Goodwill of Central and Coastal Virginia, Inc. and Affiliate

Consolidated Financial Statements

December 31, 2023 and 2022

Keiter
Your Opportunity Advisors

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GOODWILL OF CENTRAL AND COASTAL VIRGINIA, INC. AND AFFILIATE

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Your Opportunity Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Goodwill of Central and Coastal Virginia, Inc. and Affiliate
Richmond, Virginia

Opinion

We have audited the accompanying consolidated financial statements of Goodwill of Central and Coastal Virginia, Inc. and Affiliate (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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 generally accepted auditing standards, we:

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

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

Keiter

May 22, 2024
Glen Allen, Virginia

Goodwill Of Central And Coastal Virginia, Inc. And Affiliate

Consolidated Statements Of Financial Position
December 31, 2023 and 2022

Assets	**2023**	**2022**
Cash and cash equivalents	$ 25,977,224	$ 35,925,748
Accounts receivable, net	3,127,145	2,642,749
Contributions receivable, net (Note 2)	-	1,430
Inventories	3,232,156	3,529,251
Prepaid expenses and other assets	1,047,445	599,864
Investments - deferred compensation (Note 11)	153,336	56,180
Investments (Note 3)	13,764,233	6,085,692
Land, buildings and equipment, net (Note 4)	65,221,977	65,721,122
Operating right of use assets, net (Note 8)	17,896,968	17,003,150
Finance right of use assets, net (Note 8)	219,221	38,273
Interest rate swap closing costs, net	22,672	26,299
Interest rate swap asset (Note 6)	398,887	536,558
Total assets	$ 131,061,264	$ 132,166,316

Liabilities And Net Assets		
Liabilities:		
Accounts payable	$ 1,801,111	$ 2,502,959
Accrued expenses	1,283,091	1,150,446
Deferred revenue	33,165	37,325
Other liabilities	515,608	394,899
Operating lease liabilities (Note 8)	17,777,556	16,858,132
Finance lease liabilities (Note 8)	219,969	38,511
Bonds payable, net (Note 6)	5,457,846	9,004,851
Notes payable, net (Note 7)	13,233,220	15,671,476
Total liabilities	40,321,566	45,658,599
Net assets:		
Without donor restrictions:		
Undesignated	83,468,856	80,214,279
Board designated	7,207,204	6,095,692
	90,676,060	86,309,971
With donor restrictions (Note 13)	63,638	197,746
Total net assets	90,739,698	86,507,717
Total liabilities and net assets	$ 131,061,264	$ 132,166,316

See accompanying notes to consolidated financial statements.

Goodwill Of Central And Coastal Virginia, Inc. And Affiliate

Consolidated Statement Of Activities
Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and other support:			
Contributed support, donated goods and assets	$ 25,782,898	$ -	$ 25,782,898
United Way Services	6,603	-	6,603
Contributions from individuals and corporations	1,304,457	-	1,304,457
Total public support	27,093,958	-	27,093,958
Sales of donated goods	36,144,205	-	36,144,205
Contracts	17,690,787	-	17,690,787
Fees and grants from governmental agencies	2,289,767	-	2,289,767
Interest	308,295	-	308,295
Miscellaneous	753,954	-	753,954
Total public support and revenue	84,280,966	-	84,280,966
Net assets released from restrictions	134,108	(134,108)	-
Operating expenses:			
Program services:			
Industrial workshops and retail stores:			
Donated goods	54,899,053	-	54,899,053
Contracts	18,048,571	-	18,048,571
Total industrial workshops and retail stores	72,947,624	-	72,947,624
Commercial services	2,070,516	-	2,070,516
Goodwill academy	1,209,439	-	1,209,439
Workforce development	1,167,629	-	1,167,629
Total program services	77,395,208	-	77,395,208
Supporting services:			
Facilities	2,099,081	-	2,099,081
Administrative overhead	1,436,943	-	1,436,943
Donor development	14,361	-	14,361
Total supporting services	3,550,385	-	3,550,385
Total operating expenses	80,945,593	-	80,945,593
Change in net assets from operating activities	3,469,481	(134,108)	3,335,373
Non-operating activities:			
Loss on disposal of equipment	(87,233)	-	(87,233)
Change in fair value of interest rate swap	(137,671)	-	(137,671)
Unrealized and realized net gain on investments	1,121,512	-	1,121,512
Change in net assets	4,366,089	(134,108)	4,231,981
Net assets:			
Beginning	86,309,971	197,746	86,507,717
Ending	$ 90,676,060	$ 63,638	$ 90,739,698

See accompanying notes to consolidated financial statements.

Goodwill Of Central And Coastal Virginia, Inc. And Affiliate

Consolidated Statement Of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support, revenue and other support:			
Contributed support, donated goods and assets	$ 25,358,309	$ -	$ 25,358,309
Grants	5,646	33,000	38,646
United Way Services	7,282	-	7,282
Contributions from individuals and corporations	676,280	-	676,280
Total public support	26,047,517	33,000	26,080,517
Sales of donated goods	37,711,475	-	37,711,475
Contracts	15,592,883	-	15,592,883
Fees and grants from governmental agencies	2,053,117	-	2,053,117
Interest	25,038	-	25,038
Miscellaneous	706,379	-	706,379
Total public support and revenue	82,136,409	33,000	82,169,409
Net assets released from restrictions	295,929	(295,929)	-
Operating expenses:			
Program services:			
Industrial workshops and retail stores:			
Donated goods	50,980,682	-	50,980,682
Contracts	15,792,843	-	15,792,843
Total industrial workshops and retail stores	66,773,525	-	66,773,525
Commercial services	1,879,807	-	1,879,807
Education, training, and employment	952,084	-	952,084
Workforce development	966,905	-	966,905
Total program services	70,572,321	-	70,572,321
Supporting services:			
Facilities	1,942,813	-	1,942,813
Administrative overhead	1,111,158	-	1,111,158
Donor development	311,567	-	311,567
Total supporting services	3,365,538	-	3,365,538
Total operating expenses	73,937,859	-	73,937,859
Change in net assets from operating activities	8,494,479	(262,929)	8,231,550
Non-operating activities:			
Gain on disposal of equipment	11,307	-	11,307
Change in fair value of interest rate swap	466,205	-	466,205
Unrealized and realized net loss on investments	(1,219,440)	-	(1,219,440)
Change in net assets	7,752,551	(262,929)	7,489,622
Net assets:			
Beginning	78,557,420	460,675	79,018,095
Ending	$ 86,309,971	$ 197,746	$ 86,507,717

See accompanying notes to consolidated financial statements.

Goodwill Of Central And Coastal Virginia, Inc. And Affiliate

Consolidated Statement Of Functional Expenses
Year Ended December 31, 2023

	Program Services							Supporting Services				
	Industrial Workshops and Retail Stores											
	Donated Goods	Contract Services	Total	Commercial Services	Goodwill Academy	Workforce Development	Total	Facilities	Administrative Overhead	Donor Development	Total	Total Expenses
Salaries, employee health benefits and payroll taxes	$ 34,955,260	$ 8,576,450	$ 43,531,710	$ 1,819,377	$ 799,546	$ 1,037,568	$ 47,188,201	$ 498,149	$ 266,635	$ 7,175	$ 771,959	$ 47,960,160
Cost of sales:												
Retail fees	1,303,012	-	1,303,012	66	20	33	1,303,131	-	296	-	296	1,303,427
Cost of contract stock purchases	-	6,976,025	6,976,025	-	-	-	6,976,025	-	-	-	-	6,976,025
Shipping expense	880,725	888	881,613	2,090	489	550	884,742	621	6,703	-	7,324	892,066
Supplies	1,259,770	157,140	1,416,910	77,124	22,621	3,409	1,520,064	84,518	19,655	-	104,173	1,624,237
Equipment	176,078	95,735	271,813	8,352	4,524	805	285,494	43,427	20,198	-	63,625	349,119
Occupancy, including interest	9,651,959	1,668,676	11,320,635	64,147	205,244	14,919	11,604,945	-	67,954	-	67,954	11,672,899
Trash removal	1,196,457	59,887	1,256,344	-	-	-	1,256,344	170,815	-	-	170,815	1,427,159
Vehicle	1,526,573	313,747	1,840,320	9,738	21	789	1,850,868	33,094	14,492	241	47,827	1,898,695
IT and telephone	1,029,475	101,476	1,130,951	43,742	53,448	59,237	1,287,378	178,017	133,665	754	312,436	1,599,814
Membership dues and subscriptions	4,563	-	4,563	110	124	1,434	6,231	-	227,653	-	227,653	233,884
Professional fees	715,952	27,004	742,956	31,287	19,217	17,719	811,179	118,586	305,361	41	423,988	1,235,167
Marketing and communications	377,727	32	377,759	6,287	2,709	3,031	389,786	773	73,093	287	74,153	463,939
Training and development	19,174	3,395	22,569	889	65,274	2,353	91,085	-	8,720	-	8,720	99,805
Travel and meetings	71,199	15,848	87,047	5,794	15,345	25,773	133,959	180	41,133	10	41,323	175,282
Other	57,103	1,400	58,503	1,513	8	9	60,033	4,400	79,976	-	84,376	144,409
Total	53,225,027	17,997,703	71,222,730	2,070,516	1,188,590	1,167,629	75,649,465	1,132,580	1,265,534	8,508	2,406,622	78,056,087
Depreciation	1,674,026	50,868	1,724,894	-	20,849	-	1,745,743	966,501	171,409	5,853	1,143,763	2,889,506
Total functional expenses	$ 54,899,053	$ 18,048,571	$ 72,947,624	$ 2,070,516	$ 1,209,439	$ 1,167,629	$ 77,395,208	$ 2,099,081	$ 1,436,943	$ 14,361	$ 3,550,385	$ 80,945,593

See accompanying notes to consolidated financial statements.

Goodwill Of Central And Coastal Virginia, Inc. And Affiliate

Consolidated Statement Of Functional Expenses
Year Ended December 31, 2022

	Program Services							Supporting Services				
	Industrial Workshops and Retail Stores											
	Donated Goods	Contract Services	Total	Commercial Services	Goodwill Academy	Workforce Development	Total	Facilities	Administrative Overhead	Donor Development	Total	Total Expenses
Salaries, employee health benefits and payroll taxes	$ 32,575,281	$ 9,166,652	$ 41,741,933	$ 1,640,074	$ 704,481	$ 845,052	$ 44,931,540	$ 501,974	$ 76,761	$ 295,537	$ 874,272	$ 45,805,812
Cost of sales:												
Retail fees	1,269,725	-	1,269,725	-	-	-	1,269,725	-	27	-	27	1,269,752
Cost of contract stock purchases	-	4,213,128	4,213,128	-	-	-	4,213,128	-	-	-	-	4,213,128
Shipping expense	645,031	5,208	650,239	7,235	909	1,049	659,432	2,454	-	936	3,390	662,822
Supplies	1,269,136	200,628	1,469,764	86,752	20,166	3,384	1,580,066	46,648	-	1,082	47,730	1,627,796
Equipment	98,909	89,166	188,075	26,098	4,253	325	218,751	39,603	859	-	40,462	259,213
Occupancy, including interest	8,364,480	1,539,805	9,904,285	33,962	128,385	6,747	10,073,379	129,574	67,494	-	197,068	10,270,447
Trash removal	1,166,906	42,394	1,209,300	-	-	-	1,209,300	61,202	14,884	-	76,086	1,285,386
Vehicle	2,296,680	270,075	2,566,755	11,883	19	469	2,579,126	43,811	8,832	364	53,007	2,632,133
IT and telephone	887,377	68,988	956,365	33,490	55,522	78,539	1,123,916	113,746	121,074	1,014	235,834	1,359,750
Membership dues and subscriptions	14,517	-	14,517	317	276	1,267	16,377	480	216,194	665	217,339	233,716
Professional fees	527,805	35,008	562,813	31,117	8,389	10,885	613,204	118,546	312,428	807	431,781	1,044,985
Marketing and communications	233,779	94	233,873	2,174	892	1,267	238,206	162	26,155	1,508	27,825	266,031
Training and development	11,333	750	12,083	285	347	2,752	15,467	828	2,690	377	3,895	19,362
Travel and meetings	47,163	13,624	60,787	6,091	4,746	15,169	86,793	20	12,387	498	12,905	99,698
Other	40,223	115,604	155,827	179	-	-	156,006	556	59,661	-	60,217	216,223
Total	49,448,345	15,761,124	65,209,469	1,879,657	928,385	966,905	68,984,416	1,059,604	919,446	302,788	2,281,838	71,266,254
Depreciation	1,532,337	31,719	1,564,056	150	23,699	-	1,587,905	883,209	191,712	8,779	1,083,700	2,671,605
Total functional expenses	$ 50,980,682	$ 15,792,843	$ 66,773,525	$ 1,879,807	$ 952,084	$ 966,905	$ 70,572,321	$ 1,942,813	$ 1,111,158	$ 311,567	$ 3,365,538	$ 73,937,859

See accompanying notes to consolidated financial statements.

Goodwill Of Central And Coastal Virginia, Inc. And Affiliate

Consolidated Statements Of Cash Flows
Years Ended December 31, 2023 And 2022

	2023	2022
Cash Flows From Operating Activities:		
Change in net assets	$ 4,231,981	$ 7,489,622
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,893,133	2,675,232
Amortization of bond and note closing costs	53,006	27,075
Amortization of finance right of use assets	63,104	66,828
Provision for credit losses	111,819	28,643
Net realized and unrealized (gain) loss on investments	(1,179,210)	1,219,440
Loss (gain) on disposal of equipment	87,233	(11,307)
Change in fair value of interest rate swap	137,671	(466,205)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(596,215)	2,328,995
Contributions receivable	1,430	48,570
Inventories	297,095	(905,657)
Prepaid expenses	(447,581)	70,875
Deferred compensation	(97,156)	14,460
Operating right of use assets	25,606	(187,072)
Increase (decrease) in:		
Accounts payable	(701,848)	73,134
Accrued expenses	132,645	69,363
Deferred revenue	(4,160)	12,271
Other liabilities	120,709	(238,304)
Finance lease liabilities	1,683	424
Net cash provided by operating activities	5,130,945	12,316,387
Cash Flows From Investing Activities:		
Purchase of investments	(6,499,331)	-
Purchases of land, buildings and equipment	(5,649,349)	(8,029,349)
Proceeds from sale of equipment	2,175,973	150,000
Net cash used in investing activities	(9,972,707)	(7,879,349)
Cash Flows From Financing Activities:		
Payments on finance lease liability	(64,277)	(67,014)
Proceeds from notes payable	-	5,508,871
Payment of notes payable closing costs	-	(103,835)
Principal payments on notes payable	(1,459,170)	(1,251,140)
Principal payments on bonds payable	(3,583,315)	(1,187,818)
Net cash (used in) provided by financing activities	(5,106,762)	2,899,064
Net change in cash	(9,948,524)	7,336,102
Cash:		
Beginning	35,925,748	28,589,646
Ending	$ 25,977,224	$ 35,925,748
Supplemental Disclosures Of Cash Flows Information:		
Cash payments for interest	$ 738,229	$ 627,769
Non-cash transactions:		
Recognition of operating right of use assets	$ 4,063,630	$ 22,206,337
Recognition of operating lease liabilities	$ 4,063,630	$ 22,781,315
Recognition of finance right of use assets and finance lease liabilities	$ 244,052	$ 105,101
Repayment of note payable from sale of land, building, and equipment	$ 995,782	$ -
Derecognition of operating right of use assets and operating lease liabilities upon termination of lease	$ -	$ 2,522,989
Refinance of 2014 note payable	$ -	$ 1,986,563

See accompanying notes to consolidated financial statements.

1. Nature of Activities and Significant Accounting Policies:

Nature of Activities: Goodwill of Central and Coastal Virginia, Inc. (the "Agency") is a nonprofit corporation organized under the laws of the Commonwealth of Virginia for the purpose of providing rehabilitation services, training, temporary placement and employment, and opportunities for personal growth as an interim step in the rehabilitation process for the disabled and disadvantaged who cannot be readily absorbed by the competitive labor market. The Agency is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Goodwill Services, Incorporated ("Services") was incorporated in July 1996 for the benefit of the Agency. It commenced operations in early 1997. Services conducts three specific activities for the benefit of severely disabled individuals. These activities are sheltered employment, vocational rehabilitation, and education and training. Services is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code.

Goodwill Services of Coastal Virginia, Inc. ("Coastal") was incorporated in January 2015 for the benefit of the Agency. In 2023, the entity was closed. It never commenced operations.

Principles of Consolidation: The accompanying consolidated financial statements include the accounts of the Agency and Services (collectively, "Goodwill"), separate legal entities which are controlled by the Board of Directors of the Agency. All significant intercompany accounts and transactions have been eliminated.

Basis of Accounting: The accompanying consolidated financial statements are presented in accordance with the accrual basis of accounting, whereby revenue and public support are recognized when earned and expenses are recognized when incurred.

Basis of Presentation: Goodwill is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. Net assets, revenues, and expenses are classified based on the terms of donor-imposed restrictions, if any. Accordingly, the net assets and revenues of Goodwill are classified and reported as follows:

Net assets without donor restrictions – Net assets which are not subject to donor-imposed restrictions. Board designated funds are a component of net assets without donor restrictions. Board designated funds were designated for the purpose of financial stability.

Net assets with donor restrictions – Net assets which result from contributions or grants which are stipulated by donors or grantors for specific purposes, specific periods, or are restricted in perpetuity. As of December 31, 2023 and 2022, these net assets consist of grants and contributions receivable. As of December 31, 2023 and 2022, Goodwill's net assets with donor restrictions were $63,638 and $197,746, respectively.

1. Nature of Activities and Significant Accounting Policies, Continued:

Use of Estimates: The preparation of consolidated financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash: For purposes of the consolidated statements of cash flows, Goodwill considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

Accounts Receivable and Allowance for Credit Losses: Accounts receivable are carried at original invoice amount less an estimate made for credit losses based on analysis performed by management on a regular basis. Accounts receivable amounted to $5,000,387 at January 1, 2022. Management previously determined the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts totaled $38,003 as of December 31, 2022. On January 1, 2023, the Organization adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326), which replaced the incurred loss methodology for estimating credit losses with the current expected credit loss ("CECL") model to estimate credit losses for most financial assets held at amortized cost, including accounts receivables. In estimating the allowance for credit losses, the Organization performs an annual analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and supportable expectation of future conditions. The adoption of the new standard did not have an impact on previously recognized amounts. At December 31, 2023, the allowance for credit losses was $39,195. Recoveries of accounts receivable previously written off are recorded when received.

Contributions Receivable: Contributions are recognized when the donor makes a promise to give to Goodwill that is, in substance, unconditional. If the unconditional promise to give is to occur over several fiscal periods, the asset will be measured at its present value. At December 31, 2023, there were no unconditional promises to give. At December 31, 2022, the net present value of unconditional promises to give was $1,430. At December 31, 2023 and 2022, there were no conditional promises to give. At December 31, 2023 and 2022, there was no allowance for doubtful pledges. Contributions that are restricted by the donor for purpose or time are reported as increases in net assets with donor restrictions. All others are treated as net assets without donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

1. Nature of Activities and Significant Accounting Policies, Continued:

Inventories: Inventories consist of store inventories, store supplies inventory, and contract supplies inventory. Contributions are required to be recognized as revenue when received. Store inventories consist primarily of donated merchandise, the fair value of which is recorded at the time of donation; however, this merchandise also requires program-related expenses and processing accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale. Amounts reported as sales of donated goods have been reduced by the fair value of donated goods reported as contributions of $25,782,898 for 2023 and $25,358,309 for 2022.

Store supplies inventory consists of supplies to be used in the operation of the stores. Contract supplies inventory consists of supplies to be used in the administration of Goodwill's commercial and governmental contracts. The balances were as follows as of December 31:

	2023	2022
Store inventories	$ 1,977,866	$ 1,945,295
Store supplies inventory	309,252	416,243
Contract supplies inventory	945,038	1,167,713
Total inventories	$ 3,232,156	$ 3,529,251

Investments: Goodwill invests in a professionally managed portfolio that contains exchange traded funds, U.S. Treasuries, and money market funds, which are recorded at fair value (see Notes 3 and 12).

Land, Buildings and Equipment: Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs expenditures are charged to expense as incurred while major renewals or additions are capitalized. The estimated useful lives of property and equipment are generally as follows:

	Years
Buildings and improvements	5 – 40
Furniture and equipment	3 – 10
Automobiles and trucks	5

1. Nature of Activities and Significant Accounting Policies, Continued:

Leases: Goodwill accounts for leases in accordance with Accounting Standards Codification ("ASC") Topic 842, *Leases*, under which the right of use ("ROU") assets and lease liabilities are initially measured at the present value of future minimum payments, discounted using a risk-free rate (in leases for which the rate implicit in the lease cannot be readily determined) as of the lease commencement date or the date of adoption of ASC 842, whichever is later. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The lease term used to calculate the ROU assets and lease liabilities include options to extend or terminate the lease when Goodwill determines that it is reasonably certain it will exercise those options. In making those determinations, Goodwill considers various existing economic and market factors, business strategies, as well as the nature, length, and terms of the lease agreement.

Certain leases may include variable lease payments as well as variable payments for items such as property taxes, insurance, maintenance, and other operating expenses associated with the leased assets. These variable payments are excluded from the measurement of Goodwill's ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments are incurred. Goodwill has made an accounting policy election not to recognize ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Valuation of Long-Lived Assets: Long-lived assets and certain identifiable intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. There were no impairments identified during 2023 and 2022.

Interest Rate Swap Closing Costs: Derivative issuance costs totaled $36,275 as of December 31, 2023 and 2022. These costs were incurred in connection with obtaining the interest rate swap. Total costs were capitalized and are being amortized over the life of the interest rate swap by a method that approximates the effective interest method. Accumulated amortization totaled $13,603 and $9,976 at December 31, 2023 and 2022, respectively. Amortization expense was $3,627 and $3,628 for 2023 and 2022, respectively. Amortization expense is expected to be $3,628 for each of the next five years and $4,532 thereafter.

1. Nature of Activities and Significant Accounting Policies, Continued:

Bond and Note Closing Costs: Bond and note issuance costs totaled $445,134 as of December 31, 2023, and $548,431 as of December 31, 2022. These costs were incurred in connection with obtaining mortgage loan financing with the Virginia Small Business Financing Authority and banks. Total costs were capitalized and are being amortized over the terms of the loans by a method that approximates the effective interest method. During 2023, in connection with the repayment of a bond and note payable, certain costs were fully amortized. During 2022, in connection with the issuance of two new notes payable and a refinance of existing note payable, additional costs of $103,835 were capitalized. Accumulated amortization totaled $174,269 and $224,560 at December 31, 2023 and 2022, respectively. Amortization expense is charged to interest expense and was $53,006 for 2023 and $27,075 for 2022. Amortization of existing bond and note issuance costs will continue over the remaining terms of the loans, ranging from 7 to 14 years.

Goodwill accounts for deferred financing costs in accordance with ASC 835, *Interest*, which requires Goodwill to present bond and noted closing costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. As a result, unamortized bond closing costs of $83,424 as of December 31, 2023, and $102,316 as of December 31, 2022, have been included as a deduction of bonds payable in the consolidated statements of financial position. Additionally, unamortized note closing costs of $187,443 as of December 31, 2023, and $221,555 as of December 31, 2022, have been included as a deduction of notes payable in the consolidated statements of financial position.

Derivative Instrument: Goodwill utilizes a derivative financial instrument to reduce its exposure to market risks from changes in interest rates. By entering into a receive-variable, pay-fixed interest rate swap, Goodwill limits its exposure to changes in variable interest rates. Goodwill is exposed to credit related losses in the event of nonperformance by the counterparty to the interest rate swap; however, the counterparty is a major financial institution, and the risk of loss due to nonperformance is considered remote. Interest rate differentials paid or received on the swap are recognized as adjustments to interest expense in the period earned or incurred.

Revenue Recognition:
Retail Operations: For in-store sales, revenue is recognized at the time of sale. For online sales, revenue is recognized at the time of the sale, which approximates the consummation of the sale. Goodwill excludes from revenue any sales tax assessed to its customers. Sales taxes are recorded as accrued liabilities on the consolidated statements of financial position until remitted to the state agencies.

1. Nature of Activities and Significant Accounting Policies, Continued:

Revenue Recognition, Continued:
Contract Services: For service contracts, performance obligations and the related price are identified in the contract and agreed to by the customer and Goodwill. Contracts may be modified, renewed, or terminated periodically, based on terms identified within the original contract. Rates and other terms are negotiated and agreed upon at the time at the time of the exercise of the option. Goodwill recognizes revenue as performance obligations are satisfied and services are performed, typically on a monthly basis. There are no contract assets or liabilities related to these services.

Mission Services: For contributions, grants, and other mission-based revenue sources, Goodwill follows contribution revenue guidance. Goodwill evaluates grants received to determine if they constitute exchange transactions. Grant revenue is recognized in the period it is earned based on when the related expenses are incurred. Grants and contributions with donor-imposed restrictions which are met within the same reporting period are reported as revenues without donor restrictions on the accompanying consolidated statements of activities.

Contribution of Non-Financial Assets: The value of contributed non-financial assets are recognized in the consolidated financial statements as contributed support, donated goods, and assets in the accompanying consolidated statements of activities. Revenue related to the contribution of non-financial assets is recorded upon donation. Contributions consist of merchandise to be sold in Goodwill's stores and operations and the fair value is estimated by Goodwill based on a model developed by Goodwill Industries International, Inc. It is Goodwill's policy to monetize the assets to generate the best return to be used towards Goodwill's mission.

Functional Expenses: The costs of providing various program and supporting services have been summarized on the functional basis in the consolidated statements of activities. Expenses have been summarized based on function and natural classification in the consolidated statements of functional expenses. Accordingly, each administrative (back-office) support group has been allocated to the beneficiary function based on cost drivers, such as headcount, total expenses, etc. Certain attributable costs that are not readily identified as benefiting a functional area, such as executive management, and certain contractual charges remain in administrative overhead. Occupancy costs include direct costs and allocations based on beneficiaries of physical sites. Facilities reflects general maintenance, shared areas, and administrative site support.

Advertising: Advertising costs are expensed as incurred and totaled $499,990 for 2023 and $275,497 for 2022.

1. Nature of Activities and Significant Accounting Policies, Continued:

Credit Risk and Concentrations: Financial instruments which potentially subject Goodwill to concentrations of credit risk consist principally of cash and accounts receivable. Goodwill maintains its cash in interest and non-interest bearing bank deposit accounts, which routinely 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. At December 31, 2023, three customers accounted for 64% of accounts receivable. At December 31, 2022, two customers accounted for 67% of accounts receivable. Goodwill believes its credit risk related to accounts receivable is limited due to the nature of its customers (i.e. government agencies).

Income Taxes: Goodwill follows the FASB guidance for how uncertain tax positions should be recognized, measured, disclosed and presented in the consolidated financial statements. This requires the evaluation of tax positions taken or expected to be taken in the course of preparing Goodwill's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained "when challenged" or "when examined" by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense and liability in the current year. Management evaluated Goodwill’s tax position and concluded that Goodwill had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of this guidance. Goodwill is not currently under audit by any tax jurisdictions.

Subsequent Events: Management has evaluated subsequent events for potential recognition and/or disclosure through May 22, 2023, the date the consolidated financial statements were available to be issued and has determined that, except as disclosed in Note 15, there are no subsequent events to be reported in the accompanying consolidated financial statements.

2. Contributions Receivable:

There were no contributions receivable as of December 31, 2023. Contributions receivable as of December 31, 2022, consisted of $1,430 in contributions to be received within one year.

There were no contributions receivable from related parties as of December 31, 2023, and December 31, 2022.

3. Investments:

Goodwill's investments are held in a professionally managed portfolio that contains exchange traded funds, U.S. Treasuries, mutual funds, and money market funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the consolidated financial statements. Goodwill does not have any unfunded commitments related to the investments.

Investments in marketable securities at December 31, 2023, consist of the following:

	Cost	Fair Value
Money market funds	$ 678,283	$ 678,283
U.S. Treasuries	6,701,947	6,759,513
Exchange traded funds	5,328,956	6,326,437
	$ 12,709,186	$ 13,764,233

Investments in marketable securities at December 31, 2022, consist of the following:

	Cost	Fair Value
Money market funds	$ 815,583	$ 815,583
U.S. Treasuries	397,767	398,437
Exchange traded funds	4,731,587	4,871,672
	$ 5,944,937	$ 6,085,692

4. Land, Buildings and Equipment:

Land, Buildings and Equipment consisted of the following at December 31:

	2023	**2022**
Land and land improvements	$ 19,099,913	$ 18,510,529
Buildings and improvements	63,432,040	59,256,904
Furniture and equipment	18,114,868	16,760,983
Automobiles and trucks	2,220,162	2,126,193
Construction in progress	297,407	4,803,507
	103,164,390	101,458,116
Less accumulated depreciation	37,942,413	35,736,994
	$ 65,221,977	$ 65,721,122

Depreciation expense amounted to $2,889,506 for 2023 and $2,671,605 for 2022.

4. Land, Buildings and Equipment, Continued:

At December 31, 2023, construction in progress was composed of ongoing renovations of a Goodwill outlet in Richmond and several other projects expected to be completed in 2024.

At December 31, 2022, construction in progress was composed of the purchase and ongoing renovations of a Goodwill store in Virginia Beach in the amount of $4,149,498, ongoing renovations at a Goodwill store in Richmond in the amount of $351,788, with the remaining portion relating to several projects expected to be completed in 2023.

5. Lines of Credit:

Goodwill has a working capital line of credit with a bank for $4,000,000. Upon renewal in December 2022, the line of credit bears interest at the Secure Overnight Financing Rate (“SOFR”) plus 1.75% or 2.50%, whichever is higher (7.11% at December 31, 2023). The line is secured by the same collateral that secures other debt from the same bank, including the 2010 Industrial Revenue Bond. The line of credit expires on December 31, 2024. There was no balance outstanding on the line of credit as of December 31, 2023 or 2022.

Goodwill has a second line of credit with a bank for $1,000,000 in regards to a purchase card agreement. Goodwill has opted out of the cash advance feature and the balance is automatically paid off in full at the end of every month. The line of credit is unsecured and the credit level will expire when the contract is terminated.

6. Industrial Revenue Bonds:

On December 28, 2005, Goodwill obtained an Industrial Revenue Bond, originally bearing interest at 3.99% through October 2016. Effective April 15, 2014, an amendment to the financing agreement was executed to remove an option for calling the bond on November 1, 2016. This accelerated the original provision of the bond agreement to move to a variable interest rate. An interest provision was added that indexes the yield to the Maximum Corporate Tax Rate at the time of adoption of 35%. In February 2023, the bond was amended to allow for the transition to a variable rate based on SOFR upon the termination of LIBOR. The balance of the note at the time of the amendment was $6,103,452 and had a final maturity date of November 1, 2023. The outstanding balance was $2,748,621 at December 31, 2022. The bond was fully repaid in April 2023.

On December 29, 2010, Goodwill obtained an Industrial Revenue Bond in the maximum amount of $15,200,000 to finance various projects. Balances on the bond bore interest at a variable rate equal to 67% of One Month LIBOR plus 2.10% through the final maturity date of this bond, January 1, 2034. The bond's principal payments began on February 1, 2014, over a term of 20 years. The bond was secured by a first lien on the land and buildings from the projects that were undertaken with the bond proceeds.

6. Industrial Revenue Bonds, Continued:

On March 1, 2020, Goodwill refinanced its 2010 Industrial Revenue Bond. Balances on the bond bear interest at a variable rate equal to 81% of the sum of LIBOR plus 1.73% through the final maturity date of March 1, 2030. In February 2023, the bond was amended to allow for the transition to a variable rate based on SOFR upon the termination of LIBOR (5.82% at December 31, 2023.) The outstanding balance was $5,541,270 at December 31, 2023, and $6,358,546 at December 31, 2022. The bond's principal payments began in April 2020 over a term of 10 years. The bond is secured by a first lien on the land and buildings from the projects that were undertaken with the original bond proceeds.

On March 1, 2020, Goodwill entered into a fixed rate swap agreement tied to the repayment of the refinance 2010 Industrial Revenue Bond to convert the variable rate of the bond to a fixed rate without exchanging the underlying principal amount. Under the terms of the agreement, the counterparty pays Goodwill a variable interest rate indexed to LIBOR. Goodwill pays the counterparty a fixed rate of 2.12% on an original notional amount of $8,528,037. The notional amount was $5,541,270 at December 31, 2023, and $6,358,546 at December 31, 2022. The agreement terminates on March 1, 2030. The fair value of the interest rate swap is an asset of $398,887 at December 31, 2023, and an asset of $536,558 at December 31, 2022.

Interest expense on the Industrial Revenue Bonds was $186,437 for 2023 and $272,151 for 2022, including amortization of bond closing costs of $18,891 for 2023 and $11,813 for 2022.

Goodwill's bond agreements contain various restrictive covenants, including limitations on additional indebtedness, the ability to encumber assets and revenues, the maintenance of a fixed charge coverage ratio and a minimum level of net assets without donor restrictions. Goodwill was in compliance with these bond covenants at December 31, 2023 and 2022.

6. Industrial Revenue Bonds, Continued:

Future maturities on the bond payable, at December 31, 2023, are as follows:

	2010 Bond
2024	$ 834,694
2025	853,136
2026	871,656
2027	890,577
2028	909,793
Thereafter	1,181,414
	5,541,270
Unamortized bond closing costs	(83,424)
	$ 5,457,846

7. Notes Payable:

Goodwill obtained a note to finance a store with First Citizens Bank. The loan in the amount of $3,000,000 had a fixed interest rate of 3.9% and commenced on October 25, 2014. The note is secured by a first lien on the land and building. In July 2021, Goodwill modified this note, decreasing the fixed interest rate to 2.8% and extending maturity to June 25, 2031. The outstanding balance was $1,743,232 and $1,948,394 at December 31, 2023 and 2022, respectively.

Goodwill obtained a note to finance a store with TowneBank on November 25, 2014, in the amount of $2,080,000 bearing a fixed interest rate of 4.37% through its original maturity date of November 30, 2024. In June 2020, Goodwill refinanced this note, at which time the interest rate was lowered to 3.16% to its extended maturity date of May 30, 2030. The note is secured by a first lien on the land and building in Newport News, Virginia. The outstanding balance was $1,173,455 and $1,338,110 at December 31, 2023 and 2022, respectively.

Goodwill obtained a note to finance a store with SunTrust (now Truist) on November 12, 2015, in the amount of $2,925,000 bearing a variable interest rate of One Month LIBOR plus 1.7% annum. On April 27, 2022, Goodwill refinanced this loan with a new lender. The refinanced note was in the amount of $2,000,000 bearing interest at a fixed rate of 4.09%. The note is secured by a first lien on the land and building and matures on April 27, 2032. The outstanding balance was $1,721,511 and $1,891,009 at December 31, 2023 and 2022, respectively.

7. Notes Payable, Continued:

Goodwill obtained a note to finance a store with TowneBank on August 18, 2017, in the amount of $2,400,000 bearing a variable interest rate of One Month LIBOR plus 1.7%. In February 2022, the note was amended to adjust the interest rate to a fixed 3.39% through maturity. The note was secured by a first lien on the land and building. The underlying asset was sold and the note was repaid in November 2023. The outstanding balance was $1,219,495 at December 31, 2022.

Goodwill obtained a note to refinance a bond payable with TowneBank on June 3, 2020, in the amount of $4,991,129 bearing a fixed interest rate of 3.16% through the final maturity date of June 3, 2030. The note required payments of interest only through January 3, 2021, at which point it is repayable in monthly payments of principal and interest in the amount of $50,843. The note is secured by a first lien on the land and buildings related to the projects undertaken with the original bond proceeds. The outstanding balance was $3,534,061 at December 31, 2023, and $4,022,740 at December 31, 2022.

Goodwill obtained a note to finance a store with TowneBank on August 15, 2022, in the amount of $1,750,000 bearing a fixed interest rate of 4.42% through the final maturity date of August 15, 2033. The note required payments of interest only through September 2023, at which point it is repayable in monthly payments of principal and interest in the amount of $18,125. The note is secured by a first lien on the land and building. The outstanding balance was $1,703,456 at December 31, 2023, and $1,750,000 at December 31, 2022.

Goodwill obtained a note to finance a store with First Citizens Bank on October 3, 2022, in the amount of $3,745,434 bearing a fixed interest rate of 4.61% through the final maturity date of October 17, 2037. The note requires monthly payments of principal and interest of $29,045. The note is secured by a first lien on the land and building. The outstanding balance was $3,554,948 at December 31, 2023, and $3,723,283 at December 31, 2022.

Interest expense on the notes payable was $600,502 for 2023 and $394,936 for 2022, including amortization of note closing costs of $34,115 for 2023 and $15,262 for 2022.

Goodwill's note agreements contain various restrictive covenants, including limitations on additional indebtedness, the ability to encumber assets and revenues, the maintenance of a fixed charge coverage ratio and a minimum level of net assets without donor restrictions. Goodwill was in compliance with these note covenants or, if not in compliance, received waivers from the lenders for any violations at December 31, 2023 and 2022.

7. Notes Payable, Continued:

Future maturities on the notes payable, at December 31, 2023, are as follows:

	2014 First Citizens Note	2014 Towne Bank Note	2020 Towne Bank Note	2022 Powhatan Note	2022 Towne Bank Note	2022 First Citizens Note	Total Notes
2024	$ 210,927	$ 169,908	$ 503,952	$ 176,464	$ 143,887	$ 186,384	$ 1,391,522
2025	217,130	175,535	525,670	184,120	150,682	195,751	1,448,888
2026	223,375	181,242	541,812	191,902	157,575	205,099	1,501,005
2027	229,799	187,135	558,449	200,013	164,784	214,894	1,555,074
2028	236,343	193,220	575,597	208,467	172,322	224,797	1,610,746
Thereafter	625,658	266,415	828,581	760,545	914,206	2,518,023	5,913,428
	1,743,232	1,173,455	3,534,061	1,721,511	1,703,456	3,544,948	13,420,663
Unamortized note closing costs	(21,791)	(15,833)	(23,872)	(41,087)	(19,104)	(65,756)	(187,443)
	$ 1,721,441	$ 1,157,622	$ 3,510,189	$ 1,680,424	$ 1,684,352	$ 3,479,192	$ 13,233,220

8. Leases and Other Commitments:

Goodwill leases store properties, certain training and administrative spaces and trailers under various operating lease agreements, which expire in various years through 2039. Certain of the leases also require the payment of property tax increases, normal maintenance and insurance on the properties. Goodwill has accounted for these as operating leases using a weighted average risk-free rate of 2.63% and a weighted average remaining lease term of 7.58 years. At December 31, 2023, future minimum payments under the operating leases were as follows:

Years Ending December 31,	
2024	$ 3,460,882
2025	3,919,480
2026	3,424,363
2027	2,952,369
2028	2,492,909
Thereafter	5,628,566
Total minimum payments	21,878,569
Less: discount of cash flows	(4,101,013)
	$ 17,777,556

8. Leases and Other Commitments, Continued:

Related rent expense totaled $4,878,543 for 2023 and $4,627,939 for 2022. Rent expense consisted of the following for 2023:

Operating lease cost	$ 3,569,726
Short-term lease cost	1,308,817
	$ 4,878,543

Goodwill leases equipment under various lease agreements, which expire in various years through 2027. Goodwill has accounted for these as finance leases using a weighted average risk-free rate of 4.08% and a weighted average remaining lease term of 3.5 years. At December 31, 2023, future minimum payments under the finance leases were as follows:

Years Ending December 31,	
2024	$ 72,846
2025	67,765
2026	52,524
2027	43,770
Total minimum payments	236,905
Less: interest	(16,936)
	$ 219,969

Related interest expense was $1,683 in 2023 and $424 in 2022 and related amortization expense was $63,104 in 2023 and $66,828 in 2022.

Goodwill pays dues to Goodwill Industries International, Inc., a membership organization, for support and guidance in providing mission services and the use of the Goodwill trade and service marks. These dues are calculated as a percentage of earned unrestricted revenue. Goodwill anticipates its dues for 2024 will be $204,560.

9. Lease Income:

Goodwill leases office and retail space to tenants under operating lease agreements. The leases have renewal options at rents to be determined at renewal, with various renewal options available. Lease income totaled $386,269 and $385,527 for the years ended December 31, 2023 and 2022, respectively. Future rents expected to be received under the leases described above are $255,563 for 2024, $255,563 for 2025, $255,563 for 2026, $255,563 for 2027, and $194,672 for 2028.

10. Retirement Plans:

The Agency maintains a 403(b) plan for all employees who have met the applicable eligibility requirements. Employees are eligible to receive employer matching contributions upon completion of one year of service, attainment of age 21 and completion of 1,000 or more hours of service during a twelve-month period. The Agency makes safe harbor matching contributions, subject to service requirements, for participants in an amount equal to 100 percent of the first 3 percent of eligible compensation contributed to the plan and 50 percent of the next 2 percent of eligible compensation contributed for a total possible matching contribution of 4 percent of eligible compensation. The Agency may also make a basic contribution, subject to the same age and service requirements and safe harbor matching contributions. Both employee and employer contributions are subject to Internal Revenue Service maximum limits. The total expenses recorded for the Agency's match for the 403(b) was $531,740 for 2023 and $476,807 for 2022.

The Agency maintains a 401(a) plan for Services' employees working under federal contracts coordinated through SourceAmerica (formerly called National Institute for Severely Handicapped). Employees are eligible on the first day of employment and contributions are 100% employer paid. Contributions are based on a calculation of hours paid at a rate set prevailing federal fringe rate at the effective date of the contract. The total expenses for Services' contributions were $56,350 for 2023 and $123,470 for 2022.

11. Deferred Compensation:

The Agency maintains a deferred compensation plan for certain key employees under Section 457(b) of the Internal Revenue Code. The key employees can also voluntarily contribute to the plan in accordance with Internal Revenue Service (IRS) guidelines. Agency contributions to this plan amounted to $80,000 in 2023 and $32,000 in 2022.

As of December 31, 2023 and 2022, the balance in the Section 457(b) deferred compensation plans' investment was $153,336 and $56,180, respectively, and the liability amounted to $153,336 and $56,180, respectively. The deferred compensation liability is included in other liabilities in the accompanying consolidated statements of financial position.

12. Fair Value Measurements:

Goodwill has adopted certain provisions of the FASB's guidance on fair value measurements related to financial assets and liabilities and any other assets and liabilities that are carried at fair value on a recurring basis in the financial statements. The FASB guidance defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The FASB guidance provides a framework for measuring fair value under GAAP and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

12. Fair Value Measurements, Continued:

The guidance requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance also establishes a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions.

Goodwill's investments are professionally managed and include money market funds, mutual funds, and exchange traded funds. The fair value of these investments is based on quoted prices in active markets. The investments were valued at $7,004,720 and $5,687,255 at December 31, 2023 and 2022, respectively, and are classified as level 1 in the fair value hierarchy.

Goodwill's investments also include U.S. Treasuries, the fair value of which are based on a market approach on yields currently available on comparable securities of issuers with similar credit ratings. Investments in U.S. Treasuries are valued at $6,759,513 and $398,437 at December 31, 2023 and 2022, respectively, and are classified as level 2 in the fair value hierarchy.

Goodwill's investments – deferred compensation are invested based on direction from the key employees that participate in the plans. Goodwill's investments – deferred compensation valued at $153,336 and $56,180 at December 31, 2023 and 2022, respectively, are classified as Level 1 in the fair value hierarchy.

12. Fair Value Measurements, Continued:

Interest rate swap – The fair value measurements used to value the interest rate swap liability consist of significant other observable units (Level 2). The fair value of Goodwill's interest rate swap was an asset of $398,887 and $536,558 as of December 31, 2023 and 2022, respectively, and is calculated by a third party who derives the valuation from a proprietary model based upon recognized financial principles. Among other factors, the model takes into consideration the notional amount, number of payments, number of days, fixed interest rates, forward interest rates, and a present value discount factor. The valuation method used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes the valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of the interest rate swap could result in a different fair value of the interest rate swap at the reporting date.

Contributions receivable – Valued at the original gift amount, less payments and a discount to account for payments expected in future periods beyond one year. Contributions receivable are classified as Level 3 in the fair value hierarchy as their valuation relies on significant unobservable inputs. There were no new contributions receivable during 2023 and 2022. During 2023, there were payments of $1,430 on contributions receivable; during 2022, there were payments of $48,570 on contributions receivable. There were no contributions receivable as of December 31, 2023. The fair value of contributions receivable as of December 31, 2022, was $1,430.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Goodwill believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

13. Net Assets With Donor Restrictions:

Net assets with donor restrictions are restricted for the following as of December 31:

	2023	2022
Career Employment Training	$ 62,099	$ 170,941
Immigrant and Refugee	-	10,984
Other	1,539	15,821
	$ 63,638	$ 197,746

13. Net Assets With Donor Restrictions, Continued:

Net assets with donor restrictions were released from donor restrictions by incurring expenses to satisfy the following restricted purposes for the years ended December 31:

	2023	2022
Career Employment Training	$ 108,842	$ 157,366
Youth Vocational Services	-	18,589
Immigrant and Refugee	10,984	117,474
Financial Literacy	-	2,500
Other	14,282	-
	$ 134,108	$ 295,929

14. Liquidity and Availability of Financial Assets:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Consolidated Statements of Financial Position date, comprise the following:

	2023	2022
Financial assets available within one year:		
Cash and cash equivalents	$ 25,977,224	$ 35,925,748
Accounts receivable, net	3,127,145	2,642,749
Contributions receivable, net	-	1,430
Investments	13,764,233	6,085,692
Total	42,868,602	44,655,619
Less those unavailable for general expenditure within one year:		
Net assets with donor restrictions	63,638	197,746
Net assets with board designations	7,207,204	6,095,692
Total	7,270,842	6,293,438
Financial assets available in one year for general expenditure	$ 35,597,760	$ 38,362,181

14. Liquidity and Availability of Financial Assets, Continued:

The financial assets available in one year for general expenditure include funds the Board of Directors does not intend to use for general expenditures but have not been officially designated for use. As part of Goodwill's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, Goodwill invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, Goodwill has a committed line of credit with available borrowing capacity of $4,000,000 as of December 31, 2023 and 2022, upon which it could draw. Goodwill has board designated net assets without donor restrictions that, while the Agency does not intend to spend for purposes other than those identified, could be made available for current operations, if necessary.

15. Subsequent Events:

In May 2024, Goodwill purchased a building and the land on which it resides in Williamsburg, Virginia for $3,350,000.