

# **The Helping Hand of Goodwill Industries**

Accountants' Reports and Consolidated Financial Statements

December 31, 2009 and 2008



**The Helping Hand of Goodwill Industries**  
**December 31, 2009 and 2008**

**Contents**

**Independent Accountants' Report on Financial Statements ..... 1**

**Consolidated Financial Statements**

Statements of Financial Position ..... 2

Statements of Activities..... 3

Statements of Functional Expenses ..... 5

Statements of Cash Flows ..... 7

Notes to Financial Statements ..... 8

## Independent Accountants' Report on Financial Statements

Board of Directors  
The Helping Hand of Goodwill Industries  
Kansas City, Missouri

We have audited the accompanying consolidated statements of financial position of The Helping Hand of Goodwill Industries and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop as of December 31, 2009, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of The Helping Hand of Goodwill Industries and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop as of December 31, 2008, were audited by other accountants whose report dated May 14, 2009, expressed an unqualified opinion on those statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2009 financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Helping Hand of Goodwill Industries and The Helping Hand of Goodwill Industries Extended Employment Sheltered Workshop as of December 31, 2009, and the consolidated changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ **BKD, LLP**

April 20, 2010

**The Helping Hand of Goodwill Industries**  
**Consolidated Statements of Financial Position**  
**December 31, 2009 and 2008**

**Assets**

	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 175,583	\$ 243,676
Accounts receivable, net of allowance; 2009 and 2008 - \$11,627	731,429	873,322
Inventories	1,966,809	2,323,874
Prepaid expenses	40,391	79,534
Deposits	101,467	101,467
Investments	2,796,253	2,486,664
Property and equipment, net	<u>2,677,694</u>	<u>2,931,451</u>
Total assets	<u>\$ 8,489,626</u>	<u>\$ 9,039,988</u>

**Liabilities and Net Assets**

**Liabilities**

Outstanding checks in excess of bank balance	\$ -	\$ 7,538
Line of credit	893,712	1,450,000
Accounts payable	700,398	604,443
Accrued expenses	<u>646,680</u>	<u>658,126</u>
Total liabilities	<u>2,240,790</u>	<u>2,720,107</u>

**Net Assets**

Unrestricted	6,248,836	6,312,738
Temporarily restricted	<u>-</u>	<u>7,143</u>
Total net assets	<u>6,248,836</u>	<u>6,319,881</u>
Total liabilities and net assets	<u>\$ 8,489,626</u>	<u>\$ 9,039,988</u>

**The Helping Hand of Goodwill Industries**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2009**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Sales to the public	\$ 13,046,227		\$ 13,046,227
Industrial and janitorial services	5,368,136		5,368,136
Contributions	1,606,601		1,606,601
Governmental agencies and programs	1,554,751		1,554,751
Investment return	461,792		461,792
Other	35,883		35,883
Net assets released from restrictions	7,143	\$ (7,143)	-
Total revenues, gains and other support	22,080,533	(7,143)	22,073,390
<b>Expenses (and Losses)</b>			
Program services			
Retail operations	13,969,044		13,969,044
Workforce development (KS)	106,639		106,639
Workforce development (MO)	1,660,594		1,660,594
Sheltered workshop	4,526,557		4,526,557
Total program services	20,262,834	-	20,262,834
Management and general	1,690,835		1,690,835
Fundraising	190,766		190,766
Total expenses (and losses)	22,144,435	-	22,144,435
<b>Change in Net Assets</b>	(63,902)	(7,143)	(71,045)
<b>Net Assets, Beginning of Year</b>	6,312,738	7,143	6,319,881
<b>Net Assets, End of Year</b>	\$ 6,248,836	\$ -	\$ 6,248,836

**The Helping Hand of Goodwill Industries**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2008**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Sales to the public	\$ 13,130,634		\$ 13,130,634
Industrial and janitorial services	5,177,970		5,177,970
Contributions	803,347	\$ 85,576	888,923
Governmental agencies and programs	1,475,287		1,475,287
Investment loss	(781,215)		(781,215)
Other	69,725		69,725
Net assets released from restrictions	78,433	(78,433)	-
	<u>19,954,181</u>	<u>7,143</u>	<u>19,961,324</u>
<b>Expenses (and Losses)</b>			
Program services			
Retail operations	13,375,125		13,375,125
Workforce development (KS)	104,860		104,860
Workforce development (MO)	1,646,905		1,646,905
Sheltered workshop	4,342,785		4,342,785
	<u>19,469,675</u>	-	<u>19,469,675</u>
Management and general			
Fundraising	1,575,982		1,575,982
	<u>181,025</u>		<u>181,025</u>
	<u>21,226,682</u>	-	<u>21,226,682</u>
<b>Change in Net Assets</b>	(1,272,501)	7,143	(1,265,358)
<b>Net Assets, Beginning of Year</b>	<u>7,585,239</u>	-	<u>7,585,239</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,312,738</u>	<u>\$ 7,143</u>	<u>\$ 6,319,881</u>

**The Helping Hand of Goodwill Industries**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2009**

	<b>Retail Operations</b>	<b>Workforce Development (Kansas)</b>	<b>Workforce Development (Missouri)</b>	<b>Sheltered Workshop</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 5,204,951	\$ 61,475	\$ 1,019,838	\$ 2,592,776	\$ 8,879,040	\$ 876,090	\$ 118,108	\$ 9,873,238
Employee benefits	303,583	5,598	175,399	638,710	1,123,290	110,873	25,646	1,259,809
Payroll taxes	599,978	7,143	99,127	318,103	1,024,351	84,925	11,356	1,120,632
Professional fees	270,215	1,400	-	311,379	582,994	134,249	510	717,753
Supplies	469,030	4,454	45,268	394,335	913,087	28,840	5,908	947,835
Cost of merchandise	2,051,770	-	3,622	6,536	2,061,928	-	-	2,061,928
Occupancy	4,119,068	12,046	143,733	108,684	4,383,531	124,678	3,676	4,511,885
General insurance	87,792	445	16,318	39,687	144,242	4,618	323	149,183
Interest	9	-	-	160	169	41,386	-	41,555
Employee recruitment	24,348	37	1,950	8,529	34,864	2,043	24	36,931
Marketing	12,910	180	1,147	1,003	15,240	1,920	16,110	33,270
Mileage expense	40,604	6,604	82,743	16,567	146,518	380	274	147,172
Vehicle operations	168,626	-	-	35,608	204,234	3,451	-	207,685
Conferences, meetings and trainings	8,369	666	2,343	532	11,910	50,283	1,228	63,421
Fund development	11,435	-	-	-	11,435	-	-	11,435
Memberships	2,394	130	2,645	440	5,609	130,275	475	136,359
Community support	2,773	5,642	23,922	-	32,337	861	-	33,198
Depreciation	499,508	798	32,877	35,703	568,886	69,906	6,438	645,230
Miscellaneous	91,681	21	9,662	17,805	119,169	26,057	690	145,916
<b>Total functional expenses</b>	<b>\$ 13,969,044</b>	<b>\$ 106,639</b>	<b>\$ 1,660,594</b>	<b>\$ 4,526,557</b>	<b>\$ 20,262,834</b>	<b>\$ 1,690,835</b>	<b>\$ 190,766</b>	<b>\$ 22,144,435</b>

**The Helping Hand of Goodwill Industries**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2008**

	<b>Retail Operations</b>	<b>Workforce Development (Kansas)</b>	<b>Workforce Development (Missouri)</b>	<b>Sheltered Workshop</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 5,548,986	\$ 69,861	\$ 1,020,420	\$ 2,618,405	\$ 9,257,672	\$ 795,373	\$ 113,385	\$ 10,166,430
Employee benefits	294,405	6,714	159,251	605,558	1,065,928	95,828	21,345	1,183,101
Payroll taxes	598,942	6,930	94,609	280,486	980,967	75,470	10,373	1,066,810
Professional fees	243,356	-	-	233,965	477,321	131,338	938	609,597
Supplies	188,790	492	40,728	376,523	606,533	27,793	1,358	635,684
Cost of merchandise	1,587,090	-	1,798	6,381	1,595,269	-	-	1,595,269
Occupancy	3,902,202	7,226	164,837	94,720	4,168,985	115,265	2,984	4,287,234
General insurance	80,773	137	13,112	34,931	128,953	4,164	305	133,422
Interest	-	-	-	60	60	57,243	-	57,303
Employee recruitment	43,659	451	4,501	12,433	61,044	5,300	111	66,455
Marketing	28,688	242	1,123	1,923	31,976	1,466	20,678	54,120
Mileage expense	41,279	3,053	69,380	15,635	129,347	779	266	130,392
Vehicle operations	191,278	-	-	25,650	216,928	9,175	-	226,103
Conferences, meetings and trainings	9,492	50	5,788	65	15,395	34,459	2,273	52,127
Fund development	11,071	-	551	-	11,622	53	200	11,875
Memberships	2,985	185	2,446	325	5,941	124,947	255	131,143
Community support	5,590	8,539	22,407	-	36,536	452	-	36,988
Depreciation	563,536	709	35,460	31,051	630,756	75,458	6,132	712,346
Miscellaneous	33,003	271	10,494	4,674	48,442	21,419	422	70,283
<b>Total functional expenses</b>	<b>\$ 13,375,125</b>	<b>\$ 104,860</b>	<b>\$ 1,646,905</b>	<b>\$ 4,342,785</b>	<b>\$ 19,469,675</b>	<b>\$ 1,575,982</b>	<b>\$ 181,025</b>	<b>\$ 21,226,682</b>



**The Helping Hand of Goodwill Industries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>Operating Activities</b>		
Change in net assets	\$ (71,045)	\$ (1,265,358)
Items not requiring (providing) operating activities cash flows		
Depreciation	645,230	712,346
Net realized and unrealized (gains) losses on investments	(378,194)	876,718
Changes in		
Accounts receivable	141,893	(132,777)
Inventories	357,065	(641,080)
Prepaid expenses	39,143	(17,896)
Accounts payable and accrued expenses	84,509	176,658
Other assets and liabilities	-	40
	<u>818,601</u>	<u>(291,349)</u>
Net cash provided by (used in) operating activities		
<b>Investing Activities</b>		
Purchase of property and equipment	(391,473)	(293,410)
Purchase of investments	(287,126)	(4,334,896)
Proceeds from disposition of investments	355,731	4,320,504
	<u>(322,868)</u>	<u>(307,802)</u>
Net cash used in investing activities		
<b>Financing Activities</b>		
Decrease in outstanding checks in excess of bank balance	(7,538)	7,538
Net borrowings (payments) on line of credit	(556,288)	500,000
	<u>(563,826)</u>	<u>507,538</u>
Net cash provided by (used in) financing activities		
<b>Decrease in Cash and Cash Equivalents</b>	(68,093)	(91,613)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>243,676</u>	<u>335,289</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 175,583</u>	<u>\$ 243,676</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	<u>\$ 41,555</u>	<u>\$ 57,243</u>

# **The Helping Hand of Goodwill Industries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2009 and 2008**

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

##### ***Nature of Operations***

The Helping Hand of Goodwill Industries (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. 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 Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2009 and 2008, cash equivalents consisted primarily of money market funds.

The financial institution holding the Organization’s cash accounts is participating in the FDIC’s Transaction Account Guarantee Program. Under that program, through June 30, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

##### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

**The Helping Hand of Goodwill Industries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2009 and 2008**

***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 consist of purchased and donated goods that are to be sold in the Organization's retail stores. Purchased goods are stated at the lower of cost or market. Donated goods are recorded in inventory at estimated fair value at the date of donation. Donated storeroom inventory is reported based on an average sales price per pound of inventory included in its standard inventory containers. Donated floor inventory included in the Organization's stores are valued at an average per unit selling price of individual pieces of inventory for floor inventory and the average price per pound for storeroom inventory.

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

***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.

# **The Helping Hand of Goodwill Industries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2009 and 2008**

#### ***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 having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

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.

#### ***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 2006.

#### ***Functional Allocation of Expenses***

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

#### ***Subsequent Events***

Subsequent events have been evaluated through April 20, 2010, which is the date the financial statements were available to be issued.

#### ***Reclassifications***

Certain reclassifications have been made to the 2008 financial statements to conform to the 2009 financial statement presentation. These reclassifications had no effect on the change in net assets.

# The Helping Hand of Goodwill Industries

## Notes to Consolidated Financial Statements

December 31, 2009 and 2008

### Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	<b>2009</b>	<b>2008</b>
Money market funds	\$ 81,911	\$ 186,997
Mutual funds	83,841	204,149
Equity securities	1,953,161	1,522,308
U.S. government agency securities	183,209	90,520
Corporate debt securities	494,131	482,690
	<u>\$ 2,796,253</u>	<u>\$ 2,486,664</u>

Total investment return is comprised of the following:

	<b>2009</b>	<b>2008</b>
Interest and dividend income	\$ 83,598	\$ 95,503
Net realized gains (losses)	(122,968)	(243,343)
Change in unrealized gains (losses)	501,162	(633,375)
	<u>\$ 461,792</u>	<u>\$ (781,215)</u>

### Note 3: Property and Equipment

Property and equipment at December 31 consists of:

	<b>2009</b>	<b>2008</b>
Land	\$ 954,632	\$ 954,632
Buildings and leasehold improvements	4,344,598	4,320,028
Furniture, fixtures and equipment	4,125,486	3,774,729
Vehicles	278,891	262,745
	<u>9,703,607</u>	<u>9,312,134</u>
Less accumulated depreciation and amortization	7,025,913	6,380,683
	<u>\$ 2,677,694</u>	<u>\$ 2,931,451</u>

**The Helping Hand of Goodwill Industries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2009 and 2008**

**Note 4: Line of Credit**

The Organization has a \$1,900,000 revolving bank line of credit expiring in 2010. At December 31, 2009 and 2008, there was \$893,712 and \$1,450,000, respectively, borrowed against this line. The line is collateralized by all of the Organization's investments. Interest varies with the bank's prime rate, which was 3.25% and 3.0% on December 31, 2009 and 2008, respectively, and is payable monthly.

**Note 5: Operating Leases**

Noncancellable operating leases, primarily for retail store locations, expire in various years through 2019. 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 at December 31, 2009, were:

2010	\$ 2,120,074
2011	2,119,346
2012	2,121,662
2013	1,834,322
2014	1,368,434
Thereafter	3,162,739

Rental expense for all operating leases amounted to \$3,126,493 and \$2,885,322 for the years ended December 31, 2009 and 2008, respectively.

**Note 6: Retirement Plans**

The Organization has a 403(b) retirement 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 \$63,435 and \$58,329 in 2009 and 2008, 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 2009 and 2008 was \$545,680 and \$535,453, respectively.

# The Helping Hand of Goodwill Industries

## Notes to Consolidated Financial Statements

### December 31, 2009 and 2008

#### Note 7: Disclosures About Fair Value of Assets and Liabilities

Effective January 1, 2009, the Organization adopted Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements*. Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

ASC Topic 820 defines fair value as 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. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

#### ***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, mutual funds, equity securities and U.S. government agency securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include corporate debt securities. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

# The Helping Hand of Goodwill Industries

## Notes to Consolidated Financial Statements

December 31, 2009 and 2008

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2009 and 2008:

	<b>2009</b>			
	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market funds	\$ 81,911	\$ 81,911	\$ -	\$ -
Mutual funds	83,841	83,841	-	-
Equity securities	1,953,161	1,953,161	-	-
U.S. government agency securities	183,209	183,209	-	-
Corporate debt securities	494,131	-	494,131	-
	<u>\$ 2,796,253</u>	<u>\$ 2,302,122</u>	<u>\$ 494,131</u>	<u>\$ -</u>

	<b>2008</b>			
	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market funds	\$ 186,997	\$ 186,997	\$ -	\$ -
Mutual funds	204,149	204,149	-	-
Equity securities	1,522,308	1,522,308	-	-
U.S. government agency securities	90,520	90,520	-	-
Corporate debt securities	482,690	-	482,690	-
	<u>\$ 2,486,664</u>	<u>\$ 2,003,974</u>	<u>\$ 482,690</u>	<u>\$ -</u>



# The Helping Hand of Goodwill Industries

## Notes to Consolidated Financial Statements

### December 31, 2009 and 2008

#### **Note 8: 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:

##### ***Inventories***

The Organization uses significant estimates to determine both the standard inventory quantities (pounds and/or units) and the average selling price used to value donated storeroom and floor inventories.

##### ***Contributions***

Approximately 83% of all contributions were received from one donor in 2009.

##### ***Revenue***

The Organization's contracts and programs are funded by various governmental agencies. These funds are 31% and 33% of the total revenue of the Organization for the years ended December 31, 2009 and 2008, respectively.

##### ***Litigation***

The Organization is a defendant in a lawsuit that is covered under the Organization's insurance policy. Accounting principles generally accepted in the United States of America require an Organization to accrue the expense of its share of liability claim costs, if any, for any reported and unreported claims occurring during the year by estimating the probable ultimate costs of the incidents. The Organization has accrued an amount that management believes is the best estimate of loss that will result from the litigation, including defense costs. The amount of ultimate loss could differ materially.

The Organization is subject to other claims and lawsuits that arose 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.

##### ***Current Economic Conditions***

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, declines in contributions and grant revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Organization.

**The Helping Hand of Goodwill Industries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2009 and 2008**

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. A significant decline in contribution revenue and grant revenue could have an adverse impact on the Organization's future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for contributions receivable that could negatively impact the Organization's ability to maintain sufficient liquidity.