Goodwill of Western Missouri and Eastern Kansas

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2014 and 2013

BKD LLP
CPAs & Advisors

Goodwill of Western Missouri and Eastern Kansas
December 31, 2014 and 2013

Contents

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CPAs & Advisors

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Independent Auditor's Report

Board of Directors
Goodwill of Western Missouri and Eastern Kansas
Kansas City, Missouri

We have audited the accompanying consolidated financial statements of Goodwill of Western Missouri and Eastern Kansas and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop, which comprise the consolidated statements of financial position as of December 31, 2014 and 2013, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Goodwill of Western Missouri and Eastern Kansas and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop as of December 31, 2014 and 2013, and the consolidated 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The other information listed in the table of contents including the financial statements of The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Kansas City, Missouri
March 20, 2015

Goodwill of Western Missouri and Eastern Kansas

Consolidated Statements of Financial Position

December 31, 2014 and 2013

Assets

	2014	2013
Cash and cash equivalents	$ 2,903,468	$ 1,803,091
Accounts receivable, net of allowance; 2014 - $119,805 2013 - $114,429	1,054,236	602,863
Investments	50,000	50,000
Inventories	1,681,263	1,611,763
Prepaid supplies and expenses	233,809	258,675
Deposits	185,783	183,783
Property and equipment, net of accumulated depreciation; 2014 - $4,315,517, 2013 - $3,753,864	2,039,077	2,499,738
Total assets	$ 8,147,636	$ 7,009,913

Liabilities and Net Assets

	2014	2013
Liabilities		
Accounts payable	$ 497,066	$ 615,957
Accrued expenses	1,170,931	1,605,048
Deferred revenue	36,533	45,381
Accrued lease obligation	695,466	795,880
Long-term debt	830,362	1,061,946
Total liabilities	3,230,358	4,124,212
Net Assets		
Unrestricted	4,915,189	2,881,813
Temporarily restricted	2,089	3,888
Total net assets	4,917,278	2,885,701
Total liabilities and net assets	$ 8,147,636	$ 7,009,913

Goodwill of Western Missouri and Eastern Kansas

Consolidated Statements of Activities

Years Ended December 31, 2014 and 2013

	2014	2013
Unrestricted Net Assets		
Revenues, gains and other support		
Sales to the public	$ 21,095,789	$ 20,372,581
Industrial and janitorial services	4,019,975	4,148,416
Contributions	224,111	240,219
Governmental agencies and programs	974,745	1,101,854
Other	193,364	174,734
Net assets released from restrictions	7,360	9,204
Total revenues, gains and other support	26,515,344	26,047,008
Expenses and losses		
Program services		
Retail operations	16,805,200	18,169,280
Workforce development	1,158,631	1,307,878
Sheltered workshop	3,747,552	4,250,030
Total program services	21,711,383	23,727,188
Management and general	2,732,005	4,373,872
Fundraising	38,580	101,584
Total expenses and losses	24,481,968	28,202,644
Change in unrestricted net assets	2,033,376	(2,155,636)
Temporarily Restricted Net Assets		
Contributions	5,561	6,321
Net assets released from restrictions	(7,360)	(9,204)
Change in temporarily restricted net assets	(1,799)	(2,883)
Change in Net Assets	2,031,577	(2,158,519)
Net Assets, Beginning of Year	2,885,701	5,044,220
Net Assets, End of Year	$ 4,917,278	$ 2,885,701

Goodwill of Western Missouri and Eastern Kansas

Consolidated Statement of Functional Expenses

Year Ended December 31, 2014

	Retail Operations	Workforce Development	Sheltered Workshop	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 7,233,534	$ 748,986	$ 2,210,891	$ 10,193,411	$ 1,409,727	$ 27,729	$ 11,630,867
Employee benefits	515,248	142,722	593,088	1,251,058	199,461	144	1,450,663
Payroll taxes	515,041	53,578	168,759	737,378	196,313	1,953	935,644
Professional fees	470,717	787	10,303	481,807	139,215	135	621,157
Supplies	427,533	2,348	4,855	434,736	30,349	2,765	467,850
Cost of merchandise	645,998	25,752	337,279	1,009,029	4,120	-	1,013,149
Occupancy	4,880,705	65,351	21,904	4,967,960	165,323	364	5,133,647
Equipment rental	110,913	7,174	41,151	159,238	22,416	-	181,654
Repairs and maintenance	207,138	706	29,157	237,001	52,805	-	289,806
Software maintenance and support	70,401	9,590	1,865	81,856	42,916	2,013	126,785
General insurance	253,954	19,325	80,452	353,731	51,427	2,537	407,695
Interest	35,123	-	4,113	39,236	5,285	-	44,521
Employee recruitment	-	-	-	-	64,265	-	64,265
Marketing	289,943	4,331	80	294,354	36,506	891	331,751
Vehicle operations	660,451	58,356	32,713	751,520	14,304	49	765,873
Conferences, meetings and trainings	9,181	1,819	1,209	12,209	22,688	-	34,897
Fund development	476	-	-	476	-	-	476
Memberships, dues and subscriptions	-	423	152,189	152,612	157,553	-	310,165
Community support	368	1,290	120	1,778	9,098	-	10,876
Depreciation	441,322	15,227	56,662	513,211	51,626	-	564,837
Loss on lease disposal obligation	-	-	-	-	41,868	-	41,868
Miscellaneous	37,154	866	762	38,782	14,740	-	53,522
Total functional expenses	$ 16,805,200	$ 1,158,631	$ 3,747,552	$ 21,711,383	$ 2,732,005	$ 38,580	$ 24,481,968

See Notes to Consolidated Financial Statements

Goodwill of Western Missouri and Eastern Kansas

Consolidated Statement of Functional Expenses

Year Ended December 31, 2013

	Retail Operations	Workforce Development	Sheltered Workshop	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 8,233,863	$ 858,625	$ 2,450,451	$11,542,939	$ 1,497,440	$ 66,274	$ 13,106,653
Employee benefits	537,741	138,047	646,555	1,322,343	232,680	9,867	1,564,890
Payroll taxes	615,723	63,990	189,552	869,265	211,600	4,998	1,085,863
Professional fees	455,530	901	12,603	469,034	185,649	73	654,756
Supplies	679,525	10,716	7,915	698,156	59,064	2,036	759,256
Cost of merchandise	746,078	39,567	430,725	1,216,370	450	-	1,216,820
Occupancy	4,491,623	57,831	21,798	4,571,252	144,874	1,605	4,717,731
Equipment rental	102,932	6,145	84,754	193,831	25,753	-	219,584
Repairs and maintenance	273,388	2,698	26,965	303,051	92,761	2	395,814
Software maintenance and support	70,768	2,351	1,865	74,984	78,050	2,141	155,175
General insurance	294,160	20,700	100,832	415,692	50,286	2,313	468,291
Interest	25,561	-	8,157	33,718	3,502	-	37,220
Employee recruitment	40	-	-	40	37,387	-	37,427
Marketing	299,019	6,287	30	305,336	14,511	7,497	327,344
Vehicle operations	750,575	61,069	29,736	841,380	19,514	416	861,310
Conferences, meetings and trainings	13,778	1,342	2,004	17,124	31,979	393	49,496
Fund development	622	-	(27)	595	118	3,844	4,557
Memberships, dues and subscriptions	50	80	157,055	157,185	189,712	125	347,022
Community support	490	400	-	890	16,053	-	16,943
Depreciation	441,084	14,315	65,619	521,018	91,441	-	612,459
Impairment of long-lived assets	-	-	-	-	583,495	-	583,495
Loss on lease disposal obligation	-	-	-	-	794,971	-	794,971
Miscellaneous	136,730	22,814	13,441	172,985	12,582	-	185,567
Total functional expenses	$ 18,169,280	$ 1,307,878	$ 4,250,030	$23,727,188	$ 4,373,872	$ 101,584	$ 28,202,644

See Notes to Consolidated Financial Statements

Goodwill of Western Missouri and Eastern Kansas

Consolidated Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	$ 2,031,577	$ (2,158,519)
Items not requiring operating activities cash flows		
Depreciation	564,837	612,459
Loss on disposition of property and equipment	394	616
Impairment loss on property	-	583,495
Loss on lease disposal obligation	41,868	794,971
Changes in		
Accounts receivable	(451,373)	281,465
Inventories	(69,500)	(62,366)
Prepaid supplies and expenses	24,866	(8,886)
Deposits	(2,000)	(51,745)
Accounts payable	(118,891)	(29,063)
Accrued expenses	(576,399)	(10,814)
Deferred revenue	(8,848)	(25,011)
Net cash provided by (used in) operating activities	1,436,531	(73,398)
Investing Activities		
Purchase of property and equipment	(104,570)	(877,474)
Net cash used in investing activities	(104,570)	(877,474)
Financing Activities		
Proceeds from issuance of long-term debt	-	746,439
Principal payments on long-term debt	(151,255)	(72,786)
Principal payments on capital lease obligations	(80,329)	(74,040)
Net cash provided by (used in) financing activities	(231,584)	599,613
Change in Cash and Cash Equivalents	1,100,377	(351,259)
Cash and Cash Equivalents, Beginning of Year	1,803,091	2,154,350
Cash and Cash Equivalents, End of Year	$ 2,903,468	$ 1,803,091
Supplemental Cash Flows Information		
Interest paid	$ 44,521	$ 37,220

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Goodwill of Western Missouri and Eastern Kansas, (the "Organization") is a not-for-profit organization whose mission is to help people with disabilities or disadvantages by maximizing their vocational potential. The Organization's revenues and other support are derived primarily from the sale of donated clothing and merchandise, contracts, grants and contributions. The Organization operates in 18 counties in northwest Missouri and northeast Kansas.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary, The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop (Sheltered Workshop). All significant intercompany accounts and transactions have been eliminated in consolidation.

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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2014 and 2013, cash equivalents consisted primarily of money market accounts with brokers.

At December 31, 2014, the Organization's cash accounts exceeded federally insured limits by approximately $2,258,000.

Investments

Investments at December 31, 2014 and 2013 consisted of a certificate of deposit with a carrying value of $50,000.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Inventories

Inventories generally consist of donated goods that are to be sold in the Organization's retail stores. Inventory value is estimated based on average sales adjusted for inventory turnover, which approximates fair value.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	40 years
Leasehold improvements	3-20 years
Furniture, fixtures and equipment	3-10 years
Vehicles	3-7 years

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended December 31, 2014. An impairment loss of $583,495 was recognized for the Organization's headquarters including land, building and related improvements for the year ended December 31, 2013, based on structural assessments and discussions of relocating the headquarters. The loss is included in management and general expenses on the accompanying statements of functional expenses. Fair value was determined based on comparable market data for the headquarters.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose.

Sales to the Public

Sales to the public are recognized as revenue when the merchandise is sold, typically at the point of sale in thrift stores, salvage facilities or through e-commerce operations.

Government Contracts

Revenue received from government agencies and programs is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the contract agreements. Government programs are subject to audit and acceptance by the government agency and, as a result of such audit, adjustments could be required.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Deferred Revenue

Revenue from grants and contracts is deferred and recognized over the periods to which the revenues relate.

Deferred Rent

As further discussed in *Note 6*, the Organization records deferred rent related to escalating lease payments where the lease expense is recognized on a straight-line basis. Deferred rent is included with accrued expenses on the consolidated statements of financial position.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to the U.S. federal examinations by tax authorities for years before 2011.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on estimated usage.

Note 2: Beneficial Interest in Trust

The Organization is the beneficiary under a trust administered by a bank. The assets of the trust are not included in the consolidated statements of financial position of the Organization since the trust is revocable at the discretion of the donor. No income was received from the trust in 2014 and 2013.

Note 3: Property and Equipment

Property and equipment at December 31 consisted of the following:

	2014	2013
Land	$ 350,817	$ 350,817
Buildings and leasehold improvements	2,783,259	2,684,785
Furniture, fixtures and equipment	2,568,437	2,550,446
Vehicles	584,907	584,907
Construction in process	67,174	82,647
	6,354,594	6,253,602
Less accumulated depreciation	4,315,517	3,753,864
	$ 2,039,077	$ 2,499,738

Note 4: Line of Credit

The Organization has a $1,000,000 revolving bank line of credit expiring in 2015. At December 31, 2014 and 2013, there were no borrowings against this line. The line is collateralized by substantially all of the Organization's assets. Interest accumulates on any outstanding balance at a rate equal to 2% plus one-month LIBOR, which was 2.19% on December 31, 2014 and 2013, and is payable monthly.

Note 5: Long-term Debt

Long-term debt at December 31 consisted of the following:

	2014	2013
Notes payable (A)	$ 664,183	$ 815,439
Capital lease obligations (B)	166,179	246,507
	$ 830,362	$ 1,061,946

(A) Notes payable with due dates ranging from October 2015 to September 2018; payable monthly ranging from $348 to $7,325 with interest payable monthly ranging from 3.1% to 5.6%; collateralized by vehicles and equipment.

(B) Capital leases include leases covering tractors, forklifts and janitorial equipment expiring between February 2015 and October 2017; payable monthly ranging from $574 to $4,200, including interest ranging from 3.9% to 11%.

Aggregate annual maturities of long-term debt and payments on capital lease obligations at December 31, 2014 are:

	Long-term Debt (Excluding Leases)	Capital Lease Obligations
2015	$ 279,895	$ 69,678
2016	233,465	67,035
2017	145,595	46,520
2018	5,228	-
	$ 664,183	183,233
Less amount representing interest		17,054
Present value of future minimum lease payments		$ 166,179

Property and equipment include the following property under capital leases at December 31:

	2014	2013
Equipment	$ 150,070	$ 150,070
Vehicles	239,464	239,464
	389,534	389,534
Less accumulated depreciation	216,137	144,848
	$ 173,397	$ 244,686

Note 6: Operating Leases

Noncancellable operating leases, primarily for retail store locations, expire in various years through 2029. These leases generally contain renewal options for periods ranging from 5 to 10 years and require the Organization to pay part or all executory costs (property taxes, maintenance and insurance).

Future minimum lease payments under operating leases at December 31, 2014, were:

2015	$ 2,702,473
2016	2,410,181
2017	2,221,200
2018	1,655,972
2019	1,206,072
Later years	5,189,111
Total minimum lease payments	$ 15,385,009

In accordance with ASC Topic 840, *Leases*, rental agreements with escalating lease payments are recognized in the consolidated statements of activities on a straight-line basis. The difference between the cash payments and amount recognized are recorded as a deferred liability. Deferred rent liability at December 31, 2014 and 2013 was $570,840 and $549,219, respectively, and is included in accrued expenses on the consolidated statements of financial position. Rental expense for all operating leases amounted to $2,686,917 and $2,493,672 for the years ended December 31, 2014 and 2013, respectively.

In accordance with ASC Topic 420, *Exit or Disposal Cost Obligations*, a lease liability for costs that will continue to be incurred under a lease contract for its remaining term without economic benefit to the entity is recognized at the cease-use date (date lessee discontinues use of the asset). During the year ended December 31, 2013, the Organization elected not to open a planned retail space for which an operating lease was in force. The leased space was and is currently vacant, and efforts to open a store location have been discontinued. As such, the Organization recognized a liability for the net present value of payments due under the lease agreement less the net present value of estimated sub-lease income which may be received under the remaining life of the lease.

A summary of changes in the accrued lease obligation for the years ended December 31, 2014 and 2013 is as follows:

	2014	2013
Balance, beginning of year	$ 795,880	$ -
Obligation recognized	41,868	795,880
Payments	(142,282)	-
Balance, end of year	$ 695,466	$ 795,880

The associated loss recognized during the years ending December 31, 2014 and 2013 was $41,868 and $794,971 and is included in management and general expenses on the accompanying consolidated statements of functional expenses. The loss recognized during the year ending December 31, 2014, related to the loss of not sub-leasing the space for which the original lease disposal obligation was reduced by the net present value of estimated sub-lease income.

Note 7: Retirement Plans

The Organization has a defined contribution plan covering substantially all employees. The Organization contributes a matching contribution up to 4% of gross salaries for eligible employees. The Organization's expense related to this plan was $73,796 and $80,359 in 2014 and 2013, respectively.

An employee 401(a) plan covers employees whose services are provided pursuant to a service contract entered into by the employer under the *Javits, Wagner, O'Day Act*. Benefit amounts are determined by the annual contract. The amounts paid for 2014 and 2013 were $526,891 and $531,955, respectively.

Note 8: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Level 2 Observable inputs other than Level 1 prices, 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 supported by little or no market activity and are significant to the fair value of the assets or liabilities

Land, buildings and related improvements was valued at fair value on December 31, 2013, due to an impairment recorded. The fair value was estimated using comparable market data on the building. As there were no observable market transactions available, the land and building are classified within Level 3 of the valuation hierarchy. The reported fair value of the land, building and related improvements as of December 31, 2013 was $450,000.

Note 9: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Accounts Receivable

Approximately 67% and 52% of the Organization's accounts receivable balance in 2014 and 2013, respectively, is due from three and two government agencies.

Inventories

As discussed in *Note 1*, inventory value is estimated based on average sales adjusted for inventory turnover.

Accrued Lease Obligation

As discussed in *Note 6*, the accrued lease obligation is estimated utilizing the net present value of payments due under the lease agreement less the net present value of estimated sub-lease income which may be received under the remaining life of the lease.

Revenue

The Organization's industrial and janitorial service contracts and governmental programs are funded by various governmental agencies. These funds are 19% and 20% of the total revenue of the Organization for the years ended December 31, 2014 and 2013, respectively.

Litigation

The Organization is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

Note 10: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Other Information

Goodwill of Western Missouri and Eastern Kansas

The Helping Hand of Goodwill Industries
Extended Employment Sheltered Workshop

Statements of Financial Position

December 31, 2014 and 2013

Assets

	2014	2013
Cash	$ 571,303	$ 292,982
Accounts receivable, net of allowance; 2014 - $3,773		
2013 - $3,618	525,851	312,090
Due from parent organization	5,046,106	5,515,595
Prepaid supplies	26,382	30,760
Equipment, net of accumulated depreciation; 2014 - $367,613		
2013 - $310,951	53,995	106,109
Total assets	$ 6,223,637	$ 6,257,536

Liabilities and Net Assets

	2014	2013
Liabilities		
Accounts payable	$ 56,262	$ 127,279
Accrued expenses	157,684	405,190
Long-term debt	33,854	76,366
Total liabilities	247,800	608,835
Net Assets		
Unrestricted	5,975,837	5,648,701
Total net assets	5,975,837	5,648,701
Total liabilities and net assets	$ 6,223,637	$ 6,257,536

Goodwill of Western Missouri and Eastern Kansas

The Helping Hand of Goodwill Industries
Extended Employment Sheltered Workshop

Statements of Activities

Years Ended December 31, 2014 and 2013

	2014	2013
Revenues, Gains and Other Support		
Industrial and janitorial services	$ 4,212,931	$ 4,354,897
Government agencies and programs	99,791	134,955
Contributions	39,470	48,412
Other	2,374	474
Total revenues, gains and other support	4,354,566	4,538,738
Expenses and Losses		
Program services		
Work activity center	360,964	429,373
Ability One	3,386,588	3,820,657
Total program services	3,747,552	4,250,030
Management and general	279,878	318,515
Total expenses and losses	4,027,430	4,568,545
Change in Net Assets	327,136	(29,807)
Net Assets, Beginning of Year	5,648,701	5,678,508
Net Assets, End of Year	$ 5,975,837	$ 5,648,701

Goodwill of Western Missouri and Eastern Kansas

The Helping Hand of Goodwill Industries
Extended Employment Sheltered Workshop

Statement of Functional Expenses

Year Ended December 31, 2014

	Program Services			
	Work Activity Center	Ability One	Management and General	Total
Salaries	$ 147,937	$ 261,896	$ -	$ 409,833
Direct labor - non-disabled	-	1,215,898	-	1,215,898
Direct labor - disabled	129,291	455,869	-	585,160
Employee benefits	23,623	569,465	-	593,088
Payroll taxes	20,426	148,333	-	168,759
Professional fees	3,008	7,295	-	10,303
Supplies	406	4,449	-	4,855
Cost of merchandise	1,543	335,736	-	337,279
Management fee to parent organization	-	-	279,878	279,878
Occupancy	6,540	15,364	-	21,904
Equipment rental	-	41,151	-	41,151
Repairs and maintenance	643	28,514	-	29,157
Software maintenance and support	1,865	-	-	1,865
General insurance	13,155	67,297	-	80,452
Interest	-	4,113	-	4,113
Marketing	-	80	-	80
Vehicle operations	5,686	27,027	-	32,713
Conferences, meetings and trainings	-	1,209	-	1,209
Memberships	2,683	149,506	-	152,189
Community support	120	-	-	120
Depreciation	3,814	52,848	-	56,662
Miscellaneous	224	538	-	762
Total functional expenses	$ 360,964	$ 3,386,588	$ 279,878	$ 4,027,430

Goodwill of Western Missouri and Eastern Kansas

The Helping Hand of Goodwill Industries
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Statement of Functional Expenses

Year Ended December 31, 2013

	Program Services			
	Work Activity Center	Ability One	Management and General	Total
Salaries	$ 169,380	$ 72,809	$ -	$ 242,189
Direct labor - non-disabled	-	733,184	-	733,184
Direct labor - disabled	160,095	1,314,983	-	1,475,078
Employee benefits	26,926	619,629	-	646,555
Payroll taxes	25,826	163,726	-	189,552
Professional fees	5,596	7,007	-	12,603
Supplies	2,134	5,781	-	7,915
Cost of merchandise	237	430,488	-	430,725
Management fee to parent organization	-	-	318,515	318,515
Occupancy	5,754	16,044	-	21,798
Equipment rental	-	84,754	-	84,754
Repairs and maintenance	860	26,105	-	26,965
Software maintenance and support	1,865	-	-	1,865
General insurance	14,799	86,033	-	100,832
Interest	-	8,157	-	8,157
Marketing	10	20	-	30
Vehicle operations	3,580	26,156	-	29,736
Conferences, meetings and trainings	-	2,004	-	2,004
Fund development	(27)	-	-	(27)
Memberships, dues and subscriptions	205	156,850	-	157,055
Depreciation	9,922	55,697	-	65,619
Miscellaneous	2,211	11,230	-	13,441
Total functional expenses	$ 429,373	$ 3,820,657	$ 318,515	$ 4,568,545

Goodwill of Western Missouri and Eastern Kansas

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Statements of Cash Flows

Years Ended December 31, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	$ 327,136	$ (29,807)
Items not requiring (providing) operating activities cash flows		
Depreciation	56,662	65,619
Loss on disposal of equipment	-	(187)
Changes in		
Accounts receivable	(213,761)	179,174
Due from parent organization	469,489	(269,619)
Supplies and other	4,378	(8,231)
Accounts payable	(71,017)	(6,229)
Accrued expenses	(247,506)	201,927
Deferred revenue	-	(33,631)
Net cash provided by operating activities	325,381	99,016
Investing Activities		
Purchase of equipment	(4,548)	(21,672)
Net cash used in investing activities	(4,548)	(21,672)
Financing Activities		
Principal payments on long-term debt	(16,425)	(16,791)
Principal payments on capital lease obligations	(26,087)	(23,361)
Net cash used in financing activities	(42,512)	(40,152)
Increase in Cash	278,321	37,192
Cash, Beginning of Year	292,982	255,790
Cash, End of Year	$ 571,303	$ 292,982