

Consolidated Financial Statements and
Report of Independent Certified Public
Accountants

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

December 31, 2021 and 2020

Contents

	Page
Report of Independent Certified Public Accountants	3
Consolidated Financial Statements	
Consolidated statements of financial position	5
Consolidated statements of activities	6
Consolidated statements of functional expenses	8
Consolidated statements of cash flows	10
Notes to consolidated financial statements	11

GRANT THORNTON LLP

2501 E. Enterprise Ave., Suite 300
Appleton, WI 54913

D +1 920 968 6700

F +1 920 968 6719

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

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 "Company"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 Company 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 Company'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 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, 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 Company'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 Company'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.



Appleton, Wisconsin
May 25, 2022

Goodwill Industries of Southeastern Wisconsin, Inc. and Affiliates

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**December 31,
(In thousands)**

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 74,636	\$ 53,113
Accounts receivable, net	15,009	33,958
Inventories and supplies	11,755	11,221
Prepaid expenses and other assets	3,414	1,506
	<hr/>	<hr/>
Total current assets	104,814	99,798
Property, plant and equipment, net	128,411	118,828
Finance lease right-of-use assets, net	699	1,094
Operating lease right-of-use assets	85,986	89,385
Investments	654	708
Other long-term assets	306	-
	<hr/>	<hr/>
Total assets	<u>\$ 320,870</u>	<u>\$ 309,813</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Current maturities of long-term debt	\$ 13,827	\$ 2,070
Current portion of finance lease liabilities	284	412
Current portion of operating lease liabilities	11,525	11,018
Accounts payable	14,384	14,811
Accrued liabilities	18,672	14,886
Contract liability	48	166
	<hr/>	<hr/>
Total current liabilities	58,740	43,363
Long-term debt, less current maturities and unamortized bond issuance costs	8,710	29,865
Obligations under finance leases liabilities, less current portion	477	789
Obligations under operating lease liabilities, less current portion	81,654	83,186
Other long-term liabilities	1,916	5,430
	<hr/>	<hr/>
Total liabilities	151,497	162,633
Net assets		
Without donor restrictions	168,998	146,865
With donor restrictions	375	315
	<hr/>	<hr/>
Total net assets	169,373	147,180
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 320,870</u>	<u>\$ 309,813</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, 2021

(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Retail services	\$ 196,196	\$ -	\$ 196,196
Food and administrative services	94,298	-	94,298
Participant services	17,488	-	17,488
Other revenues	610	-	610
Total operating revenue	308,592	-	308,592
Contributions	2,776	320	3,096
In-kind contributions	144,328	-	144,328
Participant programs	9,356	-	9,356
Miscellaneous income	1,178	-	1,178
Net assets released from restrictions	260	(260)	-
Total operating revenue and support and net assets released from restrictions	466,490	60	466,550
Operating expenses			
Program services	412,662	-	412,662
Management and general	26,734	-	26,734
Fundraising	265	-	265
Total operating expenses	439,661	-	439,661
Excess of operating revenue and support and net assets released from restrictions over operating expenses	26,829	60	26,889
Non-operating activities			
Impairment of property, plant and equipment	(2,412)	-	(2,412)
Operating lease abandonment	(2,274)	-	(2,274)
Loss on disposal of property, plant and equipment	(10)	-	(10)
CHANGE IN NET ASSETS	22,133	60	22,193
Net assets, beginning of year	146,865	315	147,180
Net assets, end of year	<u>\$ 168,998</u>	<u>\$ 375</u>	<u>\$ 169,373</u>

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, 2020

(In thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenue and support			
Retail services	\$ 133,496	\$ -	\$ 133,496
Food and administrative services	90,403	-	90,403
Participant services	14,886	-	14,886
Other revenues	749	-	749
	<hr/>	<hr/>	<hr/>
Total operating revenue	239,534	-	239,534
Contributions	16,815	189	17,004
Grant income	2,647	-	2,647
In-kind contributions	116,310	-	116,310
Participant programs	7,596	-	7,596
Miscellaneous income	1,068	-	1,068
Net assets released from restrictions	126	(126)	-
	<hr/>	<hr/>	<hr/>
Total operating revenue and support and net assets released from restrictions	384,096	63	384,159
Operating expenses			
Program services	358,396	-	358,396
Management and general	24,592	-	24,592
Fundraising	251	-	251
	<hr/>	<hr/>	<hr/>
Total operating expenses	383,239	-	383,239
Excess of operating revenue and support and net assets released from restrictions over operating expenses	857	63	920
Non-operating activities			
Impairment of property, plant and equipment	(3,857)	-	(3,857)
Gain on disposal of property, plant and equipment	87	-	87
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	(2,913)	63	(2,850)
Net assets, beginning of year	149,778	252	150,030
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 146,865	\$ 315	\$ 147,180
	<hr/>	<hr/>	<hr/>

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, 2021
(In thousands)

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 117,676	\$ 13,347	\$ 177	\$ 131,200
Employee benefits	21,095	1,744	30	22,869
Payroll taxes	8,988	924	12	9,924
 Total salaries and related expenses	 147,759	 16,015	 219	 163,993
 In-kind supplies	 143,631	 -	 -	 143,631
Supplies and other	53,698	231	2	53,931
Rent and occupancy	31,850	945	5	32,800
Professional fees and contracted services	18,208	4,938	39	23,185
Depreciation	10,657	1,029	-	11,686
Finance lease amortization	378	17	-	395
Advertising	258	1,640	-	1,898
Transportation	3,520	110	-	3,630
Equipment purchases, rental and maintenance	2,253	1,609	-	3,862
Interest expense	44	43	-	87
Conferences and training	170	157	-	327
Specific assistance to individuals	282	-	-	282
Bad debt recoveries, net	(46)	-	-	(46)
 Total expenses	 \$ 412,662	 \$ 26,734	 \$ 265	 \$ 439,661

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, 2020
(In thousands)

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 103,727	\$ 12,269	\$ 183	\$ 116,179
Employee benefits	17,326	1,232	25	18,583
Payroll taxes	7,938	855	12	8,805
 Total salaries and related expenses	 128,991	 14,356	 220	 143,567
 In-kind supplies	 115,550	 -	 -	 115,550
Supplies and other	52,872	374	1	53,247
Rent and occupancy	28,437	606	3	29,046
Professional fees and contracted services	15,086	3,242	20	18,348
Depreciation	11,348	882	-	12,230
Finance lease amortization	510	9	-	519
Advertising	120	1,404	-	1,524
Transportation	2,879	100	-	2,979
Equipment purchases, rental and maintenance	2,162	1,339	7	3,508
Interest expense	67	2,200	-	2,267
Conferences and training	100	80	-	180
Specific assistance to individuals	317	-	-	317
Bad debt recoveries, net	(43)	-	-	(43)
 Total expenses	 \$ 358,396	 \$ 24,592	 \$ 251	 \$ 383,239

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)**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 22,193	\$ (2,850)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	12,097	12,766
Impairment of property, plant and equipment	2,412	3,857
Operating lease abandonment	2,274	-
Realized and unrealized gain on investments	(74)	(39)
Unrealized (gain) loss on interest rate swaps	(1,085)	793
Loss (gain) on disposal of property, plant and equipment	10	(87)
Change in accounts receivable allowance	(50)	(45)
Changes in operating assets and liabilities		
Accounts receivable	18,999	(22,581)
Inventories and supplies	(534)	(1,117)
Prepaid expenses and other assets	(1,908)	564
Accounts payable and accrued liabilities	269	(214)
Contract liability	(118)	43
Operating lease right-of-use assets and liabilities, net	74	462
Other long-term assets and liabilities	(2,521)	2,446
Net cash provided by (used in) operating activities	52,038	(6,002)
Cash flows from investing activities		
Purchases of property, plant and equipment	(20,599)	(2,237)
Proceeds from sale of property, plant and equipment	24	131
Purchases of investments	(50)	(54)
Net cash used in investing activities	(20,625)	(2,160)
Cash flows from financing activities		
Proceeds from line of credit	-	13,500
Repayment of line of credit	-	(13,500)
Repayment of long-term debt	(9,450)	(1,998)
Payments on finance lease liabilities	(440)	(425)
Net cash used in financing activities	(9,890)	(2,423)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,523	(10,585)
Cash and cash equivalents, beginning of year	53,113	63,698
Cash and cash equivalents, end of year	<u>\$ 74,636</u>	<u>\$ 53,113</u>
Supplemental disclosure of cash flow information		
Cash payments for interest	<u>\$ 1,041</u>	<u>\$ 1,434</u>
Non-cash transactions		
Assets acquired under finance leases	\$ -	\$ 207
Purchase of property and equipment financed through operating leases	16,987	12,448
Purchase of property and equipment in accounts payable	3,090	2,051
Donated goods and materials contributed for resale	144,328	115,551

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, 2021 and 2020
(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, 2021 and 2020, Goodwill has \$375 and \$315, 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, 2021 and 2020
(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 impairment of property, plant and equipment, operating lease abandonment and (loss) gain on disposal of property, plant and equipment.

Contributed Goods and Services and Donations In-Kind

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions to be received after one year are discounted 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. 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.

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.

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 \$661 and \$1,097 that have not been recognized at December 31, 2021 and 2020, respectively, because qualifying expenditures have not yet been incurred.

Cash and Cash Equivalents

Goodwill considers all highly liquid investments with original maturities of three 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.

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

December 31, 2021 and 2020
(In thousands)

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

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 doubtful accounts. 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 doubtful accounts. Total allowances for uncollectible balances were \$235 and \$285 as of December 31, 2021 and 2020, 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, 2021 and 2020. Contributions receivable of \$0 and \$15,000 were included in accounts receivable on the consolidated statements of financial position as of December 31, 2021 and 2020, respectively. The contribution receivable as of December 31, 2020 is from one donor and represented 45% of total accounts receivable and 88% of total contributions for the year ended December 31, 2020.

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 4 to 50 years; and equipment and vehicles from 3 to 15 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 ranging from 5 to 10 years. Amortization of assets held under finance leases is included in depreciation expense.

During the year ended December 31, 2020, as a result of a change in the use of certain property, management had the property appraised by a third party. Based on the property appraisal, management determined that various land, building and building improvements reflected in property, plant and equipment related to a specific property were impaired. An impairment loss of \$3,857 was recognized in the consolidated statement of activities during the year ended December 31, 2020.

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

December 31, 2021 and 2020
(In thousands)

Based on market activity during 2021, and offers received to purchase the building shortly after December 31, 2021, which indicated the value of the land, building and building improvements were further impaired, the Company recognized an additional impairment loss of \$2,412 in the consolidated statement of activities during the year ended December 31, 2021. Subsequent to December 31, 2021, the associated land, building and building improvements were sold. See Note Q for further discussion.

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 \$51 and \$17 for the years ended December 31, 2021 and 2020, 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.

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.

During 2021, Goodwill determined that certain property being leased was no longer a viable option for future development. As the leased property is no longer in use, an impairment of \$2,274 of the operating lease right-of-use asset was recognized during the year ended December 31, 2021, which is recorded in operating lease abandonment in the consolidated statements of activities.

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

December 31, 2021 and 2020
(In thousands)

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 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.

Advertising

Goodwill expenses the cost of advertising as incurred. Advertising expense for the years ended December 31, 2021 and 2020, was \$1,898 and \$1,524, 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 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 Financial Accounting Standards Board (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, 2021 and 2020, 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 2018 through 2021. Tax years open under the state of Wisconsin and state of Illinois statutes include 2017 through 2021. 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, but does not plan to file such return for 2021. 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.

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

December 31, 2021 and 2020
(In thousands)

Fair Value Measurements

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 methodologies used at December 31, 2021 or 2020.

The carrying amount of cash, inventory, accounts payable and accrued expenses approximate fair value due to the short-term nature of those investments. Accounts receivable are stated at net realizable value. Long-term debt consists of bank loans. Based on Goodwill's assessment of the current financial market and corresponding risk associated with the debt, management believes the carrying amount of long-term debt approximates fair value.

Upcoming Accounting Pronouncements

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The guidance requires contributed nonfinancial assets to be presented as a separate line item on the statement of activities, apart from cash and other financial asset contributions. The guidance also requires disclosure of the types of contributed nonfinancial assets and, for each category, information about whether the assets were monetized or utilized, a description of the policies to monetize or utilize such assets, a description of donor-imposed restrictions associated with the contributions, and a description of the valuation techniques and principal market used to arrive at a fair value measure at initial recognition. The guidance will be effective for Goodwill for the year ending December 31, 2022. Organizations are required to apply the guidance on a retrospective basis, and early adoption is permitted.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04, and subsequent amendments, contain practical expedients for reference rate reform related activities that impact debt, leases, derivatives and other contracts to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate (LIBOR) and other interbank offered rates to alternative reference rates. The guidance in ASU 2020-04 is optional and may be elected over time as reference rate reform activities occur. Goodwill is currently evaluating the impact the adoption of this standard will have on the consolidated financial statements and related disclosures.

Adopted Accounting Pronouncement

In April 2020, the FASB staff issued a question-and-answer document ("Q&A") that addresses their belief that the guidance on lease modifications in GAAP does not contemplate concessions being executed as rapidly as they were executed as a result of the major financial crisis arising from the COVID-19 pandemic. In the Q&A, the staff stated that entities may elect to not evaluate whether a concession provided by a lessor to a lessee in response to the COVID-19 pandemic is a lease modification. This election must be applied consistently to leases with similar characteristics and circumstances. The election permits entities, if certain criteria are met, to account for concessions as if they were contemplated in the existing contract or evaluate the lease concessions for lease modification accounting. If elected, abatement concessions are accounted for as negative variable rental revenue and rent deferrals are accounted for as if the lease is unchanged. Goodwill elected to utilize the relief provided by the FASB staff in 2020. This election did not have a material impact on the consolidated financial statements as of December 31, 2021 and 2020.

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

December 31, 2021 and 2020
(In thousands)

NOTE C - INVENTORIES AND SUPPLIES

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

	2021	2020
Retail merchandise	\$ 10,904	\$ 10,195
Food	851	1,026
	<u>\$ 11,755</u>	<u>\$ 11,221</u>
Inventories and supplies		

NOTE D - PROPERTY, PLANT AND EQUIPMENT

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

	2021	2020
Land	\$ 33,226	\$ 31,157
Land improvements	10,451	9,044
Buildings and improvements	180,031	174,908
Equipment and vehicles	69,370	56,352
Construction in process	246	660
	<u>293,324</u>	<u>272,121</u>
Total property, plant and equipment		
	<u>(164,913)</u>	<u>(153,293)</u>
Less accumulated depreciation and amortization		
Property, plant and equipment, net	<u>\$ 128,411</u>	<u>\$ 118,828</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, 2021 and 2020. The agreement expires on May 31, 2023. Borrowings under the line-of-credit agreement bear interest at a variable rate (1.84% as of December 31, 2021). There was no outstanding balance as of December 31, 2021 and 2020. 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, 2021 and 2020.

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

December 31, 2021 and 2020
(In thousands)

NOTE F - LONG-TERM DEBT

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

	<u>2021</u>	<u>2020</u>
WHEFA Revenue Bonds, Series 2014A. The bonds were paid in full during 2021.	\$ -	\$ 6,536
WHEFA Revenue Bonds, Series 2014B. The bonds were paid in full during 2021.	-	1,634
WHEFA Revenue Bonds, Series 2014C, due in annual installments ranging from \$722 to \$1,201 through November 2035. The bonds bear interest, due monthly, at variable rates (1.30% at December 31, 2021). Collateralized by certain buildings. The bonds were paid in full in March 2022; see Note Q.	13,212	13,907
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 (1.23% at December 31, 2021). Collateralized by certain buildings.	<u>9,480</u>	<u>10,065</u>
Total debt	22,692	32,142
Less current maturities	(13,827)	(2,070)
Less unamortized bond issuance costs	<u>(155)</u>	<u>(207)</u>
Long-term debt, less current maturities and unamortized bond issuance costs	<u>\$ 8,710</u>	<u>\$ 29,865</u>

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.

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

December 31, 2021 and 2020
(In thousands)

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

Maturity Date	Fixed Rate	Total Interest Rate	Notional Amount	Outstanding Notional Amount	Fair Value Liability	
					2021	2020
May 2, 2022	2.20%	2.09%	\$ 8,940	\$ 7,380	\$ (65)	\$ (226)
December 1, 2024	1.85	1.74	3,500	2,571	(81)	(167)
December 1, 2024	2.51	2.39	11,160	9,480	(437)	(818)
December 1, 2025	2.69	2.56	8,139	6,835	(679)	(1,137)
					<u>\$ (1,262)</u>	<u>\$ (2,348)</u>

The total change in the fair value of interest rate swaps was recognized in interest expense as a gain of \$1,085 in 2021 and a loss of \$793 in 2020.

The bonds payable contain certain restrictive covenants that, among other things, require Goodwill to maintain certain liquidity. Goodwill was in compliance with these covenants as of December 31, 2021 and 2020.

Aggregate scheduled principal payments on long-term debt and amortization expense of bond issuance costs as of December 31, 2021, are as follows:

	Long-Term Debt	Bond Issuance Costs
2022	\$ 13,827	\$ 93
2023	640	6
2024	585	6
2025	585	6
2026	585	6
Thereafter	6,470	38
	<u>\$ 22,692</u>	<u>\$ 155</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;

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

December 31, 2021 and 2020
(In thousands)

- 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 as Goodwill performs. 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.

NOTE H - LEASES

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

	2021	2020
Finance lease expenses:		
Amortization of right-of-use assets	\$ 395	\$ 519
Interest on lease liabilities	50	68
Total finance lease expense	445	587
Operating lease expense	14,559	12,808
Total lease expense	\$ 15,004	\$ 13,395

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

December 31, 2021 and 2020
(In thousands)

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

	2021	2020
Weighted-average remaining lease term (in years):		
Finance leases	3	3
Operating leases	10	10
Weighted-average discount rate:		
Finance leases	5.7%	5.1%
Operating leases	3.5%	3.5%

As of December 31, 2021, future minimum lease payments under non-cancellable leases are as follows:

	Finance Leases	Operating Leases	Total
2022	\$ 319	\$ 14,505	\$ 14,824
2023	296	12,979	13,275
2024	175	11,750	11,925
2025	35	11,008	11,043
2026	-	10,192	10,192
Thereafter	-	49,878	49,878
Total future minimum lease payments	825	110,312	111,137
Less: discount	(64)	(17,133)	(17,197)
Lease liability	\$ 761	\$ 93,179	\$ 93,940

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 \$94,298 and \$90,403 in 2021 and 2020, or 29% and 34%, respectively, of operating revenue and support related to this customer. This customer accounted for \$8,323 and \$12,359 or 55% and 36%, respectively, of the total accounts receivable balance as of December 31, 2021 and 2020.

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.

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

December 31, 2021 and 2020
(In thousands)

NOTE J - EMPLOYEE BENEFIT PLANS

Goodwill has a defined contribution plan that covers substantially all of its full-time employees. The plan covers eligible employees who have completed one year of service, as defined in the plan, and have attained the age of 21. 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 limitations. 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 2021 and 2020, Goodwill's contributions, net of forfeitures, to the plan were \$4,415 and \$1,498, 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, 2021 and 2020.

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 or post-tax basis, subject to annual IRS limitations. An asset and a liability of \$654 and \$708 are included on Goodwill's consolidated statements of financial position as of December 31, 2021 and 2020, 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.

Goodwill's operating revenue includes approximately \$0 and \$19 for 2021 and 2020, respectively, from companies with which certain Goodwill directors and management staff members are associated. Goodwill's purchased services and products include approximately \$185 and \$1,521 for 2021 and 2020, respectively, from companies with which certain Goodwill directors and management staff members are associated.

Contributions include donations received from Goodwill directors and management staff members, which totaled \$71 and \$108 for 2021 and 2020, respectively. There were no outstanding pledges from Goodwill directors and management staff members at December 31, 2021 and 2020.

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

December 31, 2021 and 2020
(In thousands)

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; and
- 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, 2021 and 2020.

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 swaps) - The fair value of Goodwill's interest rate swap agreements 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 swaps is based on quotes from the counterparty of these instruments and represents the estimated amount that Goodwill would expect to receive or pay to terminate the agreements.

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, 2021 and 2020, 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, 2021 and 2020
(In thousands)

The following table presents information about Goodwill's assets and liabilities measured at fair value as of December 31, 2021, 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	\$ 654	\$ -	\$ -	\$ 654
Liabilities				
Derivative liability, net (interest rate swaps)	-	1,262	-	1,262

The following table presents information about Goodwill's assets and liabilities measured at fair value as of December 31, 2020, 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	\$ 708	\$ -	\$ -	\$ 708
Liabilities				
Derivative liability, net (interest rate swaps)	-	2,348	-	2,348

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:

	2021	2020
Cash and cash equivalents	\$ 74,636	\$ 53,113
Accounts receivable, net	15,009	33,958
	<u>\$ 89,645</u>	<u>\$ 87,071</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 - RISKS AND UNCERTAINTIES

The COVID-19 pandemic has impacted and could further impact Goodwill's business and operations and the operations of its suppliers, vendors and customers. The pandemic continues to significantly impact global and U.S. economic conditions as federal, state and local governments react to the public health crisis with mitigation measures, creating significant uncertainties in the U.S. and global economies. The extent to which the pandemic will continue to affect Goodwill's business, operations and financial results will depend on numerous factors that it may not be able to accurately predict and which may cause the actual results to differ from the estimates and assumptions Goodwill is required to make in preparation of consolidated financial statements according to U.S. GAAP.

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

December 31, 2021 and 2020
(In thousands)

NOTE P - CARES ACT

As a result of the COVID-19 pandemic and pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Goodwill deferred payment of applicable employment taxes in the amount of \$4,748 during the year ended December 31, 2020. Under the CARES Act, 50% of the total deferred employment tax was to be repaid on December 31, 2021, with the remaining amount due on December 31, 2022. As such, \$1,884 and \$2,374 is recorded in accrued liabilities as of December 31, 2021 and 2020, respectively, and \$0 and \$2,374 is recorded in other long-term liabilities as of December 31, 2021 and 2020, respectively, on the consolidated statements of financial position.

Also in connection with the CARES Act, during the year ended December 31, 2020, Goodwill recognized \$2,647 related to refundable payroll tax credits for qualified wages paid to retained full-time employees. This is included in grant income on the consolidated statement of activities during the year ended December 31, 2020. No amounts are recorded for the year ended December 31, 2021.

NOTE Q - SUBSEQUENT EVENTS

Goodwill evaluated its December 31, 2021, consolidated financial statements for subsequent events through May 25, 2022, the date the consolidated financial statements were available to be 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 March 17, 2022, the WHEFA Revenue Bonds, Series 2014C, were paid in full.

Effective March 31, 2022, Goodwill sold its headquarters.

Effective May 9, 2022, the line of credit was amended to extend the expiration date to May 31, 2023.