



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

**Consolidated Financial Statements and
Supplemental Information**

For the Year Ended December 31, 2016

(With Summarized Financial Information for the Year Ended December 31, 2015)



**and
Report Thereon**



**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

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For the Year Ended December 31, 2016**

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

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, 2016, 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 as of December 31, 2016, 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 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 18, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, 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
May 8, 2017

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the Year Ended December 31, 2016
(With Summarized Financial Information as of December 31, 2015)**

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 1,727,530	\$ 2,273,067
Accounts receivable, net	1,629,107	1,889,527
Inventory	963,881	599,302
Prepaid expenses and other	1,466,449	1,185,069
Investments	6,294,492	6,226,827
Investments – deferred compensation plan	356,312	277,205
Property and equipment, net	7,680,623	4,732,036
Deposits	472,066	402,854
TOTAL ASSETS	\$ 20,590,460	\$ 17,585,887
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,078,108	\$ 1,114,893
Accrued payroll and related liabilities	1,446,807	1,171,256
Deferred revenue and deposits	423,879	27,247
Capital lease obligations	202,485	295,433
Deferred rent	3,585,293	1,479,604
Deferred compensation liability	356,312	277,205
Note payable	1,005,427	1,158,236
TOTAL LIABILITIES	8,098,311	5,523,874
Net Assets		
Unrestricted	11,504,364	11,394,563
Temporarily restricted	580,000	259,665
Permanently restricted	407,785	407,785
TOTAL NET ASSETS	12,492,149	12,062,013
TOTAL LIABILITIES AND NET ASSETS	\$ 20,590,460	\$ 17,585,887

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, 2016**

(With Summarized Financial Information for the Year Ended December 31, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
REVENUE AND SUPPORT					
Revenue:					
Donated goods sales	\$ 31,978,512	\$ -	\$ -	\$ 31,978,512	\$ 28,449,762
Service contracts	10,338,999	-	-	10,338,999	10,446,357
Net investment income (loss)	336,394	23,223	-	359,617	(14,541)
Other income	60,359	-	-	60,359	261,239
Total Revenue	42,714,264	23,223	-	42,737,487	39,142,817
Support:					
Contributions – donated goods	9,009,096	-	-	9,009,096	7,388,347
Per pupil funding	2,924,428	-	-	2,924,428	-
Grants	1,901,598	-	-	1,901,598	794,850
Contributions – other	343,706	847,777	-	1,191,483	1,425,239
Legacies and bequests	110,901	-	-	110,901	13,577
Net assets released from restrictions:					
Satisfaction of purpose restrictions	550,665	(550,665)	-	-	-
TOTAL REVENUE AND SUPPORT	57,554,658	320,335	-	57,874,993	48,764,830
EXPENSES					
Program Services:					
Retail program	38,516,745	-	-	38,516,745	32,690,072
Service contracts	8,540,412	-	-	8,540,412	8,848,365
Education program	3,391,930	-	-	3,391,930	249,862
Workforce development	2,724,867	-	-	2,724,867	2,598,049
Total Program Services	53,173,954	-	-	53,173,954	44,386,348
Supporting Services:					
Management and general	3,370,356	-	-	3,370,356	3,195,746
Fundraising	900,547	-	-	900,547	894,523
Total Supporting Services	4,270,903	-	-	4,270,903	4,090,269
TOTAL EXPENSES	57,444,857	-	-	57,444,857	48,476,617
CHANGE IN NET ASSETS	109,801	320,335	-	430,136	288,213
NET ASSETS, BEGINNING OF YEAR	11,394,563	259,665	407,785	12,062,013	11,773,800
NET ASSETS, END OF YEAR	\$ 11,504,364	\$ 580,000	\$ 407,785	\$ 12,492,149	\$ 12,062,013

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, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)**

	Program Services				Supporting Services		2016 Total	2015 Total	
	Retail Program	Service Contracts	Workforce Development	Education Program	Total Program Services	Management and General			Fundraising
Personnel expenses:									
Salaries	\$ 14,956,722	\$ 5,288,373	\$ 1,487,125	\$ 1,445,010	\$ 23,177,230	\$ 1,550,634	\$ 491,012	\$ 25,218,876	\$ 21,358,486
Employee benefits	1,542,713	1,552,422	201,406	45,293	3,341,834	187,969	64,837	3,594,640	3,289,332
Payroll taxes	1,182,210	420,629	111,027	17,220	1,731,086	104,703	35,779	1,871,568	1,603,164
Total Personnel Expenses	17,681,645	7,261,424	1,799,558	1,507,523	28,250,150	1,843,306	591,628	30,685,084	26,250,982
Cost of sales – donated goods	8,606,539	-	-	-	8,606,539	-	-	8,606,539	7,303,694
Occupancy	5,971,248	70,924	303,983	741,943	7,088,098	212,732	70,882	7,371,712	5,657,578
Depreciation and amortization	764,271	39,897	58,047	145,745	1,007,960	279,797	-	1,287,757	1,081,365
Supplies	529,082	444,943	25,615	64,902	1,064,542	46,767	5,660	1,116,969	1,081,711
Utilities	805,467	9,117	47,748	34,781	897,113	27,345	9,111	933,569	695,636
Auctions	812,776	-	-	-	812,776	-	-	812,776	710,169
Other expenses	237,608	63,115	98,377	339,951	739,051	51,126	18,412	808,589	458,623
Professional fees	193,835	34,009	16,302	118,481	362,627	338,760	50,980	752,367	796,040
Postage and shipping	719,099	3,448	1,089	1,065	724,701	9,277	15,554	749,532	609,038
Bank service charges	490,659	4,407	1,324	2,266	498,656	43,391	3,773	545,820	495,364
Telephone	245,482	48,586	25,945	33,376	353,389	28,071	10,662	392,122	339,192
SourceAmerica commissions	-	384,840	-	-	384,840	-	-	384,840	388,244
Advertising	30,882	8,575	2,159	115,157	156,773	207,750	690	365,213	245,188
Dues	28,069	12,563	50,612	93,832	185,076	73,730	38,499	297,305	223,685
Maintenance and repairs	217,868	6,823	30,154	1,619	256,464	12,772	4,204	273,440	326,312
Insurance	167,259	28,288	9,514	29,197	234,258	31,746	3,249	269,253	264,124
Vehicles – rentals and maintenance	232,518	15,174	-	-	247,692	4,224	-	251,916	186,485
Subcontractors	68,933	30,156	135,329	-	234,418	10,414	-	244,832	299,859
Cost of sales – purchased goods	232,509	-	-	-	232,509	-	-	232,509	240,745
Printing and publications	45,014	5,230	18,002	25,696	93,942	41,347	44,502	179,791	163,458
Bad debt	174,640	-	-	-	174,640	-	-	174,640	-
Software maintenance	71,451	17,343	21,214	24,182	134,190	7,753	9,208	151,151	116,558
Travel	48,766	7,342	27,005	32,252	115,365	15,181	7,636	138,182	151,819
Equipment rental and maintenance	63,943	37,978	68	396	102,385	6,984	1,537	110,906	93,090
Stipends	-	-	27,296	79,291	106,587	-	-	106,587	54,440
Special events	2,898	1,338	5,573	-	9,809	56,013	10,526	76,348	73,379
Interest	41,426	163	16,792	-	58,381	490	163	59,034	71,401
Taxes, licenses and permits	32,858	4,729	3,161	275	41,023	5,140	3,671	49,834	41,222
In-kind services	-	-	-	-	-	9,572	-	9,572	57,216
Loss on disposal of property and equipment	-	-	-	-	-	6,668	-	6,668	-
TOTAL EXPENSES	\$ 38,516,745	\$ 8,540,412	\$ 2,724,867	\$ 3,391,930	\$ 53,173,954	\$ 3,370,356	\$ 900,547	\$ 57,444,857	\$ 48,476,617

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, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)
Increase (Decrease) in Cash and Cash Equivalents**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 430,136	\$ 288,213
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,287,757	1,081,365
Unrealized losses (gains) on investments	(307,099)	260,682
Realized losses on sales of investments	104,846	42,046
Losses (gains) on disposal of property and equipment	6,668	(1,952)
Changes in assets and liabilities:		
Accounts receivable	260,420	133,497
Inventory	(364,579)	(61,179)
Prepaid expenses and other	(281,379)	(219,529)
Deposits	(69,212)	(112,712)
Accounts payable and accrued expenses	(36,786)	303,276
Accrued payroll and related liabilities	275,551	170,442
Deferred revenue and deposits	396,632	(4,455)
Deferred rent	832,989	(16,742)
Deferred compensation liability	79,107	53,473
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,615,051	1,916,425
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	2,414,741	944,734
Purchases of investments	(2,352,867)	(1,553,495)
Proceeds from sales of property and equipment	175	8,805
Purchases of property and equipment	(2,976,880)	(1,110,461)
NET CASH USED IN INVESTING ACTIVITIES	(2,914,831)	(1,710,417)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	(152,809)	(146,726)
Principal payments on capital lease obligations	(92,948)	(88,188)
NET CASH USED IN FINANCING ACTIVITIES	(245,757)	(234,914)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(545,537)	(28,906)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,273,067	2,301,973
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,727,530	\$ 2,273,067
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 59,034	\$ 71,401
NONCASH TRANSACTIONS		
Noncash investing activities:		
Leasehold improvements acquired in operating lease	\$ 1,272,700	-
Deferred lease incentive included in operating lease	(1,272,700)	-
	\$ -	\$ -

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, 2016**

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 are eliminated in consolidation.

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.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

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

Inventory

Inventory consists of donated goods 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 exchange-trade equity funds, equity mutual funds, fixed-income mutual 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 Measurement

In accordance with the accounting standards for fair value measurement 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.

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.

Continued

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

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

Fair Value Measurement (continued)

As of and for the year ended December 31, 2016, only Goodwill's investments, as described in Notes 3 and 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.

Furniture and equipment	3 to 10 years
Buildings and improvements	5 to 20 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.

Revenue and Support Recognition

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

Revenue from service contracts and grants is 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.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

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

Revenue and Support Recognition (continued)

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.

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. 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.

Per Pupil Funding

Per pupil funding represents the per pupil student allocation and facility allowance from the District of Columbia, as well as federal entitlement funding, to cover the cost of academic expenses. Revenue is recognized ratably over the academic year. Unearned funding is recognized as deferred revenue in the accompanying consolidated statements of financial position until earned.

In-Kind Contributions

In-kind contributions represent the value of pro bono legal assistance. Donations are recorded based on their fair value at the date of donation and are included in contributions – other and 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 may differ from those estimates.

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

2. Accounts Receivable

Accounts receivable consisted of the following as of December 31, 2016:

U.S. government prime contracts	\$ 986,227
Contributions	262,300
Donated goods sales	383,926
Workforce development grants	84,337
Commercial contracts	62,451
Other	<u>24,506</u>
Total Accounts Receivable	1,803,747
Less: Allowance of Doubtful Accounts	<u>(174,640)</u>
Accounts Receivable, Net	<u>\$ 1,629,107</u>
Billed receivables	\$ 1,356,214
Unbilled receivables	<u>272,893</u>
Accounts Receivable, Net	<u>\$ 1,629,107</u>

All receivables are anticipated to be received within one year.

3. Investments

Investments are stated at fair value and consisted of the following as of December 31, 2016:

Exchange-traded equity funds	\$ 2,048,455
Fixed-income mutual funds	2,027,279
Equity mutual funds	1,648,082
Money market funds	308,276
Certificate of deposit	<u>262,400</u>
Total Investments	<u>\$ 6,294,492</u>

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

Investments totaling \$356,312 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 income is as follows for the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Total
Interest and dividends	\$ 148,632	\$ 8,732	\$ 157,364
Realized and unrealized gains	<u>187,762</u>	<u>14,491</u>	<u>202,253</u>
Total Investment Income	<u>\$ 336,394</u>	<u>\$ 23,223</u>	<u>\$ 359,617</u>

Continued

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

4. Fair Value Measurement

The following table summarizes Goodwill's investments measured at fair value on a recurring basis as of December 31, 2016:

	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:				
Exchange-traded equity funds:				
NYSE	\$ 406,492	\$ 406,492	\$ -	\$ -
Large growth	298,021	298,021	-	-
Large value – foreign	185,267	185,267	-	-
Large value	184,625	184,625	-	-
Mid-cap value	173,005	173,005	-	-
Mid-cap growth	164,979	164,979	-	-
Small value	158,666	158,666	-	-
Financial services –				
Europe stock	156,229	156,229	-	-
Large growth – foreign	118,527	118,527	-	-
Real estate investment trust	104,896	104,896	-	-
Diversified emerging markets	97,748	97,748	-	-
Fixed-income mutual funds:				
Intermediate-term bonds	1,594,611	1,594,611	-	-
World bonds	230,464	230,464	-	-
Non-traditional bonds	202,204	202,204	-	-
Equity mutual funds:				
Large value	768,741	768,741	-	-
Large growth	519,291	519,291	-	-
World stock	212,280	212,280	-	-
Small growth	147,770	147,770	-	-
Money market funds	308,276	308,276	-	-
Certificate of deposit	<u>262,400</u>	<u>-</u>	<u>262,400</u>	<u>-</u>
Total Investments	<u>\$ 6,294,492</u>	<u>\$ 6,032,092</u>	<u>\$ 262,400</u>	<u>\$ -</u>

**GOODWILL OF GREATER WASHINGTON
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

4. Fair Value Measurement (continued)

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments – deferred compensation plan:				
Annuity contracts	<u>\$ 356,312</u>	<u>\$ -</u>	<u>\$ 356,312</u>	<u>\$ -</u>

Exchange-traded equity funds, fixed-income and equity mutual 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 creditworthiness of the issuer.

5. Property and Equipment and Accumulated Depreciation and Amortization

Goodwill held the following property and equipment as of December 31, 2016:

Leasehold improvements	\$ 5,049,845
Furniture and equipment	4,819,475
Buildings and improvements	4,426,449
Land	1,218,700
Software	907,080
Vehicles and transportation equipment	666,630
Assets in process	<u>139,253</u>
Total Property and Equipment	17,227,432
Less: Accumulated Depreciation and Amortization	<u>(9,546,809)</u>
Property and Equipment, Net	<u>\$ 7,680,623</u>

As of December 31, 2016, 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. Accordingly, no depreciation or amortization expense is reported for these costs for the year ended December 31, 2016.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

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

Depreciation and amortization expense totaled \$1,287,757 for the year ended December 31, 2016.

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 \$302,652, as of December 31, 2016.

Future minimum lease payments are as follows:

<u>For the Year Ending December 31,</u>	
2017	\$ 97,450
2018	76,392
2019	30,744
2020	<u>15,372</u>
Subtotal	219,958
Less: Portion Representing Interest	<u>(17,473)</u>
Total	<u>\$ 202,485</u>

Interest expense related to capital lease totaled \$13,650 and is included in interest in the accompanying consolidated statement of functional expenses for the year ended December 31, 2016.

7. Line of Credit

Goodwill has a \$2,500,000 revolving line of credit with SunTrust Bank that matures on June 30, 2017, and bears interest at a rate equal to the one-month London Interbank Offered Rate (LIBOR) Index Rate, plus 1.85% (which was 2.46% as of December 31, 2016). There were no borrowings, repayments and interest expense on the line of credit for the year ended December 31, 2016. The line of credit is unsecured and requires Goodwill to comply with certain financial and nonfinancial covenants. As of December 31, 2016, Goodwill was in compliance with the loan covenants and there was no balance outstanding on the line of credit.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

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, 2016, Goodwill was in compliance with the loan covenants and the outstanding balance on the note was \$1,005,427.

Scheduled payments of principal on the note are as follows:

<u>For the Year Ending December 31,</u>	
2017	\$ 159,417
2018	166,172
2019	173,213
2020	180,552
2021	188,202
Thereafter	<u>137,871</u>
Total	<u>\$ 1,005,427</u>

Interest expense related to this note totaled \$45,384 and is included in interest in the accompanying consolidated statement of functional expenses for the year ended December 31, 2016.

9. Commitments and Contingencies

Operating Leases

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, 2016**

9. Commitments and Contingencies (continued)

Operating Leases (continued)

Future minimum lease payments under these leases are as follows:

<u>For the Year Ending December 31,</u>	
2017	\$ 6,283,344
2018	6,644,094
2019	6,370,313
2020	5,061,852
2021	4,271,594
Thereafter	<u>10,831,856</u>
Total	<u>\$ 39,463,053</u>

Store and office rental expense totaled \$6,099,998 for the year ended December 31, 2016, and is included in occupancy expense in the accompanying consolidated statement of functional expenses.

Curriculum Licensing Agreement

On November 11, 2014, GGW entered into a Licensing and Services Agreement (the "Agreement") with Goodwill Education Initiatives, Inc. (GEI) for the use of GEI's intellectual property, educational expertise and other consulting services in connection with the operation of GEC. GGW sublicensed this agreement to GEC, and GEC must abide by all terms and conditions of this license agreement. Under the sublicense agreement with GGW, GEC was required to pay a start-up fee of \$50,000 to assist in the school opening, followed by annual fees.

Child Development Center

On June 17, 2016, GEC entered into an agreement with the Young Men's Christian Association of Metropolitan Washington (YMCA) to operate an on-site child development center at GEC's school building located in Washington, DC. The agreement is for two years beginning on July 1, 2016, and expires on June 30, 2018, with the option to extend the contract for up to three one-year extensions. Under the terms of the agreement, GEC is required to pay YMCA \$631,036 during the first year and \$649,967 during the second year of the term for its services. Effective January 1, 2017, the agreement was amended to reflect reduced service usage and related annual fees to \$548,343 for the first year and \$479,620 for the second year.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

10. Letter of Credit

As of December 31, 2016, 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 contains post-termination obligations that expire no later than September 30, 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, 2016:

Unrestricted Net Assets

Unrestricted	<u>\$ 11,504,364</u>
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Temporarily Restricted Net Assets

Workforce development programs	<u>\$ 580,000</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, 2016:

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>

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 Uniform Prudent Management of Institutional Funds Act (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

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

12. Endowment Funds (continued)

Interpretation of Relevant Law (continued)

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.

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 the Association 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, 2016, there were no deficiencies in the individual fund balances.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

12. Endowment Funds (continued)

Composition of Endowment Funds by Net Asset Category

Goodwill's endowment net asset composition by fund type was as follows as of December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 407,785	\$ 407,785

Changes in endowment net assets were as follows for the year ended December 31, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, January 1, 2016	\$ (3,822)	\$ -	\$ 407,785	\$ 403,963
Investment return:				
Investment income	1,437	7,296	-	8,733
Net appreciation (realized and unrealized)	2,385	12,105	-	14,490
Total investment return	3,822	19,401	-	23,223
Appropriation for expenditure	-	(19,401)	-	(19,401)
Endowment Net Assets, December 31, 2016	\$ -	-	\$ 407,785	\$ 407,785

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 granted up to a 17.55% nonvoting subordinated ownership interest in Cryden Partners, LLC

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

13. Operating Lease Agreement and Membership Interests (continued)

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 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, 2016, \$27,382 of allocated income, deductions, credits and other items, as it relates to Goodwill's interest in the Cryden Center, were recorded in the accompanying financial statements.

14. Significant Customers

During the year ended December 31, 2016, approximately 98% of service contracts income was earned through contracts with agencies of the federal government. Revenue from service contracts with federal agencies totaled \$10,089,398 for the year ended December 31, 2016.

15. Support

Donated Support

During the year ended December 31, 2016, Goodwill recognized support from contributed merchandise with an estimated fair value of \$9,009,096, of which \$926,859 is included in inventory at December 31, 2016, in the accompanying consolidated statement of financial position.

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 \$210,626 for the year ended December 31, 2016, and are included in employee benefits in the accompanying consolidated statement of functional expenses.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

16. Retirement Plans (continued)

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, 2016, deferred compensation payables totaled \$356,312 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.

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. Personnel Expenses

The increase in personnel expense from 2015 to 2016 is in part due to the hourly minimum wage increase at GW and BKB.

19. 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, 2016, there was no substantial unrelated business income and, consequently, no provision for income taxes has been made.

**GOODWILL OF GREATER WASHINGTON
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

19. Income Taxes (continued)

BKB is subject to federal and state income taxes. At December 31, 2016, BKB had net operating loss carryforwards aggregating to approximately \$5,297,083. The loss carryforwards are available to offset taxable income and expire in 2026 through 2037. 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 uncertainty in income taxes for the year ended December 31, 2016, 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, 2016, the statute of limitations for tax years 2013 through 2015 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 uncertainty in income taxes, if any, in income tax expense. As of December 31, 2016, Goodwill had no accrual for interest and/or penalties.

20. 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, 2015, from which the summarized information was derived.

21. Reclassification

Certain 2015 amounts have been reclassified to conform to the 2016 consolidated financial statement presentation.

22. Subsequent Events

In preparing these consolidated financial statements, Goodwill has evaluated events and transactions for potential recognition or disclosure through May 8, 2017, the date the consolidated financial statements were available to be issued. Except for the amendment of the agreement related to the child development center described in the Note 9, there were no other subsequent events that require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

**GOODWILL OF GREATER WASHINGTON
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**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2016**

	Goodwill of Greater Washington	Best Kept Buildings	Goodwill Excel Center	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 129,904	\$ 44,229	\$ 1,553,397	\$ -	\$ 1,727,530
Accounts receivables, net	1,666,733	65,541	-	(103,167)	1,629,107
Intercompany receivable	6,485,711	-	-	(6,485,711)	-
Inventory	963,881	-	-	-	963,881
Prepaid expenses and other	1,321,500	372	144,577	-	1,466,449
Investments	6,294,492	-	-	-	6,294,492
Investments – deferred compensation plan	356,312	-	-	-	356,312
Property and equipment, net	4,862,848	-	2,824,168	(6,393)	7,680,623
Deposits	282,291	-	189,775	-	472,066
	<u>\$ 22,363,672</u>	<u>\$ 110,142</u>	<u>\$ 4,711,917</u>	<u>\$ (6,595,271)</u>	<u>\$ 20,590,460</u>
TOTAL ASSETS					
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 802,682	\$ 23,387	\$ 355,206	\$ (103,167)	\$ 1,078,108
Intercompany payables	-	5,380,986	1,104,725	(6,485,711)	-
Accrued payroll and related liabilities	1,230,060	216,747	-	-	1,446,807
Deferred revenue and deposits	22,877	-	401,002	-	423,879
Capital lease obligations	202,485	-	-	-	202,485
Deferred rent	1,588,025	-	1,997,268	-	3,585,293
Deferred compensation liability	356,312	-	-	-	356,312
Note payable	1,005,427	-	-	-	1,005,427
	<u>5,207,868</u>	<u>5,621,120</u>	<u>3,858,201</u>	<u>(6,588,878)</u>	<u>8,098,311</u>
TOTAL LIABILITIES					
Net Assets					
Unrestricted	16,168,019	(5,510,978)	853,716	(6,393)	11,504,364
Temporarily restricted	580,000	-	-	-	580,000
Permanently restricted	407,785	-	-	-	407,785
	<u>17,155,804</u>	<u>(5,510,978)</u>	<u>853,716</u>	<u>(6,393)</u>	<u>12,492,149</u>
TOTAL NET ASSETS					
TOTAL LIABILITIES AND NET ASSETS					
	<u>\$ 22,363,672</u>	<u>\$ 110,142</u>	<u>\$ 4,711,917</u>	<u>\$ (6,595,271)</u>	<u>\$ 20,590,460</u>

**GOODWILL OF GREATER WASHINGTON
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**CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016**

	Goodwill of Greater Washington	Best Kept Buildings	Goodwill Excel Center	Eliminations	Total
REVENUE AND SUPPORT					
Revenue:					
Donated goods sales	\$ 31,978,512	\$ -	\$ -	\$ -	\$ 31,978,512
Service contracts	10,098,137	240,862	-	-	10,338,999
Net investment income	386,191	-	-	(26,574)	359,617
Contract service income	1,149,902	5,896,306	-	(7,046,208)	-
Other income	60,359	-	-	-	60,359
Total Revenue	43,673,101	6,137,168	-	(7,072,782)	42,737,487
Support:					
Contributions – donated goods	9,009,096	-	-	-	9,009,096
Per pupil funding	-	-	2,924,428	-	2,924,428
Grants	1,046,598	-	855,000	-	1,901,598
Contributions – other	1,112,610	-	78,873	-	1,191,483
Legacies and bequests	110,901	-	-	-	110,901
TOTAL REVENUE AND SUPPORT	54,952,306	6,137,168	3,858,301	(7,072,782)	57,874,993
EXPENSES					
Program Services:					
Retail program	38,787,106	5,502,376	-	(5,772,737)	38,516,745
Service contracts	8,284,292	342,126	-	(86,006)	8,540,412
Education program	426,160	-	2,965,770	-	3,391,930
Workforce development	2,724,867	-	-	-	2,724,867
Total Program Services	50,222,425	5,844,502	2,965,770	(5,858,743)	53,173,954
Supporting Services:					
Management and general	3,276,947	993,372	307,683	(1,207,646)	3,370,356
Fundraising	900,547	-	-	-	900,547
Total Supporting Services	4,177,494	993,372	307,683	(1,207,646)	4,270,903
TOTAL EXPENSES	54,399,919	6,837,874	3,273,453	(7,066,389)	57,444,857
CHANGE IN NET ASSETS	552,387	(700,706)	584,848	(6,393)	430,136
NET ASSETS, BEGINNING OF YEAR	16,603,417	(4,810,272)	268,868	-	12,062,013
NET ASSETS, END OF YEAR	\$ 17,155,804	\$ (5,510,978)	\$ 853,716	\$ (6,393)	\$ 12,492,149