



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

**Financial Statements
(Together with Independent Auditors' Report)**

Years Ended June 30, 2021 and 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.**

**FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)**

YEARS ENDED JUNE 30, 2021 AND 2020

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-18

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Goodwill Industries of Greater New York and Northern New Jersey, Inc. ("Goodwill"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Greater New York and Northern New Jersey, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth LLP

New York, NY
November 29, 2021

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020**

	2021	2020
ASSETS		
Cash and cash equivalents (Notes 2D and 15)	\$ 17,186,417	\$ 18,715,802
Accounts receivable, net (Notes 2F and 4)	11,143,906	10,668,617
Contributions receivable (Note 2F)	19,000	44,933
Note receivable (Note 5)	500,000	-
Inventory (Note 2G)	2,623,201	2,525,366
Prepaid expenses, deferred charges and other	799,691	1,637,819
Assets held for sale (Note 5)	-	1,779,801
Investments (Notes 2E, 2K, 6, and 12)	40,837,484	23,766,399
Security deposits	857,461	840,599
Property and equipment, net (Notes 2C and 5)	9,061,149	8,049,893
TOTAL ASSETS	\$ 83,028,309	\$ 68,029,229
LIABILITIES		
Accounts payable and accrued expenses (Note 16)	\$ 14,817,652	\$ 15,276,674
Payroll taxes payable	1,706,593	525,695
Accrued salaries	1,195,444	861,316
Accrued vacation	1,185,358	1,043,414
Deferred revenue/due to funding sources (Note 7)	4,250,859	5,729,482
Deferred rent (Note 2L)	2,875,280	1,364,266
Line of credit payable (Note 8)	5,000,000	5,000,000
Equipment loan payable (Note 10)	2,410,722	3,239,313
Paycheck Protection Program loan payable (Note 9)	10,000,000	-
Loan payable	-	20,422
TOTAL LIABILITIES	43,441,908	33,060,582
COMMITMENTS AND CONTINGENCIES (Note 14)		
NET ASSETS (Note 2B)		
Without donor restrictions:		
Operating	11,748,154	12,725,213
Board designated for endowment (Note 12)	26,426,138	21,402,097
Total without donor restrictions	38,174,292	34,127,310
With donor restrictions (Notes 11 and 12)	1,412,109	841,337
TOTAL NET ASSETS	39,586,401	34,968,647
TOTAL LIABILITIES AND NET ASSETS	\$ 83,028,309	\$ 68,029,229

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>For the Year Ended June 30, 2021</u>			<u>For the Year Ended June 30, 2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>
OPERATING REVENUES:						
Public Support:						
Contributions (Notes 2G, 2M, 2N)	\$ 668,197	\$ 400,000	\$ 1,068,197	\$ 646,344	\$ -	\$ 646,344
Bequests and legacies (Note 2H)	-	-	-	279,888	-	279,888
Contributed revenue - donated goods (Note 2G)	31,576,222	-	31,576,222	30,304,370	-	30,304,370
Net assets released from restrictions (Note 11)	39,786	(39,786)	-	-	-	-
Total Public Support	<u>32,284,205</u>	<u>360,214</u>	<u>32,644,419</u>	<u>31,230,602</u>	<u>-</u>	<u>31,230,602</u>
Governmental Support:						
Fees and grants from governmental agencies (Note 2N)	22,298,956	-	22,298,956	22,199,423	-	22,199,423
Total Governmental Support	<u>22,298,956</u>	<u>-</u>	<u>22,298,956</u>	<u>22,199,423</u>	<u>-</u>	<u>22,199,423</u>
Other Revenue:						
Industrial operations (Note 2O)	26,879,761	-	26,879,761	33,392,500	-	33,392,500
Tenant rent	-	-	-	828,970	-	828,970
Gain on sale of property and equipment (Note 5)	11,526,870	-	11,526,870	-	-	-
Gain on sale of interest in affiliate (Notes 1 and 6)	-	-	-	29,934,901	-	29,934,901
Endowment earnings appropriations (Note 12)	1,126,384	-	1,126,384	1,070,840	-	1,070,840
Other	667,336	-	667,336	223,473	-	223,473
Total Other Revenue	<u>40,200,351</u>	<u>-</u>	<u>40,200,351</u>	<u>65,450,684</u>	<u>-</u>	<u>65,450,684</u>
TOTAL OPERATING REVENUES	<u>94,783,512</u>	<u>360,214</u>	<u>95,143,726</u>	<u>118,880,709</u>	<u>-</u>	<u>118,880,709</u>
OPERATING EXPENSES: (Note 2I)						
Program Services						
Industrial operations	52,231,986	-	52,231,986	69,170,745	-	69,170,745
Rehabilitation and employment services	25,289,403	-	25,289,403	23,871,264	-	23,871,264
Housing	-	-	-	1,091,442	-	1,091,442
Supporting Services						
Management and administration	15,119,764	-	15,119,764	15,036,348	-	15,036,348
Other supporting services	1,074,233	-	1,074,233	125,522	-	125,522
Fundraising	534,171	-	534,171	652,804	-	652,804
TOTAL OPERATING EXPENSES	<u>94,249,557</u>	<u>-</u>	<u>94,249,557</u>	<u>109,948,125</u>	<u>-</u>	<u>109,948,125</u>
OPERATING INCOME	<u>533,955</u>	<u>360,214</u>	<u>894,169</u>	<u>8,932,584</u>	<u>-</u>	<u>8,932,584</u>
NONOPERATING INCOME (LOSS):						
Investment activity (Note 6)	5,024,041	210,558	5,234,599	(992,739)	-	(992,739)
Occupancy expense (below) above lease payments (Note 2L)	(1,511,014)	-	(1,511,014)	834,776	-	834,776
TOTAL NONOPERATING INCOME (LOSS)	<u>3,513,027</u>	<u>210,558</u>	<u>3,723,585</u>	<u>(157,963)</u>	<u>-</u>	<u>(157,963)</u>
CHANGES IN NET ASSETS	<u>4,046,982</u>	<u>570,772</u>	<u>4,617,754</u>	<u>8,774,621</u>	<u>-</u>	<u>8,774,621</u>
Net Assets - Beginning of Year	34,127,310	841,337	34,968,647	25,352,689	841,337	26,194,026
NET ASSETS - END OF YEAR	<u>\$ 38,174,292</u>	<u>\$ 1,412,109</u>	<u>\$ 39,586,401</u>	<u>\$ 34,127,310</u>	<u>\$ 841,337</u>	<u>\$ 34,968,647</u>

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)**

	For the Year Ended June 30, 2021								
	Program Services			Supporting Services					
	Industrial Operations	Rehabilitation and Employment Services	Total Program Services	Management and Administration	Other Supporting Services	Fundraising	Total Supporting Services	Total 2021	Total 2020
Salaries:									
Program participants	\$ 13,918,825	\$ -	\$ 13,918,825	\$ -	\$ -	\$ -	\$ -	\$ 13,918,825	\$ 18,810,854
Employees	11,930,562	13,820,091	25,750,653	4,390,754	-	277,824	4,668,578	30,419,231	36,615,471
Payroll taxes and benefits (Note 13)	<u>2,826,918</u>	<u>5,322,319</u>	<u>8,149,237</u>	<u>904,358</u>	<u>23,622</u>	<u>48,458</u>	<u>976,438</u>	<u>9,125,675</u>	<u>8,411,135</u>
Total Salaries and Related Costs	28,676,305	19,142,410	47,818,715	5,295,112	23,622	326,282	5,645,016	53,463,731	63,837,460
Occupancy (Notes 2L, 14B and 16)	16,407,664	2,894,237	19,301,901	4,735,269	30,849	7,313	4,773,431	24,075,332	24,734,394
Specific assistance to program participants	-	-	-	-	-	-	-	-	22,250
Purchased goods	97,463	-	97,463	-	-	-	-	97,463	377,032
Trucking services	2,055,055	-	2,055,055	-	-	-	-	2,055,055	2,466,766
Professional fees	738,497	958,519	1,697,016	3,496,125	304,114	169,702	3,969,941	5,666,957	5,609,800
Supplies	438,827	251,305	690,132	22,025	9,181	548	31,754	721,886	1,642,592
Communication	132,231	649,251	781,482	186,077	-	4,011	190,088	971,570	806,154
Postage and shipping	200,907	2,347	203,254	4,325	-	4,324	8,649	211,903	233,277
Insurance	1,074,673	130,155	1,204,828	90,444	-	-	90,444	1,295,272	1,263,899
Outside printing	8,192	4,214	12,406	8,519	-	3,898	12,417	24,823	136,187
Transportation (Note 14B)	160,937	39,681	200,618	127,203	-	1,231	128,434	329,052	490,127
Equipment maintenance and rental (Note 15B)	366,399	80,957	447,356	70,334	796	62	71,192	518,548	1,953,165
Membership dues/staff development	47,427	65,616	113,043	305,831	-	8,300	314,131	427,174	340,943
Client activities	-	514,850	514,850	45,667	-	-	45,667	560,517	817,523
Expensed equipment (Note 2C)	10,915	322,476	333,391	49,602	2,755	-	52,357	385,748	-
Bad debt	(2,639)	134,329	131,690	1,410	-	-	1,410	133,100	335,073
Interest	-	-	-	244,198	-	-	244,198	244,198	230,360
Depreciation and amortization (Note 2C)	1,272,461	190,077	1,462,538	444,276	704,852	300	1,149,428	2,611,966	3,045,332
Miscellaneous	<u>1,576,448</u>	<u>90,627</u>	<u>1,667,075</u>	<u>290,542</u>	<u>-</u>	<u>8,659</u>	<u>299,201</u>	<u>1,966,276</u>	<u>2,047,771</u>
TOTAL EXPENSES	53,261,762	25,471,051	78,732,813	15,416,959	1,076,169	534,630	17,027,758	95,760,571	110,390,105
Less: occupancy expense (below) above lease payments (Note 2L)	<u>1,029,776</u>	<u>181,648</u>	<u>1,211,424</u>	<u>297,195</u>	<u>1,936</u>	<u>459</u>	<u>299,590</u>	<u>1,511,014</u>	<u>(834,776)</u>
TOTAL OPERATING EXPENSES	<u>\$ 52,231,986</u>	<u>\$ 25,289,403</u>	<u>\$ 77,521,389</u>	<u>\$ 15,119,764</u>	<u>\$ 1,074,233</u>	<u>\$ 534,171</u>	<u>\$ 16,728,168</u>	<u>\$ 94,249,557</u>	<u>\$ 111,224,881</u>

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services						Supporting Services					Total
	Industrial Operations	Rehabilitation and Employment Services			Housing	Total Program Services	Management and Administration	Other Supporting Services	Fundraising	Total Supporting Services		
		Extended Rehabilitation	Others	Total								
Salaries:												
Program participants	\$ 18,532,988	\$ 113	\$ 277,753	\$ 277,866	\$ -	\$ 18,810,854	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,810,854
Employees	17,180,970	887	13,333,963	13,334,850	151,278	30,667,098	5,363,216	56,374	362,827	5,782,417	36,449,515	
Payroll taxes and benefits (Note 13)	3,102,094	233	4,160,731	4,160,964	92,653	7,355,711	896,139	4,595	62,037	962,771	8,318,482	
Total Salaries and Related Costs	38,816,052	1,233	17,772,447	17,773,680	243,931	56,833,663	6,259,355	60,969	424,864	6,745,188	63,578,851	
Occupancy (Notes 2L, 14B and 16)	18,462,703	5,587	2,863,845	2,869,432	240,590	21,572,725	2,998,162	4,607	63	3,002,832	24,575,557	
Specific assistance to program participants	-	-	22,250	22,250	-	22,250	-	-	-	-	22,250	
Purchased goods	377,032	-	-	-	-	377,032	-	-	-	-	377,032	
Trucking services	2,466,092	-	674	674	-	2,466,766	-	-	-	-	2,466,766	
Professional fees	1,350,207	-	664,179	664,179	132,316	2,146,702	3,044,389	6,966	160,495	3,211,850	5,358,552	
Supplies	1,153,036	133	271,334	271,467	59,253	1,483,756	93,975	172	5,436	99,583	1,583,339	
Communication	147,187	807	486,785	487,592	-	634,779	137,835	28,783	4,757	171,375	806,154	
Postage and shipping	204,925	-	14,892	14,892	-	219,817	11,362	129	1,969	13,460	233,277	
Insurance	932,700	138	98,684	98,822	89,707	1,121,229	48,126	4,774	63	52,963	1,174,192	
Outside printing	76,986	-	8,442	8,442	-	85,428	44,130	-	6,629	50,759	136,187	
Transportation (Note 14B)	315,943	83	122,616	122,699	-	438,642	46,198	481	4,806	51,485	490,127	
Equipment maintenance and rental (Note 16B)	787,766	554	380,687	381,241	154,902	1,323,909	455,236	14,560	4,558	474,354	1,798,263	
Membership dues/staff development	24,903	1	73,640	73,641	-	98,544	239,639	-	2,760	242,399	340,943	
Client activities	353	3	810,835	810,838	-	811,191	6,095	-	237	6,332	817,523	
Bad debt	-	-	-	-	-	-	260,673	-	-	260,673	260,673	
Interest	3,555	-	-	-	32,941	36,496	160,923	-	-	160,923	197,419	
Depreciation and amortization (Note 2C)	1,951,489	56	103,445	103,501	136,683	2,191,673	712,144	3,800	1,032	716,976	2,908,649	
Miscellaneous	1,469,894	-	67,574	67,574	1,119	1,538,587	413,759	114	35,135	449,008	1,987,595	
TOTAL EXPENSES BEFORE ELIMINATIONS	68,540,823	8,595	23,762,329	23,770,924	1,091,442	93,403,189	14,932,001	125,355	652,804	15,710,160	109,113,349	
Less: occupancy expense (below) above lease payments (Note 2L)	(629,922)	(167)	(100,173)	(100,340)	-	(730,262)	(104,347)	(167)	-	(104,514)	(834,776)	
TOTAL OPERATING EXPENSES	\$ 69,170,745	\$ 8,762	\$ 23,862,502	\$ 23,871,264	\$ 1,091,442	\$ 94,133,451	\$ 15,036,348	\$ 125,522	\$ 652,804	\$ 15,814,674	\$ 109,948,125	

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 4,617,754	\$ 8,774,621
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation and amortization	2,611,966	2,908,649
Realized gains on investment sales	(1,726,416)	(369,364)
Unrealized gains on investments	(4,329,878)	(755,153)
Gain on sale of property	(11,526,870)	-
Gain on sale of interest in affiliate	-	(29,934,901)
Bad debt	133,100	260,673
Subtotal	(10,220,344)	(19,115,475)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	(608,389)	32,028
Contributions receivable	25,933	(5,725)
Inventory	(97,835)	1,528,148
Prepaid expenses, deferred charges and other	838,128	250,222
Security deposits	(16,862)	(31,518)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(459,022)	3,924,121
Payroll taxes payable	1,180,898	(546,376)
Accrued salaries	334,128	(281,787)
Accrued vacation	141,944	(232,967)
Accrued mortgage interest	-	(183,387)
Deferred revenue/due to funding sources	(1,478,623)	1,285,228
Deferred rent	1,511,014	(834,776)
Net Cash Used in Operating Activities	(8,849,030)	(14,212,264)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Mortgage escrow withdrawal (deposit) - net	-	118,052
Property and equipment acquisitions	(3,623,222)	(5,722,739)
Proceeds from sale of property and equipment	12,806,671	-
Proceeds from sale of interest in affiliate	-	32,415,718
Reserve for replacement withdrawals	-	471,072
Investment purchases	(14,202,392)	(4,524,493)
Proceeds from sale of investments	3,187,601	4,953,518
Net Cash (Used In) Provided by Investing Activities	(1,831,342)	27,711,128
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayments of mortgages payable	-	(887,297)
Proceeds from line of credit	-	3,000,000
Proceeds from equipment loan payable	-	2,379,480
Repayments of equipment loan payable	(828,591)	(763,806)
Proceed from Paycheck Protection Program loan payable	10,000,000	-
Repayments of loan payable	(20,422)	(195,699)
Net Cash Provided by Financing Activities	9,150,987	3,532,678
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,529,385)	17,031,542
Cash and Cash Equivalents - Beginning of Year	18,715,802	1,684,260
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 17,186,417	\$ 18,715,802
Supplementary Disclosure of Cash Flow Information:		
Cash paid during the year for interest (excludes amounts subsidized)	\$ 244,198	\$ 164,478
Supplemental Disclosure of Non-cash Investing Activities:		
In November 2020, Goodwill sold a building with a net book value of \$1,779,801, and in exchange received cash proceeds and issued a \$500,000 note to the buyer.		

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

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 1—ORGANIZATION AND NATURE OF ACTIVITIES

Goodwill Industries of Greater New York and Northern New Jersey, Inc. (“Goodwill”) is organized under the Not-for-Profit Corporation Law of the State of New York. Goodwill has been granted exemption from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Goodwill provides comprehensive rehabilitation services to persons with emotional, developmental and/or physical disabilities, the economically disadvantaged, receiving its principal governmental support from federal, New York State and New York City sources. Goodwill also operates retail stores and donation centers throughout greater New York and northern New Jersey that generate funds used to support the services they provide.

Pursuant to a purchase and sale agreement dated July 1, 2019, and the approval of the United States Department of Housing and Urban Development (“HUD”) and the New York City Housing Development Corporation, Goodwill agreed to sell its membership interest in Goodwill Industries Housing Company, Inc. (“GIHC”) to an unrelated party. The sale closed for accounting purposes on December 23, 2019. The purchase price was \$35,000,000, and as a result of the sale, liabilities that were owed to HUD were satisfied at closing. Additionally, the assets and liabilities of GIHC were transferred to the buyer and after December 23, 2019 there is no further activity reflected for GIHC in these financial statements. Goodwill recognized a gain of approximately \$29 million. The remaining net deficit (equity) on December 23, 2019 of GIHC of \$533,637 resulted in a gain on GIHC to properly report the remaining net assets at \$0 upon transfer of all assets and liabilities of GIHC. As a result, the financial statements do not report GIHC as an affiliate and the financial statements no longer present consolidated results of operation or financial position.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Goodwill’s financial statements have been prepared on the accrual basis of accounting. Goodwill adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. Goodwill maintains its net assets under the following classes:
 - Without donor restrictions – represents resources available for support of Goodwill’s operations over which the Board of Directors has discretionary control.
 - With donor restrictions – represents assets resulting from contributions and other inflows of assets whose use by Goodwill is limited by donor-imposed stipulations, including donor-restricted endowment funds. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished, or endowment earnings are appropriated for operations), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.
- C. Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Goodwill capitalizes property and equipment with a cost of \$1,500 or more and a useful life of greater than two years. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the useful life of the asset or the remaining term of the lease. Certain purchases of equipment are expensed by Goodwill (rather than capitalized) because the cost of these items was reimbursed by governmental funding sources, where the contractual agreement specifies that title to these assets rests with the governmental funding source rather than Goodwill.
- D. Goodwill considers all highly liquid instruments with maturities of 90 days or less when acquired to be cash and cash equivalents, except for cash maintained in its investment portfolio. Tenant security deposits held are maintained in bank cash accounts and are not considered cash and cash equivalents for statement of cash flow purposes.
- E. Investments are recorded at fair value.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- F. Goodwill determines whether an allowance for doubtful accounts should be provided for accounts and contributions receivable. Such estimates are based on management's assessment of the aged basis of its government funding sources, current economic conditions, creditworthiness of tenants, government, customers, contributors and other sources and historical information. Contributions receivable that are expected to be collected in future years are recorded at their net present value (if materially less than the actual amount pledged) computed using the risk adjusted interest rate applicable to the year in which the contribution is made. As of June 30, 2021 and 2020, contributions receivable were expected to be collected within one year.
- G. During the years ended June 30, 2021 and 2020, Goodwill received contributed merchandise (clothing, etc.) with a fair value estimated to be \$31,576,222 and \$30,304,370, respectively. Goodwill reflects such contributed merchandise as contribution revenue in the accompanying financial statements. Goodwill reflects its industrial operations sales net of the aforementioned estimated amount of contributed goods. This merchandise requires program-related expenses/processes accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale. The fair value of the contributed merchandise is estimated at the retail sales value in excess of the processing costs. The contributed merchandise inventory is estimated by utilizing inventory turnover rates. Inventory consisted of contributed merchandise of \$2,623,201 and \$2,525,366 as of June 30, 2021 and 2020, respectively.
- H. Goodwill recognizes bequests and legacies when the proceeds are measurable and an irrevocable right to the proceeds has been established by Goodwill. Goodwill's policy is to designate bequests and legacies as Board designated net assets.
- I. The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited. The expenses that have been allocated include salaries and payroll taxes and benefits, which have been allocated based on estimates of time and effort, and occupancy, insurance, and depreciation and amortization, which are estimated using square footage estimates.
- J. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- K. Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 6.
- L. Goodwill leases real property under various leases through 2037. The difference between rental payments actually due under the lease and rent expense calculated on the straight-line basis for the years ended June 30, 2021 and 2020, amounted to \$1,511,014 and \$834,776, respectively, and is reflected in the accompanying statements of activities as occupancy expense (below) above lease payments. As of June 30, 2021 and 2020, a liability in the amount of \$2,875,280 and \$1,364,266, respectively, is reflected on the accompanying statements of financial position as deferred rent.
- M. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not included as contribution revenue until the conditions are substantially met.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- N. Goodwill recognizes contributions when cash, securities or other assets, an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of a return – are not recognized until the conditions on which they depend have been met.

Goodwill's revenue is derived from cost-reimbursable federal and state contracts, which are conditioned upon certain performance requirements and/or the incurrent of allowable qualifying expenses. Amounts received are recognized as revenue when Goodwill has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. Goodwill received cost-reimbursable grants of \$17,496,347 and \$26,369,655 that have not been recognized at June 30, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred, with an advance payment of \$4,250,859 and \$5,729,482 recognized in the statement of financial position as of June 30, 2021 and 2020, respectively, as deferred revenue.

- O. Goodwill recognizes retail store sales revenue at the point in time when consideration is transferred between Goodwill and the customer.

Goodwill derives revenue for the staffing of temporary workers under its GoodTemps program, where the transaction price is based on agreed upon rates with various employers. Revenue is recognized in the period that the labor is performed by the temporary workers.

- P. Certain line items in the June 30, 2020 financial statements have been reclassified to conform to the June 30, 2021 presentation. These changes had no impact on the change in net assets for the year ended June 30, 2020.

- Q. Goodwill has adopted Accounting Standards Update ("ASU") 2014-09 – *Revenue from Contracts with Customers* (Topic 606) for the year ended June 30, 2021. The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of services to customers in the amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The adoption of Topic 606 had no effect on the way Goodwill recognizes revenue.

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES

Goodwill regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Goodwill considers all expenditures related to its ongoing programs and supporting services to be general expenditures.

Goodwill's investment funds consist of Board-designated net assets and donor-restricted endowment funds. The endowment is not available for general expenditure, although there is an annual appropriation from the endowment funds for operations, as more fully described in Note 12. Goodwill also has a line of credit available, as more fully described in Note 8.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3—LIQUIDITY AND AVAILABILITY OF RESOURCES TO MEET GENERAL EXPENDITURES (Continued)

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 17,186,417	\$ 18,715,802
Accounts receivable	11,143,906	10,668,617
Contributions receivable	19,000	44,933
Investments	<u>40,837,484</u>	<u>23,766,399</u>
	69,186,807	53,195,751
Less: Donor-restricted net assets	(1,201,551)	(841,337)
Less: Board-designated net assets	<u>(26,636,696)</u>	<u>(21,402,097)</u>
Financial assets available for general expenditures	<u>\$ 41,348,560</u>	<u>\$ 30,952,317</u>

NOTE 4—ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Government Sources		
New York City Human Resources Administration	\$ 2,977,125	\$ 3,621,055
New York State Vocational and Educational Services for Individuals with Disabilities	40,402	41,360
New York City Department of Youth and Community Development	18,832	5,089
New York State Office for People with Developmental Disabilities	2,033,714	1,366,953
New York City Office of Mental Health	516,197	406,357
New York City Department of Health and Mental Hygiene	382,201	237,332
Other	449,400	970,700
Industrial operations and other:		
GoodTemps (a temporary staffing service for employers)	2,295,094	1,710,537
Others:		
Janitorial Services	666,072	208,453
New York State Industries for the Disabled	889,930	926,054
Salvage	-	559,485
Escrow - Due from Sale of Affiliate/Air Rights	1,000,000	715,000
Other receivables	486,675	410,736
Subtotal	<u>11,755,642</u>	<u>11,179,111</u>
Less: allowance for doubtful accounts	(611,736)	(510,494)
	<u>\$ 11,143,906</u>	<u>\$ 10,668,617</u>

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 5—PROPERTY AND EQUIPMENT

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

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Lives</u>
Equipment	\$ 26,109,103	\$ 23,776,326	3-10 years
Leasehold improvements	21,585,713	19,132,695	2-12 years
Transportation equipment	907,335	847,577	5 years
Construction-in-progress (see below)	364,686	1,587,017	-
Collection boxes	<u>145,042</u>	<u>145,042</u>	5 years
Total cost	49,111,879	45,488,657	
Less: accumulated depreciation and amortization	<u>(40,050,730)</u>	<u>(37,438,764)</u>	
Net book value	<u>\$ 9,061,149</u>	<u>\$ 8,049,893</u>	

Depreciation and amortization expense for the years ended June 30, 2021 and 2020, amounted to \$2,611,966 and \$3,045,322, respectively. Goodwill is involved in a variety of projects as of June 30, 2021, whereby Goodwill will incur additional costs subsequent to June 30, 2021.

During the year ended June 30, 2020, Goodwill entered into an agreement to sell a building in Astoria, NY for a purchase price of \$14.4 million. On November 2, 2020, the sale of the building was completed. The related property and equipment had been classified as assets held for sale on the accompanying statements of financial position as of June 30, 2020. The assets sold had an original cost of \$3,303,789, and associated depreciation of \$1,523,988. The gain recognized on the sale of \$11,526,870 is included as gain on sale of property and equipment in the accompanying statements of activities. As part of consideration for the sale Goodwill had received a \$500,000 note receivable. The note has a maturity date of November 23, 2023 and carries an interest rate of 0% unless payment is not made on the maturity date. If the payment is not made on the maturity date, then the entire principal amount will bear interest at an annual rate of 12%.

During the year ended June 30, 2020, Goodwill disposed of equipment with an original cost of \$446,610, and associated depreciation of \$230,596.

NOTE 6—INVESTMENTS

Investments consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Money market funds	\$ 3,491,176	\$ 1,821,266
Equities	27,786,944	11,944,813
Fixed income funds	4,586,271	4,460,652
Limited partnerships	<u>4,973,093</u>	<u>5,539,668</u>
	<u>\$ 40,837,484</u>	<u>\$ 23,766,399</u>

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

Investment activity (including endowment earnings appropriation of \$1,126,384 and \$1,070,840, respectively) consists of the following for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Realized gains on investment sales	\$ 1,726,416	\$ 369,364
Unrealized gains (losses) on investments	4,329,878	(755,153)
Interest and dividend income	373,990	509,542
Less: investment fees	<u>(69,301)</u>	<u>(45,652)</u>
	<u>\$ 6,360,983</u>	<u>\$ 78,101</u>

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6—INVESTMENTS (Continued)

The fair value hierarchy defines three levels as follows:

Level 1 – Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2 – Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3 – Valuations based on unobservable inputs are used when little or no market data is available. The hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, Goodwill utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value. Following is a description of the valuation methodologies used for assets measured at fair value.

Money market funds:

Money market funds are valued at the net asset value (“NAV”) at a constant \$1.00 per share.

Equities:

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

Fixed income mutual funds:

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

U.S. Treasury notes:

U.S. Treasury notes are valued at the closing price reported in the active market in which the individual securities are traded.

Limited partnerships:

Investments in limited partnerships are valued using NAV as a practical expedient.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 6—INVESTMENTS (Continued)

Financial assets carried at fair value at June 30, 2021, are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Assets Carried at Fair Value:		
Investments:		
Money market funds	\$ 3,491,176	\$ 3,491,176
Equities	27,786,944	27,786,944
Fixed income mutual funds	<u>4,586,271</u>	<u>4,586,271</u>
Subtotal	<u>\$ 35,864,391</u>	35,864,391
Investments measured using net asset value as a practical expedient		<u>4,973,093</u>
Total investments, at fair value		<u>\$ 40,837,484</u>

Financial assets carried at fair value at June 30, 2020, are classified in the table as follows:

	<u>Level 1</u>	<u>Total</u>
Assets Carried at Fair Value:		
Investments:		
Money market funds	\$ 1,821,266	\$ 1,821,266
Equities	11,944,813	11,944,813
Fixed income mutual funds	<u>4,460,652</u>	<u>4,460,652</u>
Subtotal	<u>\$ 18,226,731</u>	18,226,731
Investments measured using net asset value as a practical expedient		<u>5,539,668</u>
Total investments, at fair value		<u>\$ 23,766,399</u>

The following table summarizes investments for which fair value is measured using the net asset value per share practical expedient as of June 30, 2021 and 2020:

	<u>Fair Value at June 30, 2021</u>	<u>Fair Value at June 30, 2020</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Limited partnership	\$ 4,973,093	\$ 5,539,668	\$ -	Monthly	10 days

The investment objective of the partnership is to seek capital appreciation by investing primarily in equity securities (and securities convertible into equity securities) issued by non-U.S. issuers.

NOTE 7—DEFERRED REVENUE/DUE TO FUNDING SOURCES

Included in deferred revenue/due to funding sources as of June 30, 2021 and 2020, was a Community Support Program (“CSP”) Medicaid liability due to the New York State Office of Mental Health (“NYS OMH”) amounting to \$1,899,762.

The balance represents advances received from various funding sources under government grants for which Goodwill has not yet met the grant conditions or provided the services. In addition, it includes amounts due to government agencies for advances received during current and prior years. Such amounts will be recouped by the funding sources.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8—LINE OF CREDIT

Goodwill has a line of credit with a bank that has a maximum borrowing limit of \$5,000,000 and expires in April 2022. Interest charged by the bank is equal to the London Interbank Offering Rate (“LIBOR”) rate plus 1.60 percentage points (2.60% as of June 30, 2021). As of both June 30, 2021 and 2020, Goodwill has outstanding borrowings of \$5,000,000, respectively. The line of credit is secured by Goodwill’s investments. There was no outstanding balance as of November 29, 2021. The interest expense for the line of credit for the years ended June 30, 2021 and 2020, amounted to \$152,949 and \$57,945, respectively.

NOTE 9—LOAN PAYABLE

In March 2021, Goodwill applied for and received a Paycheck Protection Program (“PPP”) loan in the amount of \$10,000,000. The loan is funded by the Coronavirus Aid Relief and Economic Security (“CARES”) Act through Signature Bank (the “Lender”) and is to assist Goodwill in paying eligible payroll and other occupancy costs resulting from revenue losses due to COVID-19. The loan accrues interest at 1% and is due in full within five years of the date a loan number was assigned, March 25, 2021. If Goodwill meets the requirements under the CARES Act for forgiveness and is approved for forgiveness, no payments will be required for the loan. If Goodwill does not submit to the Lender a Loan Forgiveness Application within 10 months of the end of the Loan Forgiveness Covered Period, which is up to 24 weeks after the disbursement of the loan, they must pay principal and interest in monthly installments over the remaining term of the Loan, unless otherwise forgiven in whole or in part in accordance with PPP regulations.

NOTE 10—EQUIPMENT LOAN PAYABLE

During the year ended June 30, 2019, Goodwill obtained loans secured by their equipment. Goodwill obtained three additional loans during the year ended June 30, 2020. The loans are payable in monthly installments through December 2024 and bear interest at approximately four percent.

Future minimum loan payments for each of the years subsequent to June 30, 2021 were as follows:

2022	\$	830,328
2023		822,301
2024		641,761
2025		<u>116,332</u>
	\$	<u>2,410,722</u>

Interest expense for the years ended June 30, 2021 and 2020 was \$86,103 and \$99,179, respectively.

NOTE 11—NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Program services	\$ 51,549	\$ 51,459
Bridge to Technology	260,124	-
Unappropriated endowment earnings	210,558	-
Donor-restricted endowment corpus	<u>889,878</u>	<u>789,878</u>
	<u>\$ 1,412,109</u>	<u>\$ 841,337</u>

During the years ended June 30, 2021 and 2020, \$39,786 and \$0 of net assets with donor restrictions were released and transferred to the net assets without donor restrictions category by incurring costs which satisfied the restricted purposes, respectively.

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12—ENDOWMENT NET ASSETS

Endowment net assets consist of donor-restricted and Board designated endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. See Note 2B for details on how Goodwill maintains its net assets.

New York State adopted as law the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA creates a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings are reflected as net assets with donor restrictions until appropriated.

Goodwill’s Board of Directors has interpreted NYPMIFA as allowing Goodwill to appropriate for expenditure or accumulate so much of an endowment fund as Goodwill determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Goodwill has adopted investment and spending policies that attempt to achieve growth of both principal value and income over time sufficient to preserve or increase the purchasing power of the assets of endowed funds and to provide a predictable stream of funding for programs supported by its endowment and other board-designated commitments reflected in the annual operating budget. The investment policy adopted by the Board of Directors sets forth a quarterly withdrawal rate of 5% on the average quarterly closing fair market value of the previous 20 quarters.

The policy for valuing Goodwill’s investments is disclosed in Notes 2E and 2K. In accordance with U.S. GAAP, organizations are required to disclose any deterioration of the fair value of assets associated with donor-restricted endowment funds that fall below the level the donor requires the organization to retain in perpetuity. Goodwill has not incurred such deficiencies in its endowment funds as of June 30, 2021 and 2020.

Changes in endowment net assets for year ended June 30, 2021, are as follows:

	<u>Board Designated</u>	<u>Endowment Earnings</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity:				
Interest and dividends	\$ 360,678	\$ 13,312	\$ -	\$ 373,990
Realized gains	1,664,968	61,448	-	1,726,416
Unrealized gains	4,175,765	154,113	-	4,329,878
Investment fees	<u>(66,834)</u>	<u>(2,467)</u>	<u>-</u>	<u>(69,301)</u>
	6,134,577	226,406	-	6,360,983
Appropriated and transferred to board designated	15,848	(15,848)	-	-
Unappropriated endowment earnings	-	210,558	-	210,558
Contributions	-	-	100,000	100,000
Endowment earnings appropriation	<u>(1,126,384)</u>	<u>-</u>	<u>-</u>	<u>(1,126,384)</u>
Change in endowment net assets	5,234,599	210,558	100,000	5,545,157
Endowment net assets, beginning of year	<u>21,402,097</u>	<u>-</u>	<u>789,878</u>	<u>22,191,975</u>
Endowment net assets, end of year	<u>\$ 26,426,138</u>	<u>\$ 210,558</u>	<u>\$ 889,878</u>	<u>\$ 27,526,574</u>

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 12—ENDOWMENT NET ASSETS (Continued)

Changes in endowment net assets for year ended June 30, 2020, are as follows:

	<u>Board Designated</u>	<u>Endowment Corpus</u>	<u>Total</u>
Investment activity:			
Interest and dividends	\$ 492,221	\$ 17,321	\$ 509,542
Realized gains	356,808	12,556	369,364
Unrealized losses	(729,483)	(25,670)	(755,153)
Investment fees	<u>(44,100)</u>	<u>(1,552)</u>	<u>(45,652)</u>
	75,446	2,655	78,101
Appropriated and transferred to board designated	2,655	(2,655)	-
Contributions	279,888	-	279,888
Endowment earnings appropriation	<u>(1,070,840)</u>	<u>-</u>	<u>(1,070,840)</u>
Change in endowment net assets	(712,851)	-	(712,851)
Endowment net assets, beginning of year	<u>22,114,948</u>	<u>789,878</u>	<u>22,904,826</u>
Endowment net assets, end of year	<u>\$ 21,402,097</u>	<u>\$ 789,878</u>	<u>\$ 22,191,975</u>

Endowment net assets of \$27,526,574 and \$22,191,975 as of June 30, 2021 and 2020, respectively, are included in investments in the accompanying statements of financial position.

NOTE 13—PENSION PLANS

Goodwill has two pension plans covering all qualifying employees. The first plan is a qualified money purchase defined contribution pension plan covering all eligible employees. Employer contributions amounted to \$240,769 and \$189,409 for the years ended June 30, 2021 and 2020, respectively. The second plan is a 403(b) Plan that only provides for employee contributions.

NOTE 14—COMMITMENTS AND CONTINGENCIES

- A. Pursuant to Goodwill's contractual relationships with certain governmental funding sources, outside governmental agencies have the right to examine the books and records of Goodwill involving transactions relating to these contracts. The accompanying financial statements make no provision for possible disallowances or payback other than discussed in Note 7. In addition, certain agreements provide that some property and equipment, or portions thereof, either owned by or on loan to Goodwill must be utilized by Goodwill to continue owning and/or using these assets.
- B. Goodwill is obligated, pursuant to various lease agreements, to approximate future minimum annual rentals for real and personal property for each of the years subsequent to June 30, 2021 and thereafter, as follows:

2022	\$ 12,675,000
2023	10,725,000
2024	8,571,000
2025	7,278,000
2026	6,581,000
Thereafter	<u>41,283,000</u>
	<u>\$ 87,113,000</u>

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 14—COMMITMENTS AND CONTINGENCIES (Continued)

Rent expense for real property amounted to \$13,188,687 and \$16,278,019 for the years ended June 30, 2021 and 2020, respectively. Rent expense for personal property amounted to \$518,548 and \$1,273,611 for the years ended June 30, 2021 and 2020, respectively. Such amounts are included in occupancy, transportation and equipment maintenance and rental expenses in the accompanying financial statements. Goodwill is also obligated for certain other costs at some of the locations. In addition, under the terms of several of the leases, Goodwill is obligated to pay escalation rentals for certain operating expenses and real estate taxes.

After June 30, 2020, Goodwill renegotiated or terminated certain lease agreements as a result of the pandemic. The amounts shown in the future commitments table above represent the results of the new lease terms. Rent abatements totaled approximately \$1,500,000 and are included under occupancy in the statement of functional expenses for the year ended June 30, 2021.

- C. Goodwill is a defendant with respect to various claims involving accidents and other issues arising in the normal conduct of its business. Management and legal counsels believe the ultimate resolution of these claims will not have a material impact on the financial position and changes in net assets of Goodwill.
- D. Goodwill believes it has no uncertain tax positions as of June 30, 2021 and 2020, in accordance with Accounting Standards Codification (“ASC”) Topic 740 (“Income Taxes”), which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- E. The COVID-19 pandemic remains an evolving situation. The extent of the impact of COVID-19 on Goodwill’s business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the changing business environment, and other circumstances resulting from the COVID-19 pandemic, Goodwill is currently unable to fully determine the extent of COVID-19’s impact on its business in future periods. Its performance in future periods may be influenced by the timing, length, and intensity of the economic recoveries in the United States. Goodwill continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

NOTE 15—CONCENTRATIONS

Cash and cash equivalents that potentially subject Goodwill to a concentration of credit risk include cash accounts with various institutions that exceeded the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest bearing accounts are insured up to \$250,000 per depositor. As of June 30, 2021 and 2020, cash and cash equivalents held in one bank exceeded FDIC limits by approximately \$8,876,000 and \$901,000, respectively. Such excess excludes outstanding checks.

NOTE 16—RESTRUCTURING COSTS

During the years ended June 30, 2021 and 2020, Goodwill approved a plan to restructure certain components of its operations, which included consolidating program sites, closing some locations, and ending some programs. The following were the estimated accrued restructuring costs as of June 30:

	2021	2020
Occupancy	\$ 8,176,902	\$ 6,811,250
Severance pay	-	230,000
Other	-	44,104
	\$ 8,176,902	\$ 7,085,354

**GOODWILL INDUSTRIES OF GREATER NEW YORK AND
NORTHERN NEW JERSEY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 16—RESTRUCTURING COSTS (Continued)

Such amounts are reflected as accounts payable and accrued expenses on the accompanying statements of financial position. During the years ended June 30, 2021 and 2020, restructuring costs of \$3,727,764 and \$3,952,241, respectively, are reflected on the accompanying statements of functional expenses. Due to uncertainties in the settlement process, however, it is at least reasonably possible that management's estimates may change in the near term.

NOTE 17—SUBSEQUENT EVENTS

Management has evaluated events subsequent to the date of the statement of financial position through November 29, 2021, the date the financial statements were available to be issued.