Consolidated Financial Statements, Supplemental Schedules, Single Audit Reports and Report of Independent Certified Public Accountants

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

December 31, 2022 and 2021

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

Report on the financial statements

Opinion
We have audited the consolidated financial statements of Goodwill Industries of Southeastern Wisconsin, Inc. (a Wisconsin non-stock, not-for-profit corporation) and Affiliates (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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 financial position of the Entity as of December 31, 2022 and 2021, 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Entity 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 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 Entity's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the 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 US 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 US 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 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 Entity'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 Entity'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.

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Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal, state and local government awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, State Single Audit Guidelines and the Provider Agency Audit Guide*, respectively, the schedule of revenues and expenses for the year ended December 31, 2022, as required by certain funding agencies, and the consolidated year-end financial report for the year ended December 31, 2022, as required by the State of Illinois Grant Accountability and Transparency Act, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included 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 US GAAS. In our opinion, the accompanying supplementary 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 May 25, 2023 on our consideration of the Entity'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 Entity'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 Entity's internal control over financial reporting and compliance.

Grant Thornton LLP

Appleton, Wisconsin
May 25, 2023

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31,
(In thousands)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 64,480	$ 74,636
Accounts receivable, net	17,912	15,009
Inventories and supplies	12,342	11,755
Prepaid expenses and other assets	3,535	3,414
Total current assets	98,269	104,814
Property, plant and equipment, net	126,767	128,411
Finance lease right-of-use assets, net	353	699
Operating lease right-of-use assets	83,176	85,986
Investments	557	654
Other long-term assets	2,175	306
Total assets	$ 311,297	$ 320,870
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	$ 640	$ 13,827
Current portion of finance lease liabilities	229	284
Current portion of operating lease liabilities	11,900	11,525
Accounts payable	10,678	14,384
Accrued liabilities	18,483	18,672
Contract liability	238	48
Total current liabilities	42,168	58,740
Long-term debt, less current maturities and unamortized bond issuance costs	8,162	8,710
Obligations under finance leases liabilities, less current portion	182	477
Obligations under operating lease liabilities, less current portion	78,405	81,654
Other long-term liabilities	728	1,916
Total liabilities	129,645	151,497
Net assets		
Without donor restrictions	181,384	168,998
With donor restrictions	268	375
Total net assets	181,652	169,373
Total liabilities and net assets	$ 311,297	$ 320,870

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2022
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Retail services	$ 201,570	$ -	$ 201,570
Food and administrative services	97,073	-	97,073
Participant services	26,074	-	26,074
Other revenues	455	-	455
Total operating revenue	325,172	-	325,172
Contributions	1,973	129	2,102
In-kind contributions	148,994	-	148,994
Participant programs	6,658	-	6,658
Miscellaneous income	1,273	-	1,273
Net assets released from restrictions	236	(236)	-
Total operating revenue and support and net assets released from restrictions	484,306	(107)	484,199
Operating expenses			
Program services	439,643	-	439,643
Management and general	31,605	-	31,605
Fundraising	271	-	271
Total operating expenses	471,519	-	471,519
Excess of operating revenue and support and net assets released from restrictions over operating expenses	12,787	(107)	12,680
Non-operating activities			
Loss on disposal of property, plant and equipment	(401)	-	(401)
CHANGE IN NET ASSETS	12,386	(107)	12,279
Net assets, beginning of year	168,998	375	169,373
Net assets, end of year	$ 181,384	$ 268	$ 181,652

The accompanying notes are an integral part of this consolidated financial statement.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2021
(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Retail services	$ 196,196	$ -	$ 196,196
Food and administrative services	94,298	-	94,298
Participant services	17,488	-	17,488
Other revenues	610	-	610
Total operating revenue	308,592	-	308,592
Contributions	2,776	320	3,096
In-kind contributions	144,328	-	144,328
Participant programs	9,356	-	9,356
Miscellaneous income	1,178	-	1,178
Net assets released from restrictions	260	(260)	-
Total operating revenue and support and net assets released from restrictions	466,490	60	466,550
Operating expenses			
Program services	412,662	-	412,662
Management and general	26,734	-	26,734
Fundraising	265	-	265
Total operating expenses	439,661	-	439,661
Excess of operating revenue and support and net assets released from restrictions over operating expenses	26,829	60	26,889
Non-operating activities			
Impairment of property, plant and equipment	(2,412)	-	(2,412)
Operating lease abandonment	(2,274)	-	(2,274)
Loss on disposal of property, plant and equipment	(10)	-	(10)
CHANGE IN NET ASSETS	22,133	60	22,193
Net assets, beginning of year	146,865	315	147,180
Net assets, end of year	$ 168,998	$ 375	$ 169,373

The accompanying notes are an integral part of this consolidated financial statement.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022
(In thousands)

	Program Services	Management and General	Fundraising	Total
Salaries	$ 128,702	$ 15,837	$ 174	$ 144,713
Employee benefits	19,653	1,737	18	21,408
Payroll taxes	9,893	1,051	12	10,956
Total salaries and related expenses	158,248	18,625	204	177,077
In-kind supplies	149,470	-	-	149,470
Supplies and other	57,528	243	3	57,774
Rent and occupancy	32,550	1,104	19	33,673
Professional fees and contracted services	21,955	6,838	39	28,832
Depreciation	11,852	670	2	12,524
Finance lease amortization	241	13	-	254
Advertising	318	1,562	-	1,880
Transportation	4,355	210	1	4,566
Equipment purchases, rental and maintenance	2,573	2,456	2	5,031
Interest expense	30	(278)	-	(248)
Conferences and training	278	162	1	441
Specific assistance to individuals	241	-	-	241
Bad debt recoveries, net	4	-	-	4
Total expenses	$ 439,643	$ 31,605	$ 271	$ 471,519

The accompanying notes are an integral part of this consolidated financial statement.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021
(In thousands)

	Program Services	Management and General	Fundraising	Total
Salaries	$ 117,676	$ 13,347	$ 177	$ 131,200
Employee benefits	21,095	1,744	30	22,869
Payroll taxes	8,988	924	12	9,924
Total salaries and related expenses	147,759	16,015	219	163,993
In-kind supplies	143,631	-	-	143,631
Supplies and other	53,698	231	2	53,931
Rent and occupancy	31,850	945	5	32,800
Professional fees and contracted services	18,208	4,938	39	23,185
Depreciation	10,657	1,029	-	11,686
Finance lease amortization	378	17	-	395
Advertising	258	1,640	-	1,898
Transportation	3,520	110	-	3,630
Equipment purchases, rental and maintenance	2,253	1,609	-	3,862
Interest expense	44	43	-	87
Conferences and training	170	157	-	327
Specific assistance to individuals	282	-	-	282
Bad debt recoveries, net	(46)	-	-	(46)
Total expenses	$ 412,662	$ 26,734	$ 265	$ 439,661

The accompanying notes are an integral part of this consolidated financial statement.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,
(In thousands)

	2022	2021
Cash flows from operating activities:		
Change in net assets	$ 12,279	$ 22,193
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	12,687	12,097
Impairment of property, plant and equipment	-	2,412
Operating lease abandonment	-	2,274
Realized and unrealized gain on investments	92	(74)
Unrealized gain on interest rate swaps	(652)	(1,085)
Loss (gain) on disposal of property, plant and equipment	401	10
Asset donation	40	-
Change in accounts receivable allowance	(564)	(50)
Changes in operating assets and liabilities:		
Accounts receivable	(2,339)	18,999
Inventories and supplies	(587)	(534)
Prepaid expenses and other assets	(121)	(1,908)
Accounts payable and accrued liabilities	(1,506)	269
Deferred income	190	-
Contract liability	-	(118)
Operating lease right-of-use assets and liabilities, net	79	74
Other long-term liabilities	(471)	(2,521)
Net cash provided by operating activities	19,528	52,038
Cash flows from investing activities:		
Purchases of property, plant and equipment	(22,182)	(20,599)
Proceeds from sale of property, plant and equipment	8,604	24
Issuance of notes receivable	(1,869)	-
Purchases of investments	(59)	(50)
Net cash used in investing activities	(15,507)	(20,625)
Cash flows from financing activities:		
Repayment of long-term debt	(13,827)	(9,450)
Payments on finance lease liabilities	(350)	(440)
Net cash used in financing activities	(14,177)	(9,890)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,156)	21,523
Cash and cash equivalents, beginning of year	74,636	53,113
Cash and cash equivalents, end of year	$ 64,480	$ 74,636
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 437	$ 1,041
Non-cash transactions:		
Purchase of property and equipment financed through operating leases	$ 9,207	16,987
Purchase of property and equipment in accounts payable	(2,390)	3,090
Donated goods and materials contributed for resale	148,994	144,328

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

NOTE A - ORGANIZATION

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates (collectively, Goodwill) was formed in 1919 and is a Wisconsin non-stock, not-for-profit corporation. The mission of Goodwill is to provide training, employment and supportive services for people with disabilities or disadvantages who seek greater independence. Disabilities or disadvantages include physical or intellectual disabilities, mental health issues, skill limitations, criminal background, lack of education and job preparation, communication challenges and other socio-economic disadvantages.

Goodwill pursues its mission by employing people with disabilities and disadvantages within the organization's own operations in southeastern Wisconsin and northeastern Illinois. In addition, Goodwill provides social services, community programs, vocational training, transitional employment, employment services and supportive services for individuals who have disabilities, are disadvantaged or have other special needs, in order to enhance their employment opportunities, prevent or alleviate rehabilitation problems and facilitate their ability to live independently in the community.

Goodwill Industries of Southeastern Wisconsin, Inc. has the following affiliates and subsidiaries: Goodwill Industries of Metropolitan Chicago, Inc. is a separate, not-for-profit entity that focuses on providing mission services in the Metropolitan Chicago area. Goodwill Retail Services, Inc. is a separate, not-for-profit entity responsible for the retail stores operated by Goodwill. Goodwill Manufacturing, Inc. is a separate, not-for-profit corporation that provides laundry and recycling services. Goodwill Industries of Southeastern Wisconsin, Inc. is the sole member and manager of Goodwill TalentBridge, LLC, which is a full-service staffing and recruitment firm.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies used by Goodwill is as follows:

Financial Statement Presentation

The consolidated financial statements are prepared on the accrual basis of accounting. All significant intercompany activity has been eliminated.

Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions as without donor restrictions or with donor restrictions, as follows:

<u>Without Donor Restrictions</u>

Net assets and transactions are not subject to donor-imposed stipulations.

<u>With Donor Restrictions</u>

Net assets and transactions are subject to donor-imposed stipulations that will be met by the actions of Goodwill and/or the passage of time. As of December 31, 2022 and 2021, Goodwill has $268 and $375, respectively, of net assets restricted by donors.

All contributions are considered to be available for general operating purposes unless specifically restricted by the donor. Contribution revenue is reported as an increase in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose purpose has been fulfilled and/or the stipulated time period has elapsed are reported as reclassifications between net assets with donor restrictions and net assets without donor restrictions.

Measure of Operations

The consolidated statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Goodwill's ongoing mission operations. Non-operating activities are limited to other activities considered to be of a more unusual or nonrecurring nature, including impairment of property, plant and equipment, operating lease abandonment and (loss) gain on disposal of property, plant and equipment.

Cash and Cash Equivalents

Goodwill considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Goodwill maintains its cash balances at one financial institution, which at times may exceed federally insured limits. Goodwill has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Goodwill reports investments at fair value, with net appreciation and depreciation reported in the consolidated statements of activities in miscellaneous income.

Goodwill’s investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risk in the near term could materially affect Goodwill’s investment holdings.

Investments are designated and intended for the use of satisfying the liabilities of the 457(b) plan, as described in Note J.

Accounts Receivable

The majority of Goodwill’s accounts receivable is due from agencies. Credit is extended based on an evaluation of a customer’s financial condition and, generally, collateral is not required. Accounts receivable are due within 10 to 30 days and are stated as amounts due from customers net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. Goodwill determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, Goodwill’s previous loss history, the customer’s current ability to pay its obligation to Goodwill, and the condition of the general economy and the industry as a whole. Goodwill writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Total allowances for uncollectible balances were $235 as of December 31, 2022 and 2021.

Contributions Receivable

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the estimated risk-free interest rate applicable to the years in which the amounts promised are expected to be received. All amounts outstanding are to be collected within one year, and there was no allowance for uncollectible contributions as of December 31, 2022 and 2021. Contributions receivable of $17 and $0 were included in accounts receivable on the consolidated statements of financial position as of December 31, 2022 and 2021, respectively.

Inventories and Supplies

Inventories primarily represent merchandise held for resale and food. These inventories are valued at the lower of cost or net realizable value using the first-in, first-out method. In-kind contributions of merchandise inventory held for resale are recorded at estimated fair market value based on retail sales prices.

Property, Plant and Equipment

Purchases of property, plant and equipment are recorded at cost. Donated assets are capitalized at estimated fair value when received. Leased property and equipment is capitalized at the present value of lease payments. Goodwill capitalizes all qualifying purchases over $5. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets ranging as follows: land improvements from 5 to 15 years; buildings and improvements from 4 to 50 years; and equipment and vehicles from 3 to 15 years. Leased assets are depreciated using the straight-line method over the lesser of the lease term or the estimated useful lives of the assets ranging from 5 to 10 years. Amortization of assets held under finance leases is included in depreciation expense.

Bond Issuance Costs

Bond issuance costs represent trust fees, legal fees and other costs associated with various bond issuances, and are netted against long-term debt on the consolidated statements of financial position. These costs are amortized over the life of the bonds (11 to 25 years). Amortization expense was $93 and $51 for the years ended December 31, 2022 and 2021, respectively.

Revenue Recognition

Revenue is measured based on consideration specified in a contract with a customer. Goodwill recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

Contributions

Goodwill recognizes contributions in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08, Not-For-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In accordance with ASU 2018-08, Goodwill evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, Goodwill applies guidance under Accounting Standards Codification 606, *Revenue from Contracts with Customers*. If the transfer of assets is determined to be a contribution, Goodwill evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before Goodwill is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of return.

Goodwill records contributions of cash and other assets as well as unconditional promises to give (pledges) in the period in which they are received. Pledges considered likely of collection within one year are recorded at their net realizable value. Contributions to be received after one year are discounted to present value at an appropriate discount rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue and classified in accordance with donor-imposed restrictions on the contributions. All contributions are considered available for general use unless specifically restricted by a donor. Contributions subject to donor-imposed restrictions are recorded as support with donor restrictions and are reclassified as net assets without donor restrictions when the donor-imposed restriction has been fulfilled and/or the stipulated time period has elapsed. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as income without donor restrictions. An allowance for uncollectible contributions receivable is provided based on management's judgment and consideration of such factors as prior collection history, type of contributions and nature of fundraising activity.

Conditional promises to give are not recognized until they become unconditional promises to give, that is, when the conditions on which they depend are substantially met. There were no conditional promises to give made to Goodwill during the years ended December 31, 2022 and 2021.

A portion of Goodwill's revenue is derived from federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred or performance requirements have been met, in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. Goodwill received cost reimbursable grants of $532 and $661 that have not been recognized at December 31, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred.

Contributed Nonfinancial Assets and Donations In-Kind

Throughout the year the community donates clothing and household items to advance the mission of Goodwill. These items are monetized to provide skill building for sustained employment and improved financial stability to individuals with barriers to employment. From time to time an immaterial amount of these donations may be used in operations, instead of being sold.

These donations are reflected as in-kind contribution revenue in the accompanying consolidated statements of activities. Goods and materials contributed to Goodwill for resale are recorded at estimated fair market value based on retail sales prices. In-kind contributions and grants received for goods or services are recorded at estimated fair value at the date of donation. These valuation methodologies take into account the fair value of the items in the thrift market.

Leases

Goodwill leases various operational facilities and equipment leases under non-cancelable finance and operating lease agreements. Certain leases call for escalating rental payments. At the commencement of a lease, Goodwill includes only the initial lease term unless the option to extend is reasonably certain. Goodwill does not record leases with a lease term of 12 months or less on its consolidated statements of financial position. Variable lease payments that do not depend on a rate of index and short-term rentals are expensed as incurred.

Goodwill has elected to account for leases that have lease payments over the term of the lease of $5 or greater. When calculating the lease liability on a discounted basis, Goodwill applies its estimated incremental borrowing rate if an implicit rate in the lease is not readily available. Goodwill bases its incremental borrowing rate on a collateralized interest rate.

Goodwill's facility leases often contain lease and non-lease components. Goodwill has elected to account for these lease and non-lease components separately. Non-lease components for these assets are primarily comprised of maintenance costs, insurance and utilities that are passed on from the lessor in proportion to the space leased by Goodwill and are recognized in the period in which the obligation for those payments was incurred. Non-lease components are separate from lease components within Goodwill's lease agreements, such that an allocation between the components does not need to be performed. Lease cost for leases is recognized on a straight-line basis over the lease term.

In addition to rent payments, leases for retail space contain payments for real estate taxes, insurance costs, common area maintenance, and utilities that are not fixed. Goodwill accounts for these costs as variable payments and does not include such costs as a lease component. See Note H for further disclosure surrounding leases.

During 2021, Goodwill determined that certain property being leased was no longer a viable option for future development. As the leased property is no longer in use, an impairment of $2,274 of the operating lease right-of-use asset was recognized during the year ended December 31, 2021, which is recorded in operating lease abandonment in the consolidated statements of activities.

Cost Allocation

The financial statements report certain expense categories that are attributable to more than one support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses by function have been allocated between program services, management and general, and fundraising classifications on a functional basis in the accompanying consolidated statements of functional expenses. Such expenses include occupancy, service management, program management, depreciation, and general and administrative expenses, which are allocated on the basis of square footage occupied or used, or on the basis of the total direct cost of the benefiting program.

Advertising

Goodwill expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2022 and 2021, was $1,880 and $1,898, respectively.

Income Taxes

Goodwill Industries of Southeastern Wisconsin, Inc., Goodwill Industries of Metropolitan Chicago, Inc., Goodwill Retail Services, Inc. and Goodwill Manufacturing, Inc. have received determination letters from the Internal Revenue Service (“IRS”) indicating that they are exempt from federal income taxes, except for taxes pertaining to unrelated business income under section 501(c)(3) of the Internal Revenue Code.

Goodwill TalentBridge, LLC has been organized as a limited liability company and, accordingly, is not subject to federal or state income taxes. All income tax attributes of the entity are passed through to its sole member, Goodwill Industries of Southeastern Wisconsin, Inc. The entity is included in the consolidated information return filed by Goodwill Industries of Southeastern Wisconsin, Inc.

The FASB issued guidance related to the uncertainty of income tax positions, which clarifies the accounting for uncertainty in income taxes recognized in an organization’s financial statements and requires additional disclosure. Goodwill recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. As of December 31, 2022 and 2021, Goodwill does not believe there is any uncertainty with respect to its tax positions.

Goodwill files information returns in the U.S. federal and the states of Wisconsin and Illinois jurisdictions. Tax years open under the federal statute of limitations include 2019 through 2022. Tax years open under the state of Wisconsin and state of Illinois statutes include 2018 through 2022. Goodwill had not historically filed any unrelated business income tax (“UBIT”) returns but filed in 2018 for federal and the states of Wisconsin and Illinois jurisdictions. Due to tax reform legislation, the Federal and Illinois UBIT returns have been amended to obtain refunds of income tax payments made on UBIT repealed by legislation. The organization filed UBIT returns for 2019 and 2020 for Wisconsin, however, Wisconsin has since repealed similar to federal. Tax years remain open for years in which a UBIT return has not been filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the 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 could differ from those estimates.

Fair Value Measurements

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes to the methodologies used at December 31, 2022 or 2021.

The carrying amount of cash, inventory, accounts payable and accrued expenses approximate fair value due to the short-term nature of those investments. Accounts receivable are stated at net realizable value. Long-term debt consists of bank loans. Based on Goodwill's assessment of the current financial market and corresponding risk associated with the debt, management believes the carrying amount of long-term debt approximates fair value.

Upcoming Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04, and subsequent amendments, contain practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate and other interbank offered rates to alternative reference rates. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. Goodwill is currently evaluating the impact the adoption of this standard will have on the consolidated financial statements and related disclosures.

Adopted Accounting Pronouncement

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets,* to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The guidance requires contributed nonfinancial assets to be presented as a separate line item on the statement of activities, apart from cash and other financial asset contributions. The guidance also requires disclosure of the types of contributed nonfinancial assets and, for each category, information about whether the assets were monetized or utilized, a description of the policies to monetize or utilize such assets, a description of donor-imposed restrictions associated with the contributions, and a description of the valuation techniques and principal market used to arrive at a fair value measure at initial recognition. Goodwill adopted the guidance for the year ending December 31, 2022.

(In thousands)

NOTE C - INVENTORIES AND SUPPLIES

Inventories and supplies consists of the following as of December 31:

	2022	2021
Retail merchandise	$ 11,487	$ 10,904
Food	855	851
Inventories and supplies	$ 12,342	$ 11,755

NOTE D - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, net consists of the following as of December 31:

	2022	2021
Land	$ 32,118	$ 33,226
Land improvements	9,875	10,451
Buildings and improvements	175,410	180,031
Equipment and vehicles	70,356	69,370
Construction in process	6,793	246
Total property, plant and equipment	294,552	293,324
Less accumulated depreciation and amortization	(167,785)	(164,913)
Property, plant and equipment, net	$ 126,767	$ 128,411

NOTE E - LINE-OF-CREDIT AGREEMENT

Goodwill has a working capital line-of-credit agreement with a bank, secured by substantially all assets, under which it may borrow up to $13,500 as of December 31, 2022 and 2021. The agreement expires on May 31, 2023. Borrowings under the line-of-credit agreement bear interest at a variable rate (5.80% and 1.84% as of December 31, 2022 and 2021, respectively). There was no outstanding balance as of December 31, 2022 and 2021. The line-of-credit agreement contains certain restrictive covenants which, among other things, require Goodwill to maintain certain liquidity. Goodwill was in compliance with these covenants as of December 31, 2022 and 2021.

(In thousands)

NOTE F - LONG-TERM DEBT

Long-term debt, payable by Goodwill, consists of the following as of December 31:

	2022	2021
WHEFA Revenue Bonds, Series 2014C, due in annual installments ranging from $722 to $1,201 through November 2035. The bonds bear interest, due monthly, at variable rates (1.30% at December 31, 2021). Collateralized by certain buildings. The bonds were repaid in full in March 2022.	$ -	$ 13,212
WHEFA Revenue Bonds, Series 2012, due in annual installments ranging from $515 to $640 through February 2037. The bonds bear interest, due monthly, at variable rates (4.46% and 1.23% at December 31, 2022 and 2021, respectively). Collateralized by certain buildings.	8,865	9,480
Total debt	8,865	22,692
Less current maturities	(640)	(13,827)
Less unamortized bond issuance costs	(63)	(155)
Long-term debt, less current maturities and unamortized bond issuance costs	$ 8,162	$ 8,710

During 2010, Goodwill entered into a guaranty agreement whereby provisions of the agreement provide that certain entities of the consolidated group are jointly liable for the outstanding debt of Goodwill Industries of Southeastern Wisconsin, Inc.

In an effort to reduce the risk of incurring higher interest costs in periods of rising interest rates, Goodwill is party to various interest rate swap agreements. The agreements effectively convert variable-rate debt to fixed-rate debt to the extent of the notional amount of the swaps. The interest differential is reflected as an adjustment to interest expense as incurred and the fair value of the swaps are reflected on the consolidated statements of financial position in other long-term liabilities. The following is a summary of Goodwill's interest rate swaps at December 31:

					Fair Value Asset (Liability)	
Maturity Date	Fixed Rate	Total Interest Rate	Notional Amount	Outstanding Notional Amount	2022	2021
May 2, 2022	2.20%	2.09%	$ 8,940	$ -	$ -	$ (65)
December 1, 2024	1.85	1.74	3,500	-	-	(81)
December 1, 2024	2.51	0.79	11,160	8,865	(172)	(437)
December 1, 2025	2.69	2.56	8,139	-	-	(679)
					$ (172)	$ (1,262)

The total change in the fair value of interest rate swaps was recognized in interest expense as a gain of $652 and $1,085 in 2022 and 2021, respectively.

(In thousands)

The bonds payable contain certain restrictive covenants that, among other things, require Goodwill to maintain certain liquidity. Goodwill was in compliance with these covenants as of December 31, 2022 and 2021.

Aggregate scheduled principal payments on long-term debt and amortization expense of bond issuance costs as of December 31, 2022, are as follows:

	Long-Term Debt	Bond Issuance Costs
2023	$ 640	$ 6
2024	585	6
2025	585	6
2026	585	6
2027	585	6
Thereafter	5,885	33
	$ 8,865	$ 63

NOTE G - REVENUES

Nature of Goods and Services

The following is a description of principal activities from which Goodwill generates its revenue. The products and services, as well as the nature, timing of satisfaction of performance obligations and significant payment terms are as follows:

I. Retail revenues - Revenue is recognized and payment is received at the point of sale;

II. Food services - Food revenue is recognized when allowable and reimbursable expenditures are incurred and control has transferred to the customer, which is typically when the food is consumed. Payment is due monthly;

III. Administrative services - Revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by Goodwill's performance as Goodwill performs. The different promised goods or services generally provide a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. As such, revenue for these performance obligations is generally recognized as services are performed. Payment is due monthly;

IV. Participant services - These types of contracts include laundry services, staffing and other services. Customers do not take control of goods and services under these contracts until it is completed. Revenue is recognized in the period service is provided or goods are shipped. Customers are invoiced upon the service being provided or shipment being made. Payment is typically due within 30 days of receipt of invoice; and

V. Other revenues - Other revenues represents recycling and other services, none of which are individually significant. Revenue is recognized in the period service is provided or goods are shipped. Customers are invoiced upon the service being provided or shipment being made. Payment is typically due within 30 days of receipt of invoice.

(In thousands)

Sales Taxes Collected and Remitted

Goodwill presents sales taxes collected from its customers and remitted to governmental agencies on a net basis (excluded from revenues) in its consolidated financial statements.

NOTE H - LEASES

The expense components of Goodwill's leases reflected on the consolidated statements of activities were as follows at December 31:

	2022	2021
Finance lease expenses:		
Amortization of right-of-use assets	$ 255	$ 395
Interest on lease liabilities	33	50
Total finance lease expense	288	445
Operating lease expense	14,816	14,559
Total lease expense	$ 15,104	$ 15,004

Other information related to leases was as follows at December 31:

	2022	2021
Weighted-average remaining lease term (in years):		
Finance leases	2	3
Operating leases	9	10
Weighted-average discount rate:		
Finance leases	6.3%	5.7%
Operating leases	3.6%	3.5%

As of December 31, 2022, future minimum lease payments under non-cancellable leases are as follows:

	Finance Leases	Operating Leases	Total
2023	$ 246	$ 14,860	$ 15,106
2024	159	13,296	13,455
2025	30	12,243	12,273
2026	-	11,435	11,435
2027	-	10,927	10,927
Thereafter	-	42,923	42,923
Total future minimum lease payments	435	105,684	106,119
Less: discount	(24)	(15,379)	(15,403)
Lease liability	$ 411	$ 90,305	$ 90,716

NOTE I - SIGNIFICANT FUNDING AGENCIES AND CUSTOMERS

Goodwill has contracts with the U.S. Naval Supply Systems Command to provide food, laundry and administrative services. The contracts expire on September 30, 2028. Goodwill recognized revenue of $99,795 and $94,298 or 30% and 29% in 2022 and 2021, respectively, of operating revenue and support related to this customer. This customer accounted for $12,805 and $8,323 or 71% and 55%, respectively, of the total accounts receivable balance as of December 31, 2022 and 2021.

Goodwill receives a substantial amount of funding from various federal and state agencies including the United States Department of Health and Human Services and the Wisconsin Department of Health and Family Services. Governmental grant awards are generally subject to renewal by grantor agencies on an annual basis.

NOTE J - EMPLOYEE BENEFIT PLANS

Goodwill has a defined contribution plan that covers substantially all of its full-time employees. The plan covers eligible employees who have completed one year of service, as defined in the plan, and have attained the age of 21. The IRS has determined that the plan is a qualified tax-exempt plan. Goodwill contributes, on a monthly basis, 5% of the first $25 of total eligible compensation and 8% of compensation thereafter to the plan up to the IRS annual limitations. Participant contributions are not permitted under the plan agreement. Participants become 100% vested in Goodwill’s contributions after three years of vesting service, as defined in the plan. During 2022 and 2021, Goodwill’s contributions, net of forfeitures, to the plan were $4,817 and $4,415, respectively.

Goodwill has a 403(b) retirement plan that permits employees to defer a portion of their compensation, subject to annual IRS limitations. There were no employer contributions to the 403(b) plan for the years ended December 31, 2022 and 2021.

Goodwill has a 457(b) tax-deferred compensation plan that is available to certain management employees. Participants may defer income into the plan on a pre-tax or post-tax basis, subject to annual IRS limitations. An asset and a liability of $557 and $654 are included on Goodwill’s consolidated statements of financial position as of December 31, 2022 and 2021, respectively, within investments and other long-term liabilities.

NOTE K - CONTINGENCIES

Government contracts are subject to audit and adjustment by funding agencies. If government revenue is recorded for expenditures that are subsequently disallowed, Goodwill may be required to repay the questioned costs to the funding agency. Management of Goodwill is not aware of any disallowed expenditures that would have a material adverse effect on its consolidated financial statements.

Goodwill is involved in various legal proceedings, claims and administrative actions arising in the normal course of business. In the opinion of management, Goodwill’s liability, if any, under any pending litigation or administrative proceeding will not materially affect its financial condition.

NOTE L - RELATED PARTIES

Certain members of Goodwill’s board of directors are employed by various companies with which Goodwill does business.

There were no revenues from companies with which certain Goodwill directors and management staff members are associated. Goodwill's purchased services and products include approximately $505 and $185 for 2022 and 2021, respectively, from companies with which certain Goodwill directors and management staff members are associated.

Contributions include donations received from Goodwill directors and management staff members, which totaled $74 and $71 for 2022 and 2021, respectively. There were no outstanding pledges from Goodwill directors and management staff members at December 31, 2022 and 2021.

NOTE M - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB accounting guidance on fair value measurement requires certain financial assets and liabilities be carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Classification of the financial asset or liability within the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The guidance describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. The following is a summary:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The determination of where an asset or liability falls in the fair value hierarchy requires significant judgment. Goodwill evaluates its hierarchy disclosures each year and, based on various factors, it is possible that an asset or liability may be classified differently from year to year; however, Goodwill expects that changes in classifications between different levels will be rare.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes to the valuation methodologies used at December 31, 2022 and 2021.

Bond and stock mutual funds - Valued based on quoted market prices as of the date of the consolidated statement of financial position, as determined based on the market prices for the individual investments comprising each fund.

Derivative liability (interest rate swaps) - The fair value of Goodwill's interest rate swap agreements is based on estimates using standard pricing models as of the date of the consolidated statements of financial position. The fair value of the interest rate swaps is based on quotes from the counterparty of these instruments and represents the estimated amount that Goodwill would expect to receive or pay to terminate the agreements.

(In thousands)

The carrying amount of Goodwill's financial instruments, which include trade accounts receivable, trade accounts payable and accrued liabilities, approximates their fair values at December 31, 2022 and 2021, due to their short maturities. The carrying value of long-term debt, including the current portion, approximates fair value because the interest rate approximates the current market rate of interest available to Goodwill.

The following table presents information about Goodwill's assets and liabilities measured at fair value as of December 31, 2022, and indicates the fair value hierarchy of the valuation techniques utilized by Goodwill to determine such fair value.

	Level 1	Level 2	Level 3	Total
Assets				
Bond and stock mutual funds	$ 557	$ -	$ -	$ 557
Liabilities				
Derivative liability, net (interest rate swaps)	-	172	-	172

The following table presents information about Goodwill's assets and liabilities measured at fair value as of December 31, 2021, and indicates the fair value hierarchy of the valuation techniques utilized by Goodwill to determine such fair value.

	Level 1	Level 2	Level 3	Total
Assets				
Bond and stock mutual funds	$ 654	$ -	$ -	$ 654
Liabilities				
Derivative liability, net (interest rate swaps)	-	1,262	-	1,262

NOTE N - LIQUIDITY AND AVAILABILITY

To meet cash needs for general expenditures, Goodwill has net current financial assets, available within one year of the financial statement date, consisting of the following as of December 31:

	2022	2021
Cash and cash equivalents	$ 64,480	$ 74,636
Accounts receivable, net	17,912	15,009
	$ 82,392	$ 89,645

Overall cash and investment amounts and performance are reviewed annually by the Audit, Risk and Compliance Committee of the Board of Directors. As more fully described in Note E, Goodwill also has availability under the line of credit of $13,500 should an unanticipated liquidity need be identified.

NOTE O - CARES ACT

As a result of the COVID-19 pandemic and pursuant to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), Goodwill deferred payment of applicable employment taxes in the amount of $4,748 during the year ended December 31, 2020. Under the CARES Act, 50% of the total deferred employment tax was to be repaid on December 31, 2021, with the remaining amount due on December 31, 2022. As such, $1,884 is recorded in accrued liabilities as of December 31, 2021. The remaining liability was repaid in 2022.

NOTE P - SUBSEQUENT EVENTS

Goodwill evaluated its December 31, 2022, consolidated financial statements for subsequent events through May 25, 2023, the date the consolidated financial statements were available to be issued. Goodwill is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements, except as disclosed below.

Effective May 17, 2023, the line of credit was amended to extend the expiration date to May 31, 2024.

SINGLE AUDIT REPORTS

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		
Passed through			
Kenosha County Department of Human Services		N/A	$ 58,887
Total U.S. Department of Agriculture			58,887
U.S. Department of Labor			
WIOA Cluster			
WIA/WIOA Youth Program	17.259		
Passed through			
Kenosha County Department of Human Services		N/A	47,888
Total U.S. Department of Labor			47,888
U.S. Department of Education			
Rehabilitation Services: Vocational Rehabilitation Grants to States	84.126*		
Passed through			
Department of Workforce Development		N/A	1,569,704
Illinois Department of Human Services			
July - December 2022		46CBF00281	60,876
Total			1,630,580
Total U.S. Department of Education			1,630,580
U.S. Department of Health and Human Services			
Social Services Block Grant	93.667		
Passed through			
Milwaukee County Behavioral Health Division		435.561	19
Illinois Department of Human Services			
January - June 2022		FCSAJ00232	190,104
July - December 2022		FCSBJ00232	193,326
Total			383,449
Block Grants for Prevention and Treatment of Substance Abuse	93.959		
Passed through			
Milwaukee County Behavioral Health Division		N/A	39
Total			39

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services - Continued			
Temporary Assistance for Needy Families (TANF) Cluster			
Temporary Assistance for Needy Families	93.558		
Passed through			
Milwaukee County Behavioral Health Division		435.561	$ 10
Total TANF Cluster			10
Child Support Enforcement	93.563		
Passed through			
Racine County Human Services Department		437-0701	60,849
Kenosha County Department of Human Services		437-7702	289,649
Total			350,498
Aging Cluster			
Special Programs for the Aging-Title III, Part B - Grants for Supportive Services and Senior Centers	93.044*		
Passed through			
Racine County Human Services Department		435.560340	81,985
Total			81,985
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045*		
Passed through			
Racine County Human Services Department		435.560350	130,791
Milwaukee County Department of Aging		435.560360	1,333,413
Total			1,464,204
Total Aging Cluster			1,546,189
Medicaid Cluster			
Medical Assistance Program	93.778*		
Passed through			
Community Care		N/A	404,146
Kenosha County Department of Human Services		N/A	178,865
Kenosha County Division of Aging		N/A	103,361
Kenosha County Brookside		N/A	71,567
My Choice Family Care		N/A	644,068
Milwaukee County Behavioral Health Division		N/A	516,219
iCare		N/A	9,999
GT Independence		N/A	6,997
Project Access		N/A	37,504
IRIS		N/A	232,220
Total Medicaid Cluster			2,204,946

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services - Continued			
Foster Care - Title IV - E	93.658		
Passed through			
Kenosha County Department of Human Services		437.3413	$ 615
Milwaukee County Behavioral Health Division		437.3413	25
Total			640
Child Care and Development Block Grant	93.575		
Passed through			
Kenosha County Department of Human Services		N/A	422,052
Total			422,052
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		
Passed through			
Milwaukee County Behavioral Health Division		N/A	928
Total			928
Children's Health Insurance Program	93.767		
Passed through			
Kenosha County Department of Human Services		N/A	7,426
Total			7,426
Assisted Outpatient Treatment	93.997		
Passed Through			
Milwaukee County Behavioral Health Division		N/A	63,392
Total			63,392

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services - Continued			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043		
Passed through			
Racine County Human Services Department		435.560510	$ 12,672
Total			12,672
Stephanie Tubbs Jones Child Welfare Services Program	93.645		
Passed through			
Kenosha County Department of Human Services		437.3413	356
Milwaukee County Behavioral Health Division		437.3413	3,287
Total			3,643
Medicare - Hospital Insurance	93.773		
Passed through			
Kenosha County Brookside		N/A	73,497
Total			73,497
National Family Caregiver Support, Title III, Part E	93.052		
Passed through			
Racine County Human Services Department		435.560520	72,155
Total			72,155
Immunization Cooperative Agreements	93.268		
Passed through			
Chicago Cook Workforce Partnership		435.560201	369,964
Racine County Human Services Department		435.560201	1,579
Total			371,543
Block Grants for Community Mental Health Services	93.958		
Passed through			
Chicago Cook Workforce Partnership		N/A	805
Total			805
Total U.S. Department of Health and Human Services			5,513,884
Department of Transportation			
Transit Services Programs Cluster			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		
Passed through			
Racine County Human Services Department		N/A	68,209
Total Department of Transportation			68,209

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Economic High-Tech and Cyber Crime Prevention	16.752		
Passed through			
Milwaukee County Behavioral Health Division		N/A	$ 52
Total U.S. Department of Justice			52
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		
Passed through			
City of Chicago - Department of Family and Support Services		N/A	45,409
Total U.S. Department of Housing and Urban Development			45,409
Total expenditures of federal awards			$ 7,364,909

*Program identified as a major program.
**Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates does not pass-through Federal or State funds to subrecipients.

The accompanying notes are an integral part of this schedule.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year ended December 31, 2022

State Awards - Agency, Program Pass-Through Agency**	Profile #	Expenditures
Wisconsin Department of Health Services		
APS - Adult Protective Services	435.312	
Passed through		
Kenosha County Division of Aging		$ 176,711
Total		176,711
CCS Other GPR	435.404	
Passed through		
Kenosha County Department of Human Services		42,968
Kenosha County Division of Aging		22,492
Total		65,460
Basic County Allocation	435.561	
Passed through		
Milwaukee County Behavioral Division		115
Total		115
CIP 1A Non Federal	435.681*	
Passed through		
Community Care		270,161
My Choice Family Care		430,543
iCare		6,684
IRIS		155,233
GT Independence		4,677
Total		867,298
Aging and Disability Resource Center		
Passed through		
Kenosha County Division of Aging	435.560320	1,851
Kenosha County Division of Aging	435.560100*	118,594
Racine County Human Services Department	435.560100*	1,194,040
Total		1,314,485
CLTS Waiver CWA Admin GPR	435.877	
Passed through		
Kenosha County Department of Human Services		315
Total		315
CLTS Grandfather Admin GPR	435.880	
Passed through		
Kenosha County Department of Human Services		126
Total		126
Title 3C-1 Congregate Meal Program	435.560355	
Passed through		
Racine County Human Services Department		12,132
Total		12,132
Title 3C-2 Home Meals	435.560360*	
Passed through		
Milwaukee County Department on Aging		72,337
Racine County Human Services Department		7,469
Total		79,806

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF STATE AWARDS - CONTINUED

Year ended December 31, 2022

State Awards - Agency, Program Pass-Through Agency**	Profile #	Expenditures
Wisconsin Department of Health Services - Continued		
Children Mobile Crisis Unit - Mutt Foster Family		
Passed Through		
Milwaukee County Behavioral Health Division	435.568	$ 49
Total		49
ALZH Family Support Aging	435.560381	
Passed through		
Racine County Human Services Department		55,011
Total		55,011
Information and Assistance Elderly Benefit Specialist - Benefit Specialist		
General Purpose Revenue	435.560024	
Passed through		
Racine County Human Services Department		50,765
Total		50,765
Total Wisconsin Department of Health Services		2,622,273
Wisconsin Department of Workforce Development		
Workforce Development Resource Room	445.509*	
Passed through		
Vocational Rehabilitation		424,837
Total Wisconsin Department of Workforce Development		424,837
Wisconsin Department of Children and Families		
JJ Youth Aids	437.3413	
Passed through		
Kenosha County Department of Human Services		18,751
Milwaukee County Behavioral Health Division		1,216
Total		19,967
CF Children First	437.0700	
Passed through		
Kenosha County Department of Human Services		48,937
Milwaukee County Behavioral Health Division		81
Total		49,018
CF Children First Direct Services County Agency	437.0700C	
Passed through		
Racine County Human Services Department		15,861
Total		15,861
Total Wisconsin Department of Children and Families		84,846
Community Based Employment Services		
Passed through		
Illinois Department of Human Services		
January - June 2022	46CAF00281	28,212
July - December 2022	46CBF00281	11,880
Total Community Based Employment Services		40,092
Total expenditures of state awards		$ 3,172,048

*Program identified as a major program.

**Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates does not pass-through Federal or State funds to subrecipients.

The accompanying notes are an integral part of this schedule.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF LOCAL GOVERNMENT AWARDS

Year ended December 31, 2022

County, Local and Other Awards - Agency	Program	Expenditures
County awards		
Kenosha County Department of Human Services	County Levy	$ 427,262
Total		427,262
Local awards		
Illinois Department of Human Services	Local Funds	150
Kenosha County Division of Aging	Local Funds	128,767
Milwaukee County Behavioral Health Division	Local Funds	26,965
Total		155,882
Other awards		
Kenosha County Brookside	Private Pay	63,365
Milwaukee County Behavioral Health Division	Private Pay	37
Total expenditures of local government awards		$ 646,546

The accompanying notes are an integral part of this schedule.

NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL, STATE AND LOCAL GOVERNMENT AWARDS

Year ended December 31, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal, state and local government awards (the Schedules) summarize expenditures charged to federal, state and local government grants and service contracts administered by Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates (collectively, Goodwill) for the year ended December 31, 2022. The Schedules should be read in conjunction with Goodwill's consolidated financial statements.

For purposes of the Schedules, federal, state and local government awards include all grants, service contracts and similar agreements entered into directly between Goodwill and agencies and departments of the federal, state and local governments. The Schedules have been prepared on the accrual basis of accounting. Revenue is recognized when allowable and related reimbursable expenditures are incurred, and upon meeting the legal or contractual requirements of the funding source. Expenditures of government grant and service contract funds are to be used for the purposes specified by the funding source.

Major Program Determination

Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *State Single Audit Guidelines* and the *Provider Agency Audit Guide*, establish certain criteria for the identification of major programs. Under Uniform Guidance, *State Single Audit Guidelines and the Provider Agency Audit Guide*, tests of compliance with certain types of compliance requirements are required for each major federal and state program of Goodwill. The major programs identified in the accompanying schedule of findings and questioned costs have been determined in accordance with the requirements of Uniform Guidance, *State Single Audit Guidelines* and the *Provider Agency Audit Guide*.

Federal, State and Local Award Expenditures

Expenditures consist of direct and indirect costs. Direct costs are those that can be directly identified with an individual award. The salary of a program coordinator of a federal, state or local government award program and the materials consumed by the program are examples of direct costs.

Unlike direct costs, indirect costs cannot be directly identified with an individual federal, state or local government award program. Indirect costs are the costs of services and resources that benefit many award programs as well as other organization activities. Indirect costs consist primarily of expenses incurred for administration, maintenance, and building and equipment depreciation. Goodwill utilizes indirect cost rates and does not elect to use the 10% de minimus cost rate as covered in 2 CFR 200.414, *Indirect (F&A) Costs*.

NOTE B - CONTINGENCY

All federal, state and local government awards are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement by the grantor agencies for costs disallowed under the terms of the awards. It is the opinion of management that all costs charged against federal, state and local awards are allowable under the regulations of those programs.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

We have audited, in accordance with 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 (*Government Auditing Standards*), the consolidated financial statements of Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates (collectively, the "Entity"), which comprise the consolidated statement of financial position as of December 31, 2022, 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 May 25, 2023.

Report on internal control over financial reporting
In planning and performing our audit of the consolidated financial statements, we considered the Entity'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the Entity'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 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 Entity'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 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 Entity's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Appleton, Wisconsin
May 25, 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, STATE SINGLE AUDIT GUIDELINES AND THE PROVIDER AGENCY AUDIT GUIDE

Board of Directors
Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

Report on compliance for each major federal and state program

Opinion on each major federal and state program
We have audited the compliance of Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates (collectively, the "Entity") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal and state programs for the year ended December 31, 2022. The Entity's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for opinion on each major federal and state program
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), the State Single Audit Guidelines (SSAG), and the Provider Agency Audit Guide* (PAAG). Our responsibilities under those standards. the Uniform Guidance, SSAG and PAAG, 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 Entity and to meet our other ethical responsibilities in accordance with the 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Entity'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 Entity's federal and state programs.

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 Entity'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 US GAAS, *Government Auditing Standards*, the Uniform Guidance, SSAG and PAAG 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 Entity's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, the Uniform Guidance, SSAG and PAAG, 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 Entity'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 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 the Uniform Guidance, SSAG and PAAG, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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.

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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 federal and state program 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 federal and state program 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 federal and state program 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. Given these limitations, during our audit we did not identify any deficiencies in the Entity's internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been 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 the Uniform Guidance, SSAG and PAAG. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Appleton, Wisconsin
May 25, 2023

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2022

Section I – Summary of Auditor's Results

Financial Statements

1.	Type of auditors' report issued?	Unmodified
2.	Internal control over financial reporting:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
3.	Noncompliance material to the financial statements noted?	No

Federal and State Awards

4.	Internal control over major programs:	
	a. Material weakness(es) identified?	No
	b. Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
5.	Type of auditor's report issued on compliance for major programs?	Unmodified
6.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.510(a)?	No
7.	Identification of major programs:	

	Federal Assistance Listing Number
Federal	
A. Medicaid Cluster	93.778
B. Education	84.126
C. Aging Cluster	93.044, 93.045

	WI Grant Number
State	
A. CIP 1A Non-Federal	435.681
B. Education	445.509
C. Aging Cluster	435.560100 and 435.560360

8.	Dollar threshold used to distinguish between Type A and Type B major federal programs?	$750,000
9.	Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal and State Award Findings and Questioned Costs

No matters were reported.

Section IV - Summary of Prior Year Findings

No matters were reported.

Section V - Other Issues

1. Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? — No

2. Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiencies, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines* and the *Provider Agency Audit Guide*.
   - U.S. Department of Health and Human Services — No
   - Wisconsin Department of Health Services — No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? — No

4. Name and signature of partner — Amy Henselin

5. Date of report: — May 25, 2023

SUPPLEMENTARY SCHEDULES

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES

Year ended December 31, 2022

	Program Sites Located In					
	Milwaukee County					Racine County
	Project Access	Comprehensive Community Service	Business Developer	Assisted Outpatient Grant	HDMP	Racine Human Services
Contract Number					251-422-33	22-214 22-215
Support and revenue						
Milwaukee County						
DHHS Behavioral Health	$ -	$ 498,338	$ 26,965	$ 63,392	$ -	$ -
Behavioral Health Division	-	-	-	-	-	-
Wraparound	-	24,541	-	-	-	-
Milwaukee County - Department on Aging	-	-	-	-	1,405,751	-
Corporation for National & Community Service	-	-	-	-	-	-
Racine County	-	-	-	-	-	1,763,518
Waukesha County	-	-	-	-	-	-
Other government	-	69,610	-	-	-	-
Support and contributions	-	-	-	-	87	-
Non - Government	37,504	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total support and revenue	37,504	592,489	26,965	63,392	1,405,838	1,763,518
Direct program expenses						
Salaries	47,448	550,298	19,663	38,638	951,745	1,243,768
Employee benefits	1,294	90,549	2,907	13,543	92,761	252,338
Payroll taxes	1,717	40,376	1,522	2,726	70,305	88,755
Professional fees and contracted services	-	563	-	-	6,030	-
Supplies	-	88	-	-	2,168	-
Rent and occupancy	105	3,935	-	-	6,525	-
Equipment purchases, rental and maintenance	-	-	-	-	-	-
Transportation	387	10,826	603	2,723	124,579	18,228
Conferences and training	82	88	-	-	236	131
Specific assistance to individuals	-	-	-	-	-	-
Advertising	-	1,846	-	-	7,114	-
Interest expense	-	-	-	-	-	-
Depreciation and finance lease amortization	-	434	-	-	1,486	-
Total direct program expenses	51,033	699,003	24,695	57,630	1,262,949	1,603,220
Allocated expenses						
Occupancy	-	18,322	-	-	14,944	-
Program management	9,439	94,533	4,568	10,659	200,768	249,282
Corporate services	6,231	85,067	3,015	7,036	154,019	183,219
Total allocated program expenses	15,670	197,922	7,583	17,695	369,731	432,501
Total expenses	66,703	896,925	32,278	75,325	1,632,680	2,035,721
Loss	$ (29,199)	$ (304,436)	$ (5,313)	$ (11,933)	$ (226,842)	$ (272,203)

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES - CONTINUED

Year ended December 31, 2022

	Program Sites Located In Kenosha County						
	Administrative Support	Case Management	Employment Preparation	Central Services	Child Care Coordination	Holiday House	Brookside
Contract Number	DCFS-GWI-ADMSPT-22	DWD-CHLDSP-CHLDFST-22 DWD-GWI-CCA-QC-22	DWD-CHLDSP-CHLDFST-RCPT-22	DCFS-GWI-AMR-22 KCDHS-ADM-CS-22	DWD-GWI-CCA-QC-22	DWD-GWI-CCA-QC-22	BCC-GWI-SWS-22
Support and revenue							
Kenosha County	$ 30,582	$ 237,317	$ 129,856	$ 696,855	$ 438,683	$ 10,805	$ 208,429
Other revenues	-	-	-	-	-	75,864	-
Total support and revenue	30,582	237,317	129,856	696,855	438,683	86,669	208,429
Direct program expenses							
Salaries	22,389	171,084	97,316	504,783	313,125	-	157,100
Employee benefits	3,721	32,507	12,946	75,237	62,407	-	20,970
Payroll taxes	1,691	12,110	7,182	36,124	22,438	-	11,346
Professional fees and contracted services	-	-	-	4,037	86	-	40
Supplies	-	13	-	965	-	78,493	-
Rent and occupancy	-	-	-	1,489	327	-	-
Equipment purchases, rental and maintenance	-	-	-	8,589	-	-	-
Transportation	-	28	-	1,935	80	196	-
Conferences and training	-	-	-	345	341	-	25
Specific assistance to individuals	-	-	608	-	-	-	-
Advertising	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Depreciation and finance lease amortization	-	-	-	-	-	-	-
Total direct program expenses	27,801	215,742	118,052	633,504	398,804	78,689	189,481
Allocated expenses							
Occupancy	-	-	-	-	-	-	-
Program management	3,680	28,556	15,545	82,715	52,787	10,415	25,080
Corporate services	3,126	24,261	13,207	70,275	44,847	8,849	21,308
Total allocated program expenses	6,806	52,817	28,752	152,990	97,634	19,264	46,388
Total expenses	34,607	268,559	146,804	786,494	496,438	97,953	235,869
Loss	$ (4,025)	$ (31,242)	$ (16,948)	$ (89,639)	$ (57,755)	$ (11,284)	$ (27,440)

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES - CONTINUED

Year ended December 31, 2022

	ORS Placement	Contact Tracers	TXX	CDBG Employment Preparation and Placement
Contract Number	#46CAF00281 #46CBF00281	511-0229	#FCSAJ00232 #FCSBJ00232	#177380 #184396
Support and revenue				
Illinois Department of Human Services	$ 101,118	$ 369,964	$ 383,430	$ 45,409
Total support and revenue	101,118	369,964	383,430	45,409
Direct program expenses				
Salaries	93,864	292,814	297,450	25,959
Employee benefits	21,085	21,037	41,253	3,290
Payroll taxes	6,924	24,582	22,986	1,965
Professional fees and contracted services	1,187	-	7,885	20
Supplies	460	-	4,133	305
Rent and occupancy	11,237	12,064	29,918	1,211
Equipment purchases, rental and maintenance	-	-	-	-
Transportation	228	-	2,526	-
Conferences and training	-	-	-	-
Specific assistance to individuals	-	-	49	-
Advertising	-	-	175	-
Interest expense	-	-	-	-
Depreciation and finance lease amortization	-	-	-	-
Total direct program expenses	134,985	350,497	406,375	32,750
Allocated expenses				
Occupancy	45,948	10,635	142,999	12,492
Program management	38,873	52,649	121,229	10,220
Corporate services	16,423	42,794	49,236	3,999
Total allocated program expenses	101,244	106,078	313,464	26,711
Total expenses	236,229	456,575	719,839	59,461
Loss	$ (135,111)	$ (86,611)	$ (336,409)	$ (14,052)

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES - CONTINUED

Year ended December 31, 2022

	Program Sites Located in Kenosha County								
	Adult Protective Services	Outreach Services	LTC Worker Support	Prevention Services	Volunteer Guardianship	Comprehensive Community Services	Other programs	Indirect cost	Total agency
Contract Number	DADSHS-GWI-APS-22	DADSBHS-GWI-CO-22	DADSBHS-GWI-LTCW-22	DADSBHS-GWI-PREV- WC-22	DADSBHD-GWI-VG-22	DADS-GWI-CCSCOORD-22			
Support and revenue									
Kenosha County	$ 176,711	$ 117,594	$ 10,450	$ 72,473	$ 62,086	$ 112,462	$ 476,963,490	$ 65,293	
Other revenues	-	-	-	-	-	-	-	-	
Total support and revenue	176,711	117,594	10,450	72,473	62,086	112,462	476,963,490	65,293	$ 484,198,577
Direct program expenses									
Salaries	127,187	88,285	8,295	48,728	43,982	83,483	122,496,019	16,989,857	144,713,280
Employee benefits	21,124	11,310	79	12,680	6,998	12,584	18,718,934	1,876,234	21,407,788
Payroll taxes	9,089	6,428	664	3,897	3,076	6,171	9,420,407	1,153,033	10,955,514
Professional fees and contracted services	(70)	-	-	-	150	-	22,659,431	6,152,415	28,831,774
Supplies	-	233	225	-	324	-	206,996,199	160,634	207,244,240
Rent and occupancy	-	-	-	-	-	-	31,554,956	2,051,253	33,673,020
Equipment purchases, rental and maintenance	-	-	-	-	-	-	2,501,108	2,520,898	5,030,595
Transportation	3,200	455	213	417	1,458	-	4,159,576	237,950	4,565,608
Conferences and training	115	192	25	162	454	-	269,557	169,247	441,000
Specific assistance to individuals	-	-	-	-	-	-	240,797	-	241,454
Advertising	-	-	-	-	-	-	1,555,929	315,238	1,880,302
Interest expense	-	-	-	-	-	-	(243,682)	-	(243,682)
Depreciation and finance lease amortization	-	-	-	-	-	-	11,339,810	1,436,439	12,778,169
Total direct program expenses	160,645	106,903	9,501	65,884	56,442	102,238	431,669,041	33,063,198	471,519,062
Allocated expenses									
Occupancy	-	-	-	-	-	-	4,273,889	(4,506,737)	-
Program management	21,264	14,150	1,257	8,721	7,471	13,532	1,583,450	(2,650,623)	-
Corporate services	18,065	12,022	1,068	7,409	6,347	11,497	24,985,932	(25,775,253)	-
Total allocated program expenses	39,329	26,172	2,325	16,130	13,818	25,029	30,843,271	(32,932,613)	
Total expenses	199,974	133,075	11,826	82,014	70,260	127,267	462,512,312	130,585	471,519,062
(Loss) or gain	$ (23,263)	$ (15,481)	$ (1,376)	$ (9,541)	$ (8,174)	$ (14,805)	$ 14,451,178	$ (65,292)	$ 12,679,515

NOTE A - SCHEDULE OF REVENUES AND EXPENSES

The supplemental schedule of revenues and expenses is required for certain funded programs. The supplemental schedule displays actual revenues earned and expenses incurred under the identified programs.

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR

Add a Program | Certify & Submit

	CSFA #	Program Name	$ State	$ Federal	$ Other	$ Total
View	444-80-1214	Title XX DFI Ex Offender Program	0	383,430	336,410	719,840
View		Other grant programs and activities		516,036	0	516,036
View		All other costs not allocated			470,283,468	470,283,468
		Totals:	0	899,466	470,619,878	471,519,344

Please note the following:

- The CYEFR may be pre-populated with programs based on existing awards in the GATA system. These programs cannot be removed. If no spending occurred in a program leave the amounts at zero.
- Any grant expenditures not associated with funding received through the State of Illinois are to be entered in "Other grant programs and activities". The expenditures must be identified as federal (direct or pass-through) or other funding.
- All other expenditures not related to grants are to be entered in "All other costs not allocated".

Illinois Grant Accountability and Transparency Act
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Cancel Save

Agency	Department Of Human Services (444)
Program	Title XX DFI Ex Offender Program (444-80-1214) *This program as added due to awards found in the CSFA. It cannot be removed.*
Program Limitations	○ Yes ◉ No Identify Limitations (required if Yes)
Mandatory Match %	◉ Yes ○ No Rate (required if Yes): 25
Indirect Cost Rate	10.00 %
Indirect Cost Rate Base	

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	0.00	223086.00	74362.00	297,448.00
Fringe Benefits	0.00	48180.00	16060.00	64,240.00
Travel	0.00	1895.00	632.00	2,527.00

Category	State Amount	Federal Amount	Match Amount	Total
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	3100.00	1033.00	4,133.00
Contractual Services	0.00	5914.00	1971.00	7,885.00
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	54664.00	88335.00	142,999.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	22439.00	7480.00	29,919.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	23984.00	97245.00	121,229.00
Miscellaneous Costs	0.00	168.00	56.00	224.00
Total Direct Expenses	**0.00**	**383,430.00**	**287,174.00**	**670,604.00**
Indirect Costs	0.00	0.00	49,236.00	49,236.00
Total Expenses	**0.00**	**383,430.00**	**336,410.00**	**719,840.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Program	Other grant programs and activities

Category	Direct Federal	Other Amount	Total
Personal Services (Salaries and Wages)	318773.00	0.00	318,773.00
Fringe Benefits	50874.00	0.00	50,874.00
Travel	0.00	0.00	0.00
Equipment	0.00	0.00	0.00
Supplies	305.00	0.00	305.00
Contractual Services	20.00	0.00	20.00
Consultant (Professional Services)	0.00	0.00	0.00
Construction	0.00	0.00	0.00
Occupancy - Rent and Utilities	23128.00	0.00	23,128.00
Research and Development	0.00	0.00	0.00
Telecommunications	13274.00	0.00	13,274.00

Category	Direct Federal	Other Amount	Total
Training and Education	0.00	0.00	0.00
Direct Administrative Costs	62869.00	0.00	62,869.00
Miscellaneous Costs	46793.00	0.00	46,793.00
Total Direct Expenses	**516,036.00**	**0.00**	**516,036.00**

Cancel Save

Illinois Grant Accountability and Transparency Act
Grantee Portal - Audit Consolidated Year-End Financial Report

Grantee Portal / Audit Reviews / Audit / CYEFR / Program

Cancel Save

Program	All other costs not allocated

Category	Other Amount
Personal Services (Salaries and Wages)	144096059.00
Fringe Benefits	32249190.00
Travel	4564081.00
Equipment	5031595.00
Supplies	207239801.00
Contractual Services	1872397.00
Consultant (Professional Services)	0.00
Construction	0.00
Occupancy - Rent and Utilities	44058208.00
Research and Development	0.00
Telecommunications	2184660.00

Category	Other Amount
Training and Education	438283.00
Direct Administrative Costs	0.00
Miscellaneous Costs	28549194.00
Total Direct Expenses	**470,283,468.00**

Cancel Save