



**Davis Memorial Goodwill Industries  
(d/b/a Goodwill of Greater Washington)**

**Consolidated Financial Statements and Supplemental  
Information**

*For the Year Ended December 31, 2015*

*(With Summarized Financial Information for the Year Ended December 31, 2014)*



**and  
Report Thereon**



**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

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For the Year Ended December 31, 2015**

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*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Goodwill of Greater Washington and Subsidiaries

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Davis Memorial Goodwill Industries (d/b/a Goodwill of Greater Washington) (GGW) and subsidiaries Best Kept Buildings (BKB) and The Goodwill Excel Center Public Charter School (GEC) (collectively referred to as Goodwill), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 of 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 financial position of Goodwill of Greater Washington as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued**

## **Other Matters**

### *Report on Summarized Comparative Information*

We have previously audited Goodwill's 2014 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 29, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

### *Report on Consolidating Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 23 and 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Raffa, P.C.*

**Raffa, P.C.**

Washington, DC  
April 18, 2016

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**For the Year Ended December 31, 2015**

**(With Summarized Financial Information as of December 31, 2014)**

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,273,067	\$ 2,301,973
Accounts receivable	1,889,527	2,023,024
Inventory	599,302	538,123
Prepaid expenses and other	1,185,069	965,540
Investments	6,226,827	5,974,267
Investments – deferred compensation plan	277,205	223,732
Property and equipment, net	4,732,036	4,709,793
Deposits	402,854	290,142
	\$ 17,585,887	\$ 17,026,594
<b>TOTAL ASSETS</b>		
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,114,893	\$ 811,617
Accrued payroll and related liabilities	1,171,256	1,000,814
Deferred revenue and deposits	27,247	31,702
Capital lease obligations	295,433	383,621
Deferred rent	1,479,604	1,496,346
Deferred compensation liability	277,205	223,732
Note payable	1,158,236	1,304,962
	5,523,874	5,252,794
<b>TOTAL LIABILITIES</b>		
<b>Net Assets</b>		
Unrestricted	11,394,563	10,983,992
Temporarily restricted	259,665	326,000
Permanently restricted	407,785	463,808
	12,062,013	11,773,800
<b>TOTAL NET ASSETS</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	\$ 17,585,887	\$ 17,026,594

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

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2015  
(With Summarized Financial Information for the Year Ended December 31, 2014)**

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
<b>REVENUE AND SUPPORT</b>					
Revenue:					
Donated goods sales	\$ 28,449,762	\$ -	\$ -	\$ 28,449,762	\$ 25,607,297
Service contracts	10,446,357	-	-	10,446,357	9,918,428
Net investment income (loss)	(10,719)	(3,822)	-	(14,541)	256,798
Other income	261,239	-	-	261,239	6,010
<b>Total Revenue</b>	<b>39,146,639</b>	<b>(3,822)</b>	<b>-</b>	<b>39,142,817</b>	<b>35,788,533</b>
Support:					
Contributions – donated goods	7,388,347	-	-	7,388,347	6,165,692
Contributions – other	1,275,239	150,000	-	1,425,239	1,418,262
Grants and contracts	383,028	411,822	-	794,850	2,255,429
Legacies and bequests	13,577	-	-	13,577	452,388
Net assets released from restrictions:					
Satisfaction of purpose restrictions	624,335	(624,335)	-	-	-
Net asset reclassification (Note 12)	56,023	-	(56,023)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>48,887,188</b>	<b>(66,335)</b>	<b>(56,023)</b>	<b>48,764,830</b>	<b>46,080,304</b>
<b>EXPENSES</b>					
Program Services:					
Retail program	32,690,072	-	-	32,690,072	28,189,469
Service contracts	8,848,365	-	-	8,848,365	8,518,865
Workforce development	2,598,049	-	-	2,598,049	4,336,947
Education program	249,862	-	-	249,862	-
<b>Total Program Services</b>	<b>44,386,348</b>	<b>-</b>	<b>-</b>	<b>44,386,348</b>	<b>41,045,281</b>
Supporting Services:					
Management and general	3,195,746	-	-	3,195,746	2,722,874
Fundraising	894,523	-	-	894,523	1,084,348
<b>Total Supporting Services</b>	<b>4,090,269</b>	<b>-</b>	<b>-</b>	<b>4,090,269</b>	<b>3,807,222</b>
<b>TOTAL EXPENSES</b>	<b>48,476,617</b>	<b>-</b>	<b>-</b>	<b>48,476,617</b>	<b>44,852,503</b>
<b>CHANGE IN NET ASSETS</b>	<b>410,571</b>	<b>(66,335)</b>	<b>(56,023)</b>	<b>288,213</b>	<b>1,227,801</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>10,983,992</b>	<b>326,000</b>	<b>463,808</b>	<b>11,773,800</b>	<b>10,545,999</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 11,394,563</b>	<b>\$ 259,665</b>	<b>\$ 407,785</b>	<b>\$ 12,062,013</b>	<b>\$ 11,773,800</b>

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

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2015**  
**(With Summarized Financial Information for the Year Ended December 31, 2014)**

	Program Services				Supporting Services			2015 Total	2014 Total
	Retail Program	Service Contracts	Workforce Development	Education Program	Total Program Services	Management and General	Fundraising		
Salaries	\$ 12,553,873	\$ 5,389,675	\$ 1,450,462	\$ 96,144	\$ 19,490,154	\$ 1,420,705	\$ 447,627	\$ 21,358,486	\$ 19,488,330
Employee benefits	1,339,692	1,537,642	189,761	11,844	3,078,939	157,771	52,622	3,289,332	3,122,395
Payroll taxes	959,417	411,590	105,666	3,538	1,480,211	91,832	31,121	1,603,164	1,498,362
Subtotal	14,852,982	7,338,907	1,745,889	111,526	24,049,304	1,670,308	531,370	26,250,982	24,109,087
Cost of sales – donated goods	7,303,694	-	-	-	7,303,694	-	-	7,303,694	6,122,345
Occupancy	3,902,588	66,210	247,953	-	4,216,751	198,590	66,170	4,481,511	4,660,310
Utilities	1,187,736	9,751	64,073	-	1,261,560	29,247	9,745	1,300,552	1,243,854
Supplies	504,266	482,852	20,815	2,322	1,010,255	63,474	7,982	1,081,711	966,417
Depreciation and amortization	757,749	54,437	30,991	-	843,177	238,188	-	1,081,365	1,052,747
Professional fees	230,494	72,952	14,229	68,858	386,533	345,975	63,532	796,040	493,131
Auctions	710,169	-	-	-	710,169	-	-	710,169	531,535
Taxes, licenses and permits	502,449	14,320	58,833	1,689	577,291	28,728	9,694	615,713	639,863
Postage and shipping	561,544	3,154	1,409	148	566,255	6,606	36,177	609,038	325,894
Bank service charges	400,169	5,318	1,489	461	407,437	86,871	1,056	495,364	390,618
Other expenses	235,452	77,947	69,965	5,691	389,055	50,233	19,335	458,623	438,906
SourceAmerica commissions	-	388,244	-	-	388,244	-	-	388,244	366,943
Maintenance and repairs	303,332	14,894	19,456	15	337,697	19,236	4,892	361,825	282,873
Telephone	233,010	48,363	19,501	262	301,136	28,154	9,902	339,192	318,572
Subcontractors	93,932	114,427	91,500	-	299,859	-	-	299,859	829,343
Travel and vehicles	204,565	26,946	36,800	9,756	278,067	15,330	6,054	299,451	276,312
Insurance	164,037	37,415	11,304	7,188	219,944	40,312	3,868	264,124	277,872
Advertising	34,484	10,354	5,277	54	50,169	194,568	451	245,188	221,303
Cost of sales – purchased goods	240,745	-	-	-	240,745	-	-	240,745	268,339
Dues	57,775	14,050	54,913	64	126,802	55,164	41,719	223,685	227,506
Equipment rental and maintenance	106,868	62,701	15,166	129	184,864	13,849	10,935	209,648	193,457
Printing and publications	27,476	3,685	10,469	3,157	44,787	53,680	64,991	163,458	165,152
Special events	4,651	1,133	4,541	470	10,795	56,231	6,353	73,379	162,610
Interest	50,759	295	19,046	2	70,102	1,002	297	71,401	79,965
In-kind services	19,146	-	-	38,070	57,216	-	-	57,216	30,840
Stipends	-	10	54,430	-	54,440	-	-	54,440	146,056
Loss on disposal of property and equipment	-	-	-	-	-	-	-	-	30,653
<b>TOTAL EXPENSES</b>	<b>\$ 32,690,072</b>	<b>\$ 8,848,365</b>	<b>\$ 2,598,049</b>	<b>\$ 249,862</b>	<b>\$ 44,386,348</b>	<b>\$ 3,195,746</b>	<b>\$ 894,523</b>	<b>\$ 48,476,617</b>	<b>\$ 44,852,503</b>

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

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2015**

**(With Summarized Financial Information for the Year Ended December 31, 2014)  
Increase (Decrease) in Cash and Cash Equivalents**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 288,213	\$ 1,227,801
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,081,365	1,052,747
Unrealized losses on investments	260,682	825,141
Realized gains (losses) on investments	42,046	(762,814)
Gains (losses) on disposal of property and equipment	(1,952)	30,652
Changes in assets and liabilities:		
Accounts receivable	133,497	84,424
Inventory	(61,179)	(58,847)
Prepaid expenses and other	(219,529)	(69,485)
Deposits	(112,712)	(8,807)
Accounts payable and accrued expenses	303,276	(266,242)
Accrued payroll and related liabilities	170,442	(22,311)
Deferred revenue and deposits	(4,455)	22,625
Deferred rent	(16,742)	4,578
Deferred compensation liability	53,473	54,287
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>1,916,425</b>	<b>2,113,749</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	944,734	5,076,862
Purchases of investments	(1,553,495)	(5,974,065)
Proceeds from sales of property and equipment	8,805	4,450
Purchases of property and equipment	(1,110,461)	(855,708)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,710,417)</b>	<b>(1,748,461)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on note payable	(146,726)	(140,762)
Principal payments on capital lease obligations	(88,188)	(64,419)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(234,914)</b>	<b>(205,181)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(28,906)</b>	<b>160,107</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,301,973</b>	<b>2,141,866</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 2,273,067</b>	<b>\$ 2,301,973</b>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Interest paid	<b>\$ 71,401</b>	<b>\$ 79,965</b>
<b>NONCASH TRANSACTIONS</b>		
Property and equipment purchased under capital leases	<b>\$ -</b>	<b>\$ 91,050</b>

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



**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

Davis Memorial Goodwill Industries (d/b/a Goodwill of Greater Washington) (GGW) opened in Washington, DC, in 1935 as a provider of quality service programs to those in need with support and/or training necessary to assume a self-sufficient role in their community. Goodwill is a publicly supported organization exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3), except for unrelated business income. GGW's operations are financed primarily through fees earned from custodial contracts; income earned from the operation of contributed goods thrift shops; and contributions from private foundations, corporations and individuals.

GGW's wholly owned for-profit subsidiary, Best Kept Buildings (BKB), provides custodial and other services under commercial contracts. BKB was initially incorporated in 1994 and commenced its current business operations in 2004.

The Goodwill Excel Center Public Charter School (GEC) was formed on February 23, 2015. The goal of the school is to provide Washington, DC, adult residents the opportunity and support to earn a high school diploma and post-secondary education while developing career paths that present greater employment and career growth opportunities.

**Principles of Consolidation**

The consolidated financial statements include the accounts of GGW, BKB and GEC (collectively referred to as Goodwill). The organizations are consolidated due to there being common control and an economic interest, per accounting principles generally accepted in the United States of America (GAAP). All intercompany transactions and balances were eliminated.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared in accordance with GAAP. The consolidated financial statements are prepared using the accrual basis of accounting and include receivables and payables.

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with initial maturities of three months or less. Cash intended for investment purposes is included in investments.

**Accounts Receivable**

Goodwill uses the allowance method to record potentially uncollectible accounts receivable. As of December 31, 2015, all accounts receivable are deemed fully collectible.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Inventory**

Inventory consists of donated goods, salvage and new items. Donated goods are recorded in the accompanying consolidated financial statements at their estimated fair value using an inventory calculation model developed by Goodwill Industries International, Inc. The donated items require processing in preparation for retail sale. The costs related to this processing, and the turnover of donated goods inventory, is included as retail program expense in the accompanying consolidated statement of activities.

**Investments**

Investments consist of equity mutual funds, fixed-income mutual funds, exchange-trade equity funds, money market funds and a certificate of deposit. These investments are recorded in the accompanying consolidated financial statements at fair value. 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.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by comparison of fair value at the beginning and end of the reporting period.

**Fair Value Measurements**

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, Goodwill has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that Goodwill has the ability to access.

*Level 2* – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Fair Value Measurements (continued)**

*Level 3* – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management’s own assumptions about the assumptions a market participant would use in pricing the asset or liability.

As of and for the year ended December 31, 2015, only Goodwill’s investments, as described in Note 4 of these consolidated financial statements, were measured at fair value on a recurring basis.

**Property and Equipment and Related Depreciation and Amortization**

Property and equipment are carried at cost. Depreciation and amortization are recorded using the straight-line method in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives.

Buildings and improvements	5 to 20 years
Furniture and equipment	3 to 10 years
Software	3 to 10 years
Vehicles and transportation equipment	3 to 7 years

Leasehold improvements are amortized over the remaining life of the lease. Assets in process are stated at cost and are not depreciated until the assets are complete and put in service. Maintenance and repairs are expensed as incurred. Significant renewals and betterments are capitalized. At the time assets are retired or otherwise disposed of, the property and related accumulated depreciation and amortization accounts are relieved of the applicable amounts and any gain or loss is credited or charged to revenue and support.

**Net Assets**

The net assets of Goodwill are classified as follows:

- Unrestricted net assets represent funds that are available for support of Goodwill’s operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.
- Permanently restricted net assets represent amounts that include donor-imposed restrictions that stipulate that the resources be maintained in perpetuity and that only the investment earnings on such amounts be used in the manner specified by the donor.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue and Support Recognition**

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted revenue and support.

Conditional promises to give are not included as revenue and support until such time as the conditions are substantially met. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statement of activities as net assets released from restrictions.

Grants and contracts treated as exchange transactions are recorded as deferred revenue upon receipt and recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses.

Revenue from service contracts and grants and contracts are primarily related to fixed-price contracts with the federal government and other local agencies. Revenue from contracts is recognized based on billings, which approximate the percentage-of-completion method, with costs and estimated profit recorded as work is performed. Contract losses, if any, are accrued when their occurrence becomes known and the amount of the loss is reasonably determinable.

Revenue from the sale of inventory is recognized as donated goods sales revenue during the period in which the items are sold.

**In-Kind Contributions**

In-kind contributions represent the value of donated software and pro bono legal assistance. Donations are recorded based on their fair value at the date of donation and are included in management and general expenses in the accompanying statement of activities.

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying consolidated financial statements. Accordingly, costs have been allocated based upon the functions they directly benefit or upon management's estimates of the proportion of these costs applicable to each function.

**Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

2. Accounts Receivable

Accounts receivable consisted of the following as of December 31, 2015:

U.S. government prime contracts	\$ 1,311,300
Donated goods sales	198,051
Other	151,483
Grants and contracts	142,061
Commercial contracts	44,163
Contributions	<u>42,469</u>
Total	<u>\$ 1,889,527</u>
Billed receivables	\$ 1,670,555
Unbilled receivables	<u>218,972</u>
Total	<u>\$ 1,889,527</u>

3. Investments

Investments are stated at fair value and consisted of the following as of December 31, 2015:

Equity mutual funds	\$ 2,640,255
Fixed-income mutual funds	1,982,136
Exchange-traded equity funds	847,301
Money market funds	494,735
Certificate of deposit	<u>262,400</u>
Total Investments	<u>\$ 6,226,827</u>

The certificate of deposit serves as collateral for Goodwill's letter of credit (see Note 10).

Investments totaling \$277,205 are held in segregated accounts to fund Goodwill's deferred compensation obligation to certain key employees. These investments are recorded as investments – deferred compensation plan on the consolidated statement of financial position.

A summary of investment losses is as follows for the year ended December 31, 2015:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 269,532	\$ 18,655	\$ 288,187
Realized and unrealized losses	<u>(280,251)</u>	<u>(22,477)</u>	<u>(302,728)</u>
Total Investment Loss	<u>\$ (10,719)</u>	<u>\$ (3,822)</u>	<u>\$ (14,541)</u>

Continued

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

4. Fair Value Measurements

The following table summarizes Goodwill's investments measured at fair value on a recurring basis as of December 31, 2015:

	Total <u>Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equity mutual funds:				
Large value	\$ 1,057,870	\$ 1,057,870	\$ -	\$ -
Large growth	1,003,260	1,003,260	-	-
World stock	201,859	201,859	-	-
Small growth	132,636	132,636	-	-
Real estate	102,730	102,730	-	-
Mid-cap growth	72,843	72,843	-	-
Mid-cap value	69,057	69,057	-	-
Fixed-income mutual funds:				
Intermediate-term bonds	1,371,004	1,371,004	-	-
World bonds	219,620	219,620	-	-
Non-traditional bonds	198,595	198,595	-	-
Bank loans	192,917	192,917	-	-
Exchange-traded equity funds:				
Financial services –				
Europe stock	157,349	157,349	-	-
Large growth – foreign	123,470	123,470	-	-
Small value	121,269	121,269	-	-
Large value – foreign	111,834	111,834	-	-
Diversified emerging markets	88,844	88,844	-	-
Mid-cap growth	81,533	81,533	-	-
Consumer cyclical –				
Japan stock	80,218	80,218	-	-
Mid-cap value	79,440	79,440	-	-
NYSE	3,344	3,344	-	-
Money market funds	494,735	494,735	-	-
Certificate of deposit	<u>262,400</u>	<u>-</u>	<u>262,400</u>	<u>-</u>
Total Investments	<u>\$ 6,226,827</u>	<u>\$ 5,964,427</u>	<u>\$ 262,400</u>	<u>\$ -</u>

Continued

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

4. Fair Value Measurements (continued)

	<u>Total Fair Value</u>	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments – deferred compensation plan: Annuity contracts	<u>\$ 277,205</u>	<u>\$ -</u>	<u>\$ 277,205</u>	<u>\$ -</u>

*Equity and fixed-income mutual funds, exchange-traded equity funds, and money market funds* – Value derived from the net asset value of shares held at year-end and based on quoted market prices in active markets.

*Certificate of deposit* – Value determined using a survey from the dealer communities and obtaining dealer/broker quotes on a daily basis.

*Annuity contracts* – Value determined by discounting the related cash flows on current yields of similar investments with comparable duration, considering the credit worthiness of the issuer.

5. Property and Equipment and Accumulated Depreciation and Amortization

Goodwill held the following property and equipment as of December 31, 2015:

Buildings and improvements	\$ 4,020,682
Furniture and equipment	3,531,382
Leasehold improvements	2,498,515
Land	1,218,700
Vehicles and transportation equipment	666,630
Software	716,529
Assets in process	<u>349,029</u>
Total Property and Equipment	13,001,467
Less: Accumulated Depreciation and Amortization	<u>(8,269,431)</u>
Property and Equipment, Net	<u>\$ 4,732,036</u>

As of December 31, 2015, assets in process included costs related to improvements on leased space. Before the leased space can be occupied, a significant amount of improvements must occur to make the space usable, which Goodwill was currently in the process of performing.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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5. Property and Equipment and Accumulated Depreciation and Amortization (continued)

Similarly, for the software to be ready for operation, a significant amount of testing and training needed to be performed to place it in service. Accordingly, no depreciation or amortization expense is reported for these costs for the year ended December 31, 2015.

Depreciation and amortization expense totaled \$1,081,365 for the year ended December 31, 2015.

6. Capital Lease Obligations

Goodwill leases vehicles and copiers through capital leases. The leases expire at various dates through July 2020. The vehicles and copiers had a cost of \$482,405 and accumulated depreciation of \$211,229, as of December 31, 2015.

Future minimum lease payments are as follows:

<u>For the Year Ending December 31,</u>	
2016	\$ 107,979
2017	97,450
2018	76,392
2019	30,744
2020	<u>15,372</u>
Subtotal	327,937
Less: Portion Representing Interest	<u>(32,504)</u>
Total	<u>\$ 295,433</u>

7. Line of Credit

Goodwill has a \$2,500,000 revolving line of credit with SunTrust Bank that matures on June 30, 2016, and bears interest at a rate equal to the one-month London Interbank Offered Rate (LIBOR), Index Rate, plus 1.85% (which was 2.27% as of December 31, 2015). There was no interest expense on the line of credit for the year ended December 31, 2015. The line of credit is unsecured and requires Goodwill to comply with certain financial and nonfinancial covenants. As of December 31, 2015, Goodwill was in compliance with the loan covenants and there was no balance outstanding on the line of credit.



**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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8. Note Payable

On July 16, 2012, Goodwill entered into a \$1,623,664 debt agreement with SunTrust Bank to refinance its existing debt agreement and reduce its interest rate to 4.1%. The note requires monthly interest and principal payments of \$16,516 through August 1, 2022, at which time the principal balance will be paid in full. The note is secured by a deed of trust on Goodwill's real property and requires Goodwill to comply with, among other provisions, certain financial and nonfinancial covenants and restrictions on future borrowings. As of December 31, 2015, Goodwill was in compliance with the loan covenants and the outstanding balance on the note was \$1,158,236.

Scheduled payments of principal on the note are as follows:

<u>For the Year Ending December 31,</u>	
2016	\$ 152,810
2017	159,417
2018	166,172
2019	173,213
2020	180,552
Thereafter	<u>326,072</u>
Total	<u>\$ 1,158,236</u>

Interest expense related to this note totaled \$51,467 and is included in interest in the accompanying consolidated statement of functional expenses for the year ended December 31, 2015.

9. Lease Commitments

Goodwill leases store space and its administrative offices under several noncancelable leases, the last of which expires in December 2027. Certain of these leases include annual escalation clauses. Under GAAP, all fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying consolidated statement of financial position. In addition to annual rentals, several of the leases require that Goodwill pay the cost of insurance, a pro rata portion of real estate taxes and other operating expenses.

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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9. Lease Commitments (continued)

Future minimum lease payments under these leases are as follows:

For the Year Ending December 31,	
2016	\$ 5,177,644
2017	5,667,871
2018	5,812,420
2019	5,519,138
2020	4,276,382
Thereafter	<u>14,083,989</u>
Total	<u>\$40,537,444</u>

Store and office rental expense totaled \$4,481,511 for the year ended December 31, 2015, and is recorded as occupancy expense in the accompanying consolidated statement of functional expenses.

10. Letter of Credit

As of December 31, 2015, Goodwill has a \$262,400 letter of credit from SunTrust Bank that is provided pursuant to a Guarantee and Suretyship Agreement for a workers compensation captive that Goodwill left in 2008 but that contains post-termination obligations that expire no later than 2017. This letter of credit renews annually in August and requires Goodwill to pay an annual fee equal to 1% of the outstanding balance.

11. Net Assets

Net assets consisted of the following as of December 31, 2015:

**Unrestricted Net Assets**

Unrestricted	<u>\$ 11,394,563</u>
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**Temporarily Restricted Net Assets**

Workforce development programs	<u>\$ 259,665</u>
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**Permanently Restricted Net Assets**

Permanently restricted net assets represent amounts invested in perpetuity, the income from which is available to support certain programs. Permanently restricted net assets consisted of the following endowment funds as of December 31, 2015:

National Library for the Blind (Etta J. Griffin Memorial Trust Fund)	\$ 218,484
Mabel J. Langhorne Fund	<u>189,301</u>
Total	<u>\$ 407,785</u>

Continued

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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12. Endowment Funds

Goodwill's endowment consists of two funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds, including funds restricted by the Board of Directors as a quasi-endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Board of Directors of Goodwill has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Goodwill classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the endowment fund's applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Goodwill in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, Goodwill considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund.
- The purposes of Goodwill and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources and the investment policy of Goodwill.

**Endowment Investment Policies**

Goodwill's investments are managed in accordance with the Board-adopted Statement of Investment Policy, Objectives, and Guidelines. The overall financial objective of Goodwill's investment portfolio is to preserve, without taking undue risk, the real (inflation-adjusted) purchasing power of the portfolio through investment in a balanced portfolio of equity securities, fixed-income securities and cash. In addition, it is the objective of the portfolio to provide sufficient unrestricted assets to ensure compliance with required lending covenants.

**Endowment Spending Policy**

Investment earnings on the permanent endowment are available to fund the operations of Goodwill. The investment earnings on the fund are considered to be appropriated for expenditure upon the approval of expenditures made in accordance with the Board of Directors' approval of the annual budget.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

12. Endowment Funds (continued)

**Funds with Deficiencies**

From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor requires Goodwill to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. As of December 31, 2015, a cumulative deficiency of \$3,822 was recorded as component of unrestricted net assets.

**Composition of Endowment Funds by Net Asset Category**

Goodwill's endowment net asset composition by fund type was as follows as of December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (3,822)	\$ -	\$ 407,785	\$ 403,963

Changes in endowment net assets were as follows for the year ended December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2015	\$ -	\$ -	\$ 463,808	\$ 463,808
Investment return:				
Investment income	-	18,655	-	18,655
Net depreciation (realized and unrealized)	(3,822)	(18,655)	-	(22,477)
Total investment return	(3,822)	-	-	(3,822)
Reclassification (a)	-	-	(56,023)	(56,023)
Appropriation for expenditure	-	-	-	-
Endowment net assets, December 31, 2015	\$ (3,822)	\$ -	\$ 407,785	\$ 403,963

(a) The Hazel and Karl Fenning Fund was established on April 14, 1960, with the proceeds to be used as designated by the Board of Trustees of Davis Memorial Goodwill Industries, with the preference that the funds be used towards the salary of one of the social workers. On November 5, 2014, Goodwill notified the Attorney General for the District of Columbia of its intent to release the restriction on the principal of the Hazel and Karl Fenning Fund, pursuant to Section 44.1635 of the District of Columbia's Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under UPMIFA, if certain criteria are met, 60 days after notification to the Attorney General, an institution may release or modify the restriction, in

**GOODWILL OF GREATER WASHINGTON  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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12. Endowment Funds (continued)

**Composition of Endowment Funds by Net Asset Category (continued)**

whole or part. On January 4, 2015 (60 days after notification to the Attorney General), Goodwill was permitted to release or modify the restriction. On February 10, 2015, the Attorney General affirmatively stated that it did not object to the release of the restriction.

**Permanently Restricted Net Assets**

The portion of perpetual endowment funds that are required to be retained permanently, either by explicit donor stipulation or by UPMIFA

\$ 407,785

13. Operating Lease Agreement and Membership Interests

On July 31, 2014, Goodwill entered into a ten-year operating lease agreement for building space located in Forestville, Maryland. In connection with the agreement, Goodwill was to issued (granted) up to a 17.55% non-voting subordinated ownership interest in Cryden Partners, LLC and Cryden Center, LLC (collectively the Cryden Center) subject to a vesting schedule. The Cryden Center is the owner of the property (the building space). The ownership interest was to issued and granted in accordance with the following schedule:

<u>Required Event</u>	<u>Ownership Interest</u>
December 31, 2014	8.77%
Upon exercise of first renewal option	4.34%
Upon exercise of second renewal option	4.34%

Goodwill was not required to make a capital contribution to the Cryden Center nor will it be required to do so in the future, based on the operating agreements. Goodwill also will not be allocated any losses for any tax year. Goodwill's interest in the Cryden Center may be forfeited, if there is a termination of the operating space lease agreement as a result of default by Goodwill or if the Cryden Center takes possession of the property by recapture as a result of Goodwill's default. For the year ended December 31, 2015, due to immateriality, no allocated income, deductions, credits and other items as it relates to its interest in the Cryden Center were recorded in the accompanying financial statements.

14. Significant Customers

During the year ended December 31, 2015, approximately 97% of service contracts income was earned through contracts with agencies of the federal government. Revenue from service contracts with federal agencies totaled \$10,148,440 for the year ended December 31, 2015.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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15. Support

**Donated Goods**

During the year ended December 31, 2015, Goodwill recognized support from contributed merchandise with an estimated fair value of \$7,388,347, of which \$524,302 is included in inventory at December 31, 2015, in the accompanying consolidated statement of financial position.

**Grants and Contracts**

In April 2013, Goodwill entered into a firm-fixed price contract with Washington Convention and Sports Authority (WCSA) in the amount of \$2,000,000 to provide workforce intermediary services as part of its Headquarters Hotel Job Training Program. The contract period was from April 2013 through December 2014. For the year ended December 31, 2014, Goodwill reported revenue of \$910,843 in grants and contracts and expenses of \$866,276 in Workforce Development program service expenses. No revenue or expenses are reported in the accompanying consolidated statement of activities for the year ended December 31, 2015, as the contract ended prior to 2015.

16. Retirement Plans

**Defined Contribution Plan**

Goodwill has a group tax-deferred annuity plan available for its employees. Participation is voluntary and contributions to the plan are funded by employee salary deductions and employer matching contributions. Employees may elect voluntary deferrals from salary by payroll deduction on a pre-tax basis up to the amount allowed by federal law. Plan contributions totaled \$174,513 for the year ended December 31, 2015, and are included in employee benefits in the accompanying consolidated statement of functional expenses.

**Deferred Compensation Plan**

Goodwill has a 457(b) deferred compensation plan (the Plan) covering highly compensated employees. The Plan is funded by employer matching contributions in accordance with regulations established under Section 457(b) of the IRC. The funds for the Plan are held in segregated accounts for each participant and are invested by the trustees, as directed by the plan participants and as permitted by the 457(b) eligible deferred compensation trust documents. As of December 31, 2015, deferred compensation payables totaled \$277,205 and are included in the accompanying statement of financial position and represent the cumulative amount of contributions to the Plan, as well as accumulated earnings and losses since the Plan's inception.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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17. Employment Contracts

Effective January 1, 2014, Goodwill entered into an employment contract with its President and Chief Executive Officer (CEO). The contract has an initial five-year term with an automatic renewal for successive five-year terms, unless notice is given by either party 60 days prior to the expiration date. The contract provides the President and CEO with an initial base salary and an annual incentive bonus of up to 20% of base salary, as well as a retention bonus, which is to be paid upon successful completion of the initial five-year term. Adjustments to the base salary and the awarding of the annual incentive bonus are subject to approval by the Board of Directors. In the event of termination without cause, the President and CEO will receive pay equal to twelve months of her base salary.

Effective July 1, 2014, Goodwill entered into employment contracts with certain key executive officers. The contracts have a three-year term. In the event of termination without cause, the key executive officers will receive pay equal to six months of their base salaries.

18. Income Taxes

GGW and GEC are publicly supported organizations exempt from federal income tax under IRC Section 501(c)(3), except for unrelated business income. For the year ended December 31, 2015, there was no substantial unrelated business income and, consequently, no provision for income taxes has been made.

BKB is subject to federal and state income taxes. At December 31, 2015, BKB had net operating loss carryforwards aggregating to approximately \$4,616,000. The loss carryforwards are available to offset taxable income and expire in 2025 through 2036. No deferred tax asset has been recorded for these cumulative net operating loss carryforwards, as management believes that the future taxable income required to realize such a deferred tax asset is uncertain at this time.

Goodwill performed an evaluation of uncertain tax positions for the year ended December 31, 2015, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. As of December 31, 2015, the statute of limitations for tax years 2012 through 2014 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Goodwill files tax returns. It is Goodwill's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2015, Goodwill had no accrual for interest and/or penalties.

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Year Ended December 31, 2015**

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19. Prior Year Summarized Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Goodwill's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

20. Reclassification

Certain 2014 amounts have been reclassified to conform to the 2015 consolidated financial statement presentation.

21. Subsequent Events

In preparing these consolidated financial statements, Goodwill has evaluated events and transactions for potential recognition or disclosure through April 18, 2016, the date the consolidated financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the consolidated financial statements.



**SUPPLEMENTAL INFORMATION**

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
December 31, 2015**

	Goodwill of Greater Washington	Best Kept Buildings	Goodwill Excel Center	Eliminations	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,073,105	\$ 47,163	\$ 152,799	\$ -	\$ 2,273,067
Accounts receivables	1,892,965	47,247	3,620	(54,305)	1,889,527
Intercompany receivable	4,741,113	-	-	(4,741,113)	-
Inventory	599,302	-	-	-	599,302
Prepaid expenses and other	1,177,358	1,126	6,585	-	1,185,069
Investments	6,226,827	-	-	-	6,226,827
Investments – deferred compensation plan	277,205	-	-	-	277,205
Property and equipment, net	4,569,352	231	162,453	-	4,732,036
Deposits	270,427	5,910	126,517	-	402,854
	<u>\$ 21,827,654</u>	<u>\$ 101,677</u>	<u>\$ 451,974</u>	<u>\$ (4,795,418)</u>	<u>\$ 17,585,887</u>
<b>TOTAL ASSETS</b>					
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities</b>					
Accounts payable and accrued expenses	\$ 971,512	\$ 14,580	\$ 183,106	\$ (54,305)	\$ 1,114,893
Intercompany payables	-	4,741,113	-	(4,741,113)	-
Accrued payroll and related liabilities	1,015,000	156,256	-	-	1,171,256
Deferred revenue and deposits	27,247	-	-	-	27,247
Capital lease obligations	295,433	-	-	-	295,433
Deferred rent	1,479,604	-	-	-	1,479,604
Deferred compensation liability	277,205	-	-	-	277,205
Note payable	1,158,236	-	-	-	1,158,236
	<u>5,224,237</u>	<u>4,911,949</u>	<u>183,106</u>	<u>(4,795,418)</u>	<u>5,523,874</u>
<b>TOTAL LIABILITIES</b>					
<b>Net Assets</b>					
Unrestricted	15,935,967	(4,810,272)	268,868	-	11,394,563
Temporarily restricted	259,665	-	-	-	259,665
Permanently restricted	407,785	-	-	-	407,785
	<u>16,603,417</u>	<u>(4,810,272)</u>	<u>268,868</u>	<u>-</u>	<u>12,062,013</u>
<b>TOTAL NET ASSETS</b>					
<b>TOTAL LIABILITIES AND NET ASSETS</b>					
	<u>\$ 21,827,654</u>	<u>\$ 101,677</u>	<u>\$ 451,974</u>	<u>\$ (4,795,418)</u>	<u>\$ 17,585,887</u>

**GOODWILL OF GREATER WASHINGTON  
AND SUBSIDIARIES**

**CONSOLIDATING STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2015**

	Goodwill of Greater Washington	Best Kept Buildings	Goodwill Excel Center	Eliminations	Total
<b>REVENUE AND SUPPORT</b>					
Revenue:					
Donated goods sales	\$ 28,449,762	\$ -	\$ -	\$ -	\$ 28,449,762
Service contracts	10,153,973	292,384	-	-	10,446,357
Net investment income (loss)	(14,541)	-	-	-	(14,541)
Contract service income	1,050,432	4,289,900	-	(5,340,332)	-
Other income	261,239	-	-	-	261,239
<b>Total Revenue</b>	<b>39,900,865</b>	<b>4,582,284</b>	<b>-</b>	<b>(5,340,332)</b>	<b>39,142,817</b>
Support:					
Contributions – donated goods	7,388,347	-	-	-	7,388,347
Contributions – other	1,387,169	-	378,070	(340,000)	1,425,239
Grants and contracts	574,850	-	220,000	-	794,850
Legacies and bequests	13,577	-	-	-	13,577
<b>TOTAL REVENUE AND SUPPORT</b>	<b>49,264,808</b>	<b>4,582,284</b>	<b>598,070</b>	<b>(5,680,332)</b>	<b>48,764,830</b>
<b>EXPENSES</b>					
Program Services:					
Retail program	32,890,855	4,015,650	-	(4,216,433)	32,690,072
Service contracts	8,484,281	388,425	-	(24,341)	8,848,365
Education program	498,160	-	329,202	(577,500)	249,862
Workforce development	2,598,049	-	-	-	2,598,049
<b>Total Program Services</b>	<b>44,471,345</b>	<b>4,404,075</b>	<b>329,202</b>	<b>(4,818,274)</b>	<b>44,386,348</b>
Supporting Services:					
Management and general	3,138,530	919,274	-	(862,058)	3,195,746
Fundraising	894,523	-	-	-	894,523
<b>Total Supporting Services</b>	<b>4,033,053</b>	<b>919,274</b>	<b>-</b>	<b>(862,058)</b>	<b>4,090,269</b>
<b>TOTAL EXPENSES</b>	<b>48,504,398</b>	<b>5,323,349</b>	<b>329,202</b>	<b>(5,680,332)</b>	<b>48,476,617</b>
<b>CHANGE IN NET ASSETS</b>	<b>760,410</b>	<b>(741,065)</b>	<b>268,868</b>	<b>-</b>	<b>288,213</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>15,843,007</b>	<b>(4,069,207)</b>	<b>-</b>	<b>-</b>	<b>11,773,800</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 16,603,417</b>	<b>\$ (4,810,272)</b>	<b>\$ 268,868</b>	<b>\$ -</b>	<b>\$ 12,062,013</b>