

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Financial Statements
Years Ended December 31, 2024 and 2023

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Contents

Independent Auditor's Report	3-4
Consolidated Financial Statements	
Consolidated Statements of Financial Position as of December 31, 2024 and 2023	6
Consolidated Statements of Activities for the Years Ended December 31, 2024 and 2023	7
Consolidated Statements of Functional Expenses for the Years Ended December 31, 2024 and 2023	8-9
Consolidated Statements of Cash Flows for the Years Ended December 31, 2024 and 2023	10
Notes to Consolidated Financial Statements	11-33



Tel: 561-909-2100
Fax: 561-392-3265
www.bdo.com

225 NE Mizner Blvd, Suite 685
Boca Raton, FL 33432

Independent Auditor's Report

To the Board of Directors
Goodwill Industries of Southwest Florida, Inc. and Affiliate
Fort Myers, Florida

Opinion

We have audited the consolidated financial statements of Goodwill Industries of Southwest Florida, Inc. and Affiliate (the Organization) (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

BDO USA, P.C.

July 15, 2025

Consolidated Financial Statements

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Statements of Financial Position

<i>December 31,</i>	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,067,443	\$ 7,484,674
Investments at fair value	3,874,827	3,506,309
Certificates of deposit	1,346,300	2,859,894
Pledge receivable, net	1,000,000	-
Accounts and other receivables, net	269,835	267,071
Inventories - purchased goods	1,858,933	1,994,802
Inventories - donated goods	6,618,079	6,578,025
Prepaid expenses and other current assets	1,202,729	1,094,782
Total Current Assets	17,238,146	23,785,557
Note Receivable	1,150,000	1,150,000
Property and Equipment, Net	34,105,436	31,593,152
Properties Held for Sale	3,148,426	853,859
Pledge Receivable, Net	3,606,887	-
Operating Lease Right-of-Use Assets, Net	49,157,360	46,734,156
Deposits and Other Assets	248,553	262,151
Total Assets	\$ 108,654,808	\$ 104,378,875
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 2,268,425	\$ 1,338,359
Accrued expenses	2,129,951	2,684,366
Long-term debt, current portion	371,223	359,314
Operating lease liabilities, current portion	5,339,257	4,841,336
Total Current Liabilities	10,108,856	9,223,375
Security deposits	3,000	3,000
Construction loan	70,000	-
Long-term debt, net of current portion (net of debt issuance costs of \$29,354 and \$32,314, respectively)	3,917,194	4,285,457
Operating lease liabilities, net of current portion	46,194,792	44,140,712
Total Liabilities	60,293,842	57,652,544
Commitments and Contingencies (Note 17)		
Net Assets		
Without donor restrictions	43,754,079	46,726,331
With donor restrictions	4,606,887	-
Total Net Assets	48,360,966	46,726,331
Total Liabilities and Net Assets	\$ 108,654,808	\$ 104,378,875

See accompanying independent auditor's report and notes to consolidated financial statements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate
Consolidated Statements of Activities

<i>Year ended December 31,</i>	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Public Support						
Contributions						
Sales of contributed non-financial assets	\$48,164,914	\$ -	\$48,164,914	\$ 47,883,635	\$ -	\$ 47,883,635
Public support	1,155,858	4,606,887	5,762,745	1,418,054	-	1,418,054
Grant and contract income	1,077,751	-	1,077,751	1,380,565	-	1,380,565
Total Contributions	50,398,523	4,606,887	55,005,410	50,682,254	-	50,682,254
Sales of purchased goods, net of cost of sales (\$3,185,323 and \$3,477,928 for the years ended December 31, 2024 and 2023, respectively)	2,191,065	-	2,191,065	2,309,534	-	2,309,534
Rental and other income	378,466	-	378,466	219,519	-	219,519
(Loss) gain on disposals of property and equipment, net	(211,107)	-	(211,107)	4,491,167	-	4,491,167
Investment income, net	697,539	-	697,539	735,359	-	735,359
Gain on sale of partial territory	-	-	-	2,950,000	-	2,950,000
Total Revenues and Public Support	53,454,486	4,606,887	58,061,373	61,387,833	-	61,387,833
Expenses						
Program services	52,072,271	-	52,072,271	49,791,644	-	49,791,644
Management and general	3,814,587	-	3,814,587	3,641,342	-	3,641,342
Fundraising	539,880	-	539,880	505,234	-	505,234
Total Expenses	56,426,738	-	56,426,738	53,938,220	-	53,938,220
Change in Net Assets	(2,972,252)	4,606,887	1,634,635	7,449,613	-	7,449,613
Net Assets, beginning of year	46,726,331	-	46,726,331	39,276,718	-	39,276,718
Net Assets, end of year	\$43,754,079	\$ 4,606,887	\$48,360,966	\$ 46,726,331	\$ -	\$ 46,726,331

See accompanying independent auditor's report and notes to consolidated financial statements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year ended December 31, 2024

	Program Services						Supporting Services			
	Thrift	Salvage and Recycling	Contract Services	Training and Employment	Maintenance	Total Program Services	Management and General	Fundraising	Total Expenses	
Salaries and Benefits										
Salaries	\$ 23,306,516	\$ 906,573	\$ 709,500	\$ 1,863,055	\$ 299,739	\$ 27,085,383	\$ 2,270,152	\$ 173,448	\$ 29,528,983	
Payroll taxes	1,724,443	68,449	52,867	132,490	21,508	1,999,757	166,551	17,420	2,183,728	
Employee benefits	2,232,378	84,761	66,233	183,382	27,982	2,594,736	264,017	-	2,858,753	
Total Salaries and Benefits	27,263,337	1,059,783	828,600	2,178,927	349,229	31,679,876	2,700,720	190,868	34,571,464	
Operating Expenses										
Occupancy	9,603,081	11,295	-	130,466	245,622	9,990,464	133,328	-	10,123,792	
Vehicle and fleet	1,927,493	20,919	33,836	36,893	8,475	2,027,616	21,023	3,164	2,051,803	
Depreciation and amortization	1,540,470	102,731	20,053	78,896	72,752	1,814,902	157,541	-	1,972,443	
Professional fees	1,293,823	-	-	104,099	51	1,397,973	316,094	4,000	1,718,067	
Supplies	1,061,581	370,932	60,357	26,450	1,377	1,520,697	21,017	1,745	1,543,459	
Insurance	1,081,887	140,117	140,117	35,029	28,023	1,425,173	32,365	-	1,457,538	
Equipment rental and maintenance	547,949	35,852	755	176,697	4,066	765,319	87,882	4,584	857,785	
Postage	559,955	-	-	1,231	-	561,186	2,232	270	563,688	
Dues	426	-	-	177,979	-	178,405	261,460	-	439,865	
Events	-	-	-	-	-	-	-	313,610	313,610	
Telephone and communication	209,440	3,502	3,865	35,945	2,961	255,713	50,387	1,950	308,050	
Interest	146,953	-	-	-	-	146,953	-	-	146,953	
Printing and advertising	124,687	-	-	8,803	-	133,490	9,036	3,970	146,496	
Specific assistance	3,726	-	-	109,523	-	113,249	4,244	15,399	132,892	
Other	55,050	-	-	301	-	55,351	8,652	-	64,003	
Conference and meetings	868	-	-	2,076	-	2,944	8,606	320	11,870	
Interest - amortization of debt issuance costs	2,960	-	-	-	-	2,960	-	-	2,960	
Total Expenses	\$ 45,423,686	\$ 1,745,131	\$ 1,087,583	\$ 3,103,315	\$ 712,556	\$ 52,072,271	\$ 3,814,587	\$ 539,880	\$ 56,426,738	

See accompanying independent auditor's report and notes to consolidated financial statements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year ended December 31, 2023

Program Services										Supporting Services		
	Thrift	Salvage and Recycling	Contract Services	Training and Employment	Maintenance	Total Program Services	Management and General	Fundraising	Total Expenses			
Salaries and Benefits												
Salaries	\$ 21,683,234	\$ 794,712	\$ 777,780	\$ 1,790,361	\$ 251,635	\$ 25,297,722	\$ 2,057,414	\$ 134,718	\$ 27,489,854			
Payroll taxes	1,555,120	59,470	53,478	130,728	16,832	1,815,628	158,717	17,811	1,992,156			
Employee benefits	2,314,495	83,661	81,744	199,891	26,447	2,706,238	263,790	-	2,970,028			
Total Salaries and Benefits	25,552,849	937,843	913,002	2,120,980	294,914	29,819,588	2,479,921	152,529	32,452,038			
Operating Expenses												
Occupancy	9,314,830	12,296	-	225,426	229,412	9,781,964	168,369	-	9,950,333			
Vehicle and fleet	1,950,066	20,404	26,929	48,081	14,201	2,059,681	18,101	2,378	2,080,160			
Depreciation and amortization	1,509,781	92,929	18,705	81,135	53,019	1,755,569	182,658	-	1,938,227			
Professional fees	1,256,876	358,351	47,801	34,637	1,926	1,699,591	57,481	626	1,757,698			
Supplies	1,324,750	-	-	53,325	-	1,378,075	318,905	18,200	1,715,180			
Insurance	825,328	103,382	103,382	25,846	20,676	1,078,614	28,968	-	1,107,582			
Equipment rental and maintenance	528,887	36,456	3,010	187,459	6,717	762,529	78,956	1,453	842,938			
Postage	641,793	-	-	1,214	-	643,007	2,389	138	645,534			
Dues	202,007	3,502	5,068	43,475	3,385	257,437	61,611	1,966	321,014			
Events	-	-	-	-	-	-	-	277,984	277,984			
Telephone and communication	2,915	-	-	220,837	-	223,752	7,618	35,301	266,671			
Interest	-	-	-	986	-	986	212,318	400	213,704			
Printing and advertising	155,606	-	-	-	-	155,606	-	-	155,606			
Specific assistance	109,391	-	-	11,400	-	120,791	13,532	13,056	147,379			
Other	48,825	-	-	-	-	48,825	6,397	456	55,678			
Conference and meetings	939	-	-	1,730	-	2,669	4,118	747	7,534			
Interest - amortization of debt issuance costs	2,960	-	-	-	-	2,960	-	-	2,960			
Total Expenses	\$ 43,427,803	\$ 1,565,163	\$ 1,117,897	\$ 3,056,531	\$ 624,250	\$ 49,791,644	\$ 3,641,342	\$ 505,234	\$ 53,938,220			

See accompanying independent auditor's report and notes to consolidated financial statements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Statements of Cash Flows

Year ended December 31,	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 1,634,635	\$ 7,449,613
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,972,443	1,938,227
Amortization of debt issuance costs	2,960	2,960
Discount on pledge receivable	393,113	-
Loss (gain) from disposal of property and equipment	211,107	(4,491,167)
Gain on sale of partial territory	-	(2,950,000)
Net realized and unrealized gains on investments	(307,359)	(391,368)
Insurance proceeds received for business interruption	-	300,663
Change in non-cash contributed inventories	(40,053)	(208,062)
Non-cash lease expense	4,741,237	3,727,759
(Increase) decrease in:		
Pledge receivable	(5,000,000)	-
Accounts and other receivables	(2,764)	291,906
Inventories	135,868	(626,724)
Prepaid expenses and deposits and other assets	(94,349)	(95,640)
Increase (decrease) in:		
Accounts payable	412,719	(464,832)
Accrued expenses	(554,415)	(462,115)
Operating lease liabilities	(4,612,440)	(3,333,781)
Net Cash (Used in) Provided by Operating Activities	(1,107,298)	687,439
Cash Flows from Investing Activities		
Purchases of property and equipment	(6,473,054)	(8,436,949)
Proceeds received on sale of property and equipment	-	78,785
Proceeds received on sale of properties held for sale	-	7,120,102
Proceeds from the sale of territory	-	2,950,000
Insurance proceeds received for property damage	-	432,620
Purchases of investments	(2,027,311)	(2,185,285)
Proceeds on the sale of investments	1,966,152	2,132,981
Purchases of certificates of deposit	-	(1,585,502)
Proceeds from certificates of deposit	1,513,594	-
Net Cash (Used in) Provided by Investing Activities	(5,020,619)	506,752
Cash Flows from Financing Activities		
Repayments of long-term debt	(359,314)	(347,787)
Borrowings under construction loan	70,000	-
Repayments of finance lease liabilities	-	(37,020)
Net Cash Used in Financing Activities	(289,314)	(384,807)
Net (Decrease) Increase in Cash and Cash Equivalents	(6,417,231)	809,384
Cash and Cash Equivalents, beginning of year	7,484,674	6,675,290
Cash and Cash Equivalents, end of year	\$ 1,067,443	\$ 7,484,674
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ 146,953	\$ 155,606
Supplemental Disclosures of Non-Cash Investing Activities		
Purchases of property and equipment in accounts payable	\$ 517,347	\$ -
Right-of-use assets acquired in exchange for operating lease liabilities	7,164,441	4,660,882
Note receivable received in exchange for sale of properties held for sale	-	1,150,000

See accompanying independent auditor's report and notes to consolidated financial statements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

1. Organization and Summary of Significant Accounting Policies

Organization

Goodwill Industries of Southwest Florida, Inc. (Goodwill of Southwest Florida and, together with its affiliate, the Organization) is a private, nonprofit organization that is committed to serving people with disabilities and disadvantages by offering opportunities to achieve independence. The Organization is a member of Goodwill Industries International.

Goodwill Industries SWFL Cafe Blue, LLC (Cafe Blue) was acquired on May 28, 2024. There were no assets purchased in the transaction other than the brand name. Cafe Blue operates a coffee shop in downtown Fort Myers, Florida.

Principles of Consolidation

The consolidated financial statements of the Organization include Goodwill of Southwest Florida and Cafe Blue. All intercompany balances and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). In the consolidated statements of financial position, assets are presented in order of liquidity or conversion to cash and liabilities are reflected on their maturity resulting in the use of cash, respectively. Net assets and revenues, gains, and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the Organization, the environment in which the Organization operates, and the purposes specified in the Organization's articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature. There were no net assets with donor restrictions at December 31, 2023.

Description of Programs

Thrift - The Organization operates thrift stores and donation centers in the local five-county area which involves the collection, processing, and sale of donated goods and a limited amount of new goods. The Organization also participates in Shopgoodwill.com, an online auction site which generates proceeds for the Organization's mission. The thrift operation serves as means of providing

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

jobs and training, as well as assistance and affordable goods to the local area's families and children.

Salvage and Recycling - Textiles, books, shoes, accessories, and housewares that do not sell in the thrift program are salvaged. Additionally, items such as metal, cardboard, plastics, and aluminum received or consumed through the thrift program are recycled. The Organization also offers a secure information technology asset disposal and electronics recycling services. The salvage and recycling operations provide jobs and job training for people with disabilities and other disadvantages as well as a means of salvaging and shipping clothing to those in need in other countries.

Contract Services - Contract services primarily consist of a janitorial service operation which supports the mission of providing jobs for people with disabilities and other disadvantages.

Training and Employment - The Organization provides several training and employment programs to people with disabilities or other disadvantages. The programs provide education, training, placement, and other vocational support for the target populations.

Maintenance - Maintenance primarily consists of the Organization's maintenance department, which provides general maintenance and pressure washing services to third parties and to the Organization itself. The program supports the mission of providing jobs for people with disabilities and other disadvantages.

Measure of Operations

The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing activities and investment income, net earned on investments. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of consolidated 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 disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences may be material.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with an initial maturity of typically three months or less to be cash equivalents.

Investments at Fair Value

The investment policy of the Organization permits management to invest excess cash. Investments in stocks, bonds, mutual funds, and electronically traded funds (ETFs) are reported at their fair values. See Note 10 for the discussion of fair value measurements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Realized and unrealized gains and losses on investments and restricted investments are reflected in the consolidated statements of activities within investment income, net. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned. Investment income that is limited to specific uses by donor restrictions is reported as increases (decreases) in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized. Investment income is reported net of investment fees which are recorded when incurred.

Certificates of Deposit

The Organization holds various certificates of deposit within various financial institutions. The certificates of deposit yield various rates and are reflected within current assets as of December 31, 2024 and 2023 on the consolidated statements of financial position. Interest income earned on the certificates of deposit totaled approximately \$233,000 and \$2,000 for the years ended December 31, 2024 and 2023, respectively, and is reflected within investment income, net on the accompanying consolidated statements of activities.

Pledge Receivable, Net

Pledges receivables consist of unconditional promises to give are recorded when the promises to contribute are made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in more than one year are discounted using a market rate of return and are recorded at net present value. Pledges determined to be uncollectible during the year in which such pledges are received are shown as a reduction of contributions. Pledges determined to be uncollectible subsequent to the year in which such pledges are received are charged to the allowance for uncollectible pledges. The allowance for uncollectible pledges is based on the Organization's historical pledge collection experience and management's evaluation of other pertinent factors. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. As of December 31, 2024 and 2023, the Organization believes all pledges were collectible and therefore there was no allowance for doubtful accounts. During the years ended December 31, 2024 and 2023, there was no bad debt expense associated with pledges receivable.

Accounts and Other Receivables, Net and the Allowance for Credit Losses

Accounts receivable and other receivables are stated at the amount the Organization expects to collect from its customers for services rendered under normal trade terms. The Organization recognizes an allowance for credit losses for accounts receivable carried at amortized cost to present the net amount expected to be collected as of the consolidated statements of financial position. Such allowance is based on the credit losses expected to arise over the life of the receivable (contractual term) which includes consideration of prepayments and based on management's expectation as of the consolidated statements of financial position. Receivables are written off when the Organization determined that such accounts receivable are deemed uncollectible or based on regulatory requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

determining the necessary reserve on the consolidated statements of financial position. There was an allowance for credit losses of approximately \$2,000 at December 31, 2024 and 2023.

Inventories

Inventories consist of merchandise purchased and contributed goods. Merchandise purchased is stated at the lower of cost or net realizable value and totaled \$1,858,933 and \$1,994,802 at December 31, 2024 and 2023, respectively. The Organization receives contributions of goods and materials (inventories) and converts these contributions into merchandise available for sale in its retail thrift stores. Accounting standards require that contributions be recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. These contributions are measured at fair value. At December 31, 2024 and 2023, inventories of donated goods was \$6,618,079 and \$6,578,025, respectively.

The Organization believes that the inventories of donated goods and materials does not possess an attribute that is easily measurable or verifiable with sufficient reliability to determine inventories value at the time of the donation. Instead, the value of inventories at the end of the year is estimated using historical sales of similar inventories. Inventories balances recorded at year-end are comprised mostly of goods donated to the Organization for resale through its thrift stores. The Organization considers the costs (store expenses, processing, transportation, and retail management) associated with bringing the donated inventories to sale in its estimate of the fair value of the inventories.

The estimate of the inventories value of donated goods and material in its retail stores is based on a 12-month rolling average of retail sales less cost of sales multiplied by the estimated shelf life of inventories on hand at December 31, 2024 and 2023.

The Organization estimates the value of donated goods and materials held in its warehouses by using the average value of a contribution made based on historical sales of similar inventories. The Organization believes that this method accurately reflects the value of such inventories due to the buildup of this inventories and the length of time from date of contribution to the date the goods and materials are placed in the retail stores.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of prepaid expenses, which represent amounts paid in advance that benefit future periods which include insurances, rent, sales tax, and services.

Note Receivable

In connection with the sale of a property within Fort Myers in 2023, the Organization entered a note receivable, as described in Note 16. The Organization carries its note receivable at amortized cost to present the net amount expected to be collected. In assessing credit losses, the Organization evaluates the probability of default by considering historical collection experiences, as well as current and future economic and market conditions in quantifying a potential reserve to record against the note receivable. There was not an allowance for credit losses at December 31, 2024 and 2023.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Property and Equipment, Net

Property and equipment is recorded at cost at the date of purchase, or, if donated, at the estimated fair value on the date of donation. Property and equipment is depreciated and amortized using the straight-line method over the estimated useful lives of the assets ranging from three to 39 years. The Organization's policy is to capitalize property and equipment with a cost of \$1,500 or more and a useful life greater than one year. Expenditures for routine maintenance and repairs are expensed as incurred. When assets are sold or are otherwise disposed of, the appropriate cost and related accumulated depreciation and amortization amounts are removed from the accounts, and any gain or loss is included in the change in net assets.

Properties Held for Sale

Properties that are expected to be sold within the next 12 months and meet the other relevant held for sale criteria are classified as properties held for sale and are reported at the lower of their carrying value or fair market value (Note 5). An impairment loss is recorded for properties held for sale when the carrying amount of the asset exceeds its fair value less cost to sell. Properties held for sale are not depreciated while classified as held for sale.

Long-Lived Assets

The Organization reviews its long-lived assets for possible impairment at least annually, and more frequently if circumstances warrant. Impairment is determined to exist when estimated amounts recoverable through future cash flows from operations on an undiscounted basis are less than the long-lived asset carrying values. If a long-lived asset is determined to be impaired, it is written down to its estimated fair value to the extent that the carrying amount exceeds the fair value of the long-lived asset. There were no write-downs for the impairment of long-lived assets for the years ended December 31, 2024 and 2023.

Deposits and Other Assets

Deposits and other assets consist primarily of utility and leased rent deposits paid for utility services and in accordance with lease agreements.

Debt Issuance Costs, Net

The Organization amortizes costs incurred in obtaining debt financing over the term of the related debt instruments on a straight-line basis which is not materially different to the effective interest method. Amortization expense was approximately \$3,000 for each of the years ended December 31, 2024 and 2023 and is included within interest - amortization of debt issuance costs in the accompanying consolidated statements of functional expenses.

The balance of unamortized debt issuances costs as of December 31, 2024 and 2023 was approximately \$29,000 and \$32,000, respectively. These debt issuance costs are netted against the long-term portion of debt in the accompanying consolidated statements of financial position.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Taxes Collected from Customers and Remitted to Governmental Authorities

The Organization records taxes collected from customers, which are directly imposed on a transaction with that customer, on a net basis. That is, in instances in which the Organization acts as a collection agent for a taxing authority by collecting taxes that are the responsibility of the customer, the Organization records the amount collected as a liability and relieves such liability upon remittance to the taxing authority without impacting revenues or expenses.

Revenue Recognition

Donations and Contributed Goods and Services

Generally, contributions are received in the form of goods such as clothing, household furnishings, appliances, and vehicles. The items are sorted, processed, and distributed to the Organization's thrift stores. Items which cannot be retailed or reconditioned are sold as salvage. Collection, sorting, processing, renovation, and distribution costs are charged to operations as incurred. The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization's programs, fundraising campaigns, and management. These do not meet the criteria of specialized skills for financial statement recognition.

Contribution Revenue and Unconditional Promises to Give

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period in which received are reported as net assets without donor restrictions.

The Organization receives donations from several sources including private foundations and other donors. Donations are evaluated as to whether they qualify as exchange transactions or contributions as defined by U.S. GAAP. There were no conditional contributions or promises to give at December 31, 2024 and 2023.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Grants

The Organization receives grant funds from various social and governmental agencies. The amounts received under these grants are designated for specific purposes by the granting agencies. For reciprocal arrangements, grant revenue is recognized when the allowable costs as defined by the individual grants are incurred and/or the unit of service has been performed. The Organization records advances at the start of each grant as a liability. For non-reciprocal arrangements, in which the granting agency has not received a direct benefit in exchange for the resources provided, revenue is only recognized when certain conditions are met such as compliance requirements established by the terms of each agreement. The Organization records refundable advances when amounts are received in advance to the compliance conditions being met.

Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services which approximate commensurate value are recognized as exchange transactions and are accounted for under Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers (Topic 606)*.

The Organization applies Topic 606 to exchange transactions in which it receives consideration for products or services offered. Under U.S. GAAP, these arrangements are exchange transactions between the Organization and the customers participating in the Organization's programs or using their services.

The following is a discussion of key revenues streams within the scope of Topic 606. The Organization provides services to customers which have related performance obligations that the Organization completes in order to recognize revenue. The Organization's revenues are generally recognized either immediately upon the completion of the service or over time as the Organization performs the services. Any services performed over time generally require that the Organization render services each period and, therefore, the Organization measure progress in completing these services based upon the passage of time. The major exchange transaction revenue streams are sales of new goods, donated goods, salvaged and recycled goods, and contracted services. Fees collected in advance for these products or services where the performance obligation is not met at the end of the reporting period are recognized as deferred revenue.

Purchased Goods Sales - Purchased goods sales consist of sales of purchased goods items, which are recorded at the point of sale, at stores and online. The price is fixed and determinable as each item is labeled with a selling price. The performance obligation is met at a point in time when the customer takes possession of the items after payment has been received. The Organization offers upfront sales discounts, which are recognized at the point of sale. Sales discounts are netted within sales - purchased goods on the consolidated statements of activities. During the years ended December 31, 2024 and 2023, the Organization recorded approximately \$5,376,000 and \$5,787,000, respectively, which are included within sales of purchased goods, net on the accompanying consolidated statements of activities.

Donated Goods Sales - Donated goods sales consist of sales of donated items, which are recorded at the point of sale, at stores, and online. The price is fixed and determinable as each item is labeled with a selling price. The performance obligation is met at a point in time when the customer takes possession of the items after payment has been received. The Organization offers upfront sales discounts, which are recognized at the point of sale. Sales discounts are netted within sales -

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

donated goods on the consolidated statements of activities. During the years ended December 31, 2024 and 2023, the Organization recorded approximately \$46,523,000 and \$45,842,000, respectively, from donated good sales, which are included within sales of contributed non-financial assets on the accompanying consolidated statements of activities.

Salvaged and Recycled Goods Sales - Salvaged and recycled goods sales consist of sales of donated items, which are recorded at the point of sale. Salvaged and recycled goods are sold at a determinable and fixed price per pound through the Organization's outlet locations. The performance obligation is met at a point in time when the customer takes possession of the items after payment has been received. During the years ended December 31, 2024 and 2023, the Organization recorded approximately \$1,642,000 and \$2,042,000, respectively, from sales of salvaged and recycled goods which are included within sales of contributed non-financial assets on the accompanying consolidated statements of activities.

Contract Services - Contract services are supported by service contracts. Revenues are recorded over time on an output basis as related expenditures are incurred and services are performed under the provisions of the agreements. Contract services income for the years ended December 31, 2024 and 2023 were approximately \$711,000 and \$978,000, respectively, and are included within grant and contract income on the consolidated statements of activities.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of functional expenses. The costs of providing services have been allocated on a functional basis among thrift, salvage and recycling, contract services, training and employment, maintenance, management and general, and fundraising expenses. Allocations are generally made on a specific identification basis by program activity and supporting services benefited. Expenses such as occupancy, depreciation and amortization, equipment rental and maintenance, interest, and telephone and communication are allocated to the program centers based on square footage. Personnel expenses are allocated on the basis of estimated time and effort.

Advertising Costs

Advertising costs for the years ended December 31, 2024 and 2023 were approximately \$133,000 and \$130,000, respectively, and were expensed as incurred and are included within printing and advertising on the consolidated statements of functional expenses.

Leases

The Organization enters into lease arrangements primarily for buildings, certain facilities, and office spaces, with various expiration dates. At its inception, the Organization determines whether an arrangement is or contains a lease. A lease exists when a contract conveys to the customer the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The definition of a lease embodies two conditions: (i) there is an identified asset in the contract that is land or a depreciable asset (i.e., property, plant, and equipment), and (ii) the customer has the right to control the use of the identified asset. The Organization recognizes a right-of-use (ROU) asset and lease liability on the consolidated statements of financial position for all leases with a term longer than 12 months, including renewal options reasonably certain to be exercised. ROU assets represent the Organization's right to use an underlying asset for the lease

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

term. Lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are classified and recognized at the commencement date.

ROU lease liabilities are measured based on the present value of fixed lease payments over the lease term, discounted at the appropriate rate. The Organization has made an accounting policy to apply a risk-free rate as the discount rate used to measure lease liabilities and ROU assets at commencement of a lease. ROU assets consist of (i) initial measurement of the lease liability; (ii) lease payments made to the lessor at or before the commencement date less any lease incentives received; and (iii) initial direct costs incurred by the Organization.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for the lease payments is recognized on a straight-line basis over the lease term.

Key estimates and judgements included in the initial measurement of ROU assets and liabilities include (i) the discount rate used to discount the unpaid lease payments to present value, (ii) lease term, and (iii) lease payments.

- i. The risk-free discount rate for the lease is determined using a period comparable with that of a lease term.
- ii. The lease term for all of the Organization's leases includes the noncancellable period of the lease plus any additional periods covered by either a lessee option to extend (or not to terminate) the lease that the lessee is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.
- iii. Lease payments included in the measurement of the lease asset or liability comprise the following: (i) fixed payments (including in-substance fixed payments), (ii) variable payments that depend on index or rate based on the index or rate at lease commencement, (iii) the exercise price of a lessee option to purchase the underlying asset if the lessee is reasonably certain to exercise, (iv) payments for penalties for terminating the lease if the lessee is reasonably certain to exercise, and (v) amounts probable of being owed under residual value guarantees.

Variable lease payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate) are included in the measurement of ROU assets and lease liabilities using the index or rate at the commencement date. Variable lease payments that do not depend on an index or a rate are excluded from the measurement of ROU assets and lease liabilities and are recognized in the period in which the event, activity, or circumstance in the lease agreement on which those payments are assessed occur. Variable lease payments related to the Organization's operating leases include costs such as insurance and common area maintenance and are recognized in operating expenses in the consolidated statements of functional expenses in the period in which the obligation for those payments is incurred.

The Organization monitors events or changes in circumstances that require a reassessment of a lease. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the corresponding ROU asset unless doing so would reduce the carrying amount of the ROU asset to an amount less than zero. In that case, the amount of the adjustment that would result in a negative ROU asset balance is recorded in operating expenses in the consolidated statements of functional expenses.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code) and sales and use tax under the laws of the State of Florida, except for any taxes which may arise from unrelated business income and from state income taxes under similar provisions of the Florida Statutes. Management believes there is no unrelated business income.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively. There were no uncertain tax positions as of December 31, 2024 and 2023.

The U.S. federal jurisdiction and the State of Florida jurisdiction are the major tax jurisdictions where the Organization files income tax returns. Additionally, the Organization has filed Internal Revenue Service Form 990 tax returns, as required, and all other applicable returns in jurisdictions where it is required. The Organization is generally no longer subject to U.S. federal or state examinations by tax authorities for fiscal years before 2021.

Cafe Blue is treated as a disregarded entity for federal and state income tax purposes, and accordingly, would not incur income taxes or have any unrecognized tax benefits. Instead, the earnings and losses are included in the income tax returns of its sole member, Goodwill of Southwest Florida. As a result, the accompanying consolidated financial statements do not reflect a provision for income taxes.

Reclassifications

Certain items in the 2023 consolidated financial statements were reclassified to conform to 2024 presentation.

2. Liquidity Management and Availability of Resources

The Organization maintains a policy of structuring its financial assets to be available as general expenditures, liabilities, and other obligations come due. In managing its liquidity needs, the Organization monitors and maintains a cash float to cover general operating expenditures as well as establish a strict budget. The Organization also has a line of credit available with borrowing capacity of up to \$1,000,000, which can be used to meet general expenditures within a year (Note 8).

The remainder of this page intentionally left blank.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

<i>December 31,</i>	2024	2023
Cash and cash equivalents	\$ 1,067,443	\$ 7,484,674
Investments	3,874,827	3,506,309
Certificates of deposit	1,346,300	2,859,894
Pledge receivable, net	1,000,000	-
Accounts and other receivables, net	269,835	267,071
Total Current Assets	7,558,405	14,117,948
Less: amounts unavailable to management for general expenditures within one year:		
Pledges receivable with donor restrictions	1,000,000	-
Board designated funds unavailable to management to management without board approval	250,000	250,000
Total Financial Assets Available to Management for General Expenditures Within One Year	\$ 6,308,405	\$ 13,867,948

The Organization's pledge receivable is subject to an implied time restriction. However, there is no purpose restriction associated with the pledge receivable, and if the Organization collects upon the pledge in the next fiscal year, these funds are available to management to be utilized within operations. Additionally, The Organization has approximately \$8,477,000 and \$8,573,000 of inventories at December 31, 2024 and 2023, respectively. Since inventories do not meet the definition of a financial asset, they are excluded from the table above. The Organization expects to sell the inventories and have the proceeds available for its general expenditures within the next year.

3. Investments

The Organization's investments consisted of the following:

<i>December 31,</i>	2024	2023
Stocks	\$ 359,472	\$ 323,334
Bonds	1,049,203	1,266,272
Mutual funds	1,572,159	433,008
Exchange traded funds	893,993	1,483,695
	\$ 3,874,827	\$ 3,506,309

The Organization classifies its investments as current assets in the accompanying consolidated statements of financial position due to the fact that these investments are available to be liquidated in active markets.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

The Organization's investment income, net consists of the following:

<i>Year ended December 31,</i>	2024	2023
Dividend and interest income	\$ 407,374	\$ 359,022
Net realized and unrealized gains	307,359	391,368
Investment management fees	(17,194)	(15,031)
	\$ 697,539	\$ 735,359

4. Pledge Receivable, Net

During the year ended December 31, 2024, the Organization received a pledge receivable from a donor in the amount of \$5,000,000. Amounts to be received after one year were discounted using an interest rate of approximately 4.28% during the year ended December 31, 2024.

The pledge receivable is expected to be realized in the following periods:

<i>Year ending December 31,</i>	
2025	\$ 1,000,000
2026	1,000,000
2027	1,000,000
2028	1,000,000
2029	1,000,000
Total Pledge Receivable	5,000,000
Less: discount to net present value	(393,113)
Pledge Receivable, Net	\$ 4,606,887

5. Property and Equipment, Net

Property and equipment, net consists of the following:

<i>December 31,</i>	2024	2023
Land and land improvements	\$ 15,436,761	\$ 16,232,292
Buildings and improvements	16,375,707	15,339,691
Furniture, fixtures, and equipment	7,997,759	8,238,564
Computer hardware and software	215,170	261,410
Vehicles	740,955	657,831
Construction in progress	4,903,583	1,442,525
	45,669,935	42,172,313
Less: accumulated depreciation and amortization	(11,564,499)	(10,579,161)
	\$ 34,105,436	\$ 31,593,152

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Depreciation and amortization expense for the years ended December 31, 2024 and 2023 was approximately \$1,972,000 and \$1,938,000, respectively. On June 6, 2024, the Organization purchased land in Estero, Florida with a purchase price \$1,900,000. The Organization is currently in the process of constructing a new store on this land. At December 31, 2024 and 2023, amounts reflected within construction in progress represent costs incurred related to the construction of a new store in Estero, Florida, and the rebuilding of a store in Port Charlotte, Florida.

Properties Held for Sale

As of December 31, 2024, the Organization reflected a property in Fort Myers as held for sale. In February 2024, the Organization entered into a sales agreement to sell the property for \$3,000,000. The carrying value of the property held for sale was approximately \$3,148,000 as of December 31, 2024. The Organization is expected to close on this property during the year ending December 31, 2025.

As of December 31, 2023, the Organization reflected a property in Cape Coral as held for sale. In March 2024, the Organization entered into a sales agreement to sell the property for \$2,100,000. The carrying value of the property held for sale was approximately \$854,000 as of December 31, 2023. The sale of this property did not close during the year ended December 31, 2024, and the Organization has decided to retain this property.

Property Sales and Disposals of Property and Equipment, Net

During the year ended December 31, 2024, the Organization disposed of property and equipment that had a cost basis of \$1,203,000 and accumulated depreciation of \$992,000, and as a result recorded a loss on disposal of approximately \$211,000. There were no proceeds received as a result of the disposal of these assets.

During the year ended December 31, 2023, the Organization entered into a sales agreement with an unrelated third party to sell a property in Moore Haven for approximately \$550,000. The sale of the property closed on August 31, 2023, and the Organization received net proceeds of \$513,000, the carrying value of the property was \$837,000, and as a result the Organization recorded a loss on the sale of the property of \$322,000, which is included within (loss) gain on disposal of property equipment, net on the consolidated statements of activities.

During the year ended December 31, 2023, the Organization entered into a sales agreement with an unrelated third party to sell a property in Estero, Florida for approximately \$3,634,000. The sale of the property closed on December 27, 2023, and the Organization received net proceeds of \$3,445,000, the carrying value of the property was \$1,514,000, and as a result the Organization recorded a gain on the sale of the property of \$1,931,000, which is included within (loss) gain on disposal of property equipment, net on the consolidated statements of activities.

During the year ended December 31, 2023, the Organization entered into a sales agreement with an unrelated third party to sell a property in Fort Myers, Florida for approximately \$1,650,000. The sale of the property closed on August 31, 2023, and the Organization received cash proceeds of \$378,000 and a note receivable in the amount \$1,150,000 (Note 16), the carrying value of the property was \$837,000, and as a result the Organization recorded a gain on the sale of the property of \$700,000, which is included within (loss) gain on disposal of property equipment, net on the consolidated statements of activities.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

During the year ended December 31, 2023, the Organization entered into a sales agreement with Goodwill Industries of Manasota (Goodwill of Manasota) to sell a property and the rights to operate a goodwill in Englewood, Florida for approximately \$5,750,000. In connection with the sale of the property, the Organization entered into an assignment and assumption of territory and mission agreement, whereby the Organization assigned to Goodwill of Manasota the rights to commence, own, develop, and operate a certain territory in Northwest Charlotte County. The Organization received \$2,950,000 in connection with the rights to operate the site. The sale of the property and assignment of the territory closed on April 13, 2023, and the Organization received total proceeds in the amount of \$5,732,000, the carrying value of the property was \$666,000, and as a result this transaction, the Organization recorded a gain on the sale of the property of \$2,116,000, which is included within (loss) gain on disposal of property equipment on the consolidated statements of activities, and a gain on sale of partial territory of \$2,950,000, which is included within (loss) gain on disposal of property equipment.

Additionally, during the year ended December 31, 2023, the Organization sold other property and equipment for approximately \$79,000 that had a carrying value \$13,000 and as a result the Organization recorded a gain on the sale of the property of \$66,000, which is included within (loss) gain on disposal of property equipment, net on the consolidated statements of activities.

6. Leases

The Organization leases buildings, certain facilities, office spaces, and equipment under noncancelable agreements. The Organization assessed the lease classification of these leases at commencement date and concluded that the leases should be accounted for as operating leases. The Organization previously also leased vehicles under noncancelable agreements that were classified as finance leases. The leases expire at various dates through 2039, some with renewal options available to the Organization. The exercise of these renewal options is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to exercise are included in the measurement of the lease assets and liabilities. The lease agreements typically provide for base rental rates that increase at defined intervals during the term of the lease.

The components of total lease cost associated with the Organization's leases are as follows:

<i>Year ended December 31,</i>	2024	2023
Operating lease expense (a)	\$ 6,256,318	\$ 5,343,894
Finance lease expense (a)	-	969
Variable lease expense (b)	1,311,549	1,578,886
Total Lease Cost	\$ 7,567,867	\$ 6,923,749

(a) Expenses are classified within occupancy expenses in the consolidated statements of functional expenses.

(b) Variable lease costs consist primarily of taxes and common area and is included within occupancy expenses in the consolidated statements of functional expenses.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

The following includes supplemental information related to the Organization's leases:

<i>December 31,</i>	2024	2023
Operating cash flows from operating and finance leases	\$ 6,226,511	\$ 5,050,452
Financing cash flows from finance leases	-	37,020
Weighted-average remaining lease term	9.83 years	10.00 years
Weighted-average discount rate	2.40%	2.13%

Maturities of lease liabilities as of December 31, 2024 are as follows:

<i>Year ending December 31,</i>	
2025	\$ 6,575,273
2026	6,379,285
2027	6,030,125
2028	5,831,268
2029	5,699,327
Thereafter	28,235,665
Total Minimum Lease Payments	58,750,943
Less: amount representing interest	(7,216,894)
Present Value of Future Minimum Lease Payments	51,534,049
Less: current portion	(5,339,257)
Long-Term Lease Liabilities	\$ 46,194,792

7. Long-Term Debt

Long-term debt consists of the following:

<i>December 31,</i>	2024	2023
\$6,000,000 term loan agreement with a financial institution where interest is accruing at 3.27%. Monthly interest and principal payments of \$42,223 are due commencing on January 1, 2020, with a final balloon payment due on November 26, 2029 when the note matures. The Organization has pledged, as security for term loan, all of its gross revenues, meaning all of its revenue, income, cash receipts, or other money received by the Organization.	\$ 4,317,771	\$ 4,677,085
Less: current portion	371,223	359,314
Less: debt issuance costs	29,354	32,314
Long-Term Debt, long-term portion	\$ 3,917,194	\$ 4,285,457

Interest expense incurred on long-term debt was approximately \$147,000 and \$159,000 for the years ended December 31, 2024 and 2023, respectively, and is included in interest on the consolidated statements of functional expenses. At December 31, 2024 and 2023, the Organization had accrued

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

interest in the amount of approximately \$12,000, which is included within accrued expenses on the consolidated statements of financial position. The Organization is subject to restrictions and covenants in its long-term debt obligations.

The Organization is subject to financial covenants including a minimum required debt service coverage ratio and liquidity ratio. As of and for the year ended December 31, 2024, the Organization was in compliance with all its financial debt covenants, except for the debt service coverage ratio covenant. The bank provided a waiver for this violation.

Principal maturities of long-term debt as of December 31, 2024 are due as follows:

Year ending December 31,

2025	\$	371,223
2026		383,526
2027		396,238
2028		409,370
2029		424,013
Thereafter		2,333,401
	\$	4,317,771

8. Line of Credit

The Organization has available a line of credit with a maximum credit line of \$1,000,000. The Organization has entered into an amended and restated revolving credit agreement that extended the maturity of the line of credit to March 30, 2027. The Organization has pledged, as security for the line of credit, all of its gross revenues, meaning all of its revenue, income, cash receipts, or other money received by the Organization. The amended and restated revolving credit agreement also revised the accrued interest rate to the secured overnight financing rate (SOFR) plus 2% per annum (6.49% and 7.40% as of December 31, 2024 and 2023). There were no outstanding balances due under this line of credit at December 31, 2024 and 2023. The Organization did not incur any interest on the line of credit during the years ended December 31, 2024 and 2023. The Organization is subject to financial covenants including a minimum required debt service coverage ratio and liquidity ratio in its line of credit agreement. As of and for the year ended December 31, 2024, the Organization was in compliance with all its financial debt covenants, except for the debt service coverage ratio covenant. The bank provided a waiver for this violation.

9. Construction Loan

On July 30, 2024, the Organization entered into a non-revolving construction loan with a borrowing capacity of up to \$3,000,000 with a financial institution. The loan allows the Organization to borrow until July 30, 2026. The loan is being utilized to finance the new store located in Estero, Florida. As of December 31, 2024, the outstanding balance under the construction loan was approximately \$70,000. The loan requires interest payments and does not require principal payments until July 30, 2026, at which time all principal and any unpaid interest are due. The loan accrues interest at a rate equal to the daily secured overnight financing rate plus 2.25% per annum (6.55% as of December 31, 2024). The Organization has pledged, as security for the construction loan, all of its gross revenues, meaning all of its revenue, income, cash receipts, or other money received by the Organization. There was no interest expense recorded during the year ended December 31, 2024.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

The Organization is subject to financial covenants including a minimum required debt service coverage ratio and liquidity ratio. As of and for the year ended December 31, 2024, the Organization was in compliance with all its financial debt covenants, except for the debt service coverage ratio covenant. The bank provided a waiver for this violation.

10. Fair Value Measurements

Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value, expands disclosures about fair value measurements, and provides new income recognition criteria for certain derivative contracts. U.S. GAAP requires that a fair value measurement reflect assumptions market participants would use in pricing an asset or liability.

U.S. GAAP defines “fair value” as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (referred to as an exit price).

The accounting standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The three levels of the fair value hierarchy under the accounting standard are:

Level 1 - This level consists of inputs that are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - This level consists of inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - This level consists of prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The accounting standard requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Determination of Fair Value

In determining fair value, the Organization uses market prices of the same or similar instruments whenever such prices are available, even in situations where trading volume may be low when compared with prior periods. A fair value measurement assumes that an asset or liability is exchanged in an orderly transaction between market participants, and accordingly, fair value is not determined based upon a forced liquidation or distressed sale.

The following sections describe the valuation methodologies used by the Organization to measure classes of financial instruments at fair value and specify the level in the fair value hierarchy where various financial instruments are generally classified. Valuation models, significant inputs to those models, and any significant assumptions are included where appropriate. The respective carrying

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

value of certain on-balance-sheet financial instruments approximates their fair values due to the short-term nature of these instruments. These instruments include cash, receivables, and accounts payable and accrued expenses. The carrying amount of Certificates of Deposits, long-term debt, and finance lease obligations approximates fair value because the variable interest rates are based on current rates offered for debt and lease liabilities with similar terms and maturities.

Items Measured at Fair Value on a Recurring Basis

Stocks - Stocks are valued at the closing price reported in the active market in which the individual securities are traded.

Bonds - Corporate and municipal bonds are valued at the closing price reported in the active market in which the individual securities are traded.

Mutual Funds - Mutual funds are valued at the closing price reported in the active market in which the individual securities are traded.

Exchange Traded Funds - Exchange traded funds are valued at the closing price reported in the active market in which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The remainder of this page intentionally left blank.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

The following tables represent the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2024 and 2023 for each of the fair value hierarchy levels:

December 31, 2024

	Total	Level 1	Level 2	Level 3
Investments				
Stocks:				
Industrials	\$ 81,900	\$ 81,900	\$ -	\$ -
Consumer discretionary	55,048	55,048	-	-
Energy	6,083	6,083	-	-
Financial	78,902	78,902	-	-
Materials	16,040	16,040	-	-
Information technology	58,101	58,101	-	-
Real estate	10,444	10,444	-	-
Utilities	8,403	8,403	-	-
Health care	28,781	28,781	-	-
Telecommunication services	15,770	15,770	-	-
Bonds:				
Corporate	607,023	607,023	-	-
Municipal	442,180	442,180	-	-
Mutual funds:				
Equity	1,007,911	1,007,911	-	-
Money market	264,362	264,362	-	-
Fixed income	299,886	299,886	-	-
Exchange traded funds:				
Equity	717,139	717,139	-	-
Fixed income	176,854	176,854	-	-
	\$ 3,874,827	\$ 3,874,827	\$ -	\$ -

December 31, 2023

	Total	Level 1	Level 2	Level 3
Investments				
Stocks:				
Consumer discretionary	\$ 50,300	\$ 50,300	\$ -	\$ -
Consumer staples	4,521	4,521	-	-
Energy	5,527	5,527	-	-
Financial	57,947	57,947	-	-
Health care	40,761	40,761	-	-
Industrials	60,002	60,002	-	-
Information technology	70,625	70,625	-	-
Materials	10,918	10,918	-	-
Real estate	9,886	9,886	-	-
Telecommunication services	5,800	5,800	-	-
Utilities	7,047	7,047	-	-
Bonds:				
Corporate	551,843	551,843	-	-
Municipal	517,100	517,100	-	-
US Treasury Bill	197,329	197,329	-	-
Mutual funds:				
Equity	80,045	80,045	-	-
Money market	154,747	154,747	-	-
Fixed income	198,216	198,216	-	-
Exchange traded funds:				
Equity	1,354,396	1,354,396	-	-
Fixed income	129,299	129,299	-	-
	\$ 3,506,309	\$ 3,506,309	\$ -	\$ -

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Items Measured at Fair Value on a Non-Recurring Basis

The Organization has certain long-lived assets that are measured at fair value on a non-recurring basis and are adjusted to fair value only if an impairment charge is recognized. The categorization of the framework used to measure fair value of the assets is considered Level 3 due to the subjective nature of the observable inputs used.

The fair value of the properties held for sale was determined based on an existing sales contract for those respective properties, as well as other market information. The following tables represent the Organization's assets measured at fair value on a non-recurring basis for each of the fair value hierarchy levels:

December 31, 2024

	Total	Level 1	Level 2	Level 3
Assets:				
Properties held for sale	\$ 3,148,426	\$ -	\$ -	\$ 3,148,426

December 31, 2023

	Total	Level 1	Level 2	Level 3
Assets:				
Properties held for sale	\$ 853,859	\$ -	\$ -	\$ 853,859

11. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

<i>December 31,</i>	2024	2023
Net assets without donor restrictions - undesignated	\$ 43,504,079	\$ 46,476,331
Net assets without donor restrictions - board designated	250,000	250,000
	\$ 43,754,079	\$ 46,726,331

Designations of net assets are voluntary segregations of net assets without donor restrictions for specific purposes, projects, or investments by the board of directors and may be amended at any time by specific board action.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

	January 1, 2024	Contributions	Releases	December 31, 2024
Time Restricted				
Pledge receivable, net	\$ -	\$ 4,606,887	\$ -	\$ 4,606,887
Total Net Assets with Restrictions	\$ -	\$ 4,606,887	\$ -	\$ 4,606,887

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

As of December 31, 2024, the Organization's net assets with donor restrictions consist of a pledge receivable that is subject to an implied time restriction. Since there is no donor-imposed purpose restriction on this pledge, the funds will be available for use in the Organization's programs at management's discretion upon collection. The Organization did not have any net assets with donor restrictions at and during the year ended December 31, 2023.

13. Retirement Plans

The Organization sponsors a Tax-Sheltered Annuity Plan (the Plan) under Section 403(b) of the Code. The Plan was amended on September 1, 2024. Employees are automatically enrolled in the Plan after orientation at 1% and have to opt out if they do not want to participate in the Plan. The Plan allows employee elective deferrals up to a maximum of 100% of compensation, not to exceed the Code elective deferral limits. The Organization can make discretionary contributions to the Plan. During the years ended December 31, 2024 and 2023, the Organization did not make any contributions.

The Organization also maintains a deferred compensation plan qualifying under 457(b) of the Code for the highly compensated employees. During the years ended December 31, 2024 and 2023, the Organization did not make any contributions.

14. Self-Insurance Program

The Organization has a partially self-insured plan for its employees' health insurance. The maximum lifetime benefit is unlimited, which represents the total payable for any insured covered under the plan. The level of risk retained includes both specific and aggregate stop-loss limits. The stop-loss limit per Incurred But Not Reported (IBNR) Memos was \$100,000 during each of the years ended December 31, 2024 and 2023. Additionally, the aggregate stop-loss limit on the medical insurance program was approximately \$1,000,000 for each of the years ended December 31, 2024 and 2023. Reserves have been recorded, which reflect the undiscounted estimated liabilities, including an estimated reserve for claims incurred but not reported. Such liabilities are based on estimates. As of December 31, 2024 and 2023, the Organization has established a reserve in the amount of approximately \$183,000 and \$167,000, respectively, which is included within accrued expenses in the accompanying consolidated statements of financial position.

15. Contributions of Nonfinancial Assets

The Organization receives various forms of contributions of non-financial assets. Contributions of nonfinancial assets are reported as contributed goods in the consolidated statements of activities at their fair value based on the estimated value of the inventories at selling price. The fair value is derived from sales value less the cost to bring the product to market. There were no contributed services that met the criteria for recognition for the years ended December 31, 2024 and 2023. Contributions of non-financial assets that were on hand and included within inventory consisted of the following:

<i>December 31,</i>	2024	2023
Contributed goods	\$ 6,618,079	\$ 6,578,025

Of the contributed goods received, approximately \$48,165,000 and \$47,884,000 were sold during the years ended December 31, 2024 and 2023, respectively.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

16. Note Receivable

On March 8, 2023, in connection with the sale of a property within Fort Myers, the Organization entered into a note receivable, as described in Note 5. The note receivable bears interest at a fixed annual rate of 6.5%, and the note receivable requires the third-party to pay 48 interest only monthly installments in the amount of approximately \$6,200, beginning April 1, 2023. The remaining balance of the note receivable is to be paid in full on April 1, 2027. During the years ended December 31, 2024 and 2023, the Organization recorded interest income in the amount of approximately \$75,000 and \$56,000, respectively, which is reflected within investment income, net on the consolidated statement of activities. The property that was sold, as described in Note 5, collateralizes the loan. As of December 31, 2024 and 2023, the balance due under the note receivable was \$1,150,000.

17. Commitments and Contingencies

Litigation, Claims, and Assessments

In the ordinary course of business, the Organization is exposed to various claims, threats, and legal proceedings, some of which are initiated by the Organization. In management's opinion, the outcome of all such existing matters will not have a material impact on the Organization's consolidated financial position and results of operations.

Grants

The Organization may be vulnerable to loss of funding from various agencies. In addition, the receipt of governmental funding is subject to audit by such agencies, the outcome of which is not known until the audits are completed. Management is aware of these risks and has contingency plans available.

On June 18, 2024, the Organization has received a conditional grant from the Florida Department of Commerce in the amount of \$3,500,000. The Organization is planning to utilize these funds for the planned construction of a new headquarters, community resource center, Pathways to Opportunity center, outlet store, and hurricane shelter for individuals with disabilities in Fort Myers, Florida. The Organization has not spent any of these funds during the year ended December 31, 2024, and the Organization has not recognized any revenue related to this award. Revenue from this award will be recognized when the allowable costs as defined by the grants are incurred.

Construction Related Commitments

As of December 31, 2024, the Organization had entered into a contract with a general contractor related to the construction of the Estero property. As of December 31, 2024, the amount expected to finish the project had a cost approximately \$3,542,000. The following is being financed through the construction loan (Note 9), and other cash generated by the Organization.

Concentrations and Credit Risk

Financial instruments, which potentially subject the Organization to significant concentrations of credit risk, consist principally of cash and cash equivalents and investments. The majority of the Organization's cash balance is in non-interest-bearing accounts, which are insured by the Federal

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Deposit Insurance Corporation (FDIC) up to \$250,000. At times cash balances may exceed the FDIC coverage insurance limit. The Organization has not experienced any losses in such accounts.

Investments of the Organization are subject to both credit and market risks. Credit risk is the possibility that a loss may occur from the failure of another party to perform according to the terms of a contract. Market risk is the possibility that fluctuations in the investment market will impact the value of the portfolio. Additionally, due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's investment balance, and the amounts reported in the consolidated statements of financial position. The Organization continually reviews its investment portfolios to monitor these risks.

Concentration of credit risk with respect to receivables is limited to the customers throughout Southwest Florida as well as federal and state agencies. As of December 31, 2024, a single donor comprised 100% of the Organization's net pledge receivable and accounted for approximately 80% of its public support revenue for the year then ended. There were no comparable concentrations of pledges receivable or public support revenue during the year ended December 31, 2023.

Risk Management

The Organization is exposed to various risks of losses related to tort; theft of damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Organization has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs.

18. Subsequent Events

Construction Loan

As described in Note 9, the Organization entered into construction loan to assist with the financing of the construction of the store in Estero, Florida. As of the date the consolidated financial statements were available to be issued, the Organization has borrowed approximately \$2,522,000 under the construction loan.

City Grant

On April 1, 2025, the Organization was conditionally awarded a grant in the amount of \$19,000,000 from the City of Fort Myers. The award is subject to various terms and conditions. The Organization plans to utilize the following grant in the construction of a new headquarters, community resource center, Pathways to Opportunity center, outlet store, and hurricane shelter for individuals with disabilities in Fort Myers, Florida.

The Organization has evaluated subsequent events through July 15, 2025, which is the date the consolidated financial statements were available to be issued.