

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Financial Statements and
Reports Required by *Government Auditing
Standards* and the Florida Single Audit Act
Years Ended December 31, 2025 and 2024

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 and Reports Required by *Government Auditing Standards* and the Florida Single Audit Act
Years Ended December 31, 2025 and 2024

Goodwill Industries of Southwest Florida, Inc. and Affiliate

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Independent Auditor's Report

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Goodwill Industries of Southwest Florida, Inc. and Affiliate (Organization), which comprise the consolidated statements of financial position as of December 31, 2025, and 2024, 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 Goodwill Industries of Southwest Florida, Inc. and Affiliate as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of state financial assistance, as required by the State of Florida, Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in



the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2026 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

BDO USA, P.C.

June 16, 2026

Consolidated Financial Statements

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Statements of Financial Position

December 31,	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,435,960	\$ 1,067,443
Investments at fair value	4,400,733	3,874,827
Certificates of deposit	8,200	1,346,300
Pledge receivable	1,000,000	1,000,000
Grants receivable	801,500	-
Accounts and other receivables, net	193,965	269,835
Inventories - purchased goods	1,567,721	1,858,933
Inventories - donated goods	6,700,122	6,618,079
Prepaid expenses	1,180,228	1,202,729
Total Current Assets	18,288,429	17,238,146
Note receivable	1,150,000	1,150,000
Property and equipment, net	36,250,651	34,105,436
Property held for sale	3,148,426	3,148,426
Pledge receivable, net	2,760,919	3,606,887
Operating lease right-of-use assets, net	46,021,912	49,157,360
Deposits and other assets	238,109	248,553
Total Assets	\$ 107,858,446	\$ 108,654,808
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,481,708	\$ 2,268,425
Accrued expenses	2,227,572	2,129,951
Long-term debt, current portion	383,526	371,223
Construction loan	2,999,264	-
Operating lease liabilities, current portion	5,982,531	5,339,257
Total Current Liabilities	13,074,601	10,108,856
Security deposits	8,857	3,000
Construction loan	-	70,000
Long-term debt, net of current portion (net of debt issuance costs of \$26,394 and \$29,354, respectively for 2025 and 2024)	3,536,628	3,917,194
Operating lease liabilities, net of current portion	42,358,638	46,194,792
Total Liabilities	58,978,724	60,293,842
Commitments and Contingencies (Note 17)		
Net Assets		
Without donor restrictions	43,571,052	43,754,079
With donor restrictions	5,308,670	4,606,887
Total Net Assets	48,879,722	48,360,966
Total Liabilities and Net Assets	\$ 107,858,446	\$ 108,654,808

See accompanying notes to consolidated financial statements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Statements of Activities

Year ended December 31,

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Public Support						
Contributions:						
Sales of contributed non-financial assets	\$52,586,497	\$ -	\$52,586,497	\$ 48,164,914	\$ -	\$ 48,164,914
Public support	734,944	154,032	888,976	703,504	4,606,887	5,310,391
Special fundraising events (net of direct benefits to donors of \$236,664 and \$284,265, respectively)	125,004	-	125,004	168,089	-	168,089
Grant and contract income	1,230,179	1,547,751	2,777,930	1,077,751	-	1,077,751
Total Public Support	54,676,624	1,701,783	56,378,407	50,114,258	4,606,887	54,721,145
Sales of purchased goods, net of cost of sales (\$3,151,130 and \$3,185,323, respectively)	2,647,216	-	2,647,216	2,191,065	-	2,191,065
Rental and other income	201,399	-	201,399	378,466	-	378,466
Gain (loss) on disposals of property and equipment, net	659,525	-	659,525	(211,107)	-	(211,107)
Investment income, net	704,626	-	704,626	697,539	-	697,539
Net assets released from restriction	1,000,000	(1,000,000)	-	-	-	-
Total Revenues, Gains, and Public Support	59,889,390	701,783	60,591,173	53,170,221	4,606,887	57,777,108
Expenses						
Program services	55,735,534	-	55,735,534	52,072,271	-	52,072,271
Management and general	4,028,466	-	4,028,466	3,814,587	-	3,814,587
Fundraising	308,417	-	308,417	255,615	-	255,615
Total Expenses	60,072,417	-	60,072,417	56,142,473	-	56,142,473
Change In Net Assets	(183,027)	701,783	518,756	(2,972,252)	4,606,887	1,634,635
Net Assets, beginning of year	43,754,079	4,606,887	48,360,966	46,726,331	-	46,726,331
Net Assets, end of year	\$43,571,052	\$ 5,308,670	\$48,879,722	\$ 43,754,079	\$ 4,606,887	\$ 48,360,966

See accompanying notes to consolidated financial statements.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Consolidated Statement of Functional Expenses

Year ended December 31, 2025

	Program Services					Supporting Services			Total Expenses
	Thrift	Salvage and Recycling	Contract Services	Training and Employment	Maintenance	Total Program Services	Management and General	Fundraising	
Salaries and Benefits									
Salaries	\$ 24,871,136	\$ 764,056	\$ 737,802	\$ 2,015,434	\$ 251,756	\$ 28,640,184	\$ 2,409,662	\$ 168,069	\$ 31,217,915
Payroll taxes	1,854,550	58,907	54,966	140,561	17,776	2,126,760	166,960	11,802	2,305,522
Employee benefits	2,829,948	84,359	81,460	224,539	27,796	3,248,102	297,601	18,556	3,564,259
Total Salaries and Benefits	29,555,634	907,322	874,228	2,380,534	297,328	34,015,046	2,874,223	198,427	37,087,696
Operating Expenses									
Occupancy	10,158,259	10,186	-	140,243	137,385	10,446,073	135,003	-	10,581,076
Cost of goods sold	3,151,130	-	-	-	-	3,151,130	-	-	3,151,130
Vehicle and fleet	2,031,935	17,245	26,445	43,371	5,400	2,124,396	24,418	3,118	2,151,932
Depreciation and amortization	1,677,538	47,568	24,970	80,135	70,104	1,900,315	149,205	-	2,049,520
Professional fees	1,521,830	-	-	71,173	16,730	1,609,733	359,536	675	1,969,944
Supplies	985,039	336,250	73,943	34,356	4,628	1,434,216	21,034	858	1,456,108
Insurance	1,207,032	156,374	156,374	39,094	31,275	1,590,149	31,374	-	1,621,523
Equipment rental and maintenance	669,673	34,909	8,018	155,974	18,098	886,672	89,610	7,200	983,482
Postage	683,424	-	-	684	-	684,108	2,199	170	686,477
Dues	1,211	-	-	133,221	-	134,432	259,750	-	394,182
Events	-	-	-	18,154	-	18,154	-	310,241	328,395
Telephone and communication	245,309	3,595	4,200	39,695	4,992	297,791	54,973	1,908	354,672
Interest	256,323	-	-	-	-	256,323	-	-	256,323
Printing and advertising	120,418	-	-	10,757	-	131,175	9,642	2,791	143,608
Specific assistance	-	-	-	162,529	-	162,529	741	18,063	181,333
Other	42,377	-	-	239	-	42,616	8,941	30	51,587
Conference and meetings	400	-	-	1,406	-	1,806	7,817	1,600	11,223
	52,307,532	1,513,449	1,168,178	3,311,565	585,940	58,886,664	4,028,466	545,081	63,460,211
Less: expenses included within revenues on the consolidated statement of activities:									
Cost of goods sold	(3,151,130)	-	-	-	-	(3,151,130)	-	-	(3,151,130)
Special event expenses with direct benefits to donors	-	-	-	-	-	-	-	(236,664)	(236,664)
Total Expenses included in Expense Section on Consolidated Statement of Activities	\$ 49,156,402	\$ 1,513,449	\$ 1,168,178	\$ 3,311,565	\$ 585,940	\$ 55,735,534	\$ 4,028,466	\$ 308,417	\$ 60,072,417

See accompanying 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			Total Expenses
	Thrift	Salvage and Recycling	Contract Services	Training and Employment	Maintenance	Total Program Services	Management and General	Fundraising	
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
Cost of goods sold	3,185,323	-	-	-	-	3,185,323	-	-	3,185,323
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	149,913	-	-	-	-	149,913	-	-	149,913
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
	48,609,009	1,745,131	1,087,583	3,103,315	712,556	55,257,594	3,814,587	539,880	59,612,061
Less: expenses included within revenues on the consolidated statement of activities:									
Cost of goods sold	(3,185,323)	-	-	-	-	(3,185,323)	-	-	(3,185,323)
Special event expenses with direct benefits to donors	-	-	-	-	-	-	-	(284,265)	(284,265)
Total Expenses included in Expense Section on Consolidated Statement of Activities	\$ 45,423,686	\$ 1,745,131	\$ 1,087,583	\$ 3,103,315	\$ 712,556	\$ 52,072,271	\$ 3,814,587	\$ 255,615	\$ 56,142,473

See accompanying notes to consolidated financial statements.

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

<i>Year ended December 31,</i>	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 518,756	\$ 1,634,635
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,049,520	1,972,443
Capital grants	(1,547,751)	-
Amortization of debt issuance costs	2,960	2,960
Change in discount on pledge receivable	(154,032)	393,113
(Gain) loss from disposal of property and equipment	(659,525)	211,107
Net realized and unrealized gains on investments	(459,491)	(307,359)
Change in inventories - donated goods	(82,043)	(40,053)
Non-cash lease expense	4,852,526	4,741,237
Decrease (increase) in:		
Pledge receivable	1,000,000	(5,000,000)
Accounts and other receivables	75,870	(2,764)
Inventories - purchased goods	291,212	135,868
Prepaid expenses, deposits and other assets	32,945	(94,349)
(Decrease) increase in:		
Accounts payable	(827,728)	412,719
Accrued expenses	97,621	(554,415)
Operating lease liabilities	(4,909,958)	(4,612,440)
Security deposits	5,857	-
Net Cash Provided by (Used in) Operating Activities	286,739	(1,107,298)
Cash Flows from Investing Activities		
Purchases of property and equipment	(5,106,792)	(6,473,054)
Proceeds received on sale of property and equipment	1,612,593	-
Purchases of investments	(3,825,933)	(2,027,311)
Proceeds on the sale of investments	3,759,518	1,966,152
Proceeds from maturities of certificates of deposit	1,338,100	1,513,594
Net Cash Used in Investing Activities	(2,222,514)	(5,020,619)
Cash Flows from Financing Activities		
Proceeds received from capital grants	746,251	-
Repayments of long-term debt	(371,223)	(359,314)
Borrowings under construction loan	2,929,264	70,000
Net Cash Provided by (Used in) Financing Activities	3,304,292	(289,314)
Net Increase (Decrease) in Cash and Cash Equivalents	1,368,517	(6,417,231)
Cash and Cash Equivalents, beginning of year	1,067,443	7,484,674
Cash and Cash Equivalents, end of year	\$ 2,435,960	\$ 1,067,443
Supplementary Disclosure of Cash Flow Information		
Cash paid for interest	\$ 241,270	\$ 146,953
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Purchases of property and equipment in accounts payable	\$ 41,011	\$ 517,347
Right-of-use assets acquired in exchange for operating lease liabilities	1,717,078	7,164,441

See accompanying 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.

The following are the significant policies used in the preparation of the accompanying consolidated financial statements:

Principles of Consolidation

The consolidated financial statements of the Organization include Goodwill Industries of Southwest Florida, Inc., and Goodwill Industries SWFL Cafe Blue, LLC. 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).

Basis of Presentation

A not-for profit Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported 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 stipulations but may be designated for specific purposes by action of the Board of Directors.

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 or can be perpetual in nature. There

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

were no net assets with perpetual donor restrictions as of December 31, 2025 and 2024, respectively.

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 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 consists 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: 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.

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 are reflected in the accompanying 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, 2025 and 2024 on the accompanying consolidated statements of financial position. Interest income earned on the certificates of deposit totaled approximately \$83,000 and \$143,000 for the years ended December 31, 2025 and 2024, respectively, and is reflected within Investment income, net on the accompanying consolidated statements of activities.

Pledge Receivable, Net

Pledge receivable, net represents an unconditional promise to give. Unconditional promises to give are recorded when the promise 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, 2025 and 2024, the Organization believes all pledges were collectible and therefore there was no allowance for doubtful accounts. During the years ended December 31, 2025 and 2024, there was no bad debt expense associated with the pledge receivable.

Grants Receivable

Grants receivable represent amounts due to the Organization from the Federal, State, and or local governments for services rendered under contractual obligations. All outstanding grants receivable are expected to be collected within one year and are considered collectible, and an allowance for uncollectible amounts was not recorded as of December 31, 2025, and 2024.

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 accompanying consolidated statement of financial position. Such allowance is based on the credit losses expected to arise over the life of

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the receivable (contractual term) which includes consideration of prepayments and based on management's expectation as of the accompanying 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 determining the necessary reserve on the accompanying consolidated statements of financial position. There was an allowance for credit losses of approximately \$1,000 and \$2,000 at December 31, 2025 and 2024, respectively.

Inventories

Inventories consist of merchandise purchased and contributed goods. Merchandise purchased is stated at the lower of cost or net realizable value and totaled approximately \$1,568,000 and \$1,859,000 at December 31, 2025 and 2024, 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, 2025 and 2024, inventories of donated goods was approximately \$6,700,000 and \$6,618,000, 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, 2025 and 2024.

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

Prepaid expenses represent amounts paid in advance that benefit future periods which include insurance, rent, sales tax and services.

Note Receivable

In connection with the sale of a property within Fort Myers in 2023, the Organization entered into a Note Receivable as described in Note 16. The Organization carries its Note Receivable at amortized

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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. There was no an allowance for credit losses considered necessary as of December 31, 2025 and 2024.

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. Construction in progress is recorded at cost until completion when it is then depreciated over the estimated useful lives of the assets. 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.

The estimated lives used in determining depreciation and amortization are as follows:

Asset Category	Useful Life (Years)
Buildings and improvements	15 - 39
Leasehold improvements	Shorter of estimated useful life or term of lease
Furniture, fixtures and equipment	3 - 7
Computer hardware and software	3 - 5
Vehicles	7

Property Held for Sale

Property that are expected to be sold within the next twelve months and meet the other relevant held for sale criteria are classified as property 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 property held for sale when the carrying amount of the asset exceeds its fair value less cost to sell. Property 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 year ended December 31, 2025 and 2024.

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.

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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, 2025 and 2024 and is included within the caption Interest in the accompanying consolidated statements of functional expenses.

The balance of unamortized debt issuances costs as of December 31, 2025 and 2024 was approximately \$26,000 and \$29,000, respectively. These debt issuance costs are netted against the long-term portion of debt in the accompanying consolidated statements of financial position.

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.

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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 accompanying 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.

Grants

The Organization receives grant funds from various social and governmental agencies. Grant revenue is recognized when the expenses subject to reimbursement by the grantor are incurred, or when the services subject to reimbursement by the grantor have been performed. Grants are evaluated as to whether they qualify as exchange or contributions as defined by U.S. GAAP. Grants that primarily provide commensurate value to the general public are reported as contributions. 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.

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 the caption Sales of contributed non-financial assets on the accompanying consolidated statements of activities. During the years ended December 31, 2025 and 2024, the Organization recorded approximately

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\$50,670,000 and \$46,523,000, 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, 2025 and 2024, the Organization recorded approximately \$1,916,000 and \$1,642,000, 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, 2025 and 2024 were approximately \$856,000 and \$711,000, respectively, and are included within the caption Grant and contract income on the accompanying consolidated statements of activities.

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 the caption Sales - purchased goods on the accompanying consolidated statements of activities. During the years ended December 31, 2025 and 2024, the Organization recorded approximately \$5,798,000 and \$5,376,000, respectively, from donated good sales which are included within Sales of purchased goods, net on the accompanying consolidated statements of activities.

Special Events Revenue - Topic 606 applies to the portion of the Organization's special events income that is determined to be an exchange transaction. The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events which ultimately benefit the donor rather than the Organization are recorded as exchange transaction revenue and exchange transaction expense and amounted to approximately \$237,000 and \$284,000 for the years ended December 31, 2025, and 2024, respectively.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying 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.

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Advertising Costs

Advertising costs for the years ended December 31, 2025 and 2024 were approximately \$131,000 and \$133,000, respectively, and were expensed as incurred and are included within the caption Printing and advertising on the accompanying 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 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.

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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 accompanying 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 accompanying consolidated statements of functional expenses.

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, 2025 and 2024.

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 2022.

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 Industries of Southwest Florida, Inc. As a result, the accompanying consolidated financial statements do not reflect a provision for income taxes.

Reclassifications

Certain items in the 2024 consolidated financial statements were reclassified to conform to 2025 presentation. These reclassifications did not impact total net assets or change in net assets previously reported.

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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 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>	2025	2024
Cash and cash equivalents	\$ 2,435,960	\$ 1,067,443
Investments	4,400,733	3,874,827
Certificates of deposit	8,200	1,346,300
Pledge receivable	1,000,000	1,000,000
Grants receivable	801,500	-
Accounts and other receivables, net	193,965	269,835
Total Current Assets	8,840,358	7,558,405
Less: amounts unavailable to management for general expenditures within one year:		
Current net assets with restrictions	1,000,000	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	\$ 7,590,358	\$ 6,308,405

The amounts presented as current net assets with restrictions represent the current portion of the Organization's pledge receivable and do not include all net assets with restrictions, as certain amounts are presented as long-term assets. The Organization's pledge receivable is classified as unavailable, as it is subject to an implied time restriction. However, there is no purpose restriction associated with the pledge receivable. Accordingly, upon collection, which is expected within the next fiscal year, these funds will be available to management for use in operations.

3. Investments at Fair Value and Investment Income, Net

The Organization's investments consists of the following:

<i>December 31,</i>	2025	2024
Stocks	\$ 124,811	\$ 359,472
Bonds	1,103,420	1,049,203
Mutual funds	2,200,076	1,572,159
Exchange traded funds	972,426	893,993
	\$ 4,400,733	\$ 3,874,827

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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.

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

<i>Year ended December 31,</i>	2025	2024
Dividend and interest income	\$ 263,707	\$ 407,374
Net realized and unrealized gains	459,491	307,359
Investment management fees	(18,572)	(17,194)
	\$ 704,626	\$ 697,539

The table above includes interest income earned on the certificates of deposit and the Organization's note receivable (note 16) totaling approximately \$157,000 and \$218,000 for the years ended December 31, 2025 and 2024, respectively, and is reflected within Investment income, net on the accompanying consolidated statements of activities.

4. Pledge Receivable, Net

The Organization's pledge receivable and the related discount are summarized as follows:

December 31,	2025	2024
Gross pledge receivable	\$ 4,000,000	\$ 5,000,000
Less: discount on long-term pledges	(239,081)	(393,113)
Pledge Receivable, Net	\$ 3,760,919	\$ 4,606,887

Amounts expected to be received after one year have been discounted using an interest rate of 4.28% during the years ended December 31, 2025 and 2024.

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

<i>Year ending December 31,</i>	
2026	\$ 1,000,000
2027	1,000,000
2028	1,000,000
2029	1,000,000
Gross Pledge Receivable	\$ 4,000,000

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5. Property and Equipment, Net

Property and equipment, net consists of the following:

<i>December 31,</i>	2025	2024
Land and land improvements	\$ 15,284,607	\$ 15,436,761
Buildings and improvements	17,014,556	10,592,508
Leasehold improvements	5,830,533	5,783,199
Furniture, fixtures and equipment	8,198,049	7,997,759
Computer hardware and software	204,197	215,170
Vehicles	882,211	740,955
Construction in progress	2,230,696	4,903,583
	49,644,849	45,669,935
Less: accumulated depreciation and amortization	(13,394,198)	(11,564,499)
	\$ 36,250,651	\$ 34,105,436

Depreciation and amortization expense for the years ended December 31, 2025 and 2024 was approximately \$2,049,000 and \$1,972,000, respectively. As of December 31, 2025, the Construction in progress costs related to the construction of the Organization's new headquarters described in Note 17. In June 2024, the Organization purchased land in Estero, Florida with a purchase price of \$1,900,000. At December 31, 2024, amounts reflected within Construction in progress represents costs incurred related to the construction of a new store in Estero, Florida, which opened in 2025.

Property Held for Sale

As of December 31, 2025 and 2024, the Organization reflected a property in Fort Myers as held for sale. In February 2024, the Organization entered into a sales agreement for certain land. During the year ended December 31, 2025, the Organization and the buyers executed amendments to the agreement. As a result of these amendments, the sales price was revised to \$3,110,000. The closing of the transaction is expected to occur on July 17, 2026. The carrying value of the property held for sale was approximately \$3,148,000 for the years ended December 31, 2025 and 2024.

Property Sales and Disposals of Property and Equipment, Net

During the year ended December 31, 2025, the Organization sold land and property and equipment with a cost basis of \$941,000 for proceeds of \$1,573,000, resulting in a gain of approximately \$632,000. Additionally, the Organization disposed of equipment with a cost basis of approximately \$229,000 and accumulated depreciation of \$217,000, receiving proceeds of \$40,000 and recognizing a gain of approximately \$28,000. As a result of these transactions, the Organization recorded a total gain on the sale of property and equipment of approximately \$659,000 for the year ended December 31, 2025.

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 recording a loss on disposal of approximately \$211,000. There were no proceeds received as a result of the disposal of these assets.

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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 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>	2025	2024
Operating lease expense ^(a)	\$ 6,643,627	\$ 6,256,318
Variable lease expense ^(b)	1,289,926	1,311,549
Total Lease Cost	\$ 7,933,553	\$ 7,567,867

(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.

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

<i>December 31,</i>	2025	2024
Operating cash flows from operating leases	\$ 6,643,627	\$ 6,256,318
Weighted-average remaining lease term	8.85 years	9.83 years
Weighted-average discount rate	2.41%	2.40%

Maturities of operating lease liabilities as of December 31, 2025 are as follows:

<i>Year ending December 31,</i>	
2026	\$ 6,828,130
2027	6,813,944
2028	6,460,796
2029	5,874,133
2030	5,352,995
Thereafter	23,123,257
Total minimum lease payments	54,453,255
Less: amount representing interest	(6,112,086)
Present Value of future minimum lease payments	48,341,169
Less: current portion	(5,982,531)
Long-Term Lease Liabilities	\$ 42,358,638

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7. Long-Term Debt

Long-term debt consists of the following:

<i>December 31,</i>	2025	2024
During the year ended December 31, 2019, the Organization entered into a \$6,000,000 term loan agreement with a financial institution where interest is accruing at a rate of 3.27%. Monthly interest and principal payments of \$42,223 started on January 1, 2020, and a final balloon payment is 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.	\$ 3,946,548	\$ 4,317,771
Less: current portion	(383,526)	(371,223)
Less: debt issuance costs	(26,394)	(29,354)
Long-Term Debt, long-term portion	\$ 3,536,628	\$ 3,917,194

Interest expense incurred on long-term debt was approximately \$143,000 and \$147,000 for the years ended December 31, 2025 and 2024, respectively, and is included in the caption Interest on the consolidated statements of functional expenses.

At December 31, 2025, and 2024, the Organization had accrued interest in the amount of approximately \$11,000 and \$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. As of December 31, 2025, management believes the Organization is in compliance with all of its debt covenant requirements.

Principal maturities of long-term debt as of December 31, 2025 are due as follows:

<i>Year ending December 31,</i>		
2026	\$	383,526
2027		396,238
2028		409,370
2029		2,757,414
	\$	3,946,548

8. Line of Credit

The Organization has available a line of credit with a maximum credit line of \$1,000,000 which was 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 daily secured overnight financing rate (SOFR) plus 2% per annum (5.69% and 6.49% as of December 31, 2025 and 2024). There was no outstanding balances due under this line of credit at December 31, 2025 and 2024. The Organization

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

did not incur any interest on the line of credit during the years ended December 31, 2025 and 2024. 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 December 31, 2025, management believes the Organization is in compliance with all of its debt covenant requirements.

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, 2025 and 2024, the outstanding balance under the construction loan was approximately \$2,999,000 and \$70,000. The loan requires monthly interest payments which commenced in January 2025, and the loan 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 SOFR plus 2.25% per annum (5.94% and 6.55% as of December 31, 2025 and 2024, respectively). 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. Interest expense associated with the Construction Loan was \$111,000 for the year ended December 31, 2025. There was no interest expense recorded during the year ended December 31, 2024. At December 31, 2025, and 2024, the Organization had accrued interest in the amount of approximately \$16,000 and \$0, respectively, which is included within Accrued expenses on the consolidated statements of financial position. The Organization is subject to financial covenants including a minimum required debt service coverage ratio and liquidity ratio on its construction loan agreement. As of December 31, 2025, management believes the Organization is in compliance with all of its debt covenant requirements.

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 - Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2 - 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.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

Level 3 - 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 used 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 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 and equivalents, certificates of deposits, receivables, and accounts payable and accrued expenses. The carrying amount of, long-term debt and operating 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.

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, 2025 and 2024 for each of the fair value hierarchy levels:

December 31, 2025

	Level 1	Level 2	Level 3	Total
Investments:				
Stocks	\$ 124,811	\$ -	\$ -	\$ 124,811
Bonds	1,103,420	-	-	1,103,420
Mutual Funds	2,200,076	-	-	2,200,076
Exchange traded funds	972,426	-	-	972,426
	\$ 4,400,733	\$ -	\$ -	\$ 4,400,733

December 31, 2024

	Level 1	Level 2	Level 3	Total
Investments:				
Stocks	\$ 359,472	\$ -	\$ -	\$ 359,472
Bonds	1,049,203	-	-	1,049,203
Mutual Funds	1,572,159	-	-	1,572,159
Exchange traded funds	893,993	-	-	893,993
	\$ 3,874,827	\$ -	\$ -	\$ 3,874,827

11. Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of the following:

<i>December 31,</i>	2025	2024
Net assets without donor restrictions - undesignated	\$ 43,321,052	\$ 43,504,079
Net assets without donor restrictions - board designated	250,000	250,000
	\$ 43,571,052	\$ 43,754,079

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.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows at:

	January 1, 2025	Additions	Releases	December 31, 2025
Purpose Restricted				
Headquarters	\$ -	\$ 1,547,751	\$ -	\$ 1,547,751
Time Restricted				
Pledge receivable, net	4,606,887	154,032	(1,000,000)	3,760,919
Total Net Assets With Restrictions	\$ 4,606,887	\$ 1,701,783	\$ (1,000,000)	\$ 5,308,670

	January 1, 2024	Additions	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

As of December 31, 2025, the Organization's net assets with donor restrictions consisted of capital funding for a new Headquarters and 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 amounts received for capital funding for a Headquarters will be released from restriction when the building is placed into service. As of December 31, 2024, the Organization's net assets with donor restrictions consisted of a pledge receivable that is subject to an implied time restriction.

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, 2025 and 2024, the Organization did not make any contributions.

The Organization also maintains a deferred compensation plan qualifying under 457(b) of the IRC for the highly compensated employees. During the year ended December 31, 2025, the Organization contributed \$67,000. There was no contribution during the year ended December 31, 2024.

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 employee was \$125,000 and \$100,000 the years ended December 31, 2025 and 2024,

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

respectively. Additionally, the aggregate stop-loss limit on the medical insurance program was approximately \$1,000,000 for each of the years ended December 31, 2025 and 2024. 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, 2025 and 2024, the Organization has established a reserve in the amount of approximately \$322,000 and \$183,000, 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 accompanying 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, 2025 and 2024. Contributions of non-financial assets that were on hand and shown as Inventories - donated goods consist of the following:

<i>December 31,</i>	2025	2024
Contributed goods	\$ 6,700,122	\$ 6,618,079

Of the contributed goods received, approximately \$52,586,000 and \$48,165,000 were sold during the years ended December 31, 2025 and 2024, respectively.

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. The note receivable bears interest at a fixed annual rate of 6.5%, and requires the third-party to pay forty-eight 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 each of the years ended December 31, 2025 and 2024, the Organization recorded interest income in the amount of approximately \$74,000 which is reflected within Investment income, net on the accompanying consolidated statement of activities. The property is collateralized by the property sold. As of December 31, 2025 and 2024, 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.

Capital 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

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

until the audits are completed. Management is aware of these risks and has contingency plans available.

On June 18, 2024 the Organization received a conditional grant from the Florida Department of Commerce in the amount of \$3,500,000. The Organization is utilizing 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 spent \$1,574,751 of these funds during the year ended December 31, 2025, and recognized \$1,574,751 as Grants and contract income on the accompanying statement of activities. As of December 31, 2025, the Organization had grants receivable of \$801,500. Revenue from this award will be recognized when the allowable costs as defined by the grants are incurred.

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 this 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 did not recognize revenue from this award for the year ended December 31, 2025, as the award's terms and conditions were not met during the period.

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 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 accompanying 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, 2025, a single donor comprised 100% of the Organization's net pledge receivable. 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.

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.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to Consolidated Financial Statements

18. Subsequent Events

The Organization has evaluated subsequent events through June 16, 2026, which is the date the consolidated financial statements were available to be issued. No material events have come to the attention of management that require recognition or disclosure in the report, except as follows:

Property Listing

In April 2026, the Organization listed its current headquarters for sale. The property consists of office space, a warehouse, an outlet store, and facilities used for programmatic activities, and was listed at \$18,000,000. The Organization's plan is to move into the new Headquarters being constructed in Fort Myers, Florida. The property is not classified as held for sale as of December 31, 2025, as the criteria for such classification had not yet been met as of December 31, 2025.

**Reports Required by *Government Auditing Standards* and
Chapter 10.650, *Rules of the Florida Auditor General***



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Goodwill Industries of Southwest Florida, Inc. and Affiliate (Organization), which comprise the Organization's consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 16, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

June 16, 2026



Independent Auditor's Report on Compliance For the Major State Financial Assistance Project and Report on Internal Control Over Compliance Required by Chapter 10.650, Rules of the Auditor General

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

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Goodwill Industries of Southwest Florida, Inc. and Affiliate's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the State of Florida's *Department of Financial Services State Project Compliance Supplement* that could have a direct and material effect on the Organization's major state project for the year ended December 31, 2025. The Organization's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each its major state project for the year ended December 31, 2025.

Basis for Opinion on the Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of State of Florida, Chapter 10.650, *Rules of the Auditor General* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinions on compliance for the major state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's major state project.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and Chapter 10.650, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state project on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance

requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

June 16, 2026

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2025

<u>Program Title</u>	<u>State CSFA Number</u>	<u>Award Number</u>	<u>Provided to Subrecipients</u>	<u>Expenditures</u>
Florida Department of Commerce				
Division of Community Development	40.038	HL278	\$ -	\$ 1,415,248
			\$ -	\$ 1,415,248

See accompanying notes to the schedule of expenditures of state financial assistance.

Goodwill Industries of Southwest Florida, Inc. and Affiliate

Notes to the Schedule of Expenditures of State Financial Assistance

1. Basis of Presentation

The accompanying schedule of expenditures of state financial assistance (the Schedule) includes the state financial assistance project activity of Goodwill Industries of Southwest Florida, Inc. and Affiliate, Inc. (the Organization) for the year ended December 31, 2025. The information in the Schedule is presented in accordance with the requirements of the State of Florida Chapter 10.650, *Rules of the State of Florida Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Section 215.97, Florida Statutes, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Goodwill Industries of Southwest Florida, Inc. and Affiliate
Schedule of Finding and Questioned Costs - State Financial Assistance
Year Ended December 31, 2025

Section I - Summary of Auditor's Results

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Noncompliance material to consolidated financial statements noted?

 yes X no

State Projects

Internal control over major state projects:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major state projects:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650?

 yes X no

Identification of major state projects:

State CSFA Number(s)

Name of State Project

40.038

Florida Department of Commerce -
Division of Community Development

Dollar threshold used to distinguish between type A and type B programs:

\$425,000

Goodwill Industries of Southwest Florida, Inc. and Affiliate
Schedule of Finding and Questioned Costs - State Financial Assistance
Year Ended December 31, 2025

Section II. Consolidated Financial Statement Findings

There were no findings related to the consolidated financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

Section III. Findings and Questioned Costs - Major State Financial Assistance Project

No matters to be reported.