

**GOODWILL INDUSTRIES OF MIDDLE  
GEORGIA, INC. AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION,  
AND COMPLIANCE

*As of and for the Years Ended December 31, 2021 and 2020*

*And Report of Independent Auditor*

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

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## Report of Independent Auditor

To the Audit Committee of the Board of Directors  
Goodwill Industries of Middle Georgia, Inc.  
Macon, Georgia

### Opinion

We have audited the accompanying consolidated financial statements of Goodwill Industries of Middle Georgia, Inc. (a nonprofit organization) and its consolidated affiliates (collectively, the “Organization”), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Middle Georgia, Inc. and its consolidated affiliates as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Consolidated Financial Statements

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

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

### Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

## **Other Matters**

### *Supplementary and Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Augusta, Georgia  
June 6, 2022

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*DECEMBER 31, 2021 AND 2020*

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 10,439,203	\$ 12,471,601
Certificates of deposit	9,510	9,504
Accounts receivable, net of allowance for doubtful accounts of approximately \$2,000,000 and \$1,400,000 in 2021 and 2020	3,907,199	5,020,501
Promises to give, net of allowance for uncollectible pledges	160,862	200,027
Inventories	4,859,222	3,698,207
Investments	640,309	553,561
Prepaid expenses	377,206	332,570
Total Current Assets	20,393,511	22,285,971
Assets limited as to use - cash and cash equivalents	260	660
Investments and Other Assets:		
Promises to give, less current portion, net of allowance for uncollectible pledges and discount	138,621	240,284
Assets held in deferred compensation plan	338,233	350,519
Total Investments and Other Assets	476,854	590,803
Property and equipment, at cost, net	35,555,223	32,714,691
<b>Total Assets</b>	<b>\$ 56,425,848</b>	<b>\$ 55,592,125</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 2,621,290	\$ 2,913,708
Salaries and benefits payable	1,012,249	923,371
Payroll withholdings	72,382	94,379
Sales tax payable	167,332	128,532
Deferred revenue	393,917	537,256
Dues billed in advance	50,000	50,000
Current maturities of notes payable	973,686	1,496,777
Total Current Liabilities	5,290,856	6,144,023
Long-Term Liabilities:		
Notes payable, less current maturities, net of debt issuance costs	18,938,411	24,120,168
Interest-rate swap obligation payable	325,149	754,734
Deferred compensation plan assets payable	338,233	350,519
Total Long-Term Liabilities	19,601,793	25,225,421
Net Assets:		
Without Donor Restrictions:		
Undesignated	28,458,468	21,342,275
Designated by the board	500,000	500,000
With Donor Restrictions	2,574,731	2,380,406
Total Net Assets	31,533,199	24,222,681
<b>Total Liabilities and Net Assets</b>	<b>\$ 56,425,848</b>	<b>\$ 55,592,125</b>

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

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

*YEARS ENDED DECEMBER 31, 2021 AND 2020*

	<b>2021</b>	<b>2020</b>
<b>Change in Net Assets Without Donor Restrictions:</b>		
Revenue and Gains:		
Contributions	\$ 450,173	\$ 10,420,714
Forgiveness of Paycheck Protection Program loan	4,649,397	1,154,000
Contributed revenue - donated goods	24,143,097	16,351,082
Retail sales	4,163,558	3,287,732
Government grants and performance contracts	343,757	192,813
Contract services	11,523,370	13,127,882
Staffing services	1,240,078	1,046,672
Education and hospitality	8,831,197	6,817,107
Change in fair value of derivatives	429,585	(329,125)
Investment return, net	81,823	23,761
Rental income	81,101	143,634
Other	199,030	772,873
Total Revenue and Gains Without Donor Restrictions	<u>56,136,166</u>	<u>53,009,145</u>
Net Assets Released From Restrictions:		
Satisfaction of program restrictions	<u>2,691,179</u>	<u>569,255</u>
Total Revenue, Gains, and Other Support Without Donor Restrictions	<u>58,827,345</u>	<u>53,578,400</u>
Expenses and Losses:		
Program Services:		
Sales and operations	18,344,265	15,164,569
Contract services	8,294,066	8,633,819
Career services	2,169,565	1,613,458
Staffing services	1,319,502	1,151,740
Education and hospitality	13,593,087	10,428,990
Total Program Services	<u>43,720,485</u>	<u>36,992,576</u>
Support Services:		
Management and general	7,769,983	7,636,955
Fundraising	220,684	342,159
Total Support Services	<u>7,990,667</u>	<u>7,979,114</u>
Total Expenses	<u>51,711,152</u>	<u>44,971,690</u>
Change in Net Assets Without Donor Restrictions	<u>7,116,193</u>	<u>8,606,710</u>
<b>Change in Net Assets With Donor Restrictions:</b>		
Contributions	2,885,504	589,182
Net asset released from restrictions	<u>(2,691,179)</u>	<u>(569,255)</u>
Change in Net Assets With Donor Restrictions	<u>194,325</u>	<u>19,927</u>
Change in net assets	7,310,518	8,626,637
Net assets, beginning of year	<u>24,222,681</u>	<u>15,596,044</u>
Net assets, end of year	<u>\$ 31,533,199</u>	<u>\$ 24,222,681</u>

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

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2021*

	Sales and Operations	Contract Services	Career Services	Education and Hospitality	Staffing Services	Total Program Services	Management and General	Fundraising	Total Expenses 2021	Total Expenses 2020
Salaries and contract labor	\$ 9,003,336	\$ 4,738,342	\$ 1,095,241	\$ 4,965,627	\$ 1,127,237	\$ 20,929,783	\$ 3,767,070	\$ 62,768	\$ 24,759,621	\$ 21,141,824
Employee fringe benefits	2,225,829	1,855,772	362,718	955,266	144,285	5,543,870	927,410	10,803	6,482,083	6,628,619
Professional fees and services	37,407	20,399	139,249	481,211	16,585	694,851	732,572	-	1,427,423	923,987
Transaction processing fees and bank charges	361,983	8,581	-	151,777	28	522,369	23,273	1,753	547,395	438,561
Operating supplies	584,944	680,773	35,676	769,483	266	2,071,142	143,967	825	2,215,934	2,011,833
Goods purchased for resale	819,660	170,923	-	1,950,396	-	2,940,979	-	-	2,940,979	1,842,720
Computer equipment and software	60,368	12,326	21,535	164,157	4,246	262,632	99,903	7,524	370,059	271,993
Postage and shipping	319,266	-	11	142	1	319,420	15,751	-	335,171	309,367
Facility rent	1,120,217	-	105,613	370,469	-	1,596,299	65,081	-	1,661,380	1,545,809
Commercial insurance	279,322	70,700	36,943	138,690	5,009	530,664	202,626	409	733,699	545,755
Interest	320,485	8,961	26,812	226,099	427	582,784	202,168	3,326	788,278	804,498
Taxes, licenses, and fees	186,690	4,285	11,629	26,144	37	228,785	31,319	-	260,104	279,351
Building and property maintenance	199,235	14,662	29,679	170,354	-	413,930	107,368	-	521,298	492,446
Utilities	1,075,997	33,298	57,012	298,062	866	1,465,235	125,014	-	1,590,249	1,457,027
Security services	33,791	90	20,536	95,336	614	150,367	19,661	-	170,028	151,675
Rental and maintenance of equipment	47,329	1,467	-	22,965	168	71,929	5,253	-	77,182	199,973
Advertising - recruitment	10,884	-	9,103	48,452	1,386	69,825	113,964	4,718	188,507	106,764
Advertising - promotion, including donated services	136,415	106	5,116	695,131	175	836,943	9,802	-	846,745	938,425
Outside printing services	12,967	29	2,616	25,678	-	41,290	7,838	1,498	50,626	59,759
Vehicles - consumable supplies	93,857	66,739	-	6,977	-	167,573	24,096	-	191,669	141,965
Vehicles - maintenance	117,846	14,892	-	9,229	-	141,967	3,368	-	145,335	101,420
Vehicles - leasing fees	-	-	-	308	-	308	-	-	308	-
Travel	53,593	24,650	28,552	82,211	6,913	195,919	107,041	558	303,518	323,105
Client transportation	-	-	2,148	-	-	2,148	-	-	2,148	177
Meetings and conferences	19,586	5,131	4,856	14,168	130	43,871	13,658	9,992	67,521	63,809
Events expense	-	-	-	-	-	-	-	15,933	15,933	-
Dues	10,704	420,023	2,679	24,091	130	457,627	224,833	52	682,512	713,418
Telephone and communications	196,900	32,958	73,617	111,486	4,655	419,616	150,928	30	570,574	467,611
Pre-employment screening tests	20,602	2,528	794	15,943	5,975	45,842	888	-	46,730	51,697
Employee relations	34,786	-	421	3,451	-	38,658	187,240	3,951	229,849	117,579
Employee uniforms	27,332	36,344	416	20,325	203	84,620	433	-	85,053	89,516
Bad debt (recoveries)	-	-	-	755,707	-	755,707	120,000	93,593	969,300	464,362
Miscellaneous	3,201	2,558	31	433	166	6,389	(1,370)	2,474	7,493	23,076
Depreciation	929,733	67,529	96,562	684,445	-	1,778,269	540,078	466	2,318,813	2,122,784
Tuition assistance	-	-	-	308,874	-	308,874	(202,950)	-	105,924	139,180
Contributions to others	-	-	-	-	-	-	1,700	11	1,711	1,605
Total Expenses	\$ 18,344,265	\$ 8,294,066	\$ 2,169,565	\$ 13,593,087	\$ 1,319,502	\$ 43,720,485	\$ 7,769,983	\$ 220,684	\$ 51,711,152	\$ 44,971,690

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

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2020*

	Sales and Operations	Contract Services	Career Services	Education and Hospitality	Staffing Services	Total Program Services	Management and General	Fundraising	Total Expenses 2020
Salaries and contract labor	\$ 6,867,595	\$ 4,994,216	\$ 687,475	\$ 3,953,685	\$ 965,814	\$ 17,468,785	\$ 3,414,632	\$ 258,407	\$ 21,141,824
Employee fringe benefits	1,920,961	1,944,221	459,210	752,852	125,694	5,202,938	1,402,573	23,108	6,628,619
Professional fees and services	51,559	36,401	1,834	284,183	18,201	392,178	531,809	-	923,987
Transaction processing fees and bank charges	292,623	13,784	-	81,611	-	388,018	47,519	3,024	438,561
Operating supplies	410,933	692,805	12,749	691,484	306	1,808,277	203,043	513	2,011,833
Goods purchased for resale	595,977	121,126	-	1,125,617	-	1,842,720	-	-	1,842,720
Computer equipment and software	22,429	2,995	17,155	129,646	2,538	174,763	94,640	2,590	271,993
Postage and shipping	294,000	71	-	1,008	-	295,079	14,288	-	309,367
Facility rent	1,160,440	-	93,347	278,522	-	1,532,309	13,500	-	1,545,809
Commercial insurance	237,742	56,855	25,773	95,289	5,736	421,395	124,026	334	545,755
Interest	345,830	10,136	29,479	248,615	469	634,529	169,969	-	804,498
Taxes, licenses, and fees	152,452	7,353	8,503	71,295	-	239,603	37,954	1,794	279,351
Building and property maintenance	198,154	15,140	20,647	103,556	2	337,499	154,947	-	492,446
Utilities	1,000,136	33,976	47,357	264,417	775	1,346,661	110,366	-	1,457,027
Security services	32,098	91	6,286	90,339	27	128,841	22,834	-	151,675
Rental and maintenance of equipment	181,675	-	249	12,665	696	195,285	4,688	-	199,973
Advertising - recruitment	7,183	-	3,070	63,846	4,013	78,112	18,993	9,659	106,764
Advertising - promotion, including donated services	198,882	2,766	-	704,822	292	906,762	25,789	5,874	938,425
Outside printing services	22,347	-	340	29,270	111	52,068	4,072	3,619	59,759
Vehicles - consumable supplies	77,078	47,276	37	963	-	125,354	16,611	-	141,965
Vehicles - maintenance	66,461	24,194	776	1,382	-	92,813	8,607	-	101,420
Travel	50,552	29,613	18,568	97,339	10,109	206,181	116,924	-	323,105
Client transportation	-	-	177	-	-	177	-	-	177
Meetings and conferences	6,347	4,836	12,909	17,285	347	41,724	21,494	591	63,809
Dues	4,747	460,472	6,560	28,851	228	500,858	209,677	2,883	713,418
Telephone and communications	148,876	35,817	66,670	94,149	3,985	349,497	117,116	998	467,611
Pre-employment screening tests	13,602	5,775	272	25,364	6,350	51,363	334	-	51,697
Employee relations	9,707	183	88	2,177	-	12,155	105,424	-	117,579
Employee uniforms	28,189	37,549	102	21,307	213	87,360	2,156	-	89,516
Bad debt (recoveries)	-	-	-	300,000	5,643	305,643	136,049	22,670	464,362
Miscellaneous	5,500	2,000	-	4,140	191	11,831	11,245	-	23,076
Depreciation	760,494	54,168	93,825	712,684	-	1,621,171	496,018	5,595	2,122,784
Tuition assistance	-	-	-	140,627	-	140,627	(1,447)	-	139,180
Contributions to others	-	-	-	-	-	-	1,105	500	1,605
Total Expenses	\$ 15,164,569	\$ 8,633,819	\$ 1,613,458	\$ 10,428,990	\$ 1,151,740	\$ 36,992,576	\$ 7,636,955	\$ 342,159	\$ 44,971,690

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



**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 7,310,518	\$ 8,626,637
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	2,318,813	2,122,784
Amortization of debt issuance costs	17,635	17,635
Land contribution	(328,114)	-
Gain on disposal of property and equipment	-	(316,918)
Unrealized (gain) loss on investments	(48,345)	2,387
Investment return, net	(38,403)	(26,148)
Change in interest rate swap obligation payable	(429,585)	329,125
Gain on forgiveness of Paycheck Protection Program loan	(4,598,000)	(1,154,000)
Bad debts, including promises to give	969,300	464,362
Change in assets and liabilities:		
Accounts receivable	144,002	(1,142,498)
Promises to give	140,828	314,031
Inventories	(1,161,015)	(105,347)
Prepaid expenses	(44,642)	(98,831)
Accounts payable	(292,418)	1,383,071
Salaries and benefits payable	88,878	(736,452)
Payroll withholdings	(21,997)	77,796
Sales tax payable	38,800	9,586
Deferred revenue	(143,339)	(71,499)
Net cash flows from operating activities	3,922,916	9,695,721
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(4,858,963)	(3,331,063)
Proceeds from sale of investments	-	350,000
Proceeds from sale of property and equipment	27,732	613,018
Net cash flows from investing activities	(4,831,231)	(2,368,045)
<b>Cash flows from financing activities:</b>		
Payments on notes payable	(1,124,483)	(726,059)
Proceeds from the issuance of notes payable	-	6,402,900
Net repayments under line of credit agreement	-	(1,460,949)
Net cash flows from financing activities	(1,124,483)	4,215,892
Net change in cash and cash equivalents	(2,032,798)	11,543,568
Cash and cash equivalents, beginning of year	12,472,261	928,693
Cash and cash equivalents, end of year	\$ 10,439,463	\$ 12,472,261
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 759,895	\$ 782,756
Cash and cash equivalents are included in the consolidated statements of financial position as follows:		
Cash and cash equivalents	\$ 10,439,203	\$ 12,471,601
Cash and cash equivalents included in assets limited as to use	260	660
	\$ 10,439,463	\$ 12,472,261

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

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### **Note 1—Nature of business and summary of significant accounting policies**

*Nature of Business* – Goodwill Industries of Middle Georgia, Inc. (the “Organization”) is a not-for-profit organization helping people develop their God-given gifts through education, work, and career development services. The Organization strives to end poverty one new career at a time, helping people served experience a “maximum of abundant living”, and makes a substantive human and economic impact in its 35-county territory in Georgia and South Carolina. The Organization is supported primarily by selling donated goods in its retail stores, providing contract services, receiving third party reimbursements from various government grants, and receiving fees for services to various government agencies. The Organization has two subsidiaries, Helms, LLC and Goodwill Staffing Services of Middle Georgia and the CSRA, LLC (“Goodwill Staffing”), which are single member LLCs and thus disregarded for income tax purposes. Helms, LLC was formed to provide skills training in the culinary arts, health services, and other occupational areas. Helms, LLC operates Helms College, a fully accredited and Title IV eligible post-secondary institution, offering certificate, diploma, and degree programs in culinary arts and health services. Goodwill Staffing provides workforce solutions to the retail, hospitality and food service, and custodial and housekeeping industries. The Organization’s affiliate, Goodwill Works Foundation, Inc. (the “Foundation”) was formed during fiscal year 2009 for the purpose of raising funds to support the overall mission of the Organization. The Foundation’s sole member is Goodwill Industries of Middle Georgia, Inc. The Organization’s affiliate, Good Vocations, Inc., was formed to serve individuals with severe disabilities by providing rehabilitation services and job training for them through contract services to military installations in Georgia in accordance with the Javits-Wagner-O’Day Act. On August 1, 2018, Helms, LLC began managing the Pinnacle Club, Inc. (the “Club”), a 501(c)(7) private social club through Helms College, LLC entering into a long-term management agreement with the Club to expand the applied learning opportunities of Helms College students (Refer to Note 17).

*Basis of Consolidation* – The consolidated financial statements include the accounts of the Organization and its affiliates. All significant intercompany accounts and transactions have been eliminated in consolidation.

*Basis of Accounting* – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Financial Accounting Standards Board (“FASB”) has established the Accounting Standards Codification (“ASC”) as the source of authoritative accounting principles to be applied in the preparation of the consolidated financial statements in accordance with U.S. GAAP. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Are those currently available for use in the day-to-day operation of the Organization and those resources invested in property and equipment. From time to time, the Board of Directors (the “Board”) may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Such amounts would be reflected as board-designated net assets. During 2021 and 2020, the Board designation is for a general reserve for the use of the Organization.

*Net Assets With Donor Restrictions* – Are those subject to donor-imposed restrictions that may or will be met by specific actions of the Organization and/or passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

*Management Estimates* – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### **Note 1—Nature of business and summary of significant accounting policies (continued)**

*Recognition of Support and Revenues* – Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises, are recognized as revenues in the period made. Conditional promises are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

*Recognition of Program Service Revenues* – Program service revenues are recorded at the time of sale. All performance obligations are considered met at the time of sale except in the case of advance payments for Pinnacle Club membership dues, which are recorded as deferred revenue until the performance obligation has been met. Sales tax, collected from customers as part of the sale, is excluded from revenue and the obligation is included in taxes payable until the taxes are remitted to the state.

*Cash and Cash Equivalents* – The Organization considers all unrestricted, highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

*Concentration of Credit Risk* – The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2021, the Organization had approximately \$9,500,000 in excess of the insured amounts.

From time to time, the Organization receives large pledges and contributions from a small number of donors that represent a significant portion of recorded pledges receivable and contributions.

For the years ended December 31, 2021 and 2020, 76% and 98%, respectively, of contribution revenue included as contributions in the consolidated statements of activities was received from one contributor.

Credit risk for accounts receivable is concentrated as well because substantially all of the balances are receivable from individuals located within the same geographic region.

*Accounts Receivable* – Accounts receivable is recognized at their contract price at the time the service is completed. Accounts receivable is considered past due or delinquent when payment is not received within the credit limit extended to the customer, normally 30 days. The Organization reserves the right to charge customers late fees or interest on delinquent accounts receivable.

The Organization uses the allowance method to account for uncollectible accounts receivable. Management reviews accounts receivable on an individual basis and establishes an allowance as needed. Management has established an allowance for doubtful accounts receivable of approximately \$2,000,000 and \$1,400,000 as of December 31, 2021 and 2020, respectively.

*Contributions* – Unconditional promises to give cash and other assets are reported at estimated fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

### Note 1—Nature of business and summary of significant accounting policies (continued)

The Organization uses the allowance method to account for uncollectible promises to give. Management's estimate is based on prior collection experience.

*Inventories* – Inventories consist of donated and purchased goods for resale and food and beverages for the hospitality department. The value of donated goods for resale is determined using statistical computations as recommended by Goodwill International and tailored to local operations. The valuation of donated inventories is considered to be that portion of retail sales value that exceeds the cost of preparing the goods for sale. All donated goods, prior to being offered for sale, are considered to have a value of zero due to the uncertainty of fair value before being offered for sale. The value of inventories on hand at the end of the year is computed statistically using an inventory turnover rate applied to total computed donated goods value. The inventory turnover rate was 10 weeks and 11 weeks for the years ended December 31, 2021 and 2020, respectively.

*Assets Limited as to Use* – Assets limited as to use include cash and cash equivalents from federal awards related to Student Financial Aid programs that are to be used solely for this purpose as well as cash and cash equivalents related to health and benefits trust that is to be used for Good Vocations, Inc. employees.

*Investments* – Investments in marketable securities with readily determinable fair values are measured at fair value in the consolidated statements of financial position. 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. Fair value was determined based on quoted market prices. Unrealized gains and losses are included in investment return, net on the consolidated statements of activities.

*Debt Issuance Costs* – Debt issuance costs consist of costs incurred in obtaining notes payable. These costs are being amortized on the straight-line method over the life of the related debt. Debt issuance costs amortization expense was \$17,635 and \$17,635 and accumulated amortization was \$66,131 and \$48,496 as of and for the years ended December 31, 2021 and 2020, respectively. The use of the straight-line method is not materially different from the interest method for the years ended December 31, 2021 and 2020. Debt issuance costs, net of accumulated amortization, are included as a reduction to the carrying amount of the related notes payable on the consolidated statements of financial position.

*Paycheck Protection Program Loan* – The Organization has elected to use FASB ASC 470, Debt, (debt model), to record the loan received under the Paycheck Protection Program (the "PPP"). Under the debt model, the PPP loan has been classified based on the contractual repayment terms.

*Property and Equipment* – Property and equipment acquisitions are recorded at cost, estimated cost, or if donated, at fair value on the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Depreciation expense on assets acquired under capital leases is included with depreciation expense on owned assets.

Buildings and improvements	5 - 40 years
Machinery and equipment	3 - 10 years
Furniture and fixtures	5 - 10 years
Computer equipment	3 - 5 years
Vehicles	5 years

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Property and equipment are reviewed for impairment if the use of the asset significantly changes, or another indicator of possible impairment is noted. If the carrying amount for the asset is not recoverable, the value is written down to the asset's fair value.

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### Note 1—Nature of business and summary of significant accounting policies (continued)

*Sales Tax Payable* – Sales tax is recorded on the consolidated statements of financial position as a liability until it is remitted to the appropriate agency. Sales taxes are excluded from revenue and expenses on the consolidated statements of activities.

*Dues Billed in Advance* – Dues billed in advance consist of Club membership dues collected for future periods.

*Retail Sales* – Retail sales totaled \$28,306,655 and \$19,638,814 for the years ended December 31, 2021 and 2020, respectively. Retail sales are presented in the consolidated statements of activities net of donated goods of \$24,143,097 and \$16,351,082 for the years ended December 31, 2021 and 2020, respectively. Donated goods contributions are estimated to be the portion of retail sales that exceeds the cost of preparing the goods for placement in the retail stores. This excess value was calculated to be approximately 85% and 83% for the years ended December 31, 2021 and 2020, respectively.

*In-Kind Contributions and Contributed Services* – In-kind contributions are reflected as contributions at their fair value at the date of donation in the accompanying consolidated financial statements. The Organization benefited from donated assets, which have been reported as contribution revenue and sales and operations and education and hospitality expenses in the consolidated statements of activities. In-kind contributions, which primarily represent advertising, are reflected in the accompanying consolidated statements of activities and totaled \$78,868 and \$105,003 for the years ended December 31, 2021 and 2020, respectively.

A number of unpaid volunteers have made significant contributions of their time to assist in the operation and activities of the Organization. The Organization's policy is to reflect the value of donated professional services (such as accounting and legal services), if any, in the consolidated statements of activities at their fair value. There were no professional services donated during the years ended December 31, 2021 and 2020.

*Income Taxes* – The Organization qualifies as a charitable organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Club qualifies as a private social club under Section 501(c)(7) of the Code. Therefore, the Organization is exempt from federal income taxes under Code Section 501(a). Federal law imposes tax on income that is not related to an organization's tax-exempt purposes or otherwise excluded under the Code.

It is the Organization's policy to account for any uncertainties in income tax law in accordance with FASB ASC 74-10, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and has taken no uncertain tax positions that require adjustment to the consolidated financial statements. The Organization has income items that are subject to unrelated business income tax; however, these items, when netted with the directly attributable expenses, resulted in a net loss for the years ended December 31, 2021 and 2020. As a result, no provision or liability for income taxes has been included in the consolidated financial statements.

*Advertising* – The Organization expenses advertising expenses when they are incurred. Advertising expenses, net of donated services of \$78,868 and \$105,003, totaled \$955,584 and \$940,186 for the years ended December 31, 2021 and 2020, respectively.

*Fundraising* – The Organization expenses fundraising expenses when they are incurred. Fundraising expenses include expenses for radio and television advertisements and direct mailings and involve solicitations for contributions, including financial contributions and donated goods. Fundraising expenses totaled \$220,684 and \$342,159 for the years ended December 31, 2021 and 2020, respectively. Fundraising expenses are included in a separate column on the consolidated statements of functional expenses.

*Functional Allocation of Expenses* – The Organization allocates certain of its expenses to program and supporting services based on management's estimates of the respective service's personnel requirements, supplies and materials usage, and space and equipment utilization.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**Note 1—Nature of business and summary of significant accounting policies (continued)**

*Accounting for Derivatives* – All derivative financial instruments are recognized as either assets or liabilities at their fair value in the consolidated statements of financial position with the changes in the fair value reported in current-period changes in net assets. The Organization's derivative instruments are reported on the consolidated statements of financial position as an interest-rate swap obligation payable, and the change in the fair value is included with investment income on the consolidated statements of activities.

*Fair Value of Financial Instruments* – The Organization has adopted FASB *Fair Value Measurement and Disclosure* guidance, which provides a framework for measuring fair value under U.S. GAAP. This guidance applies to all financial instruments that are being measured and reported on a fair value basis.

*Future Pronouncements* – In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this ASU are intended to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. This standard will be effective for the calendar year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

**Note 2—Promises to give**

Promises to give consisted of the following at December 31, 2021:

	Due in Less than 1 Year	Due in 1 - 5 Years	Total
Pledges receivable	\$ 160,862	\$ 227,098	\$ 387,960
Less:			
Discount to net present value	-	(10,683)	(10,683)
Allowance for uncollectible pledges	-	(77,794)	(77,794)
Net pledges receivable	<u>\$ 160,862</u>	<u>\$ 138,621</u>	<u>\$ 299,483</u>

Promises to give consisted of the following at December 31, 2020:

	Due in Less than 1 Year	Due in 1 - 5 Years	Total
Pledges receivable	\$ 200,027	\$ 306,102	\$ 506,129
Less:			
Discount to net present value	-	(17,669)	(17,669)
Allowance for uncollectible pledges	-	(48,119)	(48,119)
Net pledges receivable	<u>\$ 200,027</u>	<u>\$ 240,314</u>	<u>\$ 440,341</u>

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### Note 3—Fair value measurements

The Organization has adopted the provision of FASB ASC 820, *Fair Value Measurements and Disclosures*, which requires fair value measurement be classified and disclosed in one of the following three categories:

*Level 1* – Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments which would generally be included in Level 1 include listed equity securities, mutual funds, and money market funds. As required by U.S. GAAP, the Organization, to the extent that it holds such investments, does not adjust the quoted price for these investments, even in situations where the Organization holds a large position, and a sale could reasonably impact the quoted price.

*Level 2* – Pricing inputs are observable for the investments, either directly or indirectly, as of the reporting date, but are not the same as those used in Level 1; inputs include comparable market transactions, pricing of similar instruments, values reported by the administrator, and pricing expectations based on internal modeling. Fair value is determined through the use of models or other valuation methodologies. The types of investments which would generally be included in this category include publicly traded securities with restrictions on disposition, corporate obligations, and U.S. government and Agency Treasury Inflation Indices.

*Level 3* – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investments. The types of investments which would generally be included in this category include debt and equity securities issued by private entities and partnerships. The inputs into the determination of fair value require significant judgment or estimation. Inputs include recent transactions, earnings forecasts, market multiples, and future cash flows.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**Note 3—Fair value measurements (continued)**

The tables below summarize the valuation of the Organization's financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2021 and 2020, based on the level of input utilized to measure fair value.

Measurement at fair value on a recurring basis:

<b>Fair Value Measurements at December 31, 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Money market account	\$ 250,069	\$ -	\$ -	\$ 250,069
Common stocks	113,831	-	-	113,831
Mutual funds - small and mid cap growth	113,362	-	-	113,362
Mutual funds - other equity securities	163,047	-	-	163,047
	<u>\$ 640,309</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 640,309</u>
Assets held in deferred compensation plan:				
Mutual funds	<u>\$ 338,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,233</u>
Interest-rate swap obligation payable	<u>\$ -</u>	<u>\$ (325,149)</u>	<u>\$ -</u>	<u>\$ (325,149)</u>

<b>Fair Value Measurements at December 31, 2020</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Investments:				
Money market account	\$ 246,382	\$ -	\$ -	\$ 246,382
Common stocks	79,269	-	-	79,269
Mutual funds - small and mid cap growth	100,340	-	-	100,340
Mutual funds - other equity securities	127,570	-	-	127,570
	<u>\$ 553,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 553,561</u>
Assets held in deferred compensation plan:				
Mutual funds	<u>\$ 350,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,519</u>
Interest-rate swap obligation payable	<u>\$ -</u>	<u>\$ (754,734)</u>	<u>\$ -</u>	<u>\$ (754,734)</u>

All assets and liabilities have been valued using a market approach. There have been no changes in valuation techniques and related inputs.



**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*DECEMBER 31, 2021 AND 2020*

**Note 4—Property and equipment, net**

Property and equipment, net consist of the following at December 31:

	<b>2021</b>	<b>2020</b>
Land	\$ 8,440,401	\$ 6,065,175
Buildings and improvements	34,317,945	32,857,455
Land improvements	1,497,395	1,497,395
Leasehold improvements	2,992,774	2,828,039
Machinery and equipment	5,810,423	5,403,603
Furniture and fixtures	3,798,523	3,532,943
Computer equipment	1,925,057	1,430,559
Vehicles	2,351,303	2,202,566
Construction in progress	461,929	629,091
	61,595,750	56,446,826
Less accumulated depreciation	(26,040,527)	(23,732,135)
	<u>\$ 35,555,223</u>	<u>\$ 32,714,691</u>

As of December 31, 2021 and 2020, the Organization owns buildings, furniture, equipment, and leasehold improvements totaling \$2,787,321 that were purchased with government grant money and are subject to certain restrictions. Depreciation expense for the years ended December 31, 2021 and 2020 was \$2,318,813 and \$2,122,784, respectively.

**Note 5—Lines of credit**

The Organization has a line of credit in the amount of \$1,500,000, maturing on September 30, 2023, with a variable interest rate which is Bloomberg Short Term Bank Yield Index plus 1.75%. The interest rate at December 31, 2021 and 2020 was 1.83%. The line of credit is secured by all assets. There was \$-0- outstanding at December 31, 2021 and 2020.

The Organization has a guidance, non-revolving line of credit in the amount of \$1,000,000 with a variable interest rate maturing September 30, 2023. There was no amount outstanding at December 31, 2021 and 2020. The note is secured by real property.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**Note 6—Notes payable**

Notes payable consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
Note payable, due in monthly interest-only installments through June 2023. Principal and interest payments beginning in April 2019 including interest of LIBOR plus 1.75%, through June 2023. Collateral is real estate and all other assets.	\$ 19,283,239	\$ 20,204,585
Note payable, due in monthly installments of \$5,521, including interest at 2.00%, through February 2024. Collateral is real estate.	-	203,138
PPP loan (Goodwill Industries of Middle Georgia, Inc.), due in monthly installments through April 2023. Principal and interest payments beginning in October 2021 includes interest at 1%.	-	4,598,000
Small Business Economic Injury Disaster Loan (Goodwill Works Foundation, Inc.), due in monthly installments through May 2051. Principal and interest payments beginning in May 2021 includes interest at 2.75%.	150,900	150,900
Small Business Economic Injury Disaster Loan (Goodwill Industries of Middle Georgia, Inc.), due in monthly installments through April 2051. Principal and interest payments beginning in April 2021 includes interest at 2.75%.	500,000	500,000
	19,934,139	25,656,623
Less unamortized debt issuance costs	(22,042)	(39,678)
	19,912,097	25,616,945
Less current maturities	(973,686)	(1,496,777)
	<u>\$ 18,938,411</u>	<u>\$ 24,120,168</u>

Interest on the lines of credit (see Note 5) and notes payable was expensed as incurred for the years ended December 31, 2021 and 2020.

Aggregate maturities on the notes payable at December 31, 2021 are as follows:

2022	\$ 973,686
2023	18,337,357
2024	14,509
2025	14,966
2026	15,437
Thereafter	578,184
	<u>\$ 19,934,139</u>

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

### Note 6—Notes payable (continued)

The notes payable, along with the line of credit arrangements discussed in Note 5 are subject to certain covenants related to the consolidated financial statements, fixed charge coverage, and certain permitted indebtedness. At December 31, 2021 and 2020, management was not aware of any violations of these covenants.

On March 14, 2018, the Organization entered into an interest-rate swap agreement for the purpose of fixing a portion of the interest rate. The interest-rate swap has a notional amount of \$11,500,000 with a maturity date of June 14, 2023. On April 13, 2020, the Organization entered into an interest-rate swap agreement for the purpose of fixing a portion of the interest rate. The interest-rate swap has a notional amount of \$9,291,000 with a maturity date of March 14, 2023. The fair value of the interest-rate swap agreements at December 31, 2021 and 2020, respectively, was a liability of \$325,149 and \$754,734, and is included as a liability in the consolidated statements of financial position. The change in fair value of the interest-rate swap agreements is recorded as a component of the performance indicator and amounted to an increase in fair value of the interest-rate swap agreement of \$429,585 for 2021. For 2020, there was a decrease in fair value of the interest-rate swap agreement of \$329,125. The maturity date of the swap agreement coincides to that of the note payable. A summary of the interest-rate swap at December 31, 2021 and 2020 is in the table below:

<u>Issuance</u>	<u>Start Date</u>	<u>Maturity</u>	<u>Fair Value at December 31, 2021</u>	<u>Fair Value at December 31, 2020</u>
18038311SWNHG	March 14, 2018	March 14, 2023	\$ (328,976)	\$ (685,458)
18038311SWNHG	June 14, 2020	March 14 2023	3,827	(69,276)
			<u>\$ (325,149)</u>	<u>\$ (754,734)</u>

This amount was recorded based on calculated mathematical approximations of market values using certain assumptions regarding past, present, and future market conditions. The liability would only be realized upon termination of the swap agreement prior to the maturity date.

**PPP Loan** – On April 20, 2020, the Organization received loan proceeds of approximately \$4,598,000 under the PPP for Goodwill Industries of Middle Georgia, Inc. On April 21, 2020, the Organization received PPP loan proceeds of approximately \$1,154,000 under the PPP for Good Vocations, Inc. The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expense of the qualifying business. The PPP loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The interest rate on the PPP loan is 1% per annum and no payments of principal and interest are due during the six-month period beginning on the date of the PPP loan (“Deferral Period”). Beginning one month following the expiration of the Deferral Period and continuing monthly until 24 months from the date of the PPP loan, the Organization is obligated to make monthly payments of principal and interest to the lender with respect to any unforgiven portion of the PPP loan. The Organization is permitted to prepay the PPP loan at any time without penalty. The Organization applied for forgiveness for both the PPP loans with the Small Business Administration (“SBA”). and both loans have been fully forgiven. See Note 15.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**Note 7—Net assets with donor restrictions**

Net assets with donor restrictions at December 31 were available for the following purposes:

	<b>2021</b>	<b>2020</b>
Scholarships and education initiatives	\$ 174,102	\$ 607,505
Hand Up campaign	2,331,829	1,752,601
Hispanic services	10,000	10,000
Other educational programs	10,300	10,300
HCE programs	47,500	-
Other programs	1,000	-
	<u>\$ 2,574,731</u>	<u>\$ 2,380,406</u>

Net assets with donor restrictions consist of cash and investments at December 31, 2021 and 2020. No amounts are required to be held in perpetuity at December 31, 2021 and 2020.

**Note 8—Assets limited as to use**

At December 31 assets were limited as to use for the following purposes:

	<b>2021</b>	<b>2020</b>
Student financial aid	\$ 260	\$ 660

**Note 9—Net assets released from restrictions**

Net assets were released from donor restrictions during 2021 and 2020 by incurring expenses satisfying the restricted purposes specified by donors as follows:

	<b>2021</b>	<b>2020</b>
Purpose restrictions accomplished:		
Scholarships and education initiatives	\$ 523,230	\$ 110,752
COVID relief	-	20,475
Helms Career Education (“HCE”) tuition	-	20,000
CARES Higher Education Emergency Relief Fund (“HEERF”)	2,155,289	404,908
Other programs	12,660	13,120
	<u>\$ 2,691,179</u>	<u>\$ 569,255</u>

**Note 10—Leases**

The Organization leases real estate under operating lease commitments expiring in various years through 2030. Those leases generally contain renewal options for periods ranging from one to ten years and require the Organization to pay all executory costs such as taxes, maintenance, and insurance. Facility rental expense amounted to \$1,661,380 and \$1,545,809 for the years ended December 31, 2021 and 2020, respectively.

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

### Note 10—Leases (continued)

Future minimum lease payments under the operating leases at December 31, 2021 are as follows:

2022	\$	1,550,066
2023		1,566,386
2024		1,528,766
2025		1,150,978
2026		794,097
Thereafter		2,143,635
	\$	<u>8,733,928</u>

### Note 11—Employee benefit plans

The Organization participates in a 401(k) employer defined contribution plan. Employees who work at least 20 hours per week are eligible after one year of service. Employees are eligible for employer-matching contributions of up to 6% of gross wages. Total contribution expense for the years ended December 31, 2021 and 2020 was \$286,523 and \$194,366, respectively.

The Organization has a 457(b) deferred compensation plan for its senior management employees. All employees who are director-level and above are eligible to contribute to the plan. The plan had two and three participants at December 31, 2021 and 2020, respectively. The fair value of the assets in the plan and related liability at December 31, 2021 and 2020 was \$350,519 and \$350,519, respectively.

### Note 12—Related party transactions

During the years ended December 31, 2021 and 2020, the Organization received \$31,487 and \$131,415, respectively, for staffing and custodial services from a company of which a key employee is a member of the Organization's Board.

The Organization has an agreement with a Board member to lease retail space. Lease expense for each of the years ended December 31, 2021 and 2020 was \$142,430 and \$129,288, respectively.

### Note 13—Employment agreement

During March 2010, the Organization entered into an employment agreement with its existing chief executive officer ("CEO"). As a result, the CEO will retain his current position through December 2022 unless terminated with cause, as defined in the employment agreement, and his salary will be formally reviewed by the Organization's Compensation Committee on an annual basis. Each year, the Organization will also make a retirement contribution equal to 20% of the CEO's base salary to an annuity account. The full balance of the investment account was transferred from the Organization to the CEO in March 2017. At December 31, 2021 and 2020, there was \$-0- due to be paid to the CEO. Total contribution expense for the years ended December 31, 2021 and 2020 was \$104,422 and \$96,966, respectively.

### Note 14—Major customers

For the years ended December 31, 2021 and 2020, one customer, the United States Department of Defense, accounted for approximately 20% and 25%, respectively, of the Organization's total revenue, gains, and other support, net of contribution revenue. At December 31, 2021 and 2020, accounts receivable from one customer, the United States Department of Defense, accounted for approximately 37% and 48%, respectively, of the Organization's net accounts receivable.

# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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### Note 15—Commitments and contingencies

*Federal, State, and Local Awards* – Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

*COVID-19 Pandemic* – On January 30, 2020, the World Health Organization declared the coronavirus “COVID-19” outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Organization operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the operations and are unable, at this time, to predict the continued impact COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

*PPP Loans* – The Organization received two loans under the PPP, which was established under the CARES Act and administered by the SBA. The loans received during the year were for an amount of \$4,598,000 for Goodwill Industries of Middle Georgia, Inc. and \$1,154,000 for Good Vocations, Inc. The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account current business activity and ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loans and the forgiveness of the PPP loans is dependent on the Organization having initially qualified for the PPP loans and qualifying for the forgiveness of such PPP loans based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loans. There is no assurance the Organization’s obligation under the PPP loans will be forgiven. If the PPP loans are not forgiven, the Organization will need to repay the PPP loans over the applicable repayment period, commencing after the applicable deferral period.

Presently, the SBA and other government communications have indicated that all loans in excess of \$2 million will be subject to audit and that those audits could take up to seven years to complete. If the SBA determines the PPP loan was not properly obtained and/or expenditures supporting forgiveness were not appropriate, the Organization would need to repay some or all of the Goodwill Industries of Middle Georgia, Inc.’s PPP loan and record additional expense which could have a material, adverse effect on our business, financial condition, and results of operations in a future period.

The Organization applied for forgiveness for the Good Vocations, Inc. and the Goodwill Industries of Middle Georgia, Inc. PPP loan during 2020 and 2021, respectively. On November 4, 2020, the SBA had forgiven the Good Vocations, Inc. PPP loan in full. As a result, the Organization recognized \$1,154,000 of income from forgiveness of the PPP loan on the 2020 consolidated statement of activities. On June 9, 2021, the SBA had forgiven the Goodwill Industries of Middle Georgia, Inc. PPP loan in full. As a result, the Organization recognized \$4,649,397 of income from forgiveness of the PPP loan on the consolidated statement of activities.

*Construction Commitment* - On December 2021, the Organization entered into an agreement for construction services for the expansion of Helms College and additional work at the Augusta Campus location. This expansion will be funded with a portion of a donation received in 2020. The agreement totals approximately \$3,800,000, with the full amount outstanding as of December 31, 2021.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021 AND 2020

**Note 16—Liquidity and availability of resources**

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

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 10,439,203	\$ 12,471,601
Certificates of deposit	9,510	9,504
Accounts receivable, net of allowance for doubtful accounts of approximately \$2,000,000 and \$1,400,000 in 2021 and 2020, respectively	3,907,199	5,020,501
Investments	640,309	553,561
	<u>\$ 14,996,221</u>	<u>\$ 18,055,167</u>

As part of the Organization'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. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of sales and operations, contract services, career services, education and hospitality, staffing services, fundraising, and management and general expenses to be general expenditures. To help manage unanticipated liquidity needs, the Organization has a line of credit in the amount of \$1,500,000 with \$1,500,000 available at December 31, 2021, and a guidance, non-revolving line of credit in the amount of \$1,000,000, which it could draw upon.

**Note 17—Department of Education/concentration of risk**

The Organization participates in the student financial assistance programs administered by the Department of Education. To participate, the Organization must demonstrate it is financially responsible.

*Concentration of Risk* – The Organization's tuition related accounts receivable is from students, most of whom receive federal financial aid. The students are concentrated in the geographic areas where the Organization's campuses are located.

**Note 18—Subsequent events**

The Organization has evaluated subsequent events through June 6, 2022, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued. As of this date, there were no material subsequent events requiring adjustment to or disclosure in the consolidated financial statements for the year ended December 31, 2021.

## **SUPPLEMENTARY INFORMATION**



**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

*DECEMBER 31, 2021*

	Goodwill Industries	Helms, LLC	Good Vocations	Goodwill Staffing Services	Goodwill Works Foundation, Inc.	The Pinnacle Club, Inc.	Eliminations	Total
<b>ASSETS</b>								
Current Assets:								
Cash and cash equivalents	\$ 824,645	\$ 1,030,314	\$ -	\$ -	\$ 8,272,270	\$ 311,974	\$ -	\$ 10,439,203
Certificates of deposit	-	-	-	-	9,510	-	-	9,510
Accounts receivable, net of allowance for doubtful accounts	77,340	2,124,154	1,470,381	45,561	9,396	180,367	-	3,907,199
Promises to give, net of allowance for uncollectible pledges	-	-	-	-	160,862	-	-	160,862
Inventories	4,634,704	224,518	-	-	-	-	-	4,859,222
Investments	640,309	-	-	-	-	-	-	640,309
Prepaid expenses	273,216	98,159	-	-	5,831	-	-	377,206
Total Current Assets	6,450,214	3,477,145	1,470,381	45,561	8,457,869	492,341	-	20,393,511
Assets limited as to use - cash and cash equivalents	-	260	-	-	-	-	-	260
Investments and Other Assets:								
Investment in subsidiaries	(24,146,018)	-	-	-	-	-	24,146,018	-
Promises to give, less current portion, net of uncollectible pledges and discount	-	-	-	-	138,621	-	-	138,621
Assets held in deferred compensation plan	338,233	-	-	-	-	-	-	338,233
Total Investments and Other Assets	(23,807,785)	-	-	-	138,621	-	24,146,018	476,854
Property and equipment, at cost, net	35,106,198	449,025	-	-	-	-	-	35,555,223
<b>Total Assets</b>	<b>\$ 17,748,627</b>	<b>\$ 3,926,430</b>	<b>\$ 1,470,381</b>	<b>\$ 45,561</b>	<b>\$ 8,596,490</b>	<b>\$ 492,341</b>	<b>\$ 24,146,018</b>	<b>\$ 56,425,848</b>

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**

DECEMBER 31, 2021

	Goodwill Industries	Helms, LLC	Good Vocations	Goodwill Staffing Services	Goodwill Works Foundation, Inc.	The Pinnacle Club, Inc.	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>								
Current Liabilities:								
Accounts payable	\$ 1,756,882	\$ 275,099	\$ 589,309	\$ -	\$ -	\$ -	\$ -	\$ 2,621,290
Salaries and benefits payable	846,208	-	143,183	22,858	-	-	-	1,012,249
Payroll withholdings	69,778	-	2,604	-	-	-	-	72,382
Sales tax payable	134,575	32,757	-	-	-	-	-	167,332
Deferred revenue	123,611	270,306	-	-	-	-	-	393,917
Dues billed in advance	-	-	-	-	-	50,000	-	50,000
Current maturities of notes payable	970,451	-	-	-	3,235	-	-	973,686
Intercompany (receivable) payable	(14,201,004)	27,374,655	(11,385,841)	142,334	(2,372,485)	442,341	-	-
Total Current Liabilities	(10,299,499)	27,952,817	(10,650,745)	165,192	(2,369,250)	492,341	-	5,290,856
Long-Term Liabilities:								
Notes payable, less current maturities, net of debt issuance costs	18,790,745	-	-	-	147,666	-	-	18,938,411
Interest-rate swap obligation payable	325,149	-	-	-	-	-	-	325,149
Deferred compensation plan assets payable	338,233	-	-	-	-	-	-	338,233
Total Long-Term Liabilities	19,454,127	-	-	-	147,666	-	-	19,601,793
Net Assets (Deficit):								
Without Donor Restrictions:								
Undesignated	8,093,999	(24,026,387)	12,121,126	(119,631)	8,243,343	-	24,146,018	28,458,468
Designated by the board	500,000	-	-	-	-	-	-	500,000
With Donor Restrictions	-	-	-	-	2,574,731	-	-	2,574,731
Total Net Assets (Deficit)	8,593,999	(24,026,387)	12,121,126	(119,631)	10,818,074	-	24,146,018	31,533,199
<b>Total Liabilities and Net Assets</b>	<b>\$ 17,748,627</b>	<b>\$ 3,926,430</b>	<b>\$ 1,470,381</b>	<b>\$ 45,561</b>	<b>\$ 8,596,490</b>	<b>\$ 492,341</b>	<b>\$ 24,146,018</b>	<b>\$ 56,425,848</b>

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

*DECEMBER 31, 2020*

	Goodwill Industries	Helms, LLC	Good Vocations	Goodwill Staffing Services	Goodwill Works Foundation, Inc.	The Pinnacle Club, Inc.	Eliminations	Total
<b>ASSETS</b>								
Current Assets:								
Cash and cash equivalents	\$ 543,886	\$ 1,155,306	\$ -	\$ -	\$ 10,742,671	\$ 29,738	\$ -	\$ 12,471,601
Certificates of deposit	-	-	-	-	9,504	-	-	9,504
Accounts receivable, net of allowance for doubtful accounts	283,607	2,238,530	2,443,052	55,312	-	-	-	5,020,501
Promises to give, net of allowance for uncollectible pledges	-	-	-	-	200,027	-	-	200,027
Inventories	3,494,439	203,768	-	-	-	-	-	3,698,207
Investments	553,561	-	-	-	-	-	-	553,561
Prepaid expenses	258,312	62,104	-	2,740	9,414	-	-	332,570
Total Current Assets	5,133,805	3,659,708	2,443,052	58,052	10,961,616	29,738	-	22,285,971
Assets limited as to use - cash and cash equivalents	-	660	-	-	-	-	-	660
Investments and Other Assets:								
Investment in subsidiaries	(21,513,383)	-	-	-	-	-	21,513,383	-
Promises to give, less current portion, net of uncollectible pledges and discount	-	-	-	-	240,284	-	-	240,284
Assets held in deferred compensation plan	350,519	-	-	-	-	-	-	350,519
Total Investments and Other Assets	(21,162,864)	-	-	-	240,284	-	21,513,383	590,803
Property and equipment, at cost, net	32,173,868	540,357	-	-	466	-	-	32,714,691
<b>Total Assets</b>	<b>\$ 16,144,809</b>	<b>\$ 4,200,725</b>	<b>\$ 2,443,052</b>	<b>\$ 58,052</b>	<b>\$ 11,202,366</b>	<b>\$ 29,738</b>	<b>\$ 21,513,383</b>	<b>\$ 55,592,125</b>

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**

DECEMBER 31, 2020

	Goodwill Industries	Helms, LLC	Good Vocations	Goodwill Staffing Services	Goodwill Works Foundation, Inc.	The Pinnacle Club, Inc.	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>								
Current Liabilities:								
Accounts payable	\$ 1,969,976	\$ 357,103	\$ 584,116	\$ -	\$ 2,513	\$ -	\$ -	\$ 2,913,708
Salaries and benefits payable	767,341	-	147,231	8,799	-	-	-	923,371
Payroll withholdings	75,886	-	18,493	-	-	-	-	94,379
Sales tax payable	108,091	20,441	-	-	-	-	-	128,532
Deferred revenue	128,906	408,350	-	-	-	-	-	537,256
Dues billed in advance	-	-	-	-	-	50,000	-	50,000
Current maturities of notes payable	1,489,112	-	-	-	7,665	-	-	1,496,777
Intercompany (receivable) payable	(15,165,881)	24,888,475	(8,110,657)	88,992	(1,680,667)	(20,262)	-	-
Total Current Liabilities	(10,626,569)	25,674,369	(7,360,817)	97,791	(1,670,489)	29,738	-	6,144,023
Long-Term Liabilities:								
Notes payable, less current maturities, net of debt issuance costs	23,626,933	-	-	-	493,235	-	-	24,120,168
Interest-rate swap obligation payable	754,734	-	-	-	-	-	-	754,734
Deferred compensation plan assets payable	350,519	-	-	-	-	-	-	350,519
Total Long-Term Liabilities	24,732,186	-	-	-	493,235	-	-	25,225,421
Net Assets (Deficit):								
Without Donor Restrictions:								
Undesignated	1,539,192	(21,473,644)	9,803,869	(39,739)	9,999,214	-	21,513,383	21,342,275
Designated by the Board	500,000	-	-	-	-	-	-	500,000
With Donor Restrictions	-	-	-	-	2,380,406	-	-	2,380,406
Total Net Assets (Deficit)	2,039,192	(21,473,644)	9,803,869	(39,739)	12,379,620	-	21,513,383	24,222,681
<b>Total Liabilities and Net Assets</b>	<b>\$ 16,144,809</b>	<b>\$ 4,200,725</b>	<b>\$ 2,443,052</b>	<b>\$ 58,052</b>	<b>\$ 11,202,366</b>	<b>\$ 29,738</b>	<b>\$ 21,513,383</b>	<b>\$ 55,592,125</b>

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**

*YEAR ENDED DECEMBER 31, 2021*

	Goodwill Industries	Helms, LLC	Good Vocations	Goodwill Staffing Services	Goodwill Works Foundation, Inc.	The Pinnacle Club, Inc.	Eliminations	Total
<b>Change in Net Assets Without Donor Restrictions:</b>								
Revenue and Gains:								
Contributions	\$ 2,067,097	\$ 79,329	\$ -	\$ -	\$ 602,161	\$ -	\$ (2,298,414)	\$ 450,173
Forgiveness of Paycheck Protection Program loan	4,649,397	-	-	-	-	-	-	4,649,397
Contributed revenue - donated goods	24,143,097	-	-	-	-	-	-	24,143,097
Retail sales, net of contributed revenue - donated goods	4,163,558	-	-	-	-	-	-	4,163,558
Government grants and performance contracts	343,757	-	-	-	-	-	-	343,757
Contract services	500,057	-	11,949,736	-	-	-	(926,423)	11,523,370
Staffing services	-	-	-	1,240,078	-	-	-	1,240,078
Education and hospitality	250,120	7,588,413	-	-	-	1,236,509	(243,845)	8,831,197
Change in fair value of derivatives	429,585	-	-	-	-	-	-	429,585
Investment return, net	81,823	-	-	-	-	-	-	81,823
Management fee	2,311,788	1,242,671	-	-	-	-	(3,554,459)	-
Rental income	81,101	-	-	-	-	-	-	81,101
Other	163,292	29,569	-	-	7	6,162	-	199,030
Loss on affiliates	(2,632,635)	-	-	-	-	-	2,632,635	-
Total Revenue and Gains Without Donor Restrictions	36,552,037	8,939,982	11,949,736	1,240,078	602,168	1,242,671	(4,390,506)	56,136,166
Net Assets Released from Restrictions:								
Satisfaction of program restrictions	-	-	-	-	2,691,179	-	-	2,691,179
Total Revenue, Gains, and Other Support Without Donor Restrictions	36,552,037	8,939,982	11,949,736	1,240,078	3,293,347	1,242,671	(4,390,506)	58,827,345
Expenses:								
Program Services:								
Sales and operations	18,823,873	-	-	-	-	-	(479,608)	18,344,265
Contract services	1,037,972	-	7,321,691	-	-	-	(65,597)	8,294,066
Career services	2,209,488	-	-	-	-	-	(39,923)	2,169,565
Staffing services	-	-	-	1,319,970	-	-	(468)	1,319,502
Education and hospitality	-	13,787,092	-	-	-	-	(194,005)	13,593,087
Total Program Services	22,071,333	13,787,092	7,321,691	1,319,970	-	-	(779,601)	43,720,485
Support Services:								
Management and general	8,379,531	-	2,311,788	-	-	1,242,671	(4,164,007)	7,769,983
Fundraising	-	-	-	-	2,881,955	-	(2,661,271)	220,684
Total Support Services	8,379,531	-	2,311,788	-	2,881,955	1,242,671	(6,825,278)	7,990,667
Total Expenses	30,450,864	13,787,092	9,633,479	1,319,970	2,881,955	1,242,671	(7,604,879)	51,711,152
Change in Net Assets Without Donor Restrictions	6,101,173	(4,847,110)	2,316,257	(79,892)	411,392	-	3,214,373	7,116,193

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

	Goodwill Industries	Helms, LLC	Good Vocations	Goodwill Staffing Services	Goodwill Works Foundation, Inc.	The Pinnacle Club, Inc.	Eliminations	Total
<b>Change in Net Assets With Donor Restrictions:</b>								
Contributions	\$ 453,634	\$ 2,294,367	\$ 1,000	\$ -	\$ 718,241	\$ -	\$ (581,738)	\$ 2,885,504
Net asset released from restrictions	-	-	-	-	(2,691,179)	-	-	(2,691,179)
Change in Net Assets with Donor Restrictions	453,634	2,294,367	1,000	-	(1,972,938)	-	(581,738)	194,325
Change in net assets (deficit)	6,554,807	(2,552,743)	2,317,257	(79,892)	(1,561,546)	-	2,632,635	7,310,518
Net assets (deficit), beginning of year	2,039,192	(21,473,644)	9,803,869	(39,739)	12,379,620	-	21,513,383	24,222,681
Net assets (deficit), end of year	<u>\$ 8,593,999</u>	<u>\$ (24,026,387)</u>	<u>\$ 12,121,126</u>	<u>\$ (119,631)</u>	<u>\$ 10,818,074</u>	<u>\$ -</u>	<u>\$ 24,146,018</u>	<u>\$ 31,533,199</u>

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**

*YEAR ENDED DECEMBER 31, 2020*

	Goodwill Industries	Helms, LLC	Good Vocations	Goodwill Staffing Services	Goodwill Works Foundation, Inc.	The Pinnacle Club, Inc.	Eliminations	Total
<b>Change in Net Assets Without Donor Restrictions:</b>								
Revenue and Gains:								
Contributions	\$ 173,442	\$ 91,412	\$ -	\$ 33	\$ 10,645,620	\$ -	\$ (489,793)	\$ 10,420,714
Forgiveness of Paycheck Protection Program loan	1,154,000	-	-	-	-	-	-	1,154,000
Contributed revenue - donated goods	16,347,503	-	-	-	-	3,579	-	16,351,082
Retail sales, net of contributed revenue - donated goods	3,287,732	-	-	-	-	-	-	3,287,732
Government grants and performance contracts	192,813	-	-	-	-	-	-	192,813
Contract services	728,857	128,986	12,772,393	-	-	-	(502,354)	13,127,882
Staffing services	-	-	-	1,046,672	-	-	-	1,046,672
Education and hospitality	20,832	5,826,008	-	-	-	970,267	-	6,817,107
Change in fair value of derivatives	(329,125)	-	-	-	-	-	-	(329,125)
Investment return, net	23,761	-	-	-	-	-	-	23,761
Management fee	2,721,485	1,016,092	-	-	-	-	(3,737,577)	-
Rental income	143,634	-	-	-	-	-	-	143,634
Other	701,204	29,403	-	-	20	42,246	-	772,873
Loss on affiliates	(2,866,572)	-	-	-	-	-	2,866,572	-
Total Revenue and Gains Without Donor Restrictions	22,299,566	7,091,901	12,772,393	1,046,705	10,645,640	1,016,092	(1,863,152)	53,009,145
Net Assets Released from Restrictions:								
Satisfaction of program restrictions	-	-	-	-	569,255	-	-	569,255
Total Revenue, Gains, and Other Support Without Donor Restrictions	22,299,566	7,091,901	12,772,393	1,046,705	11,214,895	1,016,092	(1,863,152)	53,578,400
Expenses:								
Program Services:								
Sales and operations	15,393,774	-	-	-	-	-	(229,205)	15,164,569
Contract services	1,213,709	-	7,475,535	-	-	-	(55,425)	8,633,819
Career services	1,613,484	-	-	-	-	-	(26)	1,613,458
Staffing services	-	-	-	1,153,403	-	-	(1,663)	1,151,740
Education and hospitality	-	10,542,248	-	-	-	-	(113,258)	10,428,990
Total Program Services	18,220,967	10,542,248	7,475,535	1,153,403	-	-	(399,577)	36,992,576
Support Services:								
Management and general	8,065,405	-	2,721,485	-	-	1,016,092	(4,166,027)	7,636,955
Fundraising	-	-	-	-	809,345	-	(467,186)	342,159
Total Support Services	8,065,405	-	2,721,485	-	809,345	1,016,092	(4,633,213)	7,979,114
Total Expenses	26,286,372	10,542,248	10,197,020	1,153,403	809,345	1,016,092	(5,032,790)	44,971,690
Change in Net Assets Without Donor Restrictions	(3,986,806)	(3,450,347)	2,575,373	(106,698)	10,405,550	-	3,169,638	8,606,710

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

	<b>Goodwill Industries</b>	<b>Helms, LLC</b>	<b>Good Vocations</b>	<b>Goodwill Staffing Services</b>	<b>Goodwill Works Foundation, Inc.</b>	<b>The Pinnacle Club, Inc.</b>	<b>Eliminations</b>	<b>Total</b>
<b>Change in Net Assets With Donor Restrictions:</b>								
Contributions	\$ 17,500	\$ 690,473	\$ -	\$ -	\$ 184,275	\$ -	\$ (303,066)	\$ 589,182
Net asset released from restrictions	-	-	-	-	(569,255)	-	-	(569,255)
Change in Net Assets with Donor Restrictions	17,500	690,473	-	-	(384,980)	-	(303,066)	19,927
Change in net assets (deficit)	(3,969,306)	(2,759,874)	2,575,373	(106,698)	10,020,570	-	2,866,572	8,626,637
Net assets (deficit), beginning of year	6,008,498	(18,713,770)	7,228,496	66,959	2,359,050	-	18,646,811	15,596,044
Net assets (deficit), end of year	<u>\$ 2,039,192</u>	<u>\$ (21,473,644)</u>	<u>\$ 9,803,869</u>	<u>\$ (39,739)</u>	<u>\$ 12,379,620</u>	<u>\$ -</u>	<u>\$ 21,513,383</u>	<u>\$ 24,222,681</u>



## **COMPLIANCE SECTION**

**Report of Independent Auditor on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Consolidated Financial  
Statements Performed in Accordance with Government Auditing Standards**

To the Audit Committee of the Board of Directors  
Goodwill Industries of Middle Georgia, Inc.  
Macon, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Goodwill Industries of Middle Georgia, Inc. and its consolidated affiliates (the "Organization"), (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 6, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Augusta, Georgia  
June 6, 2022

## **Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Audit Committee of the Board of Directors  
Goodwill Industries of Middle Georgia, Inc.  
Macon, Georgia

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited Goodwill Industries of Middle Georgia, Inc.'s and its combined affiliates (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Goodwill Industries of Middle Georgia, Inc. and its affiliates complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

#### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal 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 Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-004 and 2021-005. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

#### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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 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 program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a material weakness.

*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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-002, 2021-003, 2021-004 and 2021-005 to be significant deficiencies.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Organization is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Organization's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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. Accordingly, this report is not suitable for any other purpose.

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

Augusta, Georgia  
June 6, 2022

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*YEAR ENDED DECEMBER 31, 2021*

<b>Federal Grantor/Program or Cluster Title</b>	<b>Federal ALN Number</b>	<b>Contract or Project Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>			
<b>SNAP Cluster</b>			
<b>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</b>			
Passed through			
Goodwill Industries of North Georgia (GING)			
Supplemental Nutrition Assistance Program (State Administrative Match)	10.561	42700-040-0000095833	\$ 103,574
Supplemental Nutrition Assistance Program (State Administrative Match)	10.561	42700-040-0000103325	13,832
		Total SNAP Cluster	117,406
<b>Pilot Projects to Reduce Dependency and Increase Work Requirements and Work Effort under SNAP</b>			
Passed through			
South Carolina Department of Social Services (SCDSS)			
Supplemental Nutrition Assistance Program Emp & Training	10.596	4400022482	13,708
Supplemental Nutrition Assistance Program Emp & Training	10.596	4400027404	3,737
		Total ALN #10.596	17,445
<b>Total U.S. Department of Agriculture</b>			<b>134,851</b>
<b>U.S. Department of Veterans Affairs</b>			
<b>VA Supportive Services for Veteran Families Program</b>			
Passed through			
CSRA Economic Opportunity Authority, Inc.			
Supportive Services for Veteran Families (SSVF) Program	64.033	MOA 10-01-2020	95,362
		Total ALN #64.033	95,362
<b>Total U.S. Department of Veteran Affairs</b>			<b>95,362</b>
<b>U.S. Department of Education</b>			
<b>Student Financial Assistance Cluster</b>			
Direct			
Federal Supplemental Educational Opportunity	84.007		16,926
Federal Pell Grant Program	84.063		729,382
Federal Direct Student Loan Program	84.268		1,144,670
		Total Student Financial Assistance Cluster	1,890,978
<b>Rehabilitation Services-Vocational Rehabilitation Grants to States</b>			
Passed through			
Georgia Vocational Rehabilitation Agency			
Vocational Rehabilitation	84.126	42700-610-SA-0000010182	62,611
Vocational Rehabilitation	84.126	41200-610-SA-FY22-010182	4,259
		Total ALN #84.126	66,870

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 2021

<b>Federal Grantor/Program or Cluster Title</b>	<b>Federal ALN Number</b>	<b>Contract or Project Number</b>	<b>Federal Expenditures</b>
<b>Education Stabilization Fund</b>			
Direct			
COVID-19: Higher Education Emergency Relief Fund - Student Aid Portion	84.425E		294,796
COVID-19: Higher Education Emergency Relief Fund - Institutional Portion	84.425F		1,860,493
		Total ALN #84.425	2,155,289
<b>Total U.S. Department of Education</b>			<b>4,113,137</b>
<b>U.S. Department of Health and Human Services</b>			
<b>TANF Cluster</b>			
<b>Temporary Assistance for Needy Families</b>			
Passed through			
Georgia Department of Human Services/DFCS			
Temporary Assistance to Needy Families (Applicant Job Search)	93.558	42700-040-NS-0000000072	5,090
Temporary Assistance to Needy Families (Applicant Job Search)	93.558	42700-040C-NS22-0000000621	2,850
		Total TANF Cluster	7,940
<b>Total U.S. Department of Health and Human Services</b>			<b>7,940</b>
		<b>Total</b>	<b>\$ 4,351,290</b>



**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

YEAR ENDED DECEMBER 31, 2021

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**Note 1—Basis of presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Goodwill Industries of Middle Georgia, Inc. and Affiliates (the "Organization") and is presented in accordance with the 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").

**Note 2—Summary of significant accounting policies**

*Basis of Accounting* – Expenditures reported on the Schedule are reported on the accrual basis of accounting method. Under this basis, expenses are recognized when incurred. This method is consistent with the method used to prepare the basic combined financial statements. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

*Cost Principles* – The cost principles applicable to the expenditures on the Schedule include Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. These principles identify certain types of expenditures that are not allowable or are limited as to reimbursement.

*Indirect Cost Rate* – The Organization has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3—Subrecipients**

The Organization did not provide federal awards to subrecipients during the year ended December 31, 2021.

**Note 4—Noncash awards**

The Organization did not receive noncash federal awards during the year ended December 31, 2021.

**Note 5—State funds**

The state of Georgia receives awards directly from the federal government and supplements those funds with its own funds. The state then awards a combination of federal and state funds to the Organization. If the Organization is unable to determine the federal portion, the entire amount is reported on the Schedule of Expenditures of Federal Awards.

**Note 6—Contingencies**

These programs are subject to financial and compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

**Note 7—Higher Education Emergency Relief Fund**

The Coronavirus Aid, Relief, and Economic Security (CARES) Act created a Higher Education Emergency Relief Fund ("HEERF") to provide financial relief to students and institutions who were impacted by the COVID-19 pandemic. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the America Rescue Plan (ARP) provided additional rounds of HEERF (II and III). The HEERF funds contained two components, an institutional award and a student aid award.

The following cumulative amounts have been awarded as HEERF as of December 31, 2021:

	<b>Student Portion</b>	<b>Institutional Portion</b>	<b>Total</b>
HEERF I	\$ 301,498	\$ 301,497	\$ 602,995
HEERF II	301,498	776,109	1,077,607
HEERF III	941,704	941,703	1,883,407
	<u>\$ 1,544,700</u>	<u>\$ 2,019,309</u>	<u>\$ 3,564,009</u>

The Organization expended the following funds for the year ended December 31, 2021:

	<b>Student Portion</b>	<b>Institutional Portion</b>	<b>Total</b>
HEERF I	\$ 4,498	\$ 142,681	\$ 147,179
HEERF II	290,298	776,109	1,066,407
HEERF III	-	941,703	941,703
	<u>\$ 294,796</u>	<u>\$ 1,860,493</u>	<u>\$ 2,155,289</u>

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED DECEMBER 31, 2021

**Section I – Summary of Auditor’s Results**

**Consolidated Financial Statements**

Type of auditor’s report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to combined financial statements noted?

\_\_\_\_\_ yes      X   no

**Federal Awards**

Internal control over major programs:

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

Type of auditor’s report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported under 2 CFR section 200.516(a)?

  X   yes    \_\_\_\_\_ no

**Major Programs:**

The programs tested as major programs of Goodwill Industries of Middle Georgia, Inc. and Affiliates included:

**CFDA #**

**Name of Federal Program**

84.007, 84.063, 84.268

Student Financial Assistance Cluster

84.425

Education Stabilization Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

Auditee qualified as low-risk auditee?

  X   yes    \_\_\_\_\_ no

**Section II – Findings in relation to the Audit of the Consolidated Financial Statements**

None.

# **GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

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### **Section III – Federal Awards Findings and Questioned Costs**

#### **Finding 2021-001**

Federal Agency:	Department of Education
Federal Program:	Student Financial Aid Cluster – Federal Direct Student Loans
ALN:	# 84.268
Compliance Requirement:	Special Tests and Provisions - Enrollment Reporting
Type of Finding:	Compliance Finding, Material Weakness in Internal Controls over Compliance
Repeat Finding:	Yes – 2020-001, 2019-002

#### **CRITERIA:**

The Code of Federal Regulations, 34 CFR 685.309 (b) requires Schools to certify and report the enrollment status of students who receive Title IV aid to the National Student Loan Data System (NSLDS). Enrollment status changes for students must be reported to NSLDS within 30 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date. Enrollment information must be reported whenever a student's attendance pattern changes. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves-of-absence.

This enrollment information is merged to the NSLDS database and reported to the guarantors, lenders, and servicers of student loans. A student's enrollment status determines deferment eligibility, grace periods, and repayment schedules, as well as the government's payment of interest subsidies. As such, NSLDS records must be accurately matched with enrollment records. Schools must continually review, update, and verify student enrollment statuses and other information.

#### **CONDITION:**

From a sample of forty (40) students who received Pell and/or Direct loans during the year, a review of each sampled student's Enrollment Data as updated to the NSLDS system per the NSLDS web-site noted the following:

- Eight (8) students withdrew from the School but were not reported to the NSLDS as withdrawn within the 60 days required. The students were reported from 84 days to 207 days after the student's withdrawal.
- Six (6) students graduated from the School but were not reported to the NSLDS as graduated with the 60 days required. The students were reported between 65 days and 164 days after the students graduated.
- Four (4) students graduated from a diploma program and were properly reported as graduated. These students, however, continued their education in the degree program but continued to be reported as graduated to the NSLDS.

#### **QUESTION COSTS:**

None noted.

#### **CAUSE:**

The Registrar personnel updates changes in the student status in the Registrar's system. The Student Financial Aid (SFA) personnel then manually updates status changes to the third party, who is contracted to report status changes to the NSLDS. No internal controls are set in place to ensure that the changes in the student status are reported in the Registrar's system in an accurate and timely manner. It is the School's responsibility to ensure the accurate changes in the status are received timely by the third party contractor for update.

# **GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

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### **Section III – Federal Awards Findings and Questioned Costs (continued)**

#### **EFFECTS:**

Inaccurate and delayed submission of student enrollment status information affects the determinations that lenders and servicers of student loans make related to in-school status, grace periods, repayment schedules, and deferments. It also affects the federal government's payment of interest subsidies.

#### **RECOMMENDATIONS:**

The School should implement internal control procedures that will educate key process owners (including the registrar office) of the enrollment reporting compliance requirements per the Code of Federal Regulations, 34 CFR 685.309 (b). The School should then implement internal control procedures to first ensure that errors in the Registrar's system are corrected in a timely manner, and second to ensure that changes in the student statuses are reported within the required timeframe.

#### **MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:**

Management concurs with the finding. The College will implement a process whereby the Registrar reports graduation statuses at the conclusion of each term to the College's SIS for upload to the National Student Clearinghouse and subsequent transmission to NSLDS. The Registrar will create a separate report of students who have completed a program yet are continuing their education at the College. In addition, the Registrar will generate a weekly report from the College's SIS listing the last date of attendance for drops/withdrawals, leaves of absence, and standard periods of non-enrollment and submit to the Financial Aid Office for upload to the National Student Clearinghouse and subsequent transmission to NSLDS. As an internal control, the Financial Aid Manager will audit the enrollment reports from the College's SIS, National Student Clearinghouse, and NSLDS to ensure timely reporting of enrollment changes. Audit Results will be forwarded to the Director of Education and Compliance.

#### **Finding 2021-002**

Federal Agency:	Department of Education
Federal Program:	Student Financial Aid Cluster
ALN:	# 84.007, 84.063, 84.268
Compliance Requirement:	Special Tests and Provisions – Disbursements to or on Behalf of Students
Type of Finding:	Significant Deficiency in Internal Controls over Compliance
Repeat Finding:	Yes – 2020-002, 2019-003

#### **CRITERIA:**

Each year, based on the maximum Pell Grant established by Congress, ED provides to institutions Payment and Disbursement Schedules for determining Pell awards. The Payment and Disbursement Schedule provides the maximum annual amount a student would receive for a full academic year for a given enrollment status, Expected Family Contribution, and Cost of Attendance. Once the annual award is determined, the institution must calculate the payment for the payment periods. For credit-hour term based programs, the term is the payment period. For clock hour programs which are less than an academic year in length, the calculation for the payment period prorates a student's Scheduled award based on the lesser of the number of clock hours in the payment period as compared to the clock hours in the defined academic year, or the number of weeks of instructional time in the payment period as compared to the weeks of instructional time in the academic year.

#### **CONDITION:**

From the sample of forty (40) Pell awards, there were nineteen (19) awards to students who were enrolled in a term program and twenty-one (21) awards to students who were enrolled in a clock hour program less than an academic year in length. The School's standard academic year is three terms and 900 credit hours.

# **GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

YEAR ENDED DECEMBER 31, 2021

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### **Section III – Federal Awards Findings and Questioned Costs (continued)**

Review of the sampled Pell awards noted the following exceptions:

- Term Program: one (1) award was calculated based on the student's status as full time though the student was enrolled for  $\frac{3}{4}$  time.
- Clock Hour Program: six (6) students enrolled in clock hour programs were transfer students. Transfer credits were not appropriately used to adjust the Pell award for four (4) of these students.

#### **QUESTION COSTS:**

\$2,383 – over-payments of Pell made to the sampled students in error.

#### **CAUSE:**

There is a lack of full awareness in the need for designing sufficient controls to ensure the Pell Grants are calculated and disbursed accurately. With the prior year finding (2020-002), the SFA office implemented an internal control process to recalculate the Pell Grant awards which were approved by the third party. However, the SFA officer inadvertently excluded the transfer credit hours in their recalculation of adjusting the Pell award, resulting in noncompliance.

#### **EFFECTS:**

Students may receive more or less aid than they are entitled to receive.

#### **RECOMMENDATIONS:**

The School should implement internal control procedures that will educate key process owners of the specific requirements of Pell grant calculations. The School should reevaluate and strengthen the internal control procedure to ensure that all key inputs such as transfer credits are considered in their recalculation of the Pell award.

#### **MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:**

Management concurs with the finding. The Financial Aid Office will implement a review process of Pell Grant awards approved by the third-party servicer. The review process will occur prior to disbursement and immediately following changes in enrollment status. The process will provide internal control and ensure that responsibility for accurate Pell Grant awards rests with the Financial Aid Office rather than the third-party servicer. As part of the process, the Registrar will generate a weekly report from the College's SIS listing the last date of attendance for drops/withdrawals, leaves of absence, and standard periods of non-enrollment and submit to the Financial Aid Office. The recalculated awards will be stored in a secure file to compare the recalculations to the final disbursement roster. In addition, all financial aid staff members will participate in mandated training sessions to ensure current processes meet required standards.

#### **Finding 2021-003**

Federal Agency:	Department of Education
Federal Program:	Student Financial Aid Cluster
CFDA:	# 84.007, 84.063, 84.268
Compliance Requirement:	Special Tests and Provisions – Return of Title IV Funds
Type of Finding:	Significant Deficiency in Internal Controls over Compliance

#### **CRITERIA:**

In accordance with 34 CFR 668.22, a school is required to determine the earned and unearned Title IV aid a student has earned as of the date the student ceased attendance based on the amount of time the student spent in attendance. The institution must return the amount of Title IV funds for which it is responsible as soon as possible, but no later than 45 days after it determines, or should have determined, that the student withdrew.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

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**Section III – Federal Awards Findings and Questioned Costs (continued)**

**CONDITION:**

Twelve (12) students who withdrew from the School were tested for compliance with the return of Title IV Funds.

- Loans were disbursed to one (1) student's account after the student's withdrawal date. The return calculation treated these loans as aid that could have been disbursed, which resulted in no loans earned for a post withdrawal disbursement. As such, the loans that were subsequently disbursed should have been returned.
- One (1) Pell return was based on the difference between the amount of Pell allowed for a  $\frac{3}{4}$  enrollment status as compared to a full time enrollment status. The difference was returned. The calculation, however, did not calculate the amount of Pell earned by the student at the time of withdrawal. This resulted in an additional amount that should have been returned.
- In addition to the two returns noted above which were not returned as of the audit testing, funds were returned more than 45 days after the School became aware of four (4) sampled students' withdrawals. These funds were returned between 52 days and 155 days after the withdrawal notice.

**QUESTION COSTS:**

\$1,978 – calculated as the two refunds that were not submitted to the Dept. of Education until auditor's testing.

**CAUSE:**

Although the School implemented a secondary review process for the Return of Title IV calculations, the School has no internal controls set in place to ensure that the Title IV funds are returned within 45 days after it determines that the student withdrew.

**EFFECTS:**

Federal Aid refunds are inaccurate, as well as required refunds are not submitted or not submitted in a timely manner as required.

**RECOMMENDATIONS:**

The School should implement internal control procedures that will educate all key personnel of the compliance requirement of returning the Title IV funds to ED within the required timeframe. The School should reevaluate and strengthen the internal control procedure to first ensure Title IV return calculations are reviewed for correct inputs of information, and second that all returns calculated are returned to ED within the 45 days requirement.

**MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:**

Management concurs with this finding. The College will implement an improved internal controls procedure to ensure accurate and timely return of Title IV funds. As part of the process, the Registrar will generate a weekly report from the College's SIS listing the last date of attendance for drops/withdrawals, leaves of absence, and standard periods of non-enrollment and submit to the Financial Aid and Student Accounts offices. This process will require the Financial Aid and Student Accounts Offices to sign off on all withdrawal forms obtained from the Registrar. All relevant staff will participate in required training to ensure understanding and compliance with all aspects of the requirements related to Return of Title IV funds.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

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**Section III – Federal Awards Findings and Questioned Costs (continued)**

**Finding 2021-004**

Federal Agency:	Department of Education
Federal Program:	Student Financial Aid Cluster
ALN:	# 84.007, 84.063, 84.268
Compliance Requirement:	Special Tests and Provisions – Gramm-Leach-Bliley Act
Type of Finding:	Compliance Finding; Significant Deficiency in Internal Controls over Compliance

**CRITERIA:**

The Gramm-Leach-Bliley Act (Public Law 106-102) (GLBA) requires financial institutions and Institutions of Higher Education to explain their information-sharing practices with their customers to safeguard sensitive data (16 CFR 314). Schools must protect student financial information, with particular attention to information provided to institutions by the Department of Education or otherwise obtained in support of the administration of student financial aid programs.

Schools are required to designate an individual to coordinate the information security program and perform a risk assessment that addresses the required areas noted in 16 CFR 314.4(b) which are 1) employee training and management; 2) information systems, including network and software design, as well as information processing, storage, transmission, and disposal; and 3) detecting, preventing, and responding to attacks, intrusions, or other system failures. Further, the School must document safeguards for each of the identified risks.

**CONDITION:**

The School has performed a high-level assessment for several common information security controls. However, the School has no evidence that it performed the required risk assessment documenting specific risks identified in relation to the Gramm-Leach-Bliley Act, or safeguards to address identified risk.

**QUESTION COSTS:**

N/A

**CAUSE:**

The School's information security program does not include procedures for the performance of formally documented regular risk assessments addressing the School's compliance with GLBA.

**EFFECTS:**

Without a completed risk assessment, the School may not maintain adequate safeguards to protect student financial information in compliance with GLBA. Failure to comply with the GLBA standards puts the School at risk that the School's information and systems could be vulnerable to attacks, and these attacks may not be detected in a timely manner.

**RECOMMENDATIONS:**

We recommend the School develop and implement a policy to ensure that required risk assessments are performed on a regular basis, (at least annually) and that safeguards for each identified risk are implemented. Documentation should be retained to support the procedures performed to ensure compliance.

**MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:**

Management concurs with the finding. In partnership with the IT department the College will develop and implement a policy to ensure that risk assessments are performed at least once per year. Any risks identified will be documented and processes, procedures, and safeguards will be created to mitigate future risks.



# GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

### Section III – Federal Awards Findings and Questioned Costs (continued)

#### Finding 2021-005

Federal Agency:	Department of Education
Federal Program:	Covid-19 Education Stabilization Fund
ALN:	# 84.425
Compliance Requirement:	Reporting
Type of Finding:	Compliance Finding; Significant Deficiency in Internal Controls over Compliance

#### **CRITERIA:**

There are three components to reporting for HEERF: 1) annual reporting; 2) public reporting on the Institutional Portion; and 3) public reporting on the Student Aid Portion. The Department of Education developed the HEERF Data Collection Form that institutions must use to satisfy the annual reporting.

The CARES, CRRSAA, and ARP Institutional Portion quarterly reporting requirements involve publicly posting completed forms on the School's website. The forms must be conspicuously posted on the School's primary website. A new, separate form must be posted covering aggregate amounts spent for HEERF I, HEERF II, and HEERF III funds each quarterly reporting period (September 30, December 31, March 31, June 30), concluding after an institution has expended and liquidated all Institutional Portion funds and checks the "final report" box. Schools must post this quarterly report form no later than 10 days after the end of each calendar quarter (October 10, January 10, April 10, July 10).

The Student Aid Portion quarterly reporting requirements involve publicly posting seven specific reporting elements of the Student Aid Portion Award on their website. The reports HEERF I, HEERF II, and HEERF III are to be posted within ten days after the end of every calendar quarter, with each report distinctly specifying the quarterly time frame of each reporting period. The seven reporting elements are as follows:

- 1) An acknowledgement that the institution signed and returned to the Department the Certification and Agreement and the assurance that the institution has used, or intends to use, no less than 50 percent of the funds;
- 2) The total amount of funds that the institution will receive or has received from the Department;
- 3) The total amount of grants distributed to students;
- 4) The estimated total number of students at the institution eligible to participate and receive the grant;
- 5) The total number of students who received the grant;
- 6) The methods used by the institution to determine which students received the grant and how much they would receive; and,
- 7) Any instructions or directions provided by the institution to students about the grant.

Schools must post their two separate reports (Institutional and Student Aid) for each quarter until they expend all grant funds, including the quarterly reports from previous quarters. Each report is separate for the calendar quarter and is not cumulative.

#### **CONDITION:**

During our testing of reports required in relation to Institutional and Student Aid funds received under the CARES, CRRSAA, and ARP Acts, the School was unable to furnish support corroborating the posting of the required reports to the School's website. At the time of the audit, the information publicly available on the School's website was over 1 year old.

We are aware that during routine updates to the website, the reportings were inadvertently removed and replaced with information that was previously posted. As such, the School was unable to verify that they posted, or posted timely, their initial and quarterly public reports for both the student aid portion and institutional portion on their website. Reporting was reuploaded to the website during the audit. The reporting, however, did not contain all seven of the Student Aid reporting elements, resulting in noncompliance.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED DECEMBER 31, 2021*

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**Section III – Federal Awards Findings and Questioned Costs (continued)**

**QUESTION COSTS:**

N/A

**CAUSE:**

As noted above, reports were inadvertently removed from the School's website. In addition, the School has experienced turnover in multiple staff positions during the year, which led to the absence of consistent and appropriate review processes related to HEERF reporting.

**EFFECTS:**

The School is not in compliance with the HEERF reporting requirements. Federal oversight agencies depend on accurate and timely reports to measure program results.

**RECOMMENDATIONS:**

We recommend that the School implement a process to ensure all required reporting is being performed accurately and timely and put oversight procedures into practice over this process.

**MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN:**

Management concurs with the finding. The College will implement a process through which the Director of Education and Compliance ensures the Web and Financial Aid teams are reporting HEERF information in an accurately and timely manner to adhere to published requirements.

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE**

*YEAR ENDED DECEMBER 31, 2021*

The Department of Education issued regulations on July 1, 2020, regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV. These disclosures are not required by accounting principles generally accepted in the United States of America but are intended for the use by the Department of Education and to ensure compliance with Federal Title IV regulations.

**Net Assets**

1	Net assets with donor restrictions: restricted in perpetuity	\$	-
2	Other net assets with donor restrictions (not perpetually restricted):		
a.	Annuities with donor restrictions		-
b.	Term endowments		-
c.	Life income funds (trusts)		-
d.	Total annuities, term endowments, and life income funds with donor restrictions	\$	-

**Property, Plant, and Equipment, net**

3	Pre-implementation property, plant, and equipment, net (PP&E, net):		
a.	Ending balance of last financial statements submitted to the Department of Education (December 31, 2020 consolidated financial statement)	\$	28,510,923
b.	Reclassify capital lease assets previously included in PP&E, net prior to the implementation of ASU 2016-02 leases standards		-
c.	Less subsequent depreciation and disposals		(2,220,757)
d.	Balance pre-implementation property, plant, and equipment, net		26,290,166
4	Debt financed post-implementation property, plant, and equipment, net long-lived assets acquired with debt subsequent to December 31, 2020:		
a.	Equipment		-
b.	Land improvements		-
c.	Building		-
d.	Total property, plant and equipment, net acquired with debt exceeding 12 months		-
5	Construction in progress - acquired subsequent to December 31, 2018		3,718,754
6	Post-implementation property, plant, and equipment, net, acquired without debt:		
a.	Long-lived assets, net, acquired without use of debt subsequent to December 31, 2018		5,546,303
7	Total property, plant, and equipment, net December 31, 2021	\$	35,555,223

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)**

YEAR ENDED DECEMBER 31, 2021

**Debt to be excluded from expendable net assets**

8	Pre-implementation debt:		
a.	Ending balance of last financial statements submitted to the Department of Education (December 31, 2020):	\$	20,368,045
b.	Reclassify capital leases previously included in long-term debt prior to the implementation of ASU 2016-02 leases standards.		-
c.	Less subsequent debt repayments		(1,106,848)
d.	Balance Pre-implementation Debt		<u>19,261,197</u>
9	Allowable post-implementation debt used for capitalized long-lived assets:		
a.	Equipment - all capitalized		-
b.	Land improvements		-
c.	Buildings		-
10	Construction in progress (CIP) financed with short term debt		-
11	Long-term debt not for the purchase of property, plant, and equipment or liability greater than assets value		
		\$	<u>19,261,197</u>
12	Non-allowable debt for operations	\$	<u>650,900</u>
13	Terms of current year debt and line of credit for CIP additions:		
		<b>Issue Date</b>	<b>Maturity Date</b>
		<b>Nature of Capitalized Amounts</b>	<b>Amount Capitalized</b>
a.		N/A	N/A

**Lease right-of-use assets and liabilities**

14 ASU 2016-02 has not been implemented as of December 31, 2021.

**Unsecured related party receivables**

15	Secured and unsecured related party receivables	\$	-
16	Unsecured related party receivables	\$	-

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)**

YEAR ENDED DECEMBER 31, 2021

<b>Financial Responsibility Supplemental Schedule</b>				
	<b>Primary Reserve Ratio:</b>	<b>Expendable Net Assets:</b>		
1	Consolidated Statement of Financial Position - Net assets without donor restrictions (SFP), page 3	<b>Net assets without donor restrictions</b>		\$ 28,958,468
2	SFP page 3 - Net assets with donor restrictions	<b>Net assets with donor restrictions</b>		2,574,731
3	Supplemental Disclosure (SD) line 15: Unsecured related party receivable and Related part note disclosure (note 12)	<b>Secured and unsecured related party receivable</b>	\$ -	
4	SD line 16: Unsecured related party receivable and Related part note disclosure (note 12)	Unsecured related party receivable		-
5	SD line 7: Property, plant, and equipment, net (PP&E net)	<b>Property, plant, and equipment, net (includes Construction in progress) - Total</b>	35,555,223	
6	SD line 3d: PP&E net	Property, plant, and equipment pre-implementation		26,290,166
7	None noted	Property, plant, and equipment post-implementation with outstanding debt for original purchase		-
8	SD Line 6a: PP&E net	Property, plant, and equipment post-implementation without outstanding debt for original purchase		5,546,303
9	None noted	Construction in progress		3,718,754
10	None noted	<b>Lease right-of-use asset, net - Total*</b>	-	
11	None noted	Lease right-of-use asset, pre-implementation (grandfather of leases option not chosen)		-
12	None noted	Lease right-of-use asset, post-implementation		-
13	None noted	Intangible assets		-
14	None noted	Postemployment and pension liabilities		-
15	SD lines 8d, 9a-c, 10: Note Payable and Line of Credit for long-term purposes (both current and long term)	<b>Long-term debt - for long term purposes</b>	19,261,197	
16	SD line 8d: Note Payable and Line of Credit for long-term purposes (both current and long term) and Line of Credit for CIP	Long-term debt - for long term purposes pre-implementation		19,261,197
17	None noted	Long-term debt - for long term purposes post-implementation		-
18	None noted	Line of Credit for Construction in progress		-
19	None noted	<b>Lease right-of-use asset liability*</b>	-	
20	None noted	Pre-implementation right-of-use asset liability (grandfather of leases option not chosen)		-
21	None noted	Post-implementation right-of-use asset liability		-
22	None noted	<b>Annuities, term endowments and life income with donor restrictions</b>	-	
23	None noted	Annuities with donor restrictions		-
24	None noted	Term endowments with donor restrictions		-
25	None noted	Life income funds with donor restrictions		-
26	None noted	<b>Net assets with donor restrictions: restricted in perpetuity</b>		-
		<b>Total Expenses and Losses:</b>		
27	Consolidated Statement of Activities (SOA) page 4 - Total Expenses, (Total from Consolidated Statement of Activities prior to adjustments)	Total expenses without donor restrictions - taken directly from Consolidated Statement of Activities		51,711,152
28	None noted	Non-Operating and net investment (loss)		-
29	None noted	Net investment losses		-
30	None noted	Pension -related changes other than net periodic costs		-

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**FINANCIAL RESPONSIBILITY SUPPLEMENTAL SCHEDULE (CONTINUED)**

YEAR ENDED DECEMBER 31, 2021

Financial Responsibility Supplemental Schedule				
	<b>Equity Ratio:</b>			
		<b>Modified Net Assets:</b>		
31	SFP page 3: Net Assets without Donor Restrictions	<b>Net assets without donor restrictions</b>		28,958,468
32	SFP page 3: Total Net Assets with Donor Restriction	<b>Net assets with donor restrictions</b>		2,574,731
33	None noted	<b>Intangible assets</b>		-
34	None noted	<b>Intangible assets</b>		-
35	SFP page 30: Contribution receivable, net and Related Parties note disclosure	<b>Secured and unsecured related party receivables - Total</b>	\$ -	
36	SFP page 30: Contribution receivable, net and Related party note disclosure	Unsecured related party receivables		-
		<b>Modified Assets:</b>		
37	SFP page 3 - Total assets	Total assets		\$ 56,425,848
38	None noted	Lease right-of-use asset pre-implementation		-
39	None noted	Pre-implementation right-of-use asset liability		-
40	None noted	Intangible assets		-
41	SD Line 15: Related party receivables and Related party note disclosure	Secured and unsecured related party receivables	\$ -	
42	SD Line 16: Related party receivables and Related party note disclosure	Unsecured related party receivables		-
	<b>Net Income Ratio:</b>			
43	SOA page 4: Change in Net Assets Without Donor Restrictions	<b>Change in Net Assets Without Donor Restrictions</b>		7,116,193
44	SOA page 4: (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	<b>Total Revenues and Gains</b>		\$ 58,827,345
*The Organization has not adopted ASU 2016-02 as of December 31, 2021.				

**GOODWILL INDUSTRIES OF MIDDLE GEORGIA, INC. AND AFFILIATES**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

*YEAR ENDED DECEMBER 31, 2020*

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**Findings 2020-001, 2019-02**

Federal Agency:	Department of Education
Federal Program:	Student Financial Aid Cluster – Federal Direct Student Loans
CFDA:	# 84.063, 84.268
Compliance Requirement:	Special Tests and Provisions - Enrollment Reporting
Type of Finding:	Significant Deficiency in Internal Controls over Compliance

**CURRENT STATUS:**

Repeat finding. See finding 2021-001

**Finding 2020-002, 2019-003**

Federal Agency:	Department of Education
Federal Program:	Student Financial Aid Cluster
CFDA:	# 84.007, 84.063, 84.268
Compliance Requirement:	Special Tests and Provisions – Disbursements to or on Behalf of Students
Type of Finding:	Significant Deficiency in Internal Controls over Compliance

**CURRENT STATUS:**

Repeat finding. See finding 2021-002



## Uniform Guidance - Single Audit Report Corrective Action Plan

**Fiscal Year Ended December 31, 2021**

**Audit Finding Number:** 2021-001- Enrollment Reporting:

Management concurs with the finding. The College will implement a process whereby the Registrar reports graduation statuses at the conclusion of each term to the College's SIS for upload to the National Student Clearinghouse and subsequent transmission to NSLDS. The Registrar will create a separate report of students who have completed a program yet are continuing their education at the College. In addition, the Registrar will generate a weekly report from the College's SIS listing the last date of attendance for drops/withdrawals, leaves of absence, and standard periods of non-enrollment and submit to the Financial Aid Office for upload to the National Student Clearinghouse and subsequent transmission to NSLDS. As an internal control, the Financial Aid Manager will audit the enrollment reports from the College's SIS, National Student Clearinghouse, and NSLDS to ensure timely reporting of enrollment changes. Audit Results will be forwarded to the Director of Education and Compliance.

Responsible Personnel: Bill Dindy, Director of Education and Compliance; Freda Gaines, Registrar; Gerri Bogan, Financial Aid Manager

Anticipated Completion Date: June 30, 2022

**Audit Finding Number:** 2021-002 - Disbursements to or on Behalf of Students

Management concurs with the finding. The Financial Aid Office will implement a review process of Pell Grant awards approved by the third-party servicer. The review process will occur prior to disbursement and immediately following changes in enrollment status. The process will provide internal control and ensure that responsibility for accurate Pell Grant awards rests with the Financial Aid Office rather than the third-party servicer. As part of the process, the Registrar will generate a weekly report from the College's SIS listing the last date of attendance for drops/withdrawals, leaves of absence, and standard periods of non-enrollment and submit to the Financial Aid Office. The recalculated awards will be stored in a secure file to compare the recalculations to the final disbursement roster. In addition, all financial aid staff members will participate in mandated training sessions to ensure current processes meet required standards.

Responsible Personnel: Bill Dindy, Director of Education and Compliance; Gerri Bogan Financial Aid Manager; Freda Gaines, Registrar

Anticipated Completion Date: June 30, 2022

**Audit Finding Number:** 2021-003 - Return of Title IV

Management concurs with this finding. The College will implement an improved internal controls procedure to ensure accurate and timely return of Title IV funds. As part of the process, the Registrar will generate a weekly report from the College's SIS listing the last date of attendance for drops/withdrawals, leaves of absence, and standard periods of non-enrollment and submit to the Financial Aid and Student Account offices. This process will require the Financial Aid and Student Accounts Offices to sign off on all withdrawal forms obtained from the Registrar. All relevant staff will participate in required training to ensure understanding and compliance with all aspects of the requirements related to Return of Title IV funds.





Responsible Personnel: Bill Dindy, Director of Education and Compliance; Gerri Bogan, Financial Aid Manager; Freda Gaines, Registrar; Robie Mills, Student Accounts Manager  
Anticipated Completion Date: June 30, 2022

**Audit Finding Number:** 2021-004 – Gramm-Leach Bliley Act

Management concurs with the finding. In partnership with the IT department the College will develop and implement a policy to ensure that risk assessments are performed at least once per year. Any risks identified will be documented and processes, procedures, and safeguards will be created to mitigate future risks.

Responsible Personnel: Bill Dindy, Director of Education and Compliance; Doug Newsome, Vice President for Administration  
Anticipated Completion Date: November 30, 2022

**Audit Finding Number:** 2021-005 – HEERF Reporting

Management concurs with the finding. The College will implement a process through which the Director of Education and Compliance ensures the Web and Financial Aid teams are reporting HEERF information in an accurately and timely manner to adhere to published requirements.

Responsible Personnel: Bill Dindy, Director of Education and Compliance; Gerri Bogan, Financial Aid Manager, Travis Walters, Sr. Manager of Web Strategies and Content Marketing  
Anticipated Completion Date: Each quarter of 2022

David N. Pugh, Ed.D., President