Financial Statements
December 31, 2022 and 2021

Goodwill Industries of Southern Nevada, Inc.

Independent Auditor's Report 1

Financial Statements

Statements of Financial Position 3
Statement of Activities 4
Statement of Functional Expenses 6
Statements of Cash Flows 8
Notes to Financial Statements 9

Independent Auditor's Report

The Board of Directors
Goodwill Industries of Southern Nevada, Inc.
Las Vegas, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Goodwill Industries of Southern Nevada, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, 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 referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Southern Nevada, Inc. as of December 31, 2022 and 2021, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Goodwill Industries of Southern Nevada, Inc. 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statement, the Organization has adopted the provisions of FASB Accounting Standards Codification Topic 842, *Leases*, as of January 1, 2022 using the modified retrospective approach with an adjustment at the beginning of the adoption period. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Industries of Southern Nevada, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of 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 auditor's 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 Industries of Southern Nevada, Inc.'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 Industries of Southern Nevada, Inc.'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.

Eide Bailly LLP

Las Vegas, Nevada
May 23, 2023

	2022	2021
Assets		
Cash and cash equivalents	$ 25,520,972	$ 19,911,643
Accounts receivable	831,701	168,812
Contracts receivable	50,727	49,602
Grants receivable	81,790	4,483
Inventory	3,507,941	3,241,476
Prepaid expenses and other assets	1,015,126	838,589
Deposits	515,100	520,943
Restricted cash	1,204,246	1,200,058
Property and equipment, net	19,176,874	17,623,518
Operating lease right of use asset	43,781,397	-
Total assets	$ 95,685,874	$ 43,559,124
Liabilities and Net Assets		
Accounts payable	$ 1,021,343	$ 1,126,135
Accrued expenses and other liabilities	1,634,467	1,511,523
Deferred rent payable	-	1,674,332
Bonds payable, net of unamortized bond issuance costs and discounts on bonds	19,797,877	20,099,685
Operating lease liability	47,160,629	-
Total liabilities	69,614,316	24,411,675
Net Assets		
Without donor restrictions		
Undesignated	25,421,289	18,558,894
With donor restrictions		
Purpose restrictions	650,269	588,555
Total net assets	26,071,558	19,147,449
Total liabilities and net assets	$ 95,685,874	$ 43,559,124

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	$ 211,705	$ 902,065	$ 1,113,770
Grants	234,172	-	234,172
Goods contributed for sale	49,396,507	-	49,396,507
Sale of contributed goods	49,165,894	-	49,165,894
Less cost of goods sold	(49,165,894)	-	(49,165,894)
Sale of purchased goods	1,260,106	-	1,260,106
Less cost of goods sold	(849,459)	-	(849,459)
Vocational assistance programs	650,990	-	650,990
Interest	221,079	-	221,079
Other	1,253,054	-	1,253,054
Net assets released from restrictions	840,351	(840,351)	-
Total revenue, support, and gains	53,218,505	61,714	53,280,219
Expenses			
Program services expense	43,460,796	-	43,460,796
Supporting services expense			
Management and general	1,201,923	-	1,201,923
Fundraising and development	442,172	-	442,172
Total supporting services expenses	1,644,095	-	1,644,095
Total expenses	45,104,891	-	45,104,891
Change in Net Assets	8,113,614	61,714	8,175,328
Net Assets, Beginning of Year	18,558,894	588,555	19,147,449
Effect of Adoption of ASC 842	(1,251,219)	-	(1,251,219)
Net Assets, End of Year	$ 25,421,289	$ 650,269	$ 26,071,558

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Contributions	$ 267,570	$ 792,898	$ 1,060,468
Grants	365,116	-	365,116
Goods contributed for sale	45,036,222	-	45,036,222
Sale of contributed goods	44,878,737	-	44,878,737
Less cost of goods sold	(44,878,737)	-	(44,878,737)
Sale of purchased goods	1,078,906	-	1,078,906
Less cost of goods sold	(579,502)	-	(579,502)
Vocational assistance programs	421,635	-	421,635
Interest	20,876	-	20,876
Paycheck Protection Program forgiveness	3,331,581	-	3,331,581
Nevada Unemployement Insurance relief	335,919	-	335,919
Other	1,838	-	1,838
Net assets released from restrictions	706,783	(706,783)	-
Total revenue, support, and gains	50,986,944	86,115	51,073,059
Expenses			
Program services expense	37,158,420	-	37,158,420
Supporting services expense			
Management and general	1,044,431	-	1,044,431
Fundraising and development	374,266	-	374,266
Total supporting services expenses	1,418,697	-	1,418,697
Total expenses	38,577,117	-	38,577,117
Change in Net Assets	12,409,827	86,115	12,495,942
Net Assets, Beginning of Year	6,149,067	502,440	6,651,507
Net Assets, End of Year	$ 18,558,894	$ 588,555	$ 19,147,449

	Program Services	Management and General	Fundraising and Development	Total
Salaries and wages	$ 20,999,848	$ 615,093	$ 220,380	$ 21,835,321
Payroll taxes	1,655,854	48,501	17,377	1,721,732
Employee benefits	996,909	29,200	10,462	1,036,571
Advertising and promotion	465,009	13,620	4,880	483,509
Selling expenses	1,037,666	-	-	1,037,666
Travel	108,437	3,176	1,138	112,751
Occupancy	6,772,478	198,368	71,073	7,041,919
Equipment rental	875,046	25,630	9,183	909,859
Repairs and maintenance	556,541	16,301	5,841	578,683
Insurance	1,774,245	51,968	18,620	1,844,833
Utilities	1,147,235	33,603	12,039	1,192,877
Property taxes	189,461	5,549	1,988	196,998
Office expenses	601,369	17,629	6,316	625,314
Client assistance	1,387,371	-	-	1,387,371
Printing and duplication	68,989	2,021	724	71,734
Security	79,455	2,327	834	82,616
Supplies	990,017	28,998	10,390	1,029,405
Telecommunications	270,274	7,916	2,836	281,026
Mileage and other vehicle expense	303,349	8,885	3,183	315,417
Postage and shipping	469,923	13,764	4,932	488,619
Conferences, conventions and meetings	18,635	546	196	19,377
Professional services	391,531	11,468	4,109	407,108
Depreciation and amortization	882,829	25,817	9,250	917,896
Interest and debt related amortization	1,169,373	34,251	12,272	1,215,896
Other expense	-	-	11,536	11,536
Membership fees	248,952	7,292	2,613	258,857
Cost of goods sold	50,015,353	-	-	50,015,353
	93,476,149	1,201,923	442,172	95,120,244
Less expenses included with revenues on the statement of activities				
Sale of contributed goods cost of goods sold	(49,165,894)	-	-	(49,165,894)
Sale of purchased goods cost of goods sold	(849,459)	-	-	(849,459)
Total expenses included in the expense section on the statement of activities	$ 43,460,796	$ 1,201,923	$ 442,172	$ 45,104,891

	Program Services	Management and General	Fundraising and Development	Total
Salaries and wages	$ 18,303,560	$ 536,118	$ 192,084	$ 19,031,762
Payroll taxes	1,597,326	46,786	16,763	1,660,875
Employee benefits	738,520	21,632	7,750	767,902
Advertising and promotion	309,112	9,054	3,244	321,410
Selling expenses	787,008	-	-	787,008
Travel	62,637	1,835	657	65,129
Occupancy	5,988,286	175,399	62,843	6,226,528
Equipment rental	941,387	27,574	9,879	978,840
Repairs and maintenance	439,645	12,877	4,614	457,136
Insurance	1,186,596	34,756	12,453	1,233,805
Utilities	1,063,566	31,152	11,161	1,105,879
Property taxes	165,684	4,853	1,739	172,276
Office expenses	557,013	16,314	5,845	579,172
Client assistance	713,810	-	-	713,810
Printing and duplication	38,364	1,124	403	39,891
Security	81,341	2,383	854	84,578
Supplies	782,080	22,907	8,207	813,194
Telecommunications	241,989	7,088	2,540	251,617
Mileage and other vehicle expense	274,558	8,042	2,881	285,481
Postage and shipping	355,436	10,411	3,730	369,577
Conferences, conventions and meetings	15,530	455	163	16,148
Professional services	260,377	7,627	2,732	270,736
Depreciation and amortization	817,133	23,934	8,575	849,642
Interest and debt related amortization	1,233,241	36,122	12,942	1,282,305
Other expense	-	-	62	62
Membership fees	204,221	5,988	2,145	212,354
Cost of goods sold	45,458,239	-	-	45,458,239
	82,616,659	1,044,431	374,266	84,035,356
Less expenses included with revenues on the statement of activities				
Sale of contributed goods cost of goods sold	(44,878,737)	-	-	(44,878,737)
Sale of purchased goods cost of goods sold	(579,502)	-	-	(579,502)
Total expenses included in the expense section on the statement of activities	$ 37,158,420	$ 1,044,431	$ 374,266	$ 38,577,117

	2022	2021
Operating Activities		
Change in net assets	$ 8,175,328	$ 12,495,942
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	917,895	849,642
Interest expense attributable to amortization of bond issuance costs and bond discount	33,275	33,275
Paycheck Protection Program forgiveness	-	(3,280,000)
Changes in operating assets and liabilities		
Accounts receivable	(662,889)	(165,968)
Contracts receivable	(1,125)	(14,653)
Grants receivable	(77,307)	65,290
Inventory	(266,465)	(253,151)
Prepaid expenses and other assets	(176,536)	(298,077)
Deposits	5,843	-
Accounts payable	(104,792)	686,384
Accrued expenses and other liabilities	122,944	161,230
Refundable advance - Paycheck Protection Program	-	-
Operating lease assets and liabilities	3,379,232	-
Deferred rent payable	(2,925,551)	101,460
Net Cash from Operating Activities	8,419,852	10,381,374
Investing Activities		
Purchases of property and equipment	(2,471,252)	(715,264)
Financing Activities		
Principal payments on bonds payable	(335,083)	(335,080)
Net Change in Cash, Cash Equivalents, and Restricted Cash	5,613,517	9,331,030
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	21,111,701	11,780,671
Cash, Cash Equivalents, and Restricted Cash, End of Year	$ 26,725,218	$ 21,111,701
Cash and Cash Equivalents	$ 25,520,972	$ 19,911,643
Cash Restricted for Debt Service	1,204,246	1,200,058
Total Cash, Cash Equivalents, and Restricted Cash	$ 26,725,218	$ 21,111,701
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 1,207,505	$ 1,273,727

Note 1 - Principal Activity and Significant Accounting Policies

Organization and Nature of Activities

Goodwill Industries of Southern Nevada, Inc. (the Organization) is a nonprofit organization that solicits and collects donated goods, processes those goods and resells them to the general public, and provides employment and training services to people with disabilities and facing other barriers to employment as well as local veterans and their spouses seeking to transition from military to civilian life.

The Organization operates under, and has the use of, the Goodwill® name as allowed under an in-substance franchise license agreement with Goodwill Industries International, Inc.

The Organization funds job training, employment placement services and other community programs by selling donated, "gently used" items through its retail, post-retail and e-commerce operations. Its nationally certified workforce development services target job seekers with disabilities and other barriers to employment. The Organization's traditional workforce development programs deliver vocational rehabilitation services, including assessment, training, job placement and job coaching to clients. The Organization also administers federal workforce development programs.

The Organization operates 17 thrift retail stores, 1 clearance center, 1 distribution center, and 4 attended donation centers and has approximately 800 employees.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for long-term purposes are excluded from this definition.

Restricted Cash

Cash reserved for debt service as required per the amended bond indenture (Note 5) is considered to be restricted cash.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for sale of contributed goods made on credit. Allowance for uncollectible accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At December 31, 2022 and 2021, an allowance was not deemed necessary.

Receivables from contracts with customers are reported as accounts receivable in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

Contracts Receivable

Contract receivables consist primarily of noninterest-bearing amounts due from the Nevada Bureau of Vocational Rehabilitation in connection with the Organization's involvement in vocational assistance programs.

Grants Receivable

Grants receivable consist primarily of noninterest-bearing amounts due for reimbursement of expenses in connection with the Organization's administration of a federal workforce development program.

Inventory

Inventory held for sale is comprised primarily of donated goods and some purchased products. Donated goods inventory is recorded at fair value as described below and new goods inventory is valued at the lower of cost or net realizable value using the first-in first-out (FIFO) method.

The Organization's method for valuing its donated goods inventory varies depending on the location and condition or quality of the donated items. Donated goods on the retail floor of its stores have been processed and pre-determined to be of retail quality. Goods in this category are aggregated by type and valued by multiplying item counts in each type by the average expected sales prices associated with the type. Item counts are determined by specific counts. Estimated sales prices for each of the respective type of goods is based on the average price received for the specific type during the month of December of the then current year.

The Organization values donated goods in its e-commerce program at the expected sales price associated with each item. Donated goods in the Organization's clearance centers are valued by establishing product weights for the various types of goods multiplied by the average price per pound the Organization expects to receive for each type. The Organization values donated goods in its distribution centers and storage trailers at the prevailing salvage market value per pound for each type of good.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 39 years, or in the case of capitalized leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2022 and 2021, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports unconditional contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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 statements of activities as net assets released from restrictions. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other conditional donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Exchange Revenues

Revenue from the sale of goods is measured based on consideration specified in an implicit contract with a customer. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

For performance obligations relating to the sale of goods, control transfers to the customer at a point in time. Most sales are point of sale transactions and revenue is recorded at the time of sale. For all other exchange transactions, the Organization's principal terms of sale are FOB shipping point and the Organization records revenue for the sale of goods upon shipment to the customer.

The Organization does not have any significant financing components as payment is received at or shortly after the point of sale.

These goods are sold to customers through retail and e-commerce outlets. Goods that cannot be sold through retail outlets are sold on secondary markets at salvage value.

Nonexchange Revenues

Contributions, grants, and vocational assistance program revenues are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at December 31, 2022 and 2021, conditional contributions approximating $900,000 and $441,256 respectively, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Shipping and Handling Costs

Shipping and handling costs of $488,618 and $369,577 respectively, for the years ended December 31, 2022 and 2021, are included in the statements of functional expenses, which mostly arise from the e-commerce operations.

Donated Services and In-Kind Contributions

Goods contributed for sale are recorded in revenue at expected selling prices. Accordingly, no acquisition costs are recognized for the sales of such goods.

Volunteers may contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received. Contributions towards the program services function include donated services valued at $0 and $17,590, during December 31, 2022 and 2021, respectively.

Bond Issuance Costs

Bond issuance costs are amortized over the period the related obligation is outstanding using the effective interest method. Unamortized bond issuance costs are included within bonds payable in the statements of financial position. Amortization of bond issuance costs is included in interest expense in the accompanying financial statements.

Deferred Rent Payable

Rent expense associated with office, stores, and warehouse leases is recorded on a straight-line basis over the terms of the related lease agreements. Deferred rent represents the straight-line rent expense recorded in excess of the total payments made on the lease contracts from lease inception-to-date.

Advertising Costs

Advertising costs are expensed as incurred and were $483,509 and $321,410 during the years ended December 31, 2022 and 2021, respectively.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that can be determined to be directly related to programs or supporting services are recorded in the appropriate category. Those expenses that cannot be directly attributed are allocated based on the amount of time and effort, as estimated by management, and reviewed and amended annually. All expenses are allocated with the exception of selling expenses, advertising and promotion, client assistance, other expenses, and cost of goods sold.

Income Taxes

The Organization is organized as a Nevada nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Organization determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash and money market accounts with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable, contracts and grants receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Organization’s mission.

The Organization maintains its cash in bank deposit accounts which exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022, and December 31, 2021, the Organization had approximately $24,421,000 and $18,948,000, respectively, in excess of FDIC-insured limits.

Adoption of Accounting Standards Codification Topic 842

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (Topic 842). The Organization elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022, the beginning of the adoption period, an operating right-of-use assets of $45,723,195, and an operating right of-use liabilities of $48,648,302, and net assets was reduced by $1,251,219. The adoption of the new standard did not materially impact the Organization's Statements of Activities or Statements of Cash Flows. See Note 6 for further disclosure of the Organization's lease contracts.

Subsequent Events

The Organization has evaluated subsequent events through May 23, 2023, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and cash equivalents	$ 25,520,972	$ 19,911,643
Accounts receivable	831,701	168,812
Contracts receivable	50,727	49,602
Grants receivable	81,790	4,483
	$ 26,485,190	$ 20,134,540

As part of a liquidity management plan, operating surplus funds may be invested in short-term investments as determined by executive management and the finance committee, subject to approval by the board of directors. Consideration for the investment of the Organization's funds is in the order of 1) security; then 2) liquidity; then 3) rate of return. At December 31, 2022 and 2021, the Organization's short-term investments, included in cash and cash equivalents, consisted of funds invested in savings and money market accounts, totaling $23,466,693 and $16,202,736, respectively.

Note 3 - Property and Equipment

Property and equipment consists of the following at December 31:

	2022	2021
Land	$ 4,680,000	$ 4,680,000
Leasehold improvements	2,396,399	944,032
Buildings	12,796,456	12,796,456
Office equipment, furniture and fixtures	8,377,045	7,511,735
Construction in progress	153,575	-
	28,403,475	25,932,223
Less accumulated depreciation and amortization	(9,226,601)	(8,308,705)
	$ 19,176,874	$ 17,623,518

Note 4 - Bonds Payable

Pursuant to a Limited Offering Memorandum (the LOM) dated November 13, 2015, and amended December 9, 2015, the Public Finance Authority of Madison, Wisconsin (the Authority) sold the Public Finance Authority Revenue Bonds (Goodwill Industries of Southern Nevada Project) Series 2015 (the Bonds) to an "accredited investor" or "Qualified Institutional Buyer". The proceeds from the Bonds were loaned to the Organization to finance the acquisition of retail and/or donation facilities located, or to be located, in Las Vegas, North Las Vegas or Henderson, Clark County, Nevada, to fund the bond reserve fund, to pay off the existing line of credit under customary terms and the term loan, and to pay certain issuance expenses of the Bonds.

The Bonds consisted of Series A sold for $19,024,145 and Series B sold for $2,351,943, both net of original issue discount and issuance costs. Series A is tax-exempt with $8,975,000 at an interest rate 5.50%, and $10,760,000 at an interest rate of 5.75%. Series B is taxable with $2,410,000 at an interest rate 5.25%.

Payment of principal and interest on the Bonds is guaranteed by a loan agreement which provides the Authority with rights and title to unrestricted gross revenues, receivables, inventory, receivables, and is secured by the Organization's real property. Interest on the Bonds is payable semi-annually on June 1 and December 1. Bonds payable at December 31, 2022 and 2021, net of unamortized bond issuance costs and discounts of $862,396 in 2022 and $895,671 in 2021, based on effective interest rates between 5.38% and 5.38%, totaled $19,797,877 and $20,099,685, respectively.

Future maturities of the bonds payable are as follows:

Years Ending December 31,	Bonds Payable
2023	$ 335,080
2024	615,794
2025	615,794
2026	615,794
2027	615,794
Thereafter	17,862,017
Less unamortized debt issuance costs	(603,690)
Unamortized bond discount	(258,706)
	$ 19,797,877

Note 5 - Leases

The Organization leases certain several retail and donation location, vehicles and office equipment under various long-term non-cancelable operating lease agreements. The leases expire at various dates through 2035. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases, subject to certain minimum increases. Also, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease, or if the implicit rate is not readily determinable from the lease, then the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease terms.

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The following table summarizes the supplementary operations and cash flow information for the year ended December 31, 2022:

Operations Items	
Operating lease cost	$ 5,895,666
Variable lease cost	264,833
Cash Flows Items	
Cash paid for amounts included in the measurement of lease liabilties	
Operating cash flows from operating leases	$ 5,441,541

The following summarizes the weighted-average remaining lease term and weighted-average discount rate as of December 31, 2022:

Weight-Average Information	
Weighted-average remaining lease term	
Operating leases	11.4 Years
Weighted-average discount rate	
Operating leases	1.84%

The future minimum lease payments under noncancelable operating leases are as follows as of December 31, 2022:

Future Minimum Lease Payments

Years Ending December 31,	Operating Leases
2023	$ 5,910,015
2024	5,411,865
2025	4,863,059
2026	4,683,535
2027	4,535,657
Thereafter	26,965,780
Total lease payments	52,369,911
Less interest	(5,209,282)
Present value of lease liabilities	$ 47,160,629

Future minimum payments determined under the guidance in Topic 840 are listed below as of December 31, 2021.

Years Ending December 31,	Operating Leases
2022	$ 5,099,175
2023	4,445,380
2024	3,777,910
2025	3,241,624
2026	2,771,370
Thereafter	13,199,928
Total minimum lease payments	$ 32,535,387

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2022	2021
Subject to expenditure for specified purpose		
Mission salaries and supportive services	$ 315,624	$ 459,558
Job placement, career readiness, training, recruitment and intake	84,645	100,000
Team coach salaries	250,000	28,997
	$ 650,269	$ 588,555

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions		
Mission salaries and supportive services	$ 695,999	$ 673,854
Job placement, career readiness, training, recruitment and intake	115,355	-
Team coach salaries	28,997	32,929
	$ 840,351	$ 706,783

Note 7 - Paycheck Protection Program

During the year ending December 31, 2020, the Organization was granted a $3,280,000 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. The Organization recognized $3,331,581 of PPP forgiveness revenue for the year ended December 31, 2021, which includes forgiven interest in the amount of $51,581.

Note 8 - Nevada Unemployment Insurance Forgiveness

On June 15, 2021, the State of Nevada finalized regulations providing relief for both Contributory and Reimbursable Employers' Unemployment Insurance (UI) benefit. Employers who reimburse Nevada Department of Employment, Training and Rehabilitation (DETR) dollar for dollar for any charges to their UI account, will not have to make payments for the second, third and fourth quarters of 2020, or the first and second quarters of 2021. During the year ended December 31, 2021, the Organization recorded a $335,919 benefit related to the UI which is presented as Nevada Unemployment Insurance relief in the statements of activities.

Note 9 - Revenue from Contracts with Customers

Revenue from contracts with customers regarding the sale of goods disaggregated by type, during the years ended December 31, 2022 and 2021 is as follows:

	2022	2021
Retail stores	$ 41,942,703	$ 38,516,650
E-commerce	3,167,571	2,725,128
Salvage	3,994,915	3,551,421
Purchased goods	1,260,106	1,078,906
Other	60,705	85,538
	$ 50,426,000	$ 45,957,643

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2022 and 2021:

	2022	2021
Deferred revenue, beginning of period	$ 139,025	$ 136,254
Increases in deferred revenue due to cash received during the period	19,924	150,000
Revenue recognized due to satisfied performance obligations	(131,019)	(147,229)
Deferred revenue, end of period	$ 27,930	$ 139,025

Deferred revenue is included in accrued expenses and other liabilities on the statements of financial position.

The following table provides the balances of contract receivables:

January 1, 2021	$	34,949
December 31, 2021		49,602
December 31, 2022		50,727

Note 10 - Related Party Transactions

During the years ended December 31, 2022 and 2021, board member contributions totaled $14,116 and $12,790, respectively.

The Organization operates under, and has the use of, the Goodwill name as allowed under an in-substance franchise license agreement with Goodwill Industries International, Inc. The agreement requires payment of dues based on sales and other specified factors. During the years ended December 31, 2022 and 2021, dues incurred to Goodwill Industries International, Inc. totaled $183,608 and $178,898, respectively and were included in membership fees on the statements of functional expenses.

Note 11 - Employee Retention Tax Credit (ERTC)

The Coronavirus Aid, Relief and Economic Security (CARES) Act provided an Employee Retention Tax Credit (ERTC) which is a refundable tax credit against certain employment taxes of up to $5,000 per employee for eligible employers. The ERTC is equal to 50% of qualified wages paid to employees, capped at $10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 (collectively the Acts) expanded the availability of the credit and extended the ERTC through December 31, 2021. On November 15, 2021, President Biden signed into law the Infrastructure Investment and Jobs Act which effectively eliminated the ERTC for the fourth quarter in 2021, except for Recovery Startup Businesses. Since the organization is not a Recovery Startup Business, they will only be eligible for the ERTC through September 30, 2021. The Acts increased the credit to 70% of qualified wages, capped at $10,000 per quarter, through 2021. As a result of the changes to the ERTC initiated through the Acts, the maximum credit per employee increased from $5,000 in 2020 to $7,000 in 2021. During the year ended December 31, 2021, the Organization recorded a $1,245,927 benefit related to the ERTC which is presented in the statement of activities. The Organization's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2026. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.