

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

**Goodwill Industries of Southeastern
Wisconsin, Inc. and Affiliates**

December 31, 2023 and 2022

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

Report on the financial statements**Opinion**

We have audited the consolidated financial statements of Goodwill Industries of Southeastern Wisconsin, Inc. (a Wisconsin non-stock, not-for-profit corporation) and Affiliates (the "Entity"), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Entity and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal, state and local government awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, *State Single Audit Guidelines* and the *Provider Agency Audit Guide*, respectively, the schedule of revenues and expenses for the year ended December 31, 2023, as required by certain funding agencies, and the consolidated year-end financial report for the year ended December 31, 2023, as required by the State of Illinois Grant Accountability and Transparency Act, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the

responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other reporting required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2024 on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

Grant Thornton LLP

Appleton, Wisconsin
May 22, 2024

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**December 31,
(In thousands)**

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	\$ 68,634	\$ 64,480
Accounts receivable, net	14,001	17,912
Inventories and supplies	12,114	12,342
Prepaid expenses and other assets	<u>2,463</u>	<u>3,535</u>
Total current assets	97,212	98,269
Property, plant and equipment, net	135,028	126,767
Finance lease right-of-use assets, net	149	353
Operating lease right-of-use assets	100,214	83,176
Investments	712	557
Other long-term assets	<u>3,124</u>	<u>2,175</u>
Total assets	<u><u>\$ 336,439</u></u>	<u><u>\$ 311,297</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	\$ 585	\$ 640
Current portion of finance lease liabilities	152	229
Current portion of operating lease liabilities	11,343	11,900
Accounts payable	16,082	10,678
Accrued liabilities	19,116	18,483
Contract liability	<u>168</u>	<u>238</u>
Total current liabilities	47,446	42,168
Long-term debt, less current maturities and unamortized bond issuance costs	7,584	8,162
Obligations under finance leases liabilities, less current portion	29	182
Obligations under operating lease liabilities, less current portion	96,137	78,405
Other long-term liabilities	<u>823</u>	<u>728</u>
Total liabilities	152,019	129,645
Net assets		
Without donor restrictions	184,061	181,384
With donor restrictions	<u>359</u>	<u>268</u>
Total net assets	<u>184,420</u>	<u>181,652</u>
Total liabilities and net assets	<u><u>\$ 336,439</u></u>	<u><u>\$ 311,297</u></u>

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2023

(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Retail services	\$ 206,330	\$ -	\$ 206,330
Food and administrative services	101,899	-	101,899
Participant services	24,492	-	24,492
Other revenues	208	-	208
Total operating revenue	332,929	-	332,929
Contributions	1,879	293	2,172
In-kind contributions	155,873	-	155,873
Participant programs	7,723	-	7,723
Miscellaneous income	2,222	-	2,222
Net assets released from restrictions	202	(202)	-
Total operating revenue and support and net assets released from restrictions	500,828	91	500,919
Operating expenses			
Program services	458,350	-	458,350
Management and general	36,379	-	36,379
Fundraising	394	-	394
Total operating expenses	495,123	-	495,123
Excess of operating revenue and support and net assets released from restrictions over operating expenses	5,705	91	5,796
Non-operating activities			
Provision for credit loss on promissory note	(3,025)	-	(3,025)
Loss on disposal of property, plant and equipment	(3)	-	(3)
CHANGE IN NET ASSETS	2,677	91	2,768
Net assets, beginning of year	181,384	268	181,652
Net assets, end of year	\$ 184,061	\$ 359	\$ 184,420

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2022

(In thousands)

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

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2023

(In thousands)

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 134,377	\$ 19,176	\$ 276	\$ 153,829
Employee benefits	22,529	2,618	21	25,168
Payroll taxes	10,265	1,280	20	11,565
Total salaries and related expenses	167,171	23,074	317	190,562
In-kind supplies	155,416	-	-	155,416
Supplies and other	55,409	156	3	55,568
Rent and occupancy	32,691	856	21	33,568
Professional fees and contracted services	27,792	6,340	38	34,170
Depreciation	11,008	579	3	11,590
Finance lease amortization	193	11	-	204
Advertising	453	1,696	-	2,149
Transportation	4,317	378	5	4,700
Equipment purchases, rental and maintenance	3,226	2,868	2	6,096
Interest expense	18	125	-	143
Conferences and training	399	296	5	700
Specific assistance to individuals	234	-	-	234
Bad debt expense, net	23	-	-	23
Total expenses	<u>\$ 458,350</u>	<u>\$ 36,379</u>	<u>\$ 394</u>	<u>\$ 495,123</u>

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

(In thousands)

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

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF CASH FLOWS

**Years ended December 31,
(In thousands)**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 2,768	\$ 12,279
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,800	12,687
Realized and unrealized (gain) loss on investments	(98)	92
Unrealized gain on interest rate swaps	(61)	(652)
Loss on disposal of property, plant and equipment	3	401
Asset donation	-	40
Change in accounts receivable allowance	(6)	(564)
Changes in operating assets and liabilities:		
Accounts receivable	3,917	(2,339)
Inventories and supplies	228	(587)
Prepaid expenses and other assets	1,072	(121)
Accounts payable and accrued liabilities	3,786	(1,506)
Deferred income	(70)	190
Operating lease right-of-use assets and liabilities, net	137	79
Other long-term liabilities	182	(471)
Net cash provided by operating activities	<u>23,658</u>	<u>19,528</u>
Cash flows from investing activities:		
Purchases of property, plant and equipment	(17,650)	(22,183)
Proceeds from sale of property, plant and equipment	48	8,604
Issuance of promissory notes	(949)	(1,869)
Purchases of investments	(83)	(59)
Net cash used in investing activities	<u>(18,634)</u>	<u>(15,507)</u>
Cash flows from financing activities:		
Repayment of long-term debt	(640)	(13,827)
Payments on finance lease liabilities	(230)	(350)
Net cash used in financing activities	<u>(870)</u>	<u>(14,177)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,154	(10,156)
Cash and cash equivalents, beginning of year	<u>64,480</u>	<u>74,636</u>
Cash and cash equivalents, end of year	<u><u>\$ 68,634</u></u>	<u><u>\$ 64,480</u></u>
Supplemental disclosure of cash flow information:		
Cash payments for interest	<u><u>\$ 432</u></u>	<u><u>\$ 437</u></u>
Non-cash transactions:		
Purchase of property and equipment financed through operating leases	\$ 28,793	\$ 9,207
Purchase of property and equipment in accounts payable	\$ 2,251	\$ (2,390)
Donated goods and materials contributed for resale	\$ 155,767	\$ 148,994

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023 and 2022
(In thousands)

NOTE A - ORGANIZATION

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

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Statement Presentation

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

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

Without Donor Restrictions

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

With Donor Restrictions

Net assets and transactions are subject to donor-imposed stipulations that will be met by the actions of Goodwill and/or the passage of time. As of December 31, 2023 and 2022, Goodwill has \$359 and \$268, respectively, of net assets restricted by donors.

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

Measure of Operations

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

Cash and Cash Equivalents

Goodwill considers all highly liquid investments with original maturities of 12 months or less to be cash equivalents.

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

Investments

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

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

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

Promissory Notes Receivable

In 2021, Goodwill entered into a note purchase agreement with a related party which authorized the sale and issuance of up to an aggregate of \$10,000 of Promissory Notes from Goodwill for the purpose of providing capital to build and operate an ecommerce business. Interest accrues on the outstanding principal balance at the rate of 5% per annum, with interest only payments due on a monthly basis commencing January 2027. Payment of the principal balance shall be made in equal monthly installments beginning January 2030 through the maturity date of December 2032. The total amount of promissory notes receivable outstanding as of December 31, 2023 and 2022 were \$6,051 and \$2,077, respectively. The total allowance for uncollectible balances on the notes receivable as of December 31, 2023 and 2022 were \$3,025 and \$0, respectively. The promissory notes receivable are recorded within other long-term assets on the consolidated statements of financial position.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

Accounts Receivable

The majority of Goodwill's accounts receivable is due from agencies. Credit is extended based on an evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable are due within 10 to 30 days and are stated as amounts due from customers net of an allowance for credit losses. Accounts outstanding longer than the contractual payment terms are considered past due. Goodwill determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, Goodwill's previous loss history, the customer's current ability to pay its obligation to Goodwill, and the condition of the general economy and the industry as a whole. Goodwill writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for credit losses. Total allowances for uncollectible balances as of December 31, 2023 and 2022, were \$229 and \$235, respectively.

Contributions Receivable

Contributions that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the estimated risk-free interest rate applicable to the years in which the amounts promised are expected to be received. All amounts outstanding are to be collected within one year, and there was no allowance for uncollectible contributions as of December 31, 2023 and 2022. Contributions receivable of \$15 and \$17 were included in accounts receivable on the consolidated statements of financial position as of December 31, 2023 and 2022, respectively.

Inventories and Supplies

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

Property, Plant and Equipment

Purchases of property, plant and equipment are recorded at cost. Donated assets are capitalized at estimated fair value when received. Leased property and equipment is capitalized at the present value of lease payments. Goodwill capitalizes all qualifying purchases over \$5. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets ranging as follows: land improvements from 5 to 15 years; buildings and improvements from 3 to 30 years; and equipment and vehicles from 3 to 10 years. Leased assets are depreciated using the straight-line method over the lesser of the lease term or the estimated useful lives of the assets. Amortization of assets held under finance leases is included in depreciation expense.

Bond Issuance Costs

Bond issuance costs represent trust fees, legal fees and other costs associated with various bond issuances, and are netted against long-term debt on the consolidated statements of financial position. These costs are amortized over the life of the bonds (11 to 25 years). Amortization expense was \$6 and \$93 for the years ended December 31, 2023 and 2022, respectively.

Revenue Recognition

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

Contributions

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

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

Conditional promises to give are not recognized until they become unconditional promises to give, that is, when the conditions on which they depend are substantially met. There were no conditional promises to give made to Goodwill during the years ended December 31, 2023 and 2022.

A portion of Goodwill's revenue is derived from federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures have been incurred or performance requirements have been met, in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. Goodwill received cost reimbursable grants of \$789 and \$532 that have not been recognized at December 31, 2023 and 2022, respectively, because qualifying expenditures have not yet been incurred.

Contributed Nonfinancial Assets and Donations In-Kind

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

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

Leases

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

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

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

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

Cost Allocation

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

Advertising

Goodwill expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2023 and 2022, was \$2,149 and \$1,880, respectively.

Income Taxes

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

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

The FASB issued guidance related to the uncertainty of income tax positions, which clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements and requires additional disclosure. Goodwill recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. As of December 31, 2023 and 2022, Goodwill does not believe there is any uncertainty with respect to its tax positions.

Goodwill files information returns in the U.S. federal and the states of Wisconsin and Illinois jurisdictions. Tax years open under the federal statute of limitations include 2020 through 2023. Tax years open under the state of Wisconsin and state of Illinois statutes include 2019 through 2023. Goodwill had not historically filed any unrelated business income tax ("UBIT") returns but filed in 2018 for federal and the states of Wisconsin and Illinois jurisdictions. Due to tax reform legislation, the Federal and Illinois UBIT returns have been amended to obtain refunds of income tax payments made on UBIT repealed by legislation. The organization filed UBIT returns for 2019 and 2020 for Wisconsin, however, Wisconsin has since repealed similar to federal. Tax years remain open for years in which a UBIT return has not been filed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Adopted Accounting Pronouncement

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("CECL"). ASU No. 2016-13 is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU requires enhanced disclosures to help financial statement users better understand significant estimates and judgements used in estimating credit losses, as well as the credit quality and underwriting standards of Goodwill's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the consolidated financial statements. Goodwill adopted this new guidance effective January 1, 2023. There was no material impact on the consolidated financial statements as a result of the adoption of this pronouncement.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. There were no changes to previously reported total assets, total liabilities and net assets, or change in net assets as a result of these reclassification adjustments.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

NOTE C - INVENTORIES AND SUPPLIES

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

	2023	2022
Retail merchandise	\$ 11,491	\$ 11,487
Food	623	855
Inventories and supplies	<u>\$ 12,114</u>	<u>\$ 12,342</u>

NOTE D - PROPERTY, PLANT AND EQUIPMENT

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

	2023	2022
Land	\$ 32,118	\$ 32,118
Land improvements	10,093	9,875
Buildings and improvements	188,813	175,410
Equipment and vehicles	82,826	70,356
Construction in process	150	6,793
Total property, plant and equipment	314,000	294,552
Less accumulated depreciation and amortization	<u>(178,972)</u>	<u>(167,785)</u>
Property, plant and equipment, net	<u>\$ 135,028</u>	<u>\$ 126,767</u>

NOTE E - LINE-OF-CREDIT AGREEMENT

Goodwill has a working capital line-of-credit agreement with a bank, secured by substantially all assets, under which it may borrow up to \$13,500 as of December 31, 2023 and 2022. The agreement expires on May 31, 2025. Borrowings under the line-of-credit agreement bear interest at a variable rate (6.88% and 5.80% as of December 31, 2023 and 2022, respectively). There was no outstanding balance as of December 31, 2023 and 2022. The line-of-credit agreement contains certain restrictive covenants which, among other things, require Goodwill to maintain certain liquidity. Goodwill was in compliance with these covenants as of December 31, 2023 and 2022.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

NOTE F - LONG-TERM DEBT

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

	2023	2022
WHEFA Revenue Bonds, Series 2012, due in annual installments ranging from \$515 to \$640 through February 2037. The bonds bear interest, due monthly, at variable rates (5.49% and 4.46% at December 31, 2023 and 2022, respectively). Collateralized by certain buildings.	\$ 8,225	\$ 8,865
Total debt	8,225	8,865
Less current maturities	(585)	(640)
Less unamortized bond issuance costs	(56)	(63)
Long-term debt, less current maturities and unamortized bond issuance costs	\$ 7,584	\$ 8,162

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

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

Maturity Date	Fixed Rate	Total Interest Rate	Notional Amount	Outstanding Notional Amount	Fair Value Liability	
					2023	2022
December 1, 2024	2.51%	4.38%	\$ 11,160	\$ 8,225	\$ (111)	\$ (172)

The total change in the fair value of interest rate swap was recognized in interest expense as a gain of \$61 and \$1,090 in 2023 and 2022, respectively.

The bond payable contains certain restrictive covenants that, among other things, requires Goodwill to maintain certain liquidity. Goodwill was in compliance with these covenants as of December 31, 2023 and 2022.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

Aggregate scheduled principal payments on long-term debt and amortization expense of bond issuance costs as of December 31, 2023, are as follows:

	Long-Term Debt	Bond Issuance Costs
2024	\$ 585	\$ 6
2025	585	6
2026	585	6
2027	585	6
2028	585	6
Thereafter	5,300	26
	<u>\$ 8,225</u>	<u>\$ 56</u>

NOTE G - REVENUES

Nature of Goods and Services

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

- I. Retail revenues - Revenue is recognized and payment is received at the point of sale;
- II. Food services - Food revenue is recognized when allowable and reimbursable expenditures are incurred and control has transferred to the customer, which is typically when the food is consumed. Payment is due monthly;
- III. Administrative services - Revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by Goodwill's performance. The different promised goods or services generally provide a series of distinct services that are substantially the same and have the same pattern of transfer to the customer. As such, revenue for these performance obligations is generally recognized as services are performed. Payment is due monthly;
- IV. Participant services - These types of contracts include laundry services, staffing and other services. Customers do not take control of goods and services under these contracts until it is completed. Revenue is recognized in the period service is provided or goods are shipped. Customers are invoiced upon the service being provided or shipment being made. Payment is typically due within 30 days of receipt of invoice; and
- V. Other revenues - Other revenues represents recycling and other services, none of which are individually significant. Revenue is recognized in the period service is provided or goods are shipped. Customers are invoiced upon the service being provided or shipment being made. Payment is typically due within 30 days of receipt of invoice.

Sales Taxes Collected and Remitted

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

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

NOTE H - LEASES

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

	2023	2022
Finance lease expenses:		
Amortization of right-of-use assets	\$ 204	\$ 255
Interest on lease liabilities	19	33
Total finance lease expense	223	288
Operating lease expense	15,219	14,816
Total lease expense	<u>\$ 15,442</u>	<u>\$ 15,104</u>

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

	2023	2022
Weighted-average remaining lease term (in years):		
Finance leases	1	2
Operating leases	10	9
Weighted-average discount rate:		
Finance leases	7.2%	6.3%
Operating leases	3.4%	3.6%

As of December 31, 2023, future minimum lease payments under non-cancellable leases are as follows:

	Finance Leases	Operating Leases	Total
2024	\$ 159	\$ 14,841	\$ 15,000
2025	30	13,985	14,015
2026	-	12,845	12,845
2027	-	12,292	12,292
2028	-	11,067	11,067
Thereafter	-	63,379	63,379
Total future minimum lease payments	189	128,409	128,598
Less: discount	(8)	(20,929)	(20,937)
Lease liability	<u>\$ 181</u>	<u>\$ 107,480</u>	<u>\$ 107,661</u>

NOTE I - SIGNIFICANT FUNDING AGENCIES AND CUSTOMERS

Goodwill has contracts with the U.S. Naval Supply Systems Command to provide food, laundry and administrative services. The contracts expire on September 30, 2028. Goodwill recognized revenue of \$101,907 and \$99,795 or 20% and 21% in 2023 and 2022, respectively, of total operating revenue and

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

support related to this customer. This customer accounted for \$7,186 and \$12,805 or 51% and 71%, respectively, of the total accounts receivable balance as of December 31, 2023 and 2022.

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

NOTE J - EMPLOYEE BENEFIT PLANS

Goodwill has a defined contribution plan that covers substantially all of its employees with the exception of TalentBridge, paid program and employees whose wages are determined under the Service Contract Act of 1965 as amended. The plan covers eligible employees who have completed one year of service, as defined in the plan, and have attained the age of 21 and 1,000 hours worked. The IRS has determined that the plan is a qualified tax-exempt plan. Goodwill contributes, on a monthly basis, 5% of the first \$25 of total eligible compensation and 8% of compensation thereafter to the plan up to the IRS annual compensation limit. Participant contributions are not permitted under the plan agreement. Participants become 100% vested in Goodwill's contributions after three years of vesting service, as defined in the plan. During 2023 and 2022, Goodwill's contributions, net of forfeitures, to the plan were \$5,341 and \$4,817, respectively.

Goodwill has a 403(b) retirement plan that permits employees to defer a portion of their compensation, subject to annual IRS limitations. There were no employer contributions to the 403(b) plan for the years ended December 31, 2023 and 2022.

Goodwill has a 457(b) tax-deferred compensation plan that is available to certain management employees. Participants may defer income into the plan on a pre-tax, subject to annual IRS limitations. An asset and a liability of \$712 and \$557 are included on Goodwill's consolidated statements of financial position as of December 31, 2023 and 2022, respectively, within investments and other long-term liabilities.

NOTE K - CONTINGENCIES

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

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

NOTE L - RELATED PARTIES

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

There were no revenues from companies with which certain Goodwill directors and management staff members are associated. Goodwill's purchased services and products include approximately \$518 and \$505 for 2023 and 2022, respectively, from companies with which certain Goodwill directors and management staff members are associated.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

Contributions include donations received from Goodwill directors and management staff members, which totaled \$69 and \$74 for 2023 and 2022, respectively. There were no outstanding pledges from Goodwill directors and management staff members at December 31, 2023 and 2022.

NOTE M - DISCLOSURES ABOUT THE FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

- Level 1 - Quoted prices in active markets for identical assets or liabilities.;
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes to the valuation methodologies used at December 31, 2023 and 2022.

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

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

The carrying amount of Goodwill's financial instruments, which include trade accounts receivable, trade accounts payable and accrued liabilities, approximates their fair values at December 31, 2023 and 2022, due to their short maturities. The carrying value of long-term debt, including the current portion, approximates fair value because the interest rate approximates the current market rate of interest available to Goodwill.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 31, 2023 and 2022
(In thousands)

The following table presents information about Goodwill's assets and liabilities measured at fair value as of December 31, 2023, and indicates the fair value hierarchy of the valuation techniques utilized by Goodwill to determine such fair value.

	Level 1	Level 2	Level 3	Total
Assets				
Bond and stock mutual funds	\$ 712	\$ -	\$ -	\$ 712
Liabilities				
Derivative liability, net (interest rate swap)	-	111	-	111

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

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

NOTE N - LIQUIDITY AND AVAILABILITY

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

	2023	2022
Cash and cash equivalents	\$ 68,634	\$ 64,480
Accounts receivable, net	14,001	17,912
	<u>\$ 82,635</u>	<u>\$ 82,392</u>

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

NOTE O - SUBSEQUENT EVENTS

Goodwill evaluated its December 31, 2023, consolidated financial statements for subsequent events through May 22, 2024, the date the consolidated financial statements were issued. Goodwill is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements, except as disclosed below.

Effective April 29, 2024, the line of credit was amended to extend the expiration date to May 31, 2025.

Subsequent to year end, Goodwill made a decision to exit the laundry business.

SINGLE AUDIT REPORTS

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		
Passed through			
Kenosha County Department of Human Services		Unavailable	\$ 30,935
Total U.S. Department of Agriculture			<u>30,935</u>
U.S. Department of Labor			
WIOA Cluster			
WIA/WIOA Youth Program	17.259		
Passed through			
Kenosha County Department of Human Services		Unavailable	20,930
Chicago Cook Workforce Development		Unavailable	<u>33,730</u>
Total U.S. Department of Labor			<u>54,660</u>
U.S. Department of Education			
Rehabilitation Services: Vocational Rehabilitation Grants to States	84.126		
Passed through			
Department of Workforce Development		Unavailable	1,966,239
Illinois Department of Human Services			
January - June 2023		46CBF00281	61,416
July - December 2023		46CCF00281	<u>30,436</u>
Total			<u>2,058,091</u>
Total U.S. Department of Education			<u>2,058,091</u>
U.S. Department of Health and Human Services			
Social Services Block Grant	93.667		
Passed through			
Kenosha County Department of Human Services		Unavailable	3,195
Milwaukee County Behavioral Health Division		435.561	308
Illinois Department of Human Services			
January - June 2023		FCSBJ00232	198,587
July - December 2023		FCSCJ00232	<u>209,877</u>
Total			<u>411,967</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959		
Passed through			
Milwaukee County Behavioral Health Division		Unavailable	<u>39</u>
Total			<u>39</u>

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services - Continued			
Temporary Assistance for Needy Families (TANF) Cluster			
Temporary Assistance for Needy Families	93.558		
Passed through			
Kenosha County Department of Human Services		Unavailable	\$ 1,708
Milwaukee County Behavioral Health Division		435.561	165
Total TANF Cluster			1,873
Child Support Enforcement	93.563		
Passed through			
Racine County Human Services Department		437-0701	33,223
Kenosha County Department of Human Services		437-7702	363,373
Total			396,596
Aging Cluster			
Special Programs for the Aging-Title III, Part B -			
Grants for Supportive Services and Senior Centers	93.044		
Passed through			
Racine County Human Services Department		435.560340	80,709
Total			80,709
Special Programs for the Aging - Title III, Part C -			
Nutrition Services	93.045		
Passed through			
Racine County Human Services Department		435.560350	116,071
Milwaukee County Department of Aging		435.560360	1,157,267
Total			1,273,338
Total Aging Cluster			1,354,047
Medicaid Cluster			
Medical Assistance Program	93.778*		
Passed through			
Community Care		Unavailable	403,525
Kenosha County Department of Human Services		Unavailable	204,037
Kenosha County Division of Aging		Unavailable	103,096
Kenosha County Brookside		Unavailable	91,184
My Choice Wisconsin		Unavailable	584,633
Milwaukee County Behavioral Health Division		Unavailable	444,620
iCare		Unavailable	12,212
GT Independence		Unavailable	14,635
Project Access		Unavailable	6,818
IRIS		Unavailable	202,796
Total Medicaid Cluster			2,067,556

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services - Continued			
Foster Care - Title IV - E	93.658		
Passed through			
Kenosha County Department of Human Services		437.3413	\$ 14,493
Total			<u>14,493</u>
 CCDF Cluster			
Child Care and Development Block Grant	93.575		
Passed through			
Kenosha County Department of Human Services		Unavailable	<u>477,783</u>
Total			<u>477,783</u>
 Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		
Passed through			
Milwaukee County Behavioral Health Division		Unavailable	<u>1,211</u>
Total			<u>1,211</u>
 Children's Health Insurance Program	93.767		
Passed through			
Kenosha County Department of Human Services		Unavailable	<u>2,459</u>
Total			<u>2,459</u>

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services - Continued			
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043		
Passed through Racine County Human Services Department		435.560510	\$ 15,214
Total			<u>15,214</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645		
Passed through Kenosha County Department of Human Services		437.3413	1,086
Milwaukee County Behavioral Health Division		437.3413	<u>4,460</u>
Total			<u>5,546</u>
Medicare Supplementary - Hospital Insurance	93.774		
Passed through Kenosha County Brookside		Unavailable	<u>75,984</u>
Total			<u>75,984</u>
National Family Caregiver Support, Title III, Part E	93.052		
Passed through Racine County Human Services Department		435.560520	<u>65,151</u>
Total			<u>65,151</u>
Comprehensive Community Mental Health	93.104		
Services for Children with Serious Emotional Disturbances			
Passed through Milwaukee County Behavioral Health Division		Unavailable	<u>70</u>
Total			<u>70</u>
Block Grants for Community Mental Health Services	93.958		
Passed through Milwaukee County Behavioral Health Division		Unavailable	<u>500</u>
Total			<u>500</u>
Total U.S. Department of Health and Human Services			<u>4,890,489</u>
Department of Transportation			
Transit Services Programs Cluster			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		
Passed through Racine County Human Services Department		Unavailable	<u>71,870</u>
Total Department of Transportation			<u>71,870</u>

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
Year ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title**	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Economic High-Tech and Cyber Crime Prevention	16.752		
Passed through			
Milwaukee County Behavioral Health Division		Unavailable	\$ 137
Total U.S. Department of Justice			137
U.S. Department of Housing and Urban Development			
Community Development Block Grants/Entitlement Grants	14.218		
Passed through			
City of Chicago - MOWD		Unavailable	18,057
Total U.S. Department of Housing and Urban Development			18,057
The Department of the Treasury			
COVID-19 Coronavirus State and Local Recovery Funds	21.027		
Passed through			
Wisconsin DHS			85,852
Illinois Department of Human Services			
March - June 2023		FCSBP06755	68,310
July - December 2023		FCSCP06755	74,992
March - June 2023		FCSBP06760	61,744
July - December 2023		FCSCP06760	69,662
Total The Department of the Treasury			360,560
Total expenditures of federal awards			\$ 7,484,799

*Program identified as a major program.

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

The accompanying notes are an integral part of this schedule.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year ended December 31, 2023

State Awards - Agency, Program Pass-Through Agency**	Profile #	Expenditures
Wisconsin Department of Health Services		
APS - Adult Protective Services	435.312	
Passed through		
Kenosha County Division of Aging		\$ 211,955
Total		211,955
CCS Other GPR	435.404	
Passed through		
Kenosha County Division of Aging		22,792
Total		22,792
Basic County Allocation	435.561	
Passed through		
Milwaukee County Behavioral Division		1,770
Kenosha County Department of Human Services		18,368
Total		20,138
CIP 1A Non Federal	435.681*	
Passed through		
Community Care		266,337
My Choice Wisconsin		385,873
iCare		8,060
IRIS		122,146
GT Independence		9,660
Total		792,076
Aging and Disability Resource Center		
Passed through		
Kenosha County Division of Aging	435.560320	2,447
Racine County Human Services Department	435.560320	80,584
Kenosha County Division of Aging	435.560158	126,497
Kenosha County Division of Aging	435.560100	1,009
Racine County Human Services Department	435.560100	1,088,538
Total		1,299,075
IMAA State Share	435.283	
Passed through		
Kenosha County Department of Human Services		32,234
Total		32,234
IMAA Federal Share	435.284	
Passed through		
Kenosha County Department of Human Services		229
Total		229
Title 3C-1 Congregate Meal Program	435.560355	
Passed through		
Racine County Human Services Department		8,409
Total		8,409
Title 3C-2 Home Meals	435.560360	
Passed through		
Milwaukee County Department on Aging		85,636
Racine County Human Services Department		7,760
Total		93,396

The accompanying notes are an integral part of this schedule.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
SCHEDULE OF EXPENDITURES OF STATE AWARDS - CONTINUED
Year ended December 31, 2023

State Awards - Agency, Program Pass-Through Agency**	Profile #	Expenditures
Wisconsin Department of Health Services - Continued		
Preventative Health T3D		
Passed Through		
Racine County Human Services Department	435.56051	\$ 23,995
Total		<u>23,995</u>
Total Wisconsin Department of Health Services		<u>2,504,299</u>
Wisconsin Department of Workforce Development		
Workforce Development Resource Room	445.509	
Passed through		
Vocational Rehabilitation		<u>532,159</u>
Total Wisconsin Department of Workforce Development		<u>532,159</u>
Wisconsin Department of Children and Families		
JJ Youth Aids	437.3413	
Passed through		
Kenosha County Department of Human Services		<u>25,543</u>
Total		<u>25,543</u>
CW Children and Families Allocation	437.3561	
Passed through		
Kenosha County Department of Human Services		<u>16,594</u>
Total		<u>16,594</u>
CF Children First	437.0700	
Passed through		
Kenosha County Department of Human Services		53,514
Milwaukee County Behavioral Health Division		<u>165</u>
Total		<u>53,679</u>
CF Children First Direct Services County Agency	437.0700C	
Passed through		
Racine County Human Services Department		<u>33,210</u>
Total		<u>33,210</u>
Total Wisconsin Department of Children and Families		<u>129,026</u>
Community Based Employment Services		
Passed through		
Illinois Department of Human Services		
January - June 2023	46CAF00281	9,856
July - December 2023	46CBF00281	<u>-</u>
Total Community Based Employment Services		<u>9,856</u>
Total expenditures of state awards		<u>\$ 3,175,340</u>

*Program identified as a major program.

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

The accompanying notes are an integral part of this schedule.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF EXPENDITURES OF LOCAL GOVERNMENT AWARDS

Year ended December 31, 2023

<u>County, Local and Other Awards - Agency</u>	<u>Program</u>	<u>Expenditures</u>
County awards		
Kenosha County Department of Human Services	County Levy	\$ 386,696
Total		<u>386,696</u>
Local awards		
Kenosha County Division of Aging	Local Funds	161,976
Milwaukee County Behavioral Health Division	Local Funds	<u>60,785</u>
Total		<u>222,761</u>
Other awards		
Kenosha County Brookside	Private Pay	61,791
Milwaukee County Behavioral Health Division	Other	<u>229</u>
Total expenditures of local government awards		<u><u>\$ 671,477</u></u>

The accompanying notes are an integral part of this schedule.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL, STATE AND
LOCAL GOVERNMENT AWARDS
Year ended December 31, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal, state and local government awards (the Schedules) summarize expenditures charged to federal, state and local government grants and service contracts administered by Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates (collectively, Goodwill) for the year ended December 31, 2023. The Schedules should be read in conjunction with Goodwill's consolidated financial statements.

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

Major Program Determination

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

Federal, State and Local Award Expenditures

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

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

NOTE B - CONTINGENCY

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

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

Board of Directors

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates (collectively, the "Entity"), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 22, 2024.

Report on internal control over financial reporting

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

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

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

Report on compliance and other matters

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

Purpose of this report

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



Appleton, Wisconsin
May 22, 2024

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

Board of Directors

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

Report on compliance for each major federal and state program

Opinion on each major federal and state program

We have audited the compliance of Goodwill Industries of Southeastern Wisconsin, Inc and Affiliates (collectively, the "Entity") with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal and state programs for the year ended December 31, 2023. The Entity's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2023.

Basis for opinion on each major federal and state program

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

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

Responsibilities of management for compliance

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

Auditor's responsibilities for the audit of compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Entity's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS, *Government Auditing Standards*, 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 Entity's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, 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 Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on internal control over compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this Report on Internal Control Over Compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Grant Thornton LLP

Appleton, Wisconsin
May 22, 2024

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2023

Section I - Summary of Auditor's Results

Financial Statements

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

Federal and State Awards

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

7. Identification of major programs:

	<u>Federal Assistance Listing Number</u>
Federal	
A. Medicaid Cluster	93.778

	<u>WI Grant Number</u>
State	
A. CIP 1A Non-Federal	435.681

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

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal and State Award Findings and Questioned Costs

No matters were reported.

Section IV - Summary of Prior Year Findings

No matters were reported.

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
Year ended December 31, 2023

Section V - Other Issues

- | | | |
|----|---|--|
| 1. | Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? | No |
| 2. | Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiencies, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the <i>State Single Audit Guidelines</i> and the <i>Provider Agency Audit Guide</i> .
U.S. Department of Health and Human Services
Wisconsin Department of Health Services | No
No |
| 3. | Was a Management Letter or other document conveying audit comments issued as a result of this audit? | No |
| 4. | Name and signature of partner | Amy Henselin

<hr/> |
| 5. | Date of report: | May 22, 2024 |

SUPPLEMENTARY SCHEDULES

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES

Year ended December 31, 2023

	Program Sites Located In					
	Milwaukee County					Racine County
	Project Access	Comprehensive Community Service	Business Developer	Project Thrive	HDMP	Racine Human Services
Contract Number					251-422-33	23-214 23-215
Support and revenue						
Milwaukee County						
DHHS Behavioral Health	\$ -	\$ -	\$ 60,786	\$ -	\$ -	\$ -
Behavioral Health Division	-	418,473	-	-	-	-
Wraparound	-	35,205	-	-	-	-
Milwaukee County - Department on Aging	-	-	-	-	1,242,903	-
Wisconsin Department of Human Services	-	-	-	85,852	-	-
Racine County	-	-	-	-	-	1,624,733
Waukesha County	-	-	-	-	-	-
Other government	-	7,000	-	-	-	-
Support and contributions	-	-	-	-	3,635	-
Non - Government	6,818	-	-	-	-	-
Other revenues	-	-	-	-	-	-
Total support and revenue	6,818	460,678	60,786	85,852	1,246,538	1,624,733
Direct program expenses						
Salaries	19,016	458,168	43,927	51,433	970,911	1,083,889
Employee benefits	3,352	86,024	3,438	10,357	260,510	293,203
Payroll taxes	1,430	34,217	3,305	3,837	73,009	78,177
Professional fees and contracted services	-	618	60	8,689	429	-
Supplies	-	256	28	99	3,119	-
Rent and occupancy	459	6,080	139	256	10,182	-
Equipment purchases, rental and maintenance	-	-	-	-	-	-
Transportation	86	13,279	541	864	133,324	21,479
Conferences and training	55	917	100	917	-	117
Specific assistance to individuals	-	-	-	-	-	-
Recruitment	-	5,931	1,585	1,373	15,629	-
Interest expense	-	-	-	-	-	-
Depreciation and finance lease amortization	-	-	-	-	1,486	-
Bad debt expense, net	-	-	-	-	-	-
Total direct program expenses	24,398	605,490	53,123	77,825	1,468,599	1,476,865
Allocated expenses						
Occupancy	-	14,644	-	-	16,707	-
Program management	4,365	71,307	9,221	10,657	199,147	206,183
Corporate services	3,017	74,132	6,372	9,450	180,301	182,606
Total allocated program expenses	7,382	160,083	15,593	20,107	396,155	388,789
Total expenses	31,780	765,573	68,716	97,932	1,864,754	1,865,654
Loss	\$ (24,962)	\$ (304,895)	\$ (7,930)	\$ (12,080)	\$ (618,216)	\$ (240,921)
Units of service	N/A	17,399	N/A	N/A	N/A	N/A

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES - CONTINUED

Year ended December 31, 2023

	Program Sites Located in Chicago					
	ORS Placement	WIOA Youth	TXX	Employment Preparation and Placement	IL ARPA - Cook Co	IL ARPA - Lake Co
Contract Number	#46CCF00281 #46CBF00281		#FCSCJ00232 #FCSBJ00232	#177380 #219242	#FCSCP06760	#FCSCP06755
Support and revenue						
Illinois Department of Human Services	\$ 101,708	\$ -	\$ 408,464	\$ -	\$ 143,302	\$ 131,406
Chicago Cook Workforce Partnership	-	33,729	-	-	-	-
City of Chicago - Dept of Family & Support Services	-	-	-	18,057	-	-
Total support and revenue	101,708	33,729	408,464	18,057	143,302	131,406
Direct program expenses						
Salaries	94,039	24,780	296,313	19,951	67,898	50,214
Employee benefits	8,532	1,605	47,915	2,052	9,969	4,893
Payroll taxes	6,977	1,766	23,580	1,471	4,941	3,641
Professional fees and contracted services	1,914	-	12,909	-	51,103	63,788
Supplies	660	1,325	3,822	-	575	-
Rent and occupancy	10,065	900	28,426	2,161	2,797	-
Equipment purchases, rental and maintenance	3,644	-	1,007	-	714	2,069
Transportation	599	96	4,687	-	91	211
Conferences and training	-	190	-	-	279	-
Specific assistance to individuals	-	-	-	-	-	-
Recruitment	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Depreciation and finance lease amortization	-	-	-	-	-	-
Bad debt expense, net	-	-	-	-	-	-
Total direct program expenses	126,430	30,662	418,659	25,635	138,367	124,816
Allocated expenses						
Occupancy	39,722	9,059	127,827	8,026	26,464	-
Program management	29,855	4,532	82,219	5,621	17,537	8,001
Corporate services	15,135	3,504	51,938	3,170	11,604	8,326
Total allocated program expenses	84,712	17,095	261,984	16,817	55,605	16,327
Total expenses	211,142	47,757	680,643	42,452	193,972	141,143
Loss	\$ (109,434)	\$ (14,028)	\$ (272,179)	\$ (24,395)	\$ (50,670)	\$ (9,737)

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES - CONTINUED

Year ended December 31, 2023

	Program Sites Located In Kenosha County						
	Administrative Support	Case Management	Employment Preparation	Central Services	Child Care Coordination	Holiday House	Brookside
Contract Number	DCFS-GWI-ADMSPT-23	DWD-GWI-CHLDFST-23 DWD-GWI-CCA-QC-23	DWD-CHLDSP-CHLDFST-RCPT-23	DCFS-GWI-AMR-23 KCDHS-ADM-CS-23	DWD-GWI-CCA-QC-23	DWD-GWI-CCA-QC-23	BCC-GWI-SWS-23
Support and revenue							
Kenosha County	\$ 29,336	\$ 214,655	\$ 141,769	\$ 795,538	\$ 460,054	\$ 11,937	\$ 228,958
Other revenues	-	-	-	-	-	87,910	-
Total support and revenue	29,336	214,655	141,769	795,538	460,054	99,847	228,958
Direct program expenses							
Salaries	23,985	152,295	103,002	559,631	320,482	-	164,812
Employee benefits	868	31,263	16,350	105,300	72,820	-	30,883
Payroll taxes	1,815	11,355	7,674	40,796	23,364	-	12,073
Professional fees and contracted services	-	-	-	4,490	95	-	375
Supplies	-	7	114	759	-	90,654	-
Rent and occupancy	-	-	-	1,251	357	-	-
Equipment purchases, rental and maintenance	-	-	-	8,906	-	-	-
Transportation	-	-	482	1,700	626	207	-
Conferences and training	-	220	208	384	487	-	25
Specific assistance to individuals	-	-	1,051	-	-	-	-
Recruitment	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-
Depreciation and finance lease amortization	-	-	-	-	-	-	-
Bad debt expense, net	-	-	-	-	-	-	-
Total direct program expenses	26,668	195,140	128,881	723,217	418,231	90,861	208,168
Allocated expenses							
Occupancy	-	-	-	-	-	-	-
Program management	3,188	23,329	15,282	85,397	50,000	10,863	24,887
Corporate services	3,297	24,128	15,805	88,320	51,712	11,234	25,739
Total allocated program expenses	6,485	47,457	31,087	173,717	101,712	22,097	50,626
Total expenses	33,153	242,597	159,968	896,934	519,943	112,958	258,794
Loss	\$ (3,817)	\$ (27,942)	\$ (18,199)	\$ (101,396)	\$ (59,889)	\$ (13,111)	\$ (29,836)

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

SCHEDULE OF REVENUES AND EXPENSES - CONTINUED

Year ended December 31, 2023

	Program Sites Located in Kenosha County								Total Agency
	Adult Protective Services	Outreach Services	LTC Worker Support	Prevention Services	Volunteer Guardianship	Comprehensive Community Services	Other Programs	Indirect Cost	
Contract Number	DADHS-GWI-APS-23	DADBHS-GWI-CO-23	DADBHS-GWI-LTCW-23	DADBHS-GWI-PREV- WC-23	DADBHD-GWI-VG-23	DADBHS-GWI-CCSCoord-23			
Support and revenue									
Kenosha County	\$ 211,955	\$ 140,796	\$ 9,672	\$ 79,530	\$ 73,858	\$ 113,961	\$ -	\$ -	
Other revenues	-	-	-	-	-	-	493,945,457	51,957	
Total support and revenue	211,955	140,796	9,672	79,530	73,858	113,961	493,945,457	51,957	\$ 500,919,414
Direct program expenses									
Salaries	152,614	100,288	7,773	51,013	50,882	82,665	130,634,579	18,244,831	153,829,391
Employee benefits	23,770	18,983	174	15,706	10,623	14,732	21,333,474	2,760,318	25,167,114
Payroll taxes	11,311	7,295	601	3,681	3,640	6,204	9,934,839	1,263,641	11,564,640
Professional fees and contracted services	100	65	196	65	65	-	28,435,515	5,589,092	34,169,568
Supplies	273	473	-	83	49	-	210,722,417	159,504	210,984,217
Rent and occupancy	140	-	-	-	-	-	31,051,378	2,452,810	33,567,401
Equipment purchases, rental and maintenance	-	-	-	-	-	-	3,164,711	2,914,247	6,095,298
Transportation	4,478	673	24	1,549	1,697	-	4,127,799	385,800	4,700,292
Conferences and training	-	218	25	178	189	-	286,228	411,019	701,756
Specific assistance to individuals	-	-	-	-	-	-	232,575	-	233,626
Recruitment	-	-	-	-	-	-	1,797,336	327,173	2,149,027
Interest expense	-	-	-	-	-	-	143,881	-	143,881
Depreciation and finance lease amortization	-	-	-	-	-	-	10,671,055	1,121,285	11,793,826
Bad debt expense, net	-	-	-	-	-	-	23,095	-	23,095
Total direct program expenses	192,686	127,995	8,793	72,275	67,145	103,601	452,558,882	35,629,720	495,123,132
Allocated expenses									
Occupancy	-	-	-	-	-	-	4,440,488	(4,682,937)	-
Program management	23,036	15,302	1,051	8,641	8,027	12,386	1,906,698	(2,836,732)	-
Corporate services	23,825	15,826	1,087	8,936	8,302	12,810	27,269,475	(28,110,051)	-
Total allocated program expenses	46,861	31,128	2,138	17,577	16,329	25,196	33,616,661	(35,629,720)	
Total expenses	239,547	159,123	10,931	89,852	83,474	128,797	486,175,543	-	495,123,132
(Loss) or gain	\$ (27,592)	\$ (18,327)	\$ (1,259)	\$ (10,322)	\$ (9,616)	\$ (14,836)	\$ 7,769,914	\$ 51,957	\$ 5,796,282

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates
NOTES TO SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES
Year ended December 31, 2023

NOTE A - SCHEDULE OF REVENUES AND EXPENSES

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

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	CSFA #	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
View	444-80-1214	Title XX DFI Ex Offender Program	0	408,464	272,179	680,643
View	444-80-2752	ARPA Illinois Youth Investment Program	0	274,708	60,407	335,115
View		Other grant programs and activities		90,210	0	90,210
View		All other costs not allocated			494,017,166	494,017,166
Totals:			0	773,382	494,349,752	495,123,134

Please note the following:

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

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

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	0.00	222235.00	74078.00	296,313.00
Fringe Benefits	0.00	53623.00	17874.00	71,497.00
Travel	0.00	3515.00	1172.00	4,687.00
Equipment	0.00	755.00	252.00	1,007.00
Supplies	0.00	2866.00	955.00	3,821.00
Contractual Services	0.00	9682.00	3227.00	12,909.00
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	56962.00	70865.00	127,827.00

Category	State Amount	Federal Amount	Match Amount	Total
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	21319.00	7106.00	28,425.00
Training and Education	0.00	0.00	0.00	0.00
Direct Administrative Costs	0.00	37507.00	44712.00	82,219.00
Miscellaneous Costs	0.00	0.00	0.00	0.00
Total Direct Expenses	0.00	408,464.00	220,241.00	628,705.00
Indirect Costs	0.00	0.00	51,938.00	51,938.00
Total Expenses	0.00	408,464.00	272,179.00	680,643.00

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Agency	Department Of Human Services (444)		
Program	ARPA Illinois Youth Investment Program (444-80-2752) <i>This program as added due to awards found in the CSFA. It cannot be removed.</i>		
Program Limitations	☐ Yes ☒ No Identify Limitations (required if Yes) 		
Mandatory Match %	☐ Yes ☒ No	Rate (required if Yes): 	
Indirect Cost Rate	10.00 %		
Indirect Cost Rate Base	115260		

Category	State Amount	Federal Amount	Match Amount	Total
Personal Services (Salaries and Wages)	0.00	118112.00	0.00	118,112.00
Fringe Benefits	0.00	23443.00	0.00	23,443.00
Travel	0.00	302.00	0.00	302.00
Equipment	0.00	2783.00	0.00	2,783.00
Supplies	0.00	575.00	0.00	575.00
Contractual Services	0.00	16426.00	0.00	16,426.00
Consultant (Professional Services)	0.00	0.00	0.00	0.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	26464.00	26,464.00

Category	State Amount	Federal Amount	Match Amount	Total
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	2797.00	0.00	2,797.00
Training and Education	0.00	279.00	0.00	279.00
Direct Administrative Costs	0.00	0.00	25538.00	25,538.00
Miscellaneous Costs	0.00	98465.00	0.00	98,465.00
Total Direct Expenses	0.00	263,182.00	52,002.00	315,184.00
Indirect Costs	0.00	11,526.00	8,405.00	19,931.00
Total Expenses	0.00	274,708.00	60,407.00	335,115.00

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Program

Other grant programs and activities

Category	Direct Federal	Other Amount	Total
Personal Services (Salaries and Wages)	44731.00	0.00	44,731.00
Fringe Benefits	6895.00	0.00	6,895.00
Travel	96.00	0.00	96.00
Equipment	0.00	0.00	0.00
Supplies	1325.00	0.00	1,325.00
Contractual Services	0.00	0.00	0.00
Consultant (Professional Services)	0.00	0.00	0.00
Construction	0.00	0.00	0.00
Occupancy - Rent and Utilities	17085.00	0.00	17,085.00
Research and Development	0.00	0.00	0.00
Telecommunications	3061.00	0.00	3,061.00
Training and Education	190.00	0.00	190.00
Direct Administrative Costs	10153.00	0.00	10,153.00
Miscellaneous Costs	6674.00	0.00	6,674.00
Total Direct Expenses	90,210.00	0.00	90,210.00

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Program

All other costs not allocated

Category	Other Amount
Personal Services (Salaries and Wages)	153370236.00
Fringe Benefits	36629921.00
Travel	4695208.00
Equipment	6091508.00
Supplies	210978495.00
Contractual Services	2021227.00
Consultant (Professional Services)	0.00
Construction	0.00
Occupancy - Rent and Utilities	42675438.00
Research and Development	0.00
Telecommunications	2480129.00
Training and Education	701287.00
Direct Administrative Costs	0.00
Miscellaneous Costs	34373717.00
Total Direct Expenses	494,017,166.00

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