

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Financial Statements

Years Ended December 31, 2021 and 2020



Independent Auditor's Report

Board of Directors
Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries
Menasha, Wisconsin

Opinion

We have audited the consolidated financial statements (the "financial statements") of Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries (the "Organization"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Green Bay, Wisconsin

April 28, 2022

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Financial Position

<i>As of December 31,</i>	2021	2020
Current assets:		
Cash and cash equivalents	\$ 10,880,708	\$ 22,870,598
Accounts receivable customers - Net	274,594	242,667
Accounts receivable grants and other	836,656	1,180,434
Inventories	17,737,926	15,055,295
Prepaid expenses and other	612,976	342,969
Total current assets	30,342,860	39,691,963
Property and equipment - Net	47,100,787	48,066,426
Other assets:		
Deferred compensation	1,336,328	1,299,921
Investments	32,651,999	0
Interest in Community Foundation	1,660,313	1,457,326
Restricted cash	1,147,297	1,102,740
Total other assets	36,795,937	3,859,987
Total assets	\$ 114,239,584	\$ 91,618,376

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Financial Position (Continued)

<i>As of December 31,</i>	2021	2020
Current liabilities:		
Current maturities of long-term debt	\$ 2,022,000	\$ 2,022,000
Accounts payable	2,746,885	2,923,779
Refundable advance liability	6,400,000	0
Accrued and other liabilities:		
Payroll and related	1,794,833	2,102,752
Other accruals	1,786,576	1,530,896
Total current liabilities	14,750,294	8,579,427
Long-term liabilities:		
Long-term debt - Net of current portion	14,010,826	15,846,429
Deferred compensation	1,336,328	1,299,921
Total long-term liabilities	15,347,154	17,146,350
Total liabilities	30,097,448	25,725,777
Net assets:		
Without donor restrictions	83,512,109	65,280,340
With donor restrictions:		
Perpetual in nature	231,748	212,900
Time-restricted for future periods	398,279	399,359
Net assets with donor restrictions	630,027	612,259
Total net assets	84,142,136	65,892,599
Total liabilities and net assets	\$ 114,239,584	\$ 91,618,376

See accompanying notes to consolidated financial statements.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Activities

<i>Year Ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Public support:			
Government and other grants	\$ 557,583	\$ 0	\$ 557,583
In-kind contributions	2,873,513	0	2,873,513
Contributions	1,081,975	275,153	1,357,128
Total public support	4,513,071	275,153	4,788,224
Revenue:			
Retail sales	52,403,604	0	52,403,604
Outlet store sales	1,297,912	0	1,297,912
Post retail sales	4,121,780	0	4,121,780
E-commerce	3,571,014	0	3,571,014
Contracted services	304,472	0	304,472
Program fees	1,786,942	0	1,786,942
Rental income	214,917	0	214,917
Miscellaneous revenue	164,577	0	164,577
Total revenue	63,865,218	0	63,865,218
Net assets released from donor restrictions	294,871	(294,871)	0
Total public support and revenue	68,673,160	(19,718)	68,653,442
Expenses:			
Program services	44,956,956	0	44,956,956
Management and general	6,967,838	0	6,967,838
Fund-raising	8,245	0	8,245
Total expenses	51,933,039	0	51,933,039
Excess (deficiency) of public support and revenue over expenses	16,740,121	(19,718)	16,720,403
Other nonoperating activities:			
Realized investment gain	184,482	0	184,482
Unrealized investment gain, net of investment fees	799,320	0	799,320
Interest, dividends, and accrued income	376,229	0	376,229
Change in interest in Community Foundations	146,653	37,486	184,139
Loss on disposal of property and equipment	(15,036)	0	(15,036)
Total other nonoperating activities	1,491,648	37,486	1,529,134
Changes in net assets	18,231,769	17,768	18,249,537
Net assets at beginning	65,280,340	612,259	65,892,599
Net assets at end	\$ 83,512,109	\$ 630,027	\$ 84,142,136

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Activities (Continued)

<i>Year Ended December 31, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Public support:			
Government and other grants	\$ 1,374,703	\$ 0	\$ 1,374,703
In-kind contributions	420,431	0	420,431
Contributions	698,897	289,949	988,846
Total public support	2,494,031	289,949	2,783,980
Revenue:			
Retail sales	36,959,364	0	36,959,364
Outlet store sales	868,193	0	868,193
Post retail sales	2,714,845	0	2,714,845
E-commerce	3,047,464	0	3,047,464
Contracted services	277,173	0	277,173
Program fees	1,464,520	0	1,464,520
Rental income	246,279	0	246,279
Miscellaneous revenue	174,657	0	174,657
Total revenue	45,752,495	0	45,752,495
Net assets released from donor restrictions	198,065	(198,065)	0
Total public support and revenue	48,444,591	91,884	48,536,475
Expenses:			
Program services	39,109,458	0	39,109,458
Management and general	6,366,508	0	6,366,508
Fund-raising	29,033	0	29,033
Total expenses	45,504,999	0	45,504,999
Excess of public support and revenue over expenses	2,939,592	91,884	3,031,476
Other nonoperating activities:			
Interest income	92,242	0	92,242
Change in interest in Community Foundations	104,342	25,510	129,852
Loss on disposal of property and equipment	(186)	0	(186)
Total other nonoperating activities	196,398	25,510	221,908
Changes in net assets	3,135,990	117,394	3,253,384
Net assets at beginning	62,144,350	494,865	62,639,215
Net assets at end	\$ 65,280,340	\$ 612,259	\$ 65,892,599

See accompanying notes to consolidated financial statements.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses

<i>Year Ended December 31, 2021</i>	Retail Training Centers	Other Mission Programming	Fund-raising	Management and General	Total
Expenses:					
Salaries and wages - Client	\$ 465,981	\$ 101,899	\$ 0	\$ 2,100	\$ 569,980
Salaries and wages - Staff	19,257,254	2,770,149	0	3,897,219	25,924,622
Fringe benefits	5,353,005	784,979	0	793,925	6,931,909
Cost of sales	3,213,457	0	0	0	3,213,457
Administrative and consulting fees	1,264,736	68,647	877	541,632	1,875,892
Office supplies	80,052	14,794	0	9,267	104,113
Bad debt expense	24,205	3,324	0	0	27,529
Operating supplies	907,078	44,617	5,913	52,913	1,010,521
Software costs	367,508	57,012	0	265,956	690,476
Janitorial supplies	234,720	0	0	14,408	249,128
Telephone	141,467	25,319	0	45,527	212,313
Postage and shipping	777,842	16,348	325	8,081	802,596
Rent	863,523	18,850	0	0	882,373
Insurance	380,707	7,267	0	59,330	447,304
Interest expense	344,163	0	0	14,097	358,260
Property and other taxes	143,994	64	0	94	144,152
Advertising	405,589	15,900	0	14,848	436,337
Outside printing	2,575	12,173	895	40,302	55,945
Travel	154,516	104,961	0	47,557	307,034
Vehicle	238,728	0	0	25,132	263,860
Equipment rental	279,617	0	0	52,520	332,137
Trash removal	943,311	0	0	0	943,311
Conferences, conventions, and meetings	3,227	11,085	0	17,921	32,233
Utilities	1,016,740	749	0	98,279	1,115,768
Repairs and maintenance - Land and building	643,711	0	0	94,400	738,111
Repairs and maintenance - Equipment	312,651	1,001	0	18,684	332,336
Community support	47,830	632,629	0	0	680,459
Other expense	9,935	8,385	0	167,773	186,093
Dues	143	17,023	0	205,415	222,581
Depreciation	2,319,617	41,899	235	480,458	2,842,209
Totals	\$ 40,197,882	\$ 4,759,074	\$ 8,245	\$ 6,967,838	\$ 51,933,039

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Functional Expenses (Continued)

<i>Year Ended December 31, 2020</i>	Retail Training Centers	Other Mission Programming	Fund-raising	Management and General	Total
Expenses:					
Salaries and wages - Client	\$ 322,896	\$ 85,286	\$ 0	\$ 1,974	\$ 410,156
Salaries and wages - Staff	15,755,356	2,395,977	14,022	3,421,179	21,586,534
Fringe benefits	4,652,399	726,793	4,622	1,016,004	6,399,818
Cost of sales	3,134,834	0	0	0	3,134,834
Administrative and consulting fees	1,138,368	128,425	490	341,236	1,608,519
Office supplies	58,457	10,313	0	8,926	77,696
Bad debt recovery	0	(49,249)	0	0	(49,249)
Operating supplies	967,973	63,921	8,557	47,194	1,087,645
Software costs	3,130	4,005	0	321,836	328,971
Janitorial supplies	222,429	222	0	25,769	248,420
Telephone	134,270	20,278	0	38,982	193,530
Postage and shipping	837,545	17,273	152	9,460	864,430
Rent	832,124	19,440	0	0	851,564
Insurance	332,334	869	0	49,989	383,192
Interest expense	417,891	0	0	19,022	436,913
Property and other taxes	127,690	128	51	609	128,478
Advertising	317,798	8,883	0	15,261	341,942
Outside printing	9,947	12,749	513	15,925	39,134
Travel	91,656	75,886	155	31,176	198,873
Vehicle	193,638	0	0	15,436	209,074
Equipment rental	329,902	1,340	0	19,614	350,856
Trash removal	729,335	0	0	1,808	731,143
Conferences, conventions and meetings	6,592	6,831	170	1,783	15,376
Utilities	928,186	740	0	97,763	1,026,689
Repairs and maintenance - Land and building	555,910	552	0	69,703	626,165
Repairs and maintenance - Equipment	279,796	1,201	0	21,489	302,486
Community support	4,455	582,532	0	0	586,987
Other expense	9,031	7,932	99	61,344	78,406
Dues	121	29,553	0	186,178	215,852
Depreciation	2,518,571	44,944	202	526,848	3,090,565
Totals	\$ 34,912,634	\$ 4,196,824	\$ 29,033	\$ 6,366,508	\$ 45,504,999

See accompanying notes to consolidated financial statements.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

<i>Years Ended December 31,</i>	2021	2020
Change in cash and cash equivalents:		
Cash flows from operating activities:		
Change in net assets	\$ 18,249,537	\$ 3,253,384
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	2,842,209	3,090,565
Amortization of debt issuance costs classified as interest expense	17,897	17,897
Loss on disposal of property and equipment	15,036	186
Gain on investments	(983,802)	0
Bad debt expense (recovery)	27,529	(49,249)
Change in interest in Community Foundations	(184,139)	(129,852)
Changes in operating assets and liabilities:		
Accounts receivable - net	284,322	(663,264)
Refundable advance liability	6,400,000	0
Inventories	(2,682,631)	(112,366)
Prepaid expenses and other	(270,007)	45,634
Accounts payable	(176,894)	143,377
Accrued and other liabilities	(52,239)	681,187
Total adjustments	5,237,281	3,024,115
Net cash flows from operating activities	23,486,818	6,277,499
Cash flows from investing activities:		
Capital expenditures for property and equipment	(1,893,716)	(541,738)
Contributions to interest in Community Foundations	(18,848)	0
Proceeds from sale of property and equipment	2,110	500
Proceeds from investments	(368,197)	0
Purchase of investments	(31,300,000)	0
Net cash flows from investing activities	(33,578,651)	(541,238)
Cash flows from financing activities		
Principal payments on long-term debt	(1,853,500)	(2,481,298)
Change in cash and cash equivalents	(11,945,333)	3,254,963
Cash and cash equivalents at beginning of year	23,973,338	20,718,375
Cash and cash equivalents at end of year	\$ 12,028,005	\$ 23,973,338

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (Continued)

Supplemental cash flow information:

Cash paid for interest	\$ 340,365	\$ 431,267
------------------------	------------	------------

Noncash financing and investing activities

Change in assets held on behalf of employees in the deferred compensation plan	\$ 36,407	\$ (160,281)
--	-----------	--------------

Reconciliation of cash and cash equivalents:

Cash and cash equivalents	\$ 10,880,708	\$ 22,870,598
Restricted cash	1,147,297	1,102,740

Total cash and cash equivalents	\$ 12,028,005	\$ 23,973,338
---------------------------------	---------------	---------------

See accompanying notes to consolidated financial statements.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Organization Activity

The consolidated financial statements (the "financial statements") include the accounts of Goodwill Industries of North Central Wisconsin, Inc. ("Goodwill"), Financial Information & Service Center, Inc. (FISC) which was consolidated through September 1, 2020, Money Management Education Associates (MMEA), and Goodwill Industries Development Corporation, collectively referred to as the Organization. The Organization exists to elevate people by eliminating barriers to employment through services, partnership, collaboration, and the responsible use of community resources. The Organization's support comes primarily from retail sales in 27 retail training center locations throughout north central Wisconsin, contributions, and fees and grants from governmental agencies.

MMEA is a nonprofit Wisconsin corporation organized to prepare people to take responsibility for their financial well-being through financial education, planning, and personal management services.

Goodwill Industries Development Corporation exists to hold title to certain real estate and to further the work done by the Organization.

Basis of Consolidation

The Goodwill organizations have common board members and management and are, therefore, consolidated. All significant intercompany accounts and transactions have been eliminated in preparing the consolidated financial statements. Collectively, the consolidated entities are referred to as the "Organization."

Effective September 1, 2020, FISC was dissolved and all assets, liabilities, net assets, program activities, and operations were transferred to Goodwill. All intercompany transactions were eliminated during consolidation and there was no net effect on the consolidated change in net assets or net assets in total.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of the accompanying financial statements in accordance with GAAP requires management to make estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measure of Operations

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

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash primarily includes cash and cash equivalents funds held in trust for clients receiving financial services.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable arise from contract payments for program services, amounts expected from salvage customers, and miscellaneous credits and are stated at the amount management expects to collect from outstanding balances. Accounts receivable from grants and other is reported at the amount that the Organization has earned in accordance with the grant award or based on donor information. Accounts receivable from contracts with customers is reported at the amount that reflects the consideration to which the Organization expects to be entitled, in exchange for providing goods for sale and services. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Inventories

Goodwill receives a substantial amount of donated goods during the year. At the end of its fiscal year, Goodwill estimates the value of donated goods on hand and records the amount as inventory with a corresponding adjustment to in-kind contributions by applying two methodologies used by other Goodwill organizations:

- Donated goods in inventory in the warehouse and stockrooms are valued by applying an average sales value per container depending upon the category (for example, softlines, hardlines, accessories). Annually the average value per category is calculated by analyzing the sales price for containers holding similar goods. A sell-through rate is then applied to get an average value by category.
- Donated goods located on the sales floor in each store are valued by calculating an average of one month's worth of donated sales using the last three months of donated sales. During 2021, Goodwill used an average of the last three months of donated sales during October, November, and December 2021. During 2020, Goodwill used an average of the last three months of donated sales during October, November, and December of 2017, 2018, and 2019 to more reflect the historical level of donated inventory on hand due to unusual sales levels resulting from the COVID-19 pandemic. Goodwill was still experiencing depressed sales volume during the last quarter of 2020, which would not have resulted in an accurate reflection of donated goods inventory on hand.

It is not practical to determine the fair value of goods donated during the course of the year. Approximately 97% and 95% of inventories were composed of donated goods at December 31, 2021 and 2020, respectively.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Beneficial Interest in Assets Held by Community Foundation

The Organization has placed funds with various Community Foundations. The fund agreements clearly specify that these funds are to benefit the Organization and as such, GAAP requires those assets to continue to be reported on the Organization's financial statements, but to also be reported as an agency fund liability on the financial statements of the Community Foundations. The Organization has granted variance power to the Community Foundations as required by the fund agreements. This variance power essentially allows the Community Foundation's Board of Directors to override any conditions or restrictions that might be placed on the funds if Community Foundation feel such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community, however unlikely. The fair value of funds held by Community Foundations is reported in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

Property, Equipment and Depreciation

Property and equipment acquisitions are valued at cost or, if donated, at fair market value at date of donation. Maintenance and repair costs are charged to expense as incurred. Gains or losses on disposition of property and equipment are reflected in other nonoperating activities on the statements of activities. Depreciation is computed on the straight-line method for financial reporting purposes based on the estimated useful lives of the respective assets. Estimated useful lives range from 5 to 15 years for major movable equipment and 5 to 40 years for land improvements, buildings, and fixed equipment.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets if any, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long lived assets during 2021 and 2020.

Deferred Compensation

Deferred compensation consists of funds held for the benefit of organizational officers. The plan is fully funded and is invested primarily in equity mutual funds, fixed income mutual funds, and cash equivalents, which are reported at fair value. The accompanying financial statements include an asset and corresponding liability associated with this plan.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

The Organization's investments, including funds in the deferred compensation plan, are invested in marketable securities with readily determinable fair values and debt securities at their fair values in the consolidated statements of financial position. Quoted market prices in active markets are used as the basis of measurement. Unrealized gains and losses result from changes in the fair value of the investments based on market activity and are included in the accompanying consolidated statements of activities, net of investment expenses if applicable. Realized gains and losses result in the sales price of investments being higher or lower than the original cost, and are recorded based on specific identification of the liquidated investment.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized. See Note 5 for further information.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Fair Value Measurements

Fair value is the price that would be received when an asset is sold or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Debt Issuance Costs

Long-term debt is presented net of debt issuance costs on the consolidated statements of financial position and the amortization of debt issuance costs is presented as interest expense on the consolidated statements of activities. See Note 10 for more information.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Retail Training Center and Outlet Store Sales

Store and outlet sales consist of the sale of donated goods and new goods and is reported at the amount that reflects the consideration to which Goodwill expects to be entitled in exchange for providing goods to the customer. These amounts are generated from sales to customers in the North Central Wisconsin area. Customers pay for goods sold on a stand-alone selling price basis at the point of sale, which occurs at a point in time. Control is transferred immediately to the customer at the point of sale. Stores sales do not include sales tax because the organization is a pass-through conduit for collecting and remitting sales tax.

Retail and consumer products provide customers with several distinct opportunities that are considered performance obligations:

- Goodwill's sales policy provides a right of return to the customer, which begins at the point of sale and expires at the end of the return period (14 days for the retail training centers and outlet stores). A return allows a customer to get "in-store credit" in the amount of the selling price of the goods being returned.
- Goodwill provides a customer loyalty program ("Good Points" or rewards dollars) that entitles a customer to earn rewards dollars that may be redeemed for future purchases at no, or reduced cost. Rewards dollars expire 60 days after they are earned.
- Goodwill allows customers to purchase gift certificates on a stand-alone selling price basis. Customers can then purchase goods in retail locations as if the gift certificate was cash.

Goodwill estimates and recognizes a reduction in reported revenue on a stand-alone selling price basis using actual returns for the allowable return window at fiscal year-end and records a liability for variable consideration and customer incentives to which Goodwill is not yet entitled. Cash received from gift certificates is recognized as a liability until the customer uses it in a store and converts it into sales revenue. When the return period expires, or when customer loyalty points expire, the estimated consideration is reclassified from a liability to earned sales revenue.

E-commerce Sales

E-commerce sales revenue results from customer purchases of retail and consumer products on various e-commerce sites and is reported at the amount that reflects the consideration to which Goodwill expects to be entitled in exchange for providing the goods to the customer. These amounts are generated from sales to customers across the geographic United States. Customers pay for goods on a stand-alone selling price basis sold at the point of sale and control of goods sold using e-commerce is transferred at the point of shipment, which happens virtually simultaneously with the point of sale.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

E-commerce Sales (Continued)

Goodwill's e-commerce sales policy provides a right of return to the customer, which begins at the point of sale and expires at the end of the return period (ranging from 7 to 30 days, depending on the site). E-commerce sales are not eligible for rewards dollars.

Post Retail Sales

Post retail sales revenue results from industrial customers purchasing bulk retail and consumer goods that Goodwill does not sell in its retail environment. Revenue is reported at the amount that reflects the consideration to which Goodwill expects to be entitled in exchange for providing post retail goods to the customer. These amounts are generated from customers located throughout the United States and Canada. Post retail sales are priced by weight and Goodwill invoices the customer when the post retail goods ship, which is the point at which control transfers to the customer (FOB shipping point).

There are no discounts on purchases or payment and Goodwill does not allow returns for refund of post retail sales.

Contracted Services

Goodwill performs light assembly jobs for other organizations. These assembly services are typically performed using parts owned and supplied by the customer. Revenue is reported at the amount that reflects the consideration to which Goodwill expects to be entitled in exchange for providing the services to the customer. These amounts are generated from customers located in the Northeastern Wisconsin area. Customers are invoiced, and revenue is recognized at the time that the performance obligation is satisfied, which occurs as the service is performed over time. Goodwill determines the transaction price based on standard charges for services provided to similar customers and contracts.

Program Fees

The Organization provides either center-based employment, prevocational day services, or community-based programs. These services are provided to individuals authorized by the customer in exchange for fees, primarily from managed care organizations, self-directed managed care options, or other organizations under third-party reimbursement arrangements, the State of Wisconsin Division of Vocational Rehabilitation (DVR), or from families under private pay arrangements. Contract terms are established using predetermined rate-based reimbursement agreements; managed care or other organizations negotiate the reimbursement rates annually with the Organization based on 15-minute, hourly, or other increments, private pay rates are negotiated with the families, and the DVR updates their statewide fee structure annually or bi-annually.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Program Fees (Continued)

Amounts earned, for purposes of practicality, are invoiced to the customer and recorded as revenue on a monthly basis. There are no volume, pricing, or payment discounts, payments are typically received within 30 to 60 days after billing, and the Organization does not receive payments in advance of services provided.

The Organization considers the performance obligation to be providing services to the eligible individual and the performance obligation is satisfied over-time as the services are provided under managed care or other rate-based reimbursement contracts as the individual is simultaneously receiving and consuming the benefits of the service, and at a point in time upon unit-of-service completion under DVR contracts as Organization is not entitled to bill or collect revenue from DVR until the unit of service is accomplished. Organization feels the output method is the most faithful depiction of the transfer of goods or services (i.e., increment of time or completed service unit) as neither the individuals nor Organization is obligated beyond those terms.

The Organization also provides counseling services related to budgeting, bankruptcy, debt, student loan, and housing counseling services. The Organization enters into a contract with individuals, who are seeking such services and pricing terms are established using standard rates either per service or per hour. The performance obligation is to provide the agreed upon counseling service and customers pay using cash, credit card, or money order, and revenue is recognized at the time the service is provided. There is no variable consideration in the contract and no contract assets, contract liabilities, or accounts receivable from contracts with customers as a result.

The Organization also provides representative payee and bill paying services to customers. The Organization enters into a contract with individuals, who are seeking such services, and pricing terms are established by Social Security Administration's standard rates per month. The performance obligation is to provide services generally for one month; customers are charged, and revenue is recognized at the end of each month for services based on the monthly fee as the performance obligation is satisfied. There is no variable consideration in the contract, and the amounts are credited immediately from the customers' accounts. As a result, there are no contract assets, contract liabilities, or accounts receivable from contracts with customers.

The Organization does collect sales tax as required by the Wisconsin Department of Revenue. The Organization excludes sales tax from the measurement of all transactions prices, since they are collected and remitted directly to the State of Wisconsin as a pass-through.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

In-Kind Contributions

In-kind contributions represent the net increase in donated inventory on hand at December 31, 2021 and 2020. When the net change in donated inventory is a decrease, the change is reported in cost of sales on the consolidated statements of functional expenses. In-kind contributions of \$2,873,513 and \$420,431 related to an increase in donated inventory on hand were recognized in 2021 and 2020, respectively. Sales of donated inventory are recognized when the transaction occurs and are reported in retail sales on the consolidated statements of activities.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions when placed in service.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant Awards That Are Exchange Transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. The Organization does not have any grants that are considered exchange transactions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses provide an analysis of expenses by nature and function. Direct costs necessary for the Organization's operations are charged to the program or activity, and shared costs are reported as management and general expenses.

Advertising

Advertising costs are expensed to operations when incurred.

Income Taxes

The Organization is comprised of three nonprofit organizations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The entities are also exempt from state income taxes on related income.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts as previously reported in the 2020 financial statements have been reclassified to conform to the 2021 presentation. Such reclassifications, which consisted of expenditure reclassifications on the statements of functional expenses, have no effect on reported amounts of net assets or change in net assets.

Future Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-Financial Assets* (Topic 958). The amendments in this update will require entities to present contributed nonfinancial assets as a separate line item in the statement of activities, expand disclosures on the various contributed nonfinancial assets recognized, including disaggregated category types, the valuation techniques and inputs used to arrive at fair value, and the policy for either monetizing or utilizing contributed nonfinancial assets. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after June 15, 2021, applied on a retrospective basis. Early adoption is permitted.

The Organization is currently evaluating the impact these standards will have on its financial statements.

Subsequent Events

The Organizations have evaluated events and transactions for potential recognition or disclosure in the financial statements through April 28, 2022, which is the date the financial statements were available to be issued.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2: Accounts Receivable From Customers and Revenue From Contracts with Customers

Accounts receivable balances at December 31, included the following:

	2021	2020	2019
Accounts receivable from contracts with customers	\$ 336,594	\$ 277,667	\$ 436,887
Less - Allowance for doubtful accounts	62,000	35,000	55,000
Accounts receivable from contracts with customers - net	\$ 274,594	\$ 242,667	\$ 381,887

The Organization did not have any contract assets as of December 31, 2021, 2020, or 2019.

Contract liabilities are included in other accruals on the statements of financial position, and consisted of the following at December 31:

	2021	2020	2019
Gift cards outstanding	\$ 79,169	\$ 82,958	\$ 86,119
Store credits outstanding	129,102	120,294	86,783
Good Points	90,852	112,402	72,994
Contract liabilities end of year	\$ 299,123	\$ 315,654	\$ 245,896

Activity in contract liabilities during the years ended December 31, were as follows:

	2021	2020
Contract liabilities beginning of year	\$ 315,654	\$ 245,896
Change in contract liability	(16,531)	69,758
Contract liabilities end of year	\$ 299,123	\$ 315,654

The change in contract liabilities is a factor of the usage of Good Points earned balances, an increase in estimated customer returns, and gift certificate usage periods expiring.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 2: Accounts Receivable From Customers and Revenue From Contracts with Customers (Continued)

Revenue from contracts with customers for the years ended December 31, is as follows:

	2021	2020
Retail sales (recognized point in time)	\$ 53,701,516	\$ 37,827,557
Program fees (recognized over time)	1,291,156	1,287,336
Program fees (recognized point in time)	495,786	177,184
E-commerce sales (recognized point in time)	3,571,014	3,047,464
Post retail sales (recognized point in time)	4,121,780	2,714,845
Contracted serves (recognized over time)	304,472	277,173
Total revenue from contracts with customers	\$ 63,485,724	\$ 45,331,559

Sales revenue (retail, e-commerce, and post-retail) is recognized at a point in time. This is because control does not transfer to the customer until the point of sale or when shipment occurs in the case of e-commerce sales and post retail sales. As discussed in Note 1, certain variable consideration and customer rights are reported as contract liabilities and recognized in revenue when the Organization is entitled to the revenue recognition, usually at the expiration of a certain amount of time. Contracted services revenue is recognized over time as the customer simultaneously receives and consumes the benefit of services on the parts that they own. Program fees recognized at a point in time reflect the fact that the Organization cannot reasonably expect to collect payment until the service is completed. Program fees recognized over time reflect the fact that the customer is simultaneously consuming and receiving the benefits of the services. The Organization uses the output method to measure value transferred to the customer using a per unit pricing structure, whereby the Organization is entitled to payment based on the units of output.

The Organization had no major customers during 2021 and 2020.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 3: Liquidity and Availability of Financial Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at December 31:

	2021	2020
Cash and cash equivalents	\$ 10,880,708	\$ 22,870,598
Accounts receivable	1,111,250	1,423,101
Investments	32,651,999	-
Subtotal liquid financial resources	44,643,957	24,293,699
Less:		
Contributions from donor with purpose restrictions	(37,890)	(78,973)
Contributions from donor with time restrictions	(213,494)	(210,977)
Net financial resources available for general expenditures	\$ 44,392,573	\$ 24,003,749

The Organization regularly monitors the availability of resources required to meet its operating, debt service (see Note 10), and capital needs. The Organization also has a line of credit available to meet short-term needs (see Note 9 for more information).

Note 4: Beneficial Interest in Assets Held by Community Foundation

As of December 31, 2021 and 2020, funds with a fair value totaling \$1,660,313 and \$1,457,326, respectively, are being held for the use and future benefit of Goodwill at the following foundations: Community Foundation for the Fox Valley Region, Greater Green Bay Community Foundation, Inc., South Wood County Community Foundation, Community Foundation of North Central Wisconsin, La Crosse Community Foundation, Oshkosh Area Community Foundation, Stevens Point Area Foundation, Eau Claire Area Foundation, Shawano Area Community Foundation, Inc., and Marshfield Area Community Foundation, and Waupaca Area Community Foundation (collectively referred to as the "Community Foundations").

In a prior year, Goodwill transferred funds to each community foundation; accordingly, the value of these funds is included in the accompanying consolidated statements of financial position. In addition, donor-restricted endowments were established for the benefit of Goodwill. All changes in the value of the funds transferred by Goodwill are considered changes in net assets without donor restrictions. All changes in the value of the donor-restricted endowment funds are recorded as net assets with donor restrictions in accordance with the standards applicable to endowments as described in Note 6. The accompanying consolidated financial statements include an increase of \$184,139 in 2021 and an increase of \$129,852 in 2020 in interest in Community Foundations.

Annually, the Community Foundations determine amounts available for distribution to Goodwill based on various distribution policies of their respective foundations. Goodwill can elect to receive these distributions or leave them in the fund balance of the respective funds at the Community Foundations.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 5: Investments

The Board of Directors and management has partnered with a third-party investment advisor to establish an investment portfolio to support the mission of 'elevating people by eliminating barriers to employment. The investment objectives are to provide long-term growth to support the mission while maintaining a diversified portfolio that seeks to reduce significant risk of loss. The advisor provides quarterly updates on investment performance, economic and market outlook, provides recommendations on existing and potential new investment strategies to support the Organization's mission, and conducts due diligence on investment managers. The Board of Directors oversees the stewardship of investments and must approve any changes to the investment policy.

Investments, stated at fair value, consisted of the following at December 31, 2021:

Money market	\$	399,460
Mutual funds		2,371,818
Fixed income securities		4,594,120
Equity securities		25,286,601
Total	\$	32,651,999

Assets invested as part of the deferred compensation plan consisted of the following at December 31:

	2021	2020
Cash equivalents	\$ 222,381	\$ 266,477
Mutual funds	824,567	724,031
Fixed income securities	289,380	309,413
Totals	\$ 1,336,328	\$ 1,299,921

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Because of the level of risk associated with certain investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6: Endowment Funds

The Organization's endowment consists of a fund established to benefit the Organization for a variety of purposes established by donor restrictions. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed stipulations. The endowment is included in the interest in Community Foundations on the consolidated statements of financial position.

The Board of Directors believes the Uniform Prudent Management of Institutional Funds Act (UPMIFA) is the relevant state law governing its endowment funds. The Board has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions that have a perpetual restriction (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment. At the time the Organization elects to appropriate expenditures from donor-restricted endowment funds in a manner consistent with the standard of prudence prescribed by UPMIFA, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to preserve the purchasing power of the endowment assets. Under the Organization's investment policy, as approved by the Board, the endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles, and ensure that any risk assumed is commensurate with the given investment vehicle and the Organization's objectives. To achieve its investment goals, the Organization targets an asset allocation that will achieve a balanced return of current income and long-term growth of principal while exercising risk control.

The Organization's asset allocations include a blend of equity and debt securities and cash equivalents. Interest, dividends, and net appreciation in fair value of endowment funds on donor-restricted endowment funds are classified as net assets with donor restrictions until appropriated for distribution at the Board's discretion.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 6: Endowment Funds (Continued)

Changes in endowment funds were as follows:

	With Donor Restrictions - Accumulated Gains	With Donor Restrictions - Original Gift	With Donor Restrictions Total
Endowment at January 1, 2020	\$ 83,900	\$ 212,900	\$ 296,800
Contributions	0	0	0
Net appreciation	25,510	0	25,510
Endowment at December 31, 2020	109,410	212,900	322,310
Contributions	0	18,848	18,848
Net appreciation	37,486	0	37,486
Endowment at December 31, 2021	\$ 146,896	\$ 231,748	\$ 378,644

There were no endowments that were without donor restrictions as of December 31, 2021 and 2020.

Note 7: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value:

- Cash equivalents are measured at cost, which approximates fair value.
- Equity securities are valued at quoted market prices and mutual funds.
- Fixed income securities are valued using quotes from pricing vendors based on recent trading activity and other observable market data.
- Interest in community foundations fair value measurement is based upon the market value of the underlying assets, consisting mainly of equity securities and fixed income securities, which are valued based upon either quoted market prices or based upon recent trading activity and other observable market data.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Fair Value Measurements (Continued)

Information regarding assets at fair value on a recurring basis as of December 31, is as follows:

As of December 31, 2021	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Investments:				
Money market	\$ 399,460	\$ 0	\$ 399,460	\$ 0
Equity securities	25,286,601	25,286,601	0	0
Fixed income securities	4,594,120	0	4,594,120	0
Mutual funds	2,371,818	2,371,818	0	0
Subtotal investments	32,651,999	27,658,419	4,993,580	0
Deferred compensation:				
Cash and cash equivalents	222,381	0	222,381	0
Total equity mutual funds	824,567	824,567	0	0
Total fixed income funds	289,380	289,380	0	0
Subtotal deferred compensation	1,336,328	1,113,947	222,381	0
Interest in Community Foundations	1,660,313	0	0	1,660,313
Totals	\$ 35,648,640	\$ 28,772,366	\$ 5,215,961	\$ 1,660,313

There were no liabilities measured on a recurring basis and there were no assets or liabilities measured on a nonrecurring basis during 2021 or 2020. During 2021 and 2020, \$18,848 and \$0 of contributions were made to the interest in the Community Foundations.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 7: Fair Value Measurements (Continued)

Information regarding assets at fair value on a recurring basis as of December 31, is as follows:

As of December 31, 2020	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Deferred compensation:				
Cash and cash equivalents	\$ 266,477	\$ 0	\$ 266,477	\$ 0
Equity mutual funds:				
Total equity mutual funds	724,031	724,031	0	0
Total fixed income funds	309,413	309,413	0	0
Subtotal deferred compensation	1,299,921	1,033,444	266,477	0
Interest in Community Foundations	1,457,326	0	0	1,457,326
Totals	\$ 2,757,247	\$ 1,033,444	\$ 266,477	\$ 1,457,326

Note 8: Property and Equipment

A summary of property and equipment is as follows as of December 31:

	2021	2020
Land and land improvements	\$ 19,813,784	\$ 19,404,564
Buildings and improvements	50,672,017	50,344,686
Furniture and equipment	17,706,551	17,730,382
Construction in progress	235,094	32,608
Total property and equipment	88,427,446	87,512,240
Less - accumulated depreciation	41,326,659	39,445,814
Totals	\$ 47,100,787	\$ 48,066,426

Construction in progress as of December 31, 2021 and 2020, consists of costs for remodeling and updating of equipment and current locations.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 9: Line of Credit

The Organization maintains a line of credit with PNC Bank in the amount of \$5,000,000 with interest at daily LIBOR plus 1.5%. The effective rate at December 31, 2021, was 1.564%. The line of credit matures July 2023. There were no draws on the line of credit as of December 31, 2021 and 2020.

Note 10: Note Payable

The Organization has the following note payable as of December 31:

	2021	2020
Wisconsin Health and Educational Facilities Authority (WHEFA) Revenue Bonds, Series 2019, dated December 20, 2019, payable in monthly installments of \$168,500 plus interest at 2.16% secured by land and buildings, matures December 2029.	\$ 16,176,000	\$ 18,029,501
Less - Current maturities	2,022,000	2,022,000
Long-term portion	14,154,000	16,007,501
Less - Debt issuance costs - Net	143,174	161,072
Totals	\$ 14,010,826	\$ 15,846,429

Unamortized bond issuance costs related to issuance of long-term debt are amortized and reported as interest expense over the life of the related debt using the straight-line method, which approximates the effective method. Net deferred financing costs were \$143,174 and \$161,072 as of December 31, 2021 and 2020, respectively, with accumulated amortization of \$35,795 and \$17,898, respectively. The net deferred financing costs related to debt agreements refinanced in 2019 were fully expensed as amortization. Amortization expense classified as interest expense was \$17,898 and \$17,897 during 2021 and 2020, respectively.

Certain notes described above are subject to certain performance and financial covenants.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 10: Note Payable (Continued)

Scheduled principal payments on long-term debt at December 31, 2021, including current maturities, are summarized as follows:

2022	\$ 2,022,000
2023	2,022,000
2024	2,022,000
2025	2,022,000
2026	2,022,000
Thereafter	6,066,000
<hr/>	
Total	\$ 16,176,000

Note 11: Refundable Advance Liability

At December 31, 2021 the Organization had a refundable advance liability of \$6,400,000. This amount resulted from the issuance of a Paycheck Protection Program award as a result of legislation passed to assist organizations in navigating the Coronavirus pandemic. The Organization has determined that this is a conditional grant award and has applied the policy as described in Note 1, which says that conditional contributions and grants shall be reported as a refundable advance liability until the conditions are substantially met.

The conditions of this award include incurring eligible expenditures during a covered period of either eight or 24 weeks and a formal review and approval of the forgiveness application by the lending institution and Small Business Administration (SBA). Should the lending institution and SBA choose not to forgive the refundable advance, it bears interest at 1% and is repayable in principal and interest payments every month, beginning after the deferral period, with final maturity of April 2026. The Organization anticipates that the full amount of the award will be forgiven at which time the conditions will be deemed to be substantially met and revenue will be recognized.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	2021	2020
Contributions - Time restricted	\$ 213,494	\$ 210,977
Contributions - Restricted for financial education and debt counseling	37,890	78,972
Accumulated investment earnings - Time restricted	146,895	109,410
Donor-restricted endowment - Perpetual in nature	231,748	212,900
Totals	\$ 630,027	\$ 612,259

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2021	2020
Contributions utilized in the time period for which they were restricted	\$ 294,871	\$ 198,065

Note 13: Operating Leases

The Organization conducts a portion of its operations in leased facilities under noncancelable operating leases. The Organization is required to pay all operating expenses, maintenance costs, repairs, and insurance on the leased facilities. In addition, the Organization rents various equipment used in operations. Rental expense for all leases totaled \$1,214,510 and \$1,202,420 for the years ended December 31, 2021 and 2020, respectively.

Future minimum payments, by year and in the aggregate, under the noncancelable operating leases with initial or remaining terms in excess of one year consist of the following for the years ended December 31, 2021:

2022	\$ 1,133,881
2023	1,128,503
2024	1,079,197
2025	1,023,103
2026	966,657
Thereafter	4,573,378
Total	\$ 9,904,719

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 13: Operating Leases (Continued)

Included in the lease expense and obligation above is a long-term land lease for land upon which the store in Neenah, Wisconsin was constructed. The lease was determined to be an operating lease and includes the following terms:

- If the Organization fails to purchase the property, title to all buildings, structures, and other permanent improvements shall vest in and become the property of the lessor.
- The initial purchase price is increased by 2% each year until the asset is purchased.

The Organization intends to execute the purchase of the property when all appropriate terms and conditions have been met.

Note 14: Retirement Plan

The Organization has a defined contribution pension plan covering substantially all employees who work at least 1,000 hours during the plan year. The plan provides for a discretionary matching contribution by the Organization equal to 100% of the employee's total contribution with the maximum contribution of up to 6% of the employee's total compensation in 2021 and up to 3% of the employee's total compensation in 2020. Pension expense totaled \$567,520 and \$285,190 for the years ended December 31, 2021 and 2020, respectively.

The Organization has a deferred compensation plan available for its officers and may make discretionary matching contributions to the plan. There was no matching contribution made for the years ended December 31, 2021 and 2020.

Note 15: Self-Funded Health Insurance

The Organization sponsors self-funded health insurance covering certain employees and their dependents. The health insurance expense is based upon actual claims paid, administration fees, and provisions for unpaid and unreported claims at year-end. Employer-paid health insurance expense was approximately \$3.6 million and \$3 million for the years ended December 31, 2021 and 2020, respectively.

A third-party administrator has been retained to process all benefit claims. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

The Organization's exposure is limited with a stop-loss insurance policy for claims in excess of \$100,000 per insured and 125% of expected claims in the aggregate (aggregate exposure of \$5.6 million in 2021). As of December 31, 2021 and 2020, the obligation for self-funded insurance claims incurred, but not reported was \$497,928 and \$447,885, respectively, and is recorded in other liabilities on the consolidated statements of financial position.

Goodwill Industries of North Central Wisconsin, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

Note 16: Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of accounts receivable and cash deposits in excess of insured limits in financial institution.

Accounts receivable consist of amounts due from customers or governmental agencies for services provided. The majority of the Organization's accounts receivable is related to business activity with local government funding agencies and commercial businesses located within Winnebago County and adjacent counties.

The Organization places its cash and investments with creditworthy, high-quality financial institutions to mitigate the risk caused by concentration. However, at times, these balances exceeded amounts insured by the FDIC. Management believes these financial institutions have strong credit ratings, and credit risk related to these deposits is minimal.

Note 17: Donated Services

A number of unpaid volunteers have made contributions of their time to the operations of the Organization. The value of these donated services and time is not recognized in the accompanying financial statements because they do not meet the criteria for recognition and no objective basis is available to measure the value of such services. However, a number of volunteers have donated amounts of their time in the Organization's program services and in its fund-raising campaigns.