Organization determines the transaction price based on standard charges for goods provided, reduced by implicit and explicit price concessions. The Organization determines its estimates of implicit and explicit price concessions based upon its discount policies and historical experience. The estimated amounts include variable consideration for product discounts and returns.

#### ***Industrial and Janitorial Services***

Industrial and janitorial services revenue is recognized as the Organization satisfies performance obligations under its contracts. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. The Organization determines the transaction price based on standard charges for services provided, reduced by implicit and explicit price concessions. The Organization determines its estimates of implicit and explicit price concessions based upon its discount policies and historical experience. The estimated amounts include variable consideration for change orders on services provided.

#### ***Government Contracts***

Revenue received from government agencies and programs is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the contract agreements. Government programs are subject to audit and acceptance by the government agency and, as a result of such audit, adjustments could be required.

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

#### **Contributions**

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

# **Goodwill of Western Missouri and Eastern Kansas**

## **Notes to Consolidated Financial Statements**

### **December 31, 2020 and 2019**

#### ***In-kind Contributions***

In addition to receiving cash contributions, the Organization receives in-kind contributions of advertising and marketing, food and entertainment for special events and vehicles from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by the same amount. For the years ended December 31, 2020 and 2019, \$177,324 and \$137,470, respectively, was received in in-kind contributions.

#### ***Taxes Collected from Customers and Remitted to Governmental Authorities***

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of activities on a net basis.

#### ***Shipping and Handling Costs***

Shipping and handling costs of \$350,084 and \$379,152 for 2020 and 2019, respectively, are included in program expenses.

#### ***Research and Development***

The Organization has entered into a contract related to the development of a prototype Data Acquisition Station which will utilize artificial intelligence to automatically categorize donated softlines by size, items, quality and fabric, create a digital inventory of softline donations and estimate the value of the softline donations towards a goal of dynamic pricing. The Organization recorded approximately \$140,000 of research and development costs during the year ended December 31, 2020, which are included in program expenses.

#### ***Income Taxes***

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

#### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on estimated usage.

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

#### **Revisions**

Certain immaterial revisions have been made to the 2019 consolidated financial statements to correct the classification of certain expenses. These revisions did not have a significant impact on the financial statement line items impacted.

#### **Paycheck Protection Program (PPP) Loan - ASC Topic 470**

The Organization received a PPP loan established by the CARES Act and has elected to account for the funding as a loan in accordance with ASC Topic 470, *Debt*. Interest is accrued in accordance with the loan agreement. Any forgiveness of the loan is recognized as a gain in the consolidated financial statements in the period the debt is legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

#### **Note 2: Change in Accounting Principle and Revenue from Contracts with Customers**

##### ***Change in Accounting Principle***

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), that replaces existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization adopted this standard on January 1, 2020, using a modified retrospective approach with the cumulative effect of initially applying the new standard recognized in retained earnings at the beginning of the year of adoption. Comparative prior period information has not been adjusted and continues to be reported in accordance with previous revenue recognition guidance in ASC Topic 605 — *Revenue Recognition*. The Organization applied the new standard to all contracts not complete at the date of adoption.

The Organization's adoption of Topic 606 did not result in a change to the timing of revenue recognition; however, resulted in changes to the disclosures in the notes to the consolidated financial statements.



**Goodwill of Western Missouri and Eastern Kansas**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

***Revenue from Sales to the Public***

Revenue is measured as the amount of consideration the Organization expects to receive in exchange for transferring distinct goods to customers. Sales to the public revenues consist substantially of product sales and is reported net of sales discounts offered to customers, if any, and returns. The Organization determines its estimates for discounts and returns based upon its discount policies and historical experience. The Organization recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when control passes to a customer to enable them to direct the use of and obtain benefit from a product. This typically occurs when a customer obtains legal title, obtains the risks and rewards of ownership, has received the goods at the point of sale or according to the contractual shipping terms either at the shipping point or destination and is obligated to pay for the product. Payment is due at the time of purchase and the Organization offers a 7-day return policy in which customers can return purchased goods for in-store credit.

***Industrial and Janitorial Services Revenue***

Industrial and janitorial services revenues consist substantially of cleaning and janitorial services. Revenue is measured as the amount of consideration the Organization expects to receive in exchange for providing services to customers. The Organization determines the transaction price based on standard charges for services provided, reduced by implicit or explicit price concessions, if any. The Organization determines its estimates for any implicit or explicit price concessions based upon its discount policies and historical experience. The estimated amounts also include variable consideration for change orders involving level of service. Contracts for cleaning services are generally considered a single performance obligation as the individual services represent a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. The Organization recognizes revenue over time as the services are provided in accordance with amounts to which the Organization has a right to invoice as invoiced amounts correspond directly to the value transferred to the customer. Services are billed at the end of each month for services provided within that month and are due within 30 days.

***Disaggregation of Revenue***

The following table presents the Organization's revenues disaggregated by the timing of such revenue recognized during the year ended December 31, 2020:

Timing of revenue and recognition	
At a point in time	\$ 16,817,403
Over a period of time	<u>4,987,089</u>
Total	<u><u>\$ 21,804,492</u></u>

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Organization's line of business that provided the good or service, including type of product sold
- Geography of the service location

#### **Contract Balances**

The following table provides information about the Organization's receivables and contract liabilities from contracts with customers:

Accounts receivable, beginning of year	\$ 1,158,514
Accounts receivable, end of year	596,607
Deferred revenue, beginning of year	\$ 17,600
Deferred revenue, end of year	23,836

#### **Accounting Policies and Practical Expedients Elected**

For shipping and handling activities, the Organization is applying an accounting policy election, which allows an entity to account for shipping and handling activities as fulfillment activities rather than a promised good or service when the activities are performed, even if those activities are performed after the control of the good has been transferred to the customer. Therefore, the Organization expenses shipping and handling costs at the time revenue is recognized.

The Organization is also applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Organization collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For significant financing components, the Organization elected a practical expedient, which allows an entity to recognize the promised amount of consideration without adjusting for the time value of money if the contract has a duration of one year or less, or if the reason the contract extended beyond one year is because the timing of delivery of the product is at the customer's discretion. As the Organization's contracts are typically less than one year in length and do not have significant financing components, the Organization does not present revenue on a present value basis.

#### **Note 3: Liquidity and Availability**

The Organization regularly monitors liquidity required to meet its general expenditure needs and other obligations as they come due. The Organization has various sources of liquidity at its disposal, including cash and a committed line of credit with a bank that can be drawn upon as needed. See *Note 6* for information about the line of credit arrangement.

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

The following table reflects the Organization’s financial assets as of December 31, 2020 and 2019, reduced by the amounts that are not available to meet general expenditures within one year because of internal board designation and with donor restrictions. In the event that the need arises to utilize the board-designated funds for liquidity purpose, the reserves could be drawn upon at the discretion of the board.

	<b>2020</b>	<b>2019</b>
Cash	\$ 4,579,016	\$ 2,085,446
Restricted cash	200,000	-
Accounts receivable, net	736,819	1,215,447
Investments	1,046,254	1,057,746
Total financial assets	6,562,089	4,358,639
Less:		
Donor restricted funds	(205,174)	(11,972)
Board designated operating reserve funds	(1,046,254)	(1,057,746)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,310,661	\$ 3,288,921

#### **Note 4: Disclosures About Fair Value of Assets**

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

**Goodwill of Western Missouri and Eastern Kansas**  
**Notes to Consolidated Financial Statements**  
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**Recurring Measurements**

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2020</b>				
Fixed income mutual funds	\$ 1,045,597	\$ 1,045,597	\$ -	\$ -
Money market funds	<u>657</u>	<u>657</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,046,254</u>	<u>\$ 1,046,254</u>	<u>\$ -</u>	<u>\$ -</u>
<b>December 31, 2019</b>				
Fixed income mutual funds	\$ 1,057,089	\$ 1,057,089	\$ -	\$ -
Money market funds	<u>657</u>	<u>657</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,057,746</u>	<u>\$ 1,057,746</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2020.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

**Goodwill of Western Missouri and Eastern Kansas**  
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**Note 5: Property and Equipment**

Property and equipment at December 31 consisted of:

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 368,741	\$ 368,741
Buildings and leasehold improvements	3,873,621	3,855,350
Furniture, fixtures and equipment	3,859,872	3,762,102
Vehicles and trailers	730,167	748,638
Construction in process	<u>155,540</u>	<u>81,134</u>
	8,987,941	8,815,965
Less accumulated depreciation	<u>5,990,676</u>	<u>5,373,844</u>
	<u>\$ 2,997,265</u>	<u>\$ 3,442,121</u>

**Note 6: Line of Credit**

The Organization has a revolving bank line of credit with Academy Bank. Effective from November 30, 2018 through October 31, 2019, the maximum loan amount was \$500,000. Effective November 1, 2019 through August 20, 2020, the maximum loan amount was \$1,000,000. Effective August 20, 2020 through August 20, 2021, the maximum loan amount is \$2,500,000. At December 31, 2020, there was \$951,464 borrowed against this line. At December 31, 2019, there were no borrowings against this line. The line is collateralized by the Organization's 1817 Campbell Street building. Interest accumulates on any outstanding balance at a rate equal to 0.5 percentage points over the *Wall Street Journal* Prime Rate with a minimum of 4 percent. Interest is payable monthly and was 4 percent and 3.50 percent at December 31, 2020 and 2019, respectively.

**Note 7: Long-term Debt**

Long-term debt at December 31 consists of:

	<u>2020</u>	<u>2019</u>
Notes payable (A)	\$ 16,794	\$ 33,625
Capital lease obligations (B)	178,329	231,348
Paycheck Protection Program (PPP) loan (C)	<u>2,873,165</u>	<u>-</u>
	<u>\$ 3,068,288</u>	<u>\$ 264,973</u>

**Goodwill of Western Missouri and Eastern Kansas**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

- (A) Notes payable with due dates ranging from November 2021 to December 2021; payable monthly ranging from \$525 to \$945 with interest payable monthly ranging from 3.4 percent to 3.6 percent; collateralized by vehicles and equipment.
- (B) Capital leases include leases covering transportation equipment expiring in January 2024; payable monthly ranging from \$1,315 to \$3,952, including interest of 5 percent.
- (C) In April 2020, the Organization received a loan through the Small Business Administration (SBA) Paycheck Protection Program (PPP) established by the CARES Act. The loan matures in two years and is payable monthly including 1.00 percent interest beginning after the applicable deferral period. The payment deferral period is defined as either a) if a forgiveness application is submitted, the date of notice from the SBA if the loan is forgiven or not entitled to forgiveness or b) if no forgiveness application is submitted, 10 months after the end of the covered period (May 2021).

Aggregate annual maturities of long-term debt and payments on capital lease obligations at December 31, 2020 are:

	<b>Long-term Debt (Excluding Leases)</b>	<b>Capital Lease Obligations</b>
2021	\$ 1,612,995	\$ 63,210
2022	1,276,964	63,209
2023	-	63,209
2024	-	3,027
	<u>\$ 2,889,959</u>	<u>192,655</u>
Less amount representing interest		<u>14,326</u>
Present value of future minimum lease payments		<u>\$ 178,329</u>

Property and equipment include the following property under capital leases at December 31:

	<b>2020</b>	<b>2019</b>
Vehicles	\$ 327,071	\$ 327,071
Less accumulated depreciation	168,078	104,481
	<u>\$ 158,993</u>	<u>\$ 222,590</u>

**Goodwill of Western Missouri and Eastern Kansas**  
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**December 31, 2020 and 2019**

**Note 8: Operating Leases**

Noncancellable operating leases, primarily for retail store locations, expire in various years through 2035. These leases generally contain renewal options for periods ranging from five to 10 years and require the Organization to pay part or all executory costs (property taxes, maintenance and insurance).

Future minimum lease payments under operating leases at December 31, 2020, are:

2021	\$ 3,402,413
2022	3,279,206
2023	2,506,006
2024	2,152,601
2025	1,644,672
Later years	<u>6,566,046</u>
Total minimum lease payments	<u>\$ 19,550,944</u>

In accordance with ASC Topic 840, *Leases*, rental agreements with escalating lease payments are recognized in the consolidated statements of activities on a straight-line basis. The difference between the cash payments and amount recognized are recorded as a deferred liability. Additionally, incentives provided to the Organization under the lease agreements are deferred and amortized against rent expense over the term of the lease. The deferred rent liability at December 31, 2020 and 2019 was \$1,302,913 and \$1,332,717, respectively, and is included in accrued expenses on the consolidated statements of financial position. Rental expense for all operating leases amounted to \$3,385,731 and \$2,945,169 for the years ended December 31, 2020 and 2019, respectively.

**Note 9: Conditional Gifts**

The Organization has received the following conditional promises to give at December 31, 2020 and 2019 that are not recognized in the consolidated financial statements:

	<u>2020</u>	<u>2019</u>
Conditional promises to give upon incurring qualifying expenses subject to the Uniform Guidance regulations	\$ 132,616	\$ -

# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

#### **Note 10: Commitments**

In June 2019, the Organization entered into a three year purchase commitment for advertising with payments for the years ending December 31, 2019, 2020 and 2021 of \$100,000, \$105,000 and \$110,000, respectively. However, during June 2020, the Organization terminated this contract due to the financial difficulties caused by the COVID-19 pandemic. This contract termination did not result in any fees or penalties paid by the Organization due to the enforcement of the “force majeure” provisions in the sponsorship agreement.

#### **Note 11: Retirement Plans**

The Organization has a defined contribution plan covering substantially all employees. The Organization contributes a matching contribution up to 4 percent of gross salaries for eligible employees. The Organization’s expense related to this plan was \$88,285 and \$87,809 in 2020 and 2019, respectively.

An employee 401(a) plan covers employees whose services are provided pursuant to a service contract entered into by the employer under the *Javits, Wagner, O’Day Act*. Benefit amounts are determined by the annual contract. The amounts paid for 2020 and 2019 were \$484,465 and \$482,507, respectively.

#### **Note 12: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

##### ***Accounts Receivable***

Approximately 58 percent and 86 percent of the Organization’s accounts receivable balance in 2020 and 2019 is due from two and three agencies, respectively.

##### ***Allowance for Accounts Receivable***

Estimates for allowance of uncollectible accounts receivable are described in *Note 1*.

##### ***Inventories***

As discussed in *Note 1*, inventory value is estimated based on average sales adjusted for inventory turnover.



# Goodwill of Western Missouri and Eastern Kansas

## Notes to Consolidated Financial Statements

### December 31, 2020 and 2019

#### ***Functional Allocation of Expenses***

As discussed in *Note 1*, certain costs have been allocated among the program, management and general and fundraising categories based on the direct cost method and other methods.

#### ***Revenue***

The Organization's industrial and janitorial service contracts and governmental programs are funded by various governmental agencies. These funds were 22 percent and 19 percent of total revenue for the years ended December 31, 2020 and 2019, respectively.

#### ***Litigation***

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

### **Note 13: Future Change in Accounting Principle**

#### ***Accounting for Leases***

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. The Organization is evaluating the impact the standard will have on the consolidated financial statements; however, the standard is expected to have a material impact on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

**Goodwill of Western Missouri and Eastern Kansas**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020 and 2019**

**Note 14: Subsequent Events**

Subsequent events have been evaluated through February 15, 2022, which is the date the consolidated financial statements were available to be issued.

In April 2021, the Organization entered into a new 10 year lease agreement through 2031 with two 5 year renewal options. Lease payments due under the agreement range from \$125,100 to \$139,000 per year resulting in a total commitment of \$1,320,000 over the term of the lease.

In July 2021, the Organization received formal approval and payment from its lender and the Small Business Administration (SBA) for its PPP loan to be forgiven in the full principal amount including accrued interest.

In July 2021, the Organization terminated one of its leases with an original term through 2035 under which \$3,261,195 would be paid in rent. In relation to the termination, the Organization paid a fee of \$175,000 and was fully released from the remaining obligations under the lease agreement.

In August 2021, the line of credit was extended to November 2021.

In September 2021, the Organization received approximately \$340,000 from insurance as recovery of vandalism to equipment and trailers which occurred in 2019 and 2020.

In January 2022, the Organization entered into a new 10 year lease agreement through 2032 with two 5 year renewal options. Lease payments due under the agreement range from \$231,000 to \$253,000 per year resulting in a total commitment of \$2,420,000 over the term of the lease.

## **Other Information**

# Goodwill of Western Missouri and Eastern Kansas

## The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop

### Statements of Financial Position

December 31, 2020 and 2019

#### Assets

	<u>2020</u>	<u>2019</u>
Cash	\$ 603,235	\$ 496,421
Accounts receivable, net of allowance; 2020 - \$20,940, 2019 - \$42,283	413,276	907,404
Due from parent organization	10,614,187	8,616,281
Equipment, net of accumulated depreciation; 2020 - \$558,933, 2019 - \$517,509	<u>58,641</u>	<u>81,331</u>
Total assets	<u><u>\$ 11,689,339</u></u>	<u><u>\$ 10,101,437</u></u>

#### Liabilities and Net Assets

##### Liabilities

Accounts payable	\$ 364,521	\$ 80,634
Accrued expenses	70,303	136,904
Long-term debt	<u>5,619</u>	<u>11,617</u>
Total liabilities	<u>440,443</u>	<u>229,155</u>

##### Net Assets

Without donor restrictions	<u>11,248,896</u>	<u>9,872,282</u>
Total net assets	<u>11,248,896</u>	<u>9,872,282</u>
Total liabilities and net assets	<u><u>\$ 11,689,339</u></u>	<u><u>\$ 10,101,437</u></u>

# Goodwill of Western Missouri and Eastern Kansas

## The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop

### Statements of Activities

Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Revenues, Gains and Other Support</b>		
Industrial and janitorial services	\$ 4,988,001	\$ 4,779,017
Government agencies and programs	-	17,597
Contributions	39	-
Other	11,083	1,092
	<u>4,999,123</u>	<u>4,797,706</u>
Total revenues, gains and other support		
	<u>4,999,123</u>	<u>4,797,706</u>
<b>Expenses and Losses</b>		
Program services		
Work activity center	-	91,388
Ability One	3,295,149	3,167,093
	<u>3,295,149</u>	<u>3,258,481</u>
Total program services		
	<u>3,295,149</u>	<u>3,258,481</u>
Management and general	327,360	272,329
	<u>327,360</u>	<u>272,329</u>
Total support services		
	<u>327,360</u>	<u>272,329</u>
Total expenses and losses	<u>3,622,509</u>	<u>3,530,810</u>
<b>Change in Net Assets Without Donor Restrictions</b>	1,376,614	1,266,896
<b>Net Assets Without Donor Restrictions, Beginning of Year</b>	<u>9,872,282</u>	<u>8,605,386</u>
<b>Net Assets Without Donor Restrictions, End of Year</b>	<u>\$ 11,248,896</u>	<u>\$ 9,872,282</u>

# Goodwill of Western Missouri and Eastern Kansas

## The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop Statement of Functional Expenses Year Ended December 31, 2020

	Program Services			Support Services		
	Work Activity Center	Ability One	Total Program Services	Management and General	Total Support Services	Total
Salaries	\$ -	\$ 34,480	\$ 34,480	\$ -	\$ -	\$ 34,480
Direct labor - non-disabled	-	699,399	699,399	-	-	699,399
Direct labor - disabled	-	1,000,345	1,000,345	-	-	1,000,345
Employee benefits	-	505,969	505,969	-	-	505,969
Payroll taxes	-	131,031	131,031	-	-	131,031
Professional fees	-	8,470	8,470	-	-	8,470
Supplies	-	1,974	1,974	-	-	1,974
Cost of merchandise	-	466,808	466,808	-	-	466,808
Management fee to parent organization	-	-	-	327,360	327,360	327,360
Occupancy	-	14,656	14,656	-	-	14,656
Equipment rental	-	38,374	38,374	-	-	38,374
Repairs and maintenance	-	30,678	30,678	-	-	30,678
General insurance	-	80,263	80,263	-	-	80,263
Interest	-	302	302	-	-	302
Vehicle operations	-	15,064	15,064	-	-	15,064
Conferences, meetings and trainings	-	1,996	1,996	-	-	1,996
Memberships	-	189,149	189,149	-	-	189,149
Depreciation	-	41,422	41,422	-	-	41,422
Miscellaneous	-	34,769	34,769	-	-	34,769
Total functional expenses	\$ -	\$ 3,295,149	\$ 3,295,149	\$ 327,360	\$ 327,360	\$ 3,622,509

# Goodwill of Western Missouri and Eastern Kansas

## The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop Statement of Functional Expenses Year Ended December 31, 2019

	Program Services			Support Services		
	Work Activity Center	Ability One	Total Program Services	Management and General	Total Support Services	Total
Salaries	\$ 31,560	\$ 96,161	\$ 127,721	\$ -	\$ -	\$ 127,721
Direct labor - non-disabled	-	611,122	611,122	-	-	611,122
Direct labor - disabled	43,420	1,000,257	1,043,677	-	-	1,043,677
Employee benefits	2,288	502,587	504,875	-	-	504,875
Payroll taxes	5,894	129,699	135,593	-	-	135,593
Professional fees	-	8,311	8,311	-	-	8,311
Supplies	126	1,306	1,432	-	-	1,432
Cost of merchandise	-	333,704	333,704	-	-	333,704
Management fee to parent organization	-	-	-	272,329	272,329	272,329
Occupancy	2,381	14,720	17,101	-	-	17,101
Equipment rental	-	46,456	46,456	-	-	46,456
Repairs and maintenance	-	17,205	17,205	-	-	17,205
General insurance	3,414	73,946	77,360	-	-	77,360
Interest	-	500	500	-	-	500
Vehicle operations	2,305	15,332	17,637	-	-	17,637
Conferences, meetings and trainings	-	34	34	-	-	34
Fund development	-	379	379	-	-	379
Memberships	-	177,646	177,646	-	-	177,646
Depreciation	-	61,242	61,242	-	-	61,242
Miscellaneous	-	76,486	76,486	-	-	76,486
Total functional expenses	\$ 91,388	\$ 3,167,093	\$ 3,258,481	\$ 272,329	\$ 272,329	\$ 3,530,810

**Goodwill of Western Missouri and Eastern Kansas**  
**The Helping Hand of Goodwill Industries**  
**Extended Employment Sheltered Workshop**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Activities</b>		
Change in net assets	\$ 1,376,614	\$ 1,266,896
Item not requiring operating activities cash flows		
Depreciation	41,422	61,242
Changes in		
Accounts receivable	494,128	155,677
Due from parent organization	(1,997,906)	(1,427,162)
Accounts payable	271,388	(40,092)
Accrued expenses	(66,601)	22,985
	<u>119,045</u>	<u>39,546</u>
Net cash provided by operating activities		
<b>Investing Activities</b>		
Purchase of equipment	(6,233)	(34,937)
	<u>(6,233)</u>	<u>(34,937)</u>
Net cash used in investing activities		
<b>Financing Activities</b>		
Principal payments on long-term debt	(5,998)	(5,801)
	<u>(5,998)</u>	<u>(5,801)</u>
Net cash used in financing activities		
<b>Change in Cash</b>	106,814	(1,192)
<b>Cash, Beginning of Year</b>	<u>496,421</u>	<u>497,613</u>
<b>Cash, End of Year</b>	<u>\$ 603,235</u>	<u>\$ 496,421</u>
<b>Supplemental Cash Flows Information</b>		
Property and equipment additions in accounts payable	\$ 12,499	\$ -