GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
AND ACCOMPANYING INFORMATION

As of and for the Years Ended December 31, 2025 and 2024

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
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Report of Independent Auditor

To the Board of Directors
Goodwill Industries of the Southern Piedmont, Inc. and Subsidiary
Charlotte, North Carolina

Opinion

We have audited the accompanying consolidated financial statements of Goodwill Industries of the Southern Piedmont, Inc. and Subsidiary (collectively, "Goodwill") which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goodwill as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Goodwill 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 Consolidated 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.

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 Goodwill's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 Goodwill'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 Goodwill'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 audits, significant audit findings, and certain internal control related matters that we identified during the audit.

Accompanying Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The accompanying information, which includes the consolidating schedules of financial position, activities, and cash flows is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from, and related directly to, the underlying accounting and other records used to prepare the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Charlotte, North Carolina
May 22, 2026

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 14,348,830	$ 8,477,054
Accounts receivable and unreimbursed costs, net	1,059,996	1,299,051
Contributions receivable, net (Note 4)	231	6,155
Prepaid expenses	1,870,386	1,989,409
Inventory (Note 5)	7,674,004	7,309,030
Investments (Notes 6 and 9)	10,031,585	11,176,097
Total Current Assets	34,985,032	30,256,796
Land, buildings, and equipment, net (Note 7)	39,798,084	41,237,419
Operating right-of-use assets (Note 12)	57,650,418	58,098,771
Deferred compensation investments (Notes 8 and 9)	805,814	648,757
Other noncurrent assets	127,496	98,838
Total Assets	$ 133,366,844	$ 130,340,581
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 1,657,469	$ 1,580,852
Accrued liabilities	5,588,404	4,508,623
Current portion of long-term debt (Note 10)	1,388,705	849,450
Current portion of finance lease liabilities (Note 12)	282,786	279,175
Current portion of operating lease liabilities (Note 12)	7,184,799	6,861,818
Deferred grant revenue	1,360	419,200
Total Current Liabilities	16,103,523	14,499,118
Deferred compensation	954,766	737,468
Long-term debt, less current portion (Note 10)	15,348,285	17,176,199
Finance lease liabilities, less current portion (Note 12)	338,118	614,107
Operating lease liabilities, less current portion (Note 12)	51,691,989	51,969,051
Other long term liabilities	2,300	-
Total Liabilities	84,438,981	84,995,943
Net Assets:		
Without donor restrictions	48,927,384	45,343,060
With donor restrictions (Note 13)	479	1,578
Total Net Assets	48,927,863	45,344,638
Total Liabilities and Net Assets	$ 133,366,844	$ 130,340,581

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

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:						
Retail program (Note 14)	$ 69,908,699	$ -	$ 69,908,699	$ 68,623,589	$ -	$ 68,623,589
Government service fees and grants	-	-	-	30,000	-	30,000
Other service fees and grants	1,139,516	-	1,139,516	1,002,192	-	1,002,192
GoodWork Staffing Program	7,130,765	-	7,130,765	7,522,116	-	7,522,116
Food services	212,977	-	212,977	216,813	-	216,813
Environmental enterprises (Note 14)	56,959	-	56,959	96,893	-	96,893
Cars for work program (Note 2)	209,423	-	209,423	162,556	-	162,556
Contributions - donated goods (Note 2 and 14)	15,704,180	-	15,704,180	13,302,810	-	13,302,810
Contributions - other	600,140	10,280	610,420	558,004	6,376	564,380
Other income	4,160,407	-	4,160,407	273,389	-	273,389
Investment return, net (Note 6)	1,035,926	-	1,035,926	947,030	-	947,030
Release from restriction	11,379	(11,379)	-	4,798	(4,798)	-
Total Revenues, Gains, and Other Support	100,170,371	(1,099)	100,169,272	92,740,190	1,578	92,741,768
Expenses:						
Program Services:						
Career development services	4,410,223	-	4,410,223	4,325,143	-	4,325,143
Occupational skills and job training support	5,350,169	-	5,350,169	6,247,731	-	6,247,731
Employment services	7,323,489	-	7,323,489	7,669,228	-	7,669,228
Retail program (Note 14)	70,178,635	-	70,178,635	68,937,295	-	68,937,295
Total Program Services	87,262,516	-	87,262,516	87,179,397	-	87,179,397
Supporting Services:						
Management and general	10,797,034	-	10,797,034	10,747,899	-	10,747,899
Fundraising	526,497	-	526,497	405,151	-	405,151
Total Supporting Services	11,323,531	-	11,323,531	11,153,050	-	11,153,050
Total Expenses	98,586,047	-	98,586,047	98,332,447	-	98,332,447
Change in net assets before nonoperating changes	1,584,324	(1,099)	1,583,225	(5,592,257)	1,578	(5,590,679)
Nonoperating Changes:						
Transfer from Goodwill Industries of Southern Piedmont Foundation, Inc. (Note 15)	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Total Nonoperating Changes	2,000,000	-	2,000,000	2,000,000	-	2,000,000
Change in net assets	3,584,324	(1,099)	3,583,225	(3,592,257)	1,578	(3,590,679)
Net assets, beginning of year	45,343,060	1,578	45,344,638	48,935,317	-	48,935,317
Net assets, end of year	$ 48,927,384	$ 479	$ 48,927,863	$ 45,343,060	$ 1,578	$ 45,344,638

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

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2025

	Program Services					Supporting Services			
	Training/Job Support		Work Opportunities						
	Career Development Services	Occupational Skills and Job Training Support	Employment Services	Retail Program Retail	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 2025
Expenses:									
Salaries and Related Expenses:									
Salaries and wages	$ 2,544,300	$ 3,287,305	$ 6,009,775	$ 34,790,018	$ 46,631,398	$ 5,612,393	$ 333,941	$ 5,946,334	$ 52,577,732
Employee benefits	434,704	489,986	165,396	5,037,725	6,127,811	834,230	54,228	888,458	7,016,269
Payroll taxes	223,469	290,617	693,258	3,271,651	4,478,995	463,319	30,179	493,498	4,972,493
Total Salaries and Related Expenses	3,202,473	4,067,908	6,868,429	43,099,394	57,238,204	6,909,942	418,348	7,328,290	64,566,494
Professional fees and contract services	276,867	468,478	221,342	2,976,669	3,943,356	1,642,346	34,034	1,676,380	5,619,736
Staff training and development	56,281	41,052	15,283	4,574	117,190	180,132	2,024	182,156	299,346
Supplies	45,242	119,392	7,037	2,969,724	3,141,395	149,854	3,262	153,116	3,294,511
Telephone	46,555	54,844	12,446	342,359	456,204	38,172	1,151	39,323	495,527
Postage and shipping	286	381	99	1,486,408	1,487,174	3,929	82	4,011	1,491,185
Occupancy	411,885	159,403	30,364	15,080,965	15,682,617	929,159	10,134	939,293	16,621,910
Rental and maintenance of equipment	914	1,472	59	594,782	597,227	1,010	9	1,019	598,246
Printing and publications	55,708	131,914	87,576	398,502	673,700	52,913	13,095	66,008	739,708
Travel and transportation	40,606	12,736	58,842	658,543	770,727	84,037	3,218	87,255	857,982
Conferences, conventions, and meetings	5,916	30,271	3,259	78,121	117,567	57,047	18,569	75,616	193,183
Special assistance to individuals and organizations	5,199	430	31	4,064	9,724	10,958	-	10,958	20,682
Membership dues and support	2,909	6,846	3,147	9,407	22,309	280,188	7,617	287,805	310,114
Awards and grants	7,223	4,318	1,248	30,129	42,918	36,735	3,886	40,621	83,539
Miscellaneous expenses	94	29,735	6	12,212	42,047	2,157	4,523	6,680	48,727
Depreciation and amortization	252,065	220,989	14,321	2,432,782	2,920,157	418,455	6,545	425,000	3,345,157
Total Expenses	$ 4,410,223	$ 5,350,169	$ 7,323,489	$ 70,178,635	$ 87,262,516	$ 10,797,034	$ 526,497	$ 11,323,531	$ 98,586,047

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

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	Program Services					Supporting Services			
	Training/Job Support		Work Opportunities						
	Career Development Services	Occupational Skills and Job Training Support	Employment Services	Retail Program Retail	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 2024
Expenses:									
Salaries and Related Expenses:									
Salaries and wages	$ 2,765,196	$ 3,740,858	$ 6,592,389	$ 35,252,450	$ 48,350,893	$ 5,763,713	$ 273,743	$ 6,037,456	$ 54,388,349
Employee benefits	326,924	431,533	116,497	4,068,840	4,943,794	580,447	25,965	606,412	5,550,206
Payroll taxes	250,370	337,374	581,090	3,290,600	4,459,434	464,624	25,248	489,872	4,949,306
Total Salaries and Related Expenses	3,342,490	4,509,765	7,289,976	42,611,890	57,754,121	6,808,784	324,956	7,133,740	64,887,861
Professional fees and contract services	310,294	778,275	141,862	2,950,672	4,181,103	1,626,191	28,447	1,654,638	5,835,741
Staff training and development	4,909	17,099	1,062	5,589	28,659	167,466	2,301	169,767	198,426
Supplies	46,376	146,834	12,726	3,555,894	3,761,830	152,722	4,131	156,853	3,918,683
Telephone	54,679	56,350	14,055	346,332	471,416	47,456	1,648	49,104	520,520
Postage and shipping	51	682	33	1,330,874	1,331,640	3,870	51	3,921	1,335,561
Occupancy	351,129	219,146	42,973	13,716,527	14,329,775	617,904	9,476	627,380	14,957,155
Rental and maintenance of equipment	4,289	7,308	316	569,037	580,950	6,475	93	6,568	587,518
Printing and publications	53,405	124,697	95,431	468,086	741,619	60,810	15,993	76,803	818,422
Travel and transportation	38,578	20,920	44,933	714,926	819,357	94,320	4,534	98,854	918,211
Conferences, conventions, and meetings	12,383	49,279	6,225	112,243	180,130	5,935	-	5,935	186,065
Special assistance to individuals and organizations	2,343	366	-	3,613	6,322	-	-	-	6,322
Membership dues and support	2,773	6,233	2,761	8,798	20,565	259,370	2,074	261,444	282,009
Awards and grants	5,853	6,082	2,052	35,221	49,208	45,456	5,674	51,130	100,338
Miscellaneous expenses	-	61,228	-	-	61,228	424,822	-	424,822	486,050
Depreciation and amortization	95,591	243,467	14,823	2,507,593	2,861,474	426,318	5,773	432,091	3,293,565
Total Expenses	$ 4,325,143	$ 6,247,731	$ 7,669,228	$ 68,937,295	$ 87,179,397	$ 10,747,899	$ 405,151	$ 11,153,050	$ 98,332,447

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Cash flows from operating activities:		
Change in net assets	$ 3,583,225	$ (3,590,679)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	3,332,450	3,279,793
Amortization of debt issuance costs	12,707	13,772
Noncash lease expense	494,272	448,161
(Gain) loss on disposal of land, buildings, and equipment	(2,000)	21,746
Net unrealized and realized gains on investments	(546,610)	(515,837)
Change in:		
Accounts receivable and unreimbursed costs	(760,945)	3,488,379
Contributions receivable	5,924	34,096
Prepaid expenses	119,023	(265,971)
Inventory	(364,974)	(719,184)
Deferred compensation investments	(157,057)	(73,042)
Other noncurrent assets	(28,658)	(8,585)
Accounts payable	1,076,617	(2,823,149)
Accrued liabilities	1,079,781	445,738
Other long term liabilities	2,300	-
Deferred compensation	217,298	108,414
Deferred grant revenue	(417,840)	419,200
Net cash flows from operating activities	7,645,513	262,852
Cash flows from investing activities:		
Purchase of land, buildings, and equipment	(1,891,115)	(3,216,390)
Purchases of investments	1,774,217	(744,253)
Proceeds from sales of investments	(83,095)	466,235
Net cash flows from investing activities	(199,993)	(3,494,408)
Cash flows from financing activities:		
Payments on long-term debt	(1,301,366)	(850,125)
Proceeds from line of credit	-	2,500,000
Principal payments on finance lease liabilities	(272,378)	(101,642)
Net cash flows from financing activities	(1,573,744)	1,548,233
Net change in cash and cash equivalents	5,871,776	(1,683,323)
Cash and cash equivalents, beginning of year	8,477,054	10,160,377
Cash and cash equivalents, end of year	$ 14,348,830	$ 8,477,054

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

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 826,272	$ 742,269
Supplemental noncash financing activities:		
Right-of-use asset obtained in exchange for operating lease liabilities	$ 4,741,112	$ 23,391,419
Right-of-use asset obtained in exchange for financing lease liabilities	$ -	$ 162,772

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

Note 1—Nature of organization and significant accounting policies

Nature of Organization – Goodwill Industries of the Southern Piedmont, Inc. and Subsidiary (collectively "Goodwill") is a not-for-profit organization headquartered in Charlotte, North Carolina. Goodwill provides employment and training services for persons with vocational barriers. Goodwill also provides temporary staffing services through the GoodWork Staffing Program. Goodwill is funded significantly through the sale of donated merchandise through its retail stores in North and South Carolina and various other programs and contributions.

Goodwill Opportunity Campus LLC, a solely owned subsidiary of Goodwill, was created to hold land and construct a new facility to be known as the Goodwill Opportunity Campus ("GOC") located in Charlotte, North Carolina. Construction of the facility was completed in May 2016. GOC features a 160,000 square foot career services center located on an 18-acre site and offers access to technology, assessment, and testing in a comfortable environment, personalized mentoring and coaching, a warm hand-off to strategic partner agencies located on campus, work experiences through Goodwill's on-site enterprises and expanded skill development capabilities. In addition to providing training and employment opportunities, the facility houses Goodwill's business enterprise operations, administrative support services, and workforce services operations. It also includes a Goodwill Outlet Store, community conference center, and partner-provided financial services, food services, and health and wellness services.

Principles of Consolidation – The accompanying consolidated financial statements include the accounts of the Goodwill Industries of the Southern Piedmont, Inc. and its subsidiary, Goodwill Opportunity Campus LLC. Significant affiliated transactions and balances are eliminated when the separate financial statements are consolidated.

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

> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Goodwill. These net assets may be used at the discretion of Goodwill's management and the Board of Directors.
>
> *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Goodwill or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Recognition of Support and Revenues – Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. It is Goodwill's policy to record revenues with donor restrictions and investment returns thereon that are received and expended in the same accounting period in the without donor restrictions net asset category.

Note 1—Nature of organization and significant accounting policies (continued)

Contributions, including grants and sponsorships, are recognized when cash, other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Transfers from Goodwill of the Southern Piedmont Foundation are recognized as contribution revenue in the consolidated statement of activities.

Recognition of Program Service Revenues – Program service revenues including the retail program, GoodWork staffing, food services, and environmental enterprises are recorded at the time of sale. All performance obligations are considered met at the time of sale except in the case of advance payments for GoodWork staffing, which are recorded as deferred revenue until the performance obligation has been met. Sales tax collected from customers as part of the sale, is excluded from revenue and the obligation is included in taxes payable until the taxes are remitted to the state of North Carolina.

Other income - During the year ended December 31, 2025, Goodwill received insurance proceeds related to business interruption totaling $3,584,659, which are included in other income in the accompanying consolidated statement of activities.

Cash and Cash Equivalents – Cash and cash equivalents include cash, money market accounts, and short-term investments with original maturities of three months or less.

Concentration of Credit Risk – Goodwill places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. From time to time, Goodwill may have amounts on deposit in excess of the insured limits.

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

Accounts Receivable – Accounts receivable are recognized at their contract price at the time the service is completed. Accounts receivable is considered past due or delinquent when payment is not received within the credit limit extended to the customer, normally 30 days. Goodwill reserves the right to charge customers late fees or interest on delinquent accounts receivable. Management has established an allowance for credit losses of $29,290 and $104,431 as of December 31, 2025 and 2024, respectively.

Credit Losses – Provisions for credit losses that are estimated through Goodwill's prescribed method of estimating losses are recorded against earnings through a corresponding entry to an allowance for credit losses. Financial assets are presented net of the allowance for credit losses. Any recoveries of amounts previously estimated as a credit loss are recorded against the allowance for credit losses. Scheduled payments which are not made by customers within eight months are considered past due.

In accordance with ASC 326, *Financial Instruments - Credit Losses,* Goodwill estimates the allowance for credit losses using relevant available information about expected credit losses and the loss rate method. Inputs to the model include information about historic credit losses, customer attributes, past events, current conditions, and reasonable and supportable forecasts. Adjustments to historical loss information are made for differences in current receivable-specific risk characteristics such as changes in the economy and demand trends, or other relevant factors. Financial assets measured at amortized cost primarily consist of trade receivables.

Goodwill's financial assets were assessed for expected credit losses utilizing risk pools based on customer type. Types of customers that are pooled together share similar risk characteristics and take into credit quality indicators such as account payment history, risk profile, financial health, and other publicly available information as of December 31, 2025.

Note 1—Nature of organization and significant accounting policies (continued)

Goodwill charges off previously reserved financial assets when the asset is no longer considered to be collectible by adjusting the allowance for credit losses with a corresponding entry to derecognize the financial asset by the amount deemed to be uncollectible.

Changes in the allowance for credit losses are as follows for the years ended December 31:

	2025	2024
Balance, beginning of period	$ 104,431	$ 203,482
Provisions for credit losses of the period	(59,420)	(28,637)
Write-offs, net of recoveries	(15,721)	(70,414)
Balance, end of period	$ 29,290	$ 104,431

The assessment of the correlation between historical losses, current conditions, and forecasted economic conditions requires judgment. Alternative interpretations of these factors could have resulted in different conclusions regarding the allowance for credit losses. The amount of credit loss is sensitive to changes in circumstances and forecasted economic conditions. Goodwill's historical credit loss experience, current conditions, and forecast of economic conditions may also not be representative of the customers' actual default experience in the future.

Contributions Receivable – Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated cash flows. The discounts on contributions receivable are computed using a rate commensurate with the risk of the contributions receivable in accordance with fair value accounting standards. Amortization of the discount is included in contribution revenue. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Management determines the allowance for doubtful contributions receivable by identifying troubled accounts and applying overall estimates on uncollectibility.

Investments – All investments are reported at cost of purchased and thereafter at fair value based on quoted market prices with gains and losses included in the consolidated statements of activities. Investments received by gift are recorded at fair value at the date of the gift.

Goodwill's investments include various types of securities that are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect amounts reported in the consolidated financial statements.

Inventory – Inventory consists primarily of merchandise donated and held for sale. Donated inventory is stated at estimated fair value at the date of donation. Estimated fair value is based on retail sales for similar merchandise; therefore, the amounts Goodwill will ultimately realize could differ materially in the near term. Purchased goods are stated at cost.

Note 1—Nature of organization and significant accounting policies (continued)

Land, Buildings, and Equipment, Net – Land, buildings, and equipment are stated at cost. Minor renewals and replacements are expensed when incurred.

Depreciation on buildings and equipment is calculated on the straight-line method over the estimated economic lives of the respective assets held, which are as follows:

Land improvements	10 - 27 years
Buildings	20 - 40 years
Production and store equipment	5 - 10 years
Automobiles and transportation equipment	3 - 5 years
Office furniture	3 - 10 years
Software	5 years
Leasehold improvements	Shorter of lease term or useful lives

Deferred Revenue – Deferred revenue represents revenue from contracts not yet earned and/or recognized. These funds are recognized as revenue as they are expended.

Deferred Loan Costs – Deferred loan costs are amortized over the life of the loan using the straight-line method, which closely approximates the effective interest method. Deferred loan costs, net of accumulated amortization, are included as a reduction to the carrying amount of the related notes payable on the consolidated statements of financial position.

Donated Equipment and Services – Donated equipment and services are reported as contributions in the consolidated financial statements at their estimated fair value on the date of receipt or when the service is completed.

Income Taxes – Goodwill is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3). Management evaluated Goodwill's tax positions and concluded that Goodwill had taken no uncertain tax positions that require adjustment to the consolidated financial statements. Accordingly, no provision for income taxes has been reflected in the accompanying consolidated financial statements.

Advertising – Goodwill expenses advertising expenses when they are incurred. Advertising expenses totaled $739,709 and $818,422 for the years ended December 31, 2025 and 2024, respectively.

Fundraising – Goodwill expenses fundraising expenses when they are incurred. Fundraising expenses include expenses for radio and television advertisements and direct mailings that involve solicitations for contributions, including financial contributions and donated goods. Fundraising expenses totaled $526,497 and $405,151 for the years ended December 31, 2025 and 2024, respectively.

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

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

Note 2—Contributions of nonfinancial assets

For the years ended December 31, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2025	2024
Contributed nonfinancial assets:		
Donated goods	$ 15,704,180	$ 13,302,810
Cars for work program	209,423	162,556
Total contributed nonfinancial assets	$ 15,913,603	$ 13,465,366

Donated Goods – Goodwill receives a variety of clothing, furniture, electronics, and other household goods to be sold at its retail locations, online or through salvage sales. Donated goods are not accepted with any explicit donor restrictions. The proceeds from the sale of donated goods are used for both program services and supporting services. Goodwill recognizes the fair value of donated goods based on the retail sales price less the cost of the retail program as further described in Note 14.

Cars for Work – Goodwill receives proceeds from donated vehicles that are received and sold through a third party service and sold at fair value to unrelated third parties. The proceeds are generally received without donor restrictions and used at the discretion of Goodwill.

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at December 31:

	2025	2024
Short-term financial assets at year-end:		
Cash and cash equivalents	$ 14,348,830	$ 8,477,054
Accounts receivable and unreimbursed costs, net	1,059,996	1,299,051
Contributions receivable, net	231	6,155
Investments	10,031,585	11,176,097
Financial assets available to meet general expenditures within one year	$ 25,440,642	$ 20,958,357

Goodwill considers general expenditures to include program expenses, supporting services, and any other commitments or liabilities to be paid in the subsequent year. As part of Goodwill's liquidity management plan, it structures its financial assets to be available as its obligations come due. Goodwill's policy is to maintain two months' worth of working capital available in cash or other liquid assets. Long-term financial assets, including contributions receivable, note receivable, and deferred compensation investments, have been excluded from financial assets as they are not available for expenditure due to the timing of collection or limits on their use. Goodwill also maintains one line of credit with a maximum availability of $2,500,000. The line of credit is discussed in more detail in Note 10.

Note 4—Contributions receivable, net

As of December 31, 2025 and 2024, contributions receivable, net relate primarily to the capital campaign for Digital Literacy. At December 31, contributions receivable are expected to be realized in the following periods:

	2025	2024
Less than one year	$ 231	$ 10,929
Less discount to present value	-	(1,725)
Less allowance for doubtful contributions receivable	-	(3,049)
	231	6,155
Less current portion, net	231	6,155
Noncurrent portion, net	$ -	$ -

Note 5—Inventory

Inventory at December 31 is comprised of the following:

	2025	2024
Donated goods	$ 7,674,004	$ 7,309,030

Note 6—Investments

Investments at December 31 are as follows:

	2025		
	Cost	Fair Value	Unrealized Gains (Losses)
Exchange-traded corporate bond funds	$ 2,439,071	$ 2,877,038	$ 437,967
Money market funds	770,686	770,686	-
Hedge funds	646,135	676,501	30,366
Mutual funds	5,554,684	5,707,360	152,676
	$ 9,410,576	$ 10,031,585	$ 621,009

	2024		
	Cost	Fair Value	Unrealized Gains (Losses)
Exchange-traded corporate bond funds	$ 2,960,971	$ 3,195,071	$ 234,100
Money market funds	686,927	686,927	-
Hedge funds	761,857	756,272	(5,585)
Mutual funds	6,470,270	6,537,827	67,557
	$ 10,880,025	$ 11,176,097	$ 296,072

Note 6—Investments (continued)

Investment return is comprised of the following for the years ended December 31:

	2025	2024
Interest and dividends	$ 519,207	$ 483,606
Realized losses on sales of investments	172,373	(794,858)
Unrealized gains on investments	374,237	1,310,695
Investment fees	(29,891)	(52,413)
	$ 1,035,926	$ 947,030

Note 7—Land, buildings, and equipment

Land, buildings, and equipment at December 31 are as follows:

	2025	2024
Land	$ 11,214,138	$ 11,214,137
Land improvements	2,564,726	2,576,683
Buildings	35,433,030	35,097,789
Furniture, fixtures, and software	25,922,784	26,264,252
Leasehold improvements	8,075,243	7,238,059
Financing lease right-to-use assets	206,430	196,719
Construction in progress	16,577	279,165
	83,432,928	82,866,804
Less accumulated depreciation and amortization	(43,634,844)	(41,629,385)
	$ 39,798,084	$ 41,237,419

Depreciation and amortization expense of $3,345,157 and $3,293,565 for the years ended December 31, 2025 and 2024, respectively, is allocated among the various program and supporting services expenses in the accompanying consolidated statements of functional expenses.

Note 8—Deferred compensation investments

Goodwill has a 457(b) deferred compensation plan for several of its executive employees. The agreement requires Goodwill to contribute annually an amount as determined by the agreement. Contributions to the plan totaled $147,952 and $88,709 for the years ended December 31, 2025 and 2024, respectively. The deferred compensation investments represent investments held as part of the Goodwill defined contribution employee benefit plan. Deferred compensation investments consist of the following at December 31:

	2025	2024
Cash and cash equivalents	$ 7,594	$ 6,964
Mutual funds	798,220	641,793
	$ 805,814	$ 648,757

Note 9—Fair value of financial instruments

In accordance with guidance on fair value measurements for financial instruments measured at fair value, fair value is defined as the price that Goodwill would receive to sell an asset or pay to transfer a liability in a timely transaction with an independent buyer in the principal market, or in the absence of a principal market, the most advantageous market for the asset or liability. The fair value guidance establishes a three-tier hierarchy to distinguish between: (1) inputs that reflect the assumptions that market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs), and (2) inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs) and to establish classification of fair value measurements for disclosure purposes. Various inputs are used in determining the fair value of the Goodwill's financial instruments.

Fair value measurements apply to all financial assets and liabilities that are being measured and reported on a fair value basis. U.S. GAAP establishes a framework for measuring the fair value of assets and liabilities and require fair value measurements to be classified and disclosed in one of the following three categories:

> *Level 1* – Quoted prices in active markets that are accessible at the measurement date for identical securities. Goodwill's Level 1 assets are mutual funds, exchange-traded corporate bond funds, and certificates of deposit.
>
> *Level 2* – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Inputs include quoted prices for similar assets and liabilities in active markets, inputs that are derived from investment manager reporting or corroborated by an independent advisor, and inputs obtained from comparison with benchmarks for similar assets for substantially the full term on the financial investments. If market quotations are not readily available for valuations, assets may be valued by a method the investment manager of the fund believes accurately reflects fair value.
>
> *Level 3* – Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation. Goodwill did not hold any Level 3 financial instruments as of December 31, 2025 and 2024.

There have been no changes in the methodologies used as of December 31, 2025 and 2024.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Goodwill believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 9—Fair value of financial instruments (continued)

The following tables set forth by level, within the fair value hierarchy, Goodwill's assets at fair value as of December 31:

	2025		
	Level 1	Level 2	Total
Investments:			
Exchange-traded corporate bond funds	$ 2,877,038	$ -	$ 2,877,038
Money market funds	770,686	-	770,686
Hedge funds	-	676,501	676,501
Mutual funds	5,707,360	-	5,707,360
	9,355,084	676,501	10,031,585
Deferred compensation investments:			
Cash and cash equivalents	7,594	-	7,594
Mutual fund - balance fund	798,220	-	798,220
	805,814	-	805,814
	$ 10,160,898	$ 676,501	$ 10,837,399

	2024		
	Level 1	Level 2	Total
Investments:			
Exchange-traded corporate bond funds	$ 3,195,071	$ -	$ 3,195,071
Money market funds	686,927	-	686,927
Hedge funds	-	756,272	756,272
Mutual funds	6,537,827	-	6,537,827
	10,419,825	756,272	11,176,097
Deferred compensation investments:			
Cash and cash equivalents	6,964	-	6,964
Mutual fund - balance fund	641,793	-	641,793
	648,757	-	648,757
	$ 11,068,582	$ 756,272	$ 11,824,854

To assess the appropriate classification of investments within the fair value hierarchy, the availability of market data is monitored. Changes in economic conditions or valuation techniques may require the transfer of investments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluates the significance of transfers between levels based upon the nature of the investment and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2025 and 2024, there were no significant transfers in or out of Levels 1 or 2.

Note 10—Long-term debt and pledged assets

A summary of notes payable at December 31 is as follows:

	2025	2024
Note payable to bank due in monthly installments of $18,186 including interest at 4.20% annum, final payment due September 2025.	$ -	$ 150,802
Note payable to bank due in monthly installments of $12,833 including interest at 4.65% per annum, through November 2028, collateralized by land and buildings with a depreciated cost of $1,547,091 at December 31, 2025.	418,341	549,246
Note payable to bank due in monthly payments at a fixed rate of 4.53% commencing on November 7, 2022 and continuing through October 7, 2032. At maturity, the remaining principal balance plus any unpaid interest will be due. Collateralized by GOC land and other assets with a depreciated cost of $13,413,847 at December 31, 2025.	14,359,667	14,904,326
Line of credit with maximum borrowings of $2,250,000 with bank expiring on July 1, 2029. The line is collateralized by GOC land and building with a depreciated cost of $13,413,847 at December 31, 2025. The line carries an interest rate of one-month Secured Overnight Financing Rate plus 1.5 percentage points. The interest rate at December 31, 2025 was 5.37%. At December 31, 2025, the Organization had outstanding borrowings of $2,025,000.	2,025,000	2,500,000
	16,803,008	18,104,374
Less deferred loan costs	(66,018)	(78,725)
	16,736,990	18,025,649
Less current maturities	(1,388,705)	(849,450)
	$ 15,348,285	$ 17,176,199

Interest expense on long-term debt was $822,595 and $724,649 for the years ended December 31, 2025 and 2024, respectively, and is included in occupancy on the consolidated statements of functional expenses.

Principal payments on long-term debt are due in future years as follows:

<u>Years Ending December 31,</u>	
2026	$ 1,388,705
2027	1,263,166
2028	1,278,134
2029	957,943
2030	684,880
Thereafter	11,230,180
	$ 16,803,008

Note 11—Employee retirement plans

Goodwill sponsored a defined contribution employee benefit plan to provide retirement benefits for all eligible employees who have completed two years of service. Goodwill makes an annual profit-sharing contribution to the plan at the discretion of the Board of Directors.

Effective January 15, 2022, and most recently July 1, 2022, the plan was amended and restated to allow for employee elective deferrals, matching contributions and employer discretionary contributions. All employees except collective bargaining employees, nonresident aliens, leased employees, independent contractors, and temporary employees are eligible to participate in the plan.

These employees are eligible for elective deferrals after 30 days of employment, matching contributions after six months of employment and employer discretionary contributions once they have worked at least 1,000 hours in two specified 12-month periods.

Upon meeting eligibility requirements, employees are automatically enrolled in the plan with a 2% deferral per pay period. Employees may choose a different deferral percentage, including zero, by completing an elective deferral agreement. These salary reduction contributions may not exceed 90%. These elective deferrals are also subject to the Internal Revenue Service maximum contribution limits.

The plan will make a matching contribution equal to 100% of the participant 401(k) elective deferral contributions which are not over 3% of the participant's pay, plus 50% of 401(k) elective deferral contributions which are over 3% of pay but are not over 5% of pay. The plan may make a discretionary employer contribution which will be determined by the plan sponsor each year.

Goodwill offers its employees a Tax Deferred Annuity plan in accordance with Section 403(b) of the Internal Revenue Code ("IRC") of 1986. The employees' contributions are limited as defined by the limits under the IRC. Goodwill does not make any matching contributions to this plan.

Note 12—Lease liabilities

Goodwill leases certain equipment and retail store locations. Goodwill determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration.

Right-of-use ("ROU") assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by Goodwill. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. In order to determine the present value of lease payments, Goodwill uses the implicit rate when it is readily determinable. As Goodwill's leases do not provide an implicit rate, management uses Goodwill's incremental borrowing rate based on the information available at lease commencement to determine the present value of lease payments.

Lease agreements do not contain any material residual value guarantee or material restrictive covenants. Goodwill does not have a lease where it is involved with the construction or design of an underlying asset. Goodwill has no material obligation for leases signed but not yet commenced as of December 31, 2025. Goodwill does not have any material sublease activities. Subsequent to year-end, Goodwill entered into a sale-leaseback transaction, the terms of which are disclosed in Note 17.

Note 12—Lease liabilities (continued)

Goodwill has elected the practical expedient not to recognize leases with terms of 12 months or less on the balance sheet and instead recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments is incurred. Therefore, short-term lease expense for the period does not reflect ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the years ended December 31, 2025 and 2024.

Goodwill has elected to account for lease and non-lease components as a single component.

Finance lease ROU assets of $134,079 and $31,907 are included in land, buildings and equipment, net as of December 31, 2025 and 2024, respectively.

Future minimum lease payments as of December 31, 2025 is as follows:

Years Ending December 31,	Operating	Finance
2026	$ 7,184,799	$ 282,786
2027	7,026,883	263,387
2028	6,845,407	36,706
2029	6,714,155	49,774
2030	6,426,094	-
Thereafter	41,942,308	-
Total lease payments	76,139,646	632,653
Less interest	(17,262,858)	(11,749)
Present value of lease liabilities	$ 58,876,788	$ 620,904

Required supplemental information relating to our leases for the years ended December 31 are as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases (i.e., interest)	$ 6,630	$ 2,640
Financing cash flows from finance leases (i.e., principal portion)	276,155	279,521
Operating cash flows from operating leases	7,095,983	6,657,847
ROU assets obtained in exchange for new operating lease liabilities	4,741,112	23,391,419
Weighted average remaining lease term - operating leases	11.47 years	12.14 years
Weighted average remaining lease term - financing leases	2.36 years	3.28 years
Weighted average discount rate - operating leases	4.53%	4.53%
Weighted average discount rate - financing leases	1.03%	0.91%
Lease expense:		
Operating lease expense	$ 7,589,530	$ 7,103,756
Finance lease expense:		
Amortization of ROU assets	278,719	279,138
Interest on lease liabilities	6,510	3,114
Total	$ 7,874,759	$ 7,386,008

Note 13—Net assets with donor restrictions

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

	2025	2024
Digital literacy	$ 479	$ 1,578

During the years ended December 31, net assets with donor restrictions were appropriated for expenditure and/or released from donor restrictions by incurring expenses satisfying the restricted purposes are as follows:

	2025	2024
Digital literacy	$ 11,379	$ 4,798

Note 14—Retail program revenue and donated goods

For the years ended December 31, retail program revenue is calculated as follows:

	2025	2024
Store sales	$ 81,191,876	$ 77,325,717
Salvage sales	4,005,015	3,935,334
Inventory adjustment	415,988	665,348
	85,612,879	81,926,399
Less contributions - donated goods (net retail revenue)	(15,704,180)	(13,302,810)
Retail program	$ 69,908,699	$ 68,623,589

For the years ended December 31, contributions - donated goods (net retail revenue) are calculated as follows:

	2025	2024
Store sales	$ 81,191,876	$ 77,325,717
Environmental enterprises	56,959	96,893
Salvage sales	4,005,015	3,935,334
Food services	212,977	216,813
Inventory adjustment	415,988	665,348
	85,882,815	82,240,105
Less cost of retail program	(70,178,635)	(68,937,295)
Contributions - donated goods (net retail revenue)	$ 15,704,180	$ 13,302,810

Net retail revenue is the value placed on contributions of donated goods after application of retail program costs.

Note 15—Related parties

Goodwill received pledges towards the capital campaign from various board members. The total outstanding gross balance of contributions receivable from board members was $231 and $10,226 as of December 31, 2025 and 2024, respectively.

During 2021, the Goodwill Industries of the Southern Piedmont, Inc. Foundation (the “Foundation”), a financially interrelated organization that is not controlled by Goodwill, was formed. The Foundation is a not-for-profit corporation organized to operate exclusively for charitable purposes for the benefit of, to perform the functions of or to carry out the purposes of Goodwill. The Foundation’s bylaws state that its specific purpose is to provide financial support to the missions of Goodwill Industries of the Southern Piedmont, Inc. The Foundation's net assets and results of its operations and changes in its net assets are not included in Goodwill's consolidated financial statements.

A summary of the Foundation’s financial position at December 31 is as follows:

	2025	2024
ASSETS		
Cash and cash equivalents	$ 95,755	$ 119,911
Investments	2,416,977	4,211,033
Other receivables	6,370	-
Total Assets	$ 2,519,102	$ 4,330,944
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 618	$ 835
Net assets without donor restrictions	2,518,484	4,330,109
Total Liabilities and Net Assets	$ 2,519,102	$ 4,330,944

Note 15—Related parties (continued)

A summary of the Foundation's changes in net assets without donor restrictions at December 31 is as follows:

	2025	2024
Revenue and Support Without Donor Restrictions:		
Investment return, net	$ 204,757	$ 327,416
Other revenues	7,556	-
Total Revenue and Support Without Donor Restrictions	212,313	327,416
Expenses:		
Program Services:		
Contributions to Goodwill Industries of the Southern Piedmont, Inc.	2,000,000	2,000,000
Management and General:		
Professional fees	23,938	54,685
Other expense	-	7,347
Total Expenses	2,023,938	2,062,032
Change in net assets without donor restrictions	(1,811,625)	(1,734,616)
Net assets without donor restrictions, beginning of year	4,330,109	6,064,725
Net assets without donor restrictions, end of year	$ 2,518,484	$ 4,330,109

Note 16—Commitments and contingencies

Goodwill is subject to various claims and litigation that arise in the normal course of business. Management has determined that, although the outcome of the litigation cannot be predicted with any certainty, the ultimate liability, if any, will not have a material adverse effect on Goodwill's consolidated financial statements.

Note 17—Subsequent events

The entity evaluated subsequent events through May 22, 2026, the date which the consolidated financial statements were available to be issued.

Subsequent to year-end, Goodwill entered into a purchase and sale agreement with an unaffiliated party to sell two parcels of real property located at 1909 Sardis Road North, Charlotte, North Carolina and 14420 North Statesville Road, Huntersville, North Carolina ("Properties"). Under the terms of the agreement, the properties are to be sold for an aggregate purchase price of $8,704,616, subject to customary prorations and closing adjustments.

In connection with the sale, Goodwill will lease back both properties from the purchaser under separate long-term lease agreements to be executed at closing. The lease terms provide for an initial noncancelable lease term of 20 years, with multiple renewal options at Goodwill's discretion. The leases are structured as triple-net leases, under which Goodwill will be responsible for substantially all costs related to the properties, including taxes, insurance, and maintenance.

The transaction is expected to close subsequent to the consolidated statement of financial position date, following the completion of required due diligence and satisfaction of closing conditions. Management has evaluated this transaction in accordance with ASC topic 855, *Subsequent Events*, and determined that this represents a non-recognized subsequent event. Accordingly, no amounts related to this transaction have been reflected in the accompanying financial statements.

ACCOMPANYING INFORMATION

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

DECEMBER 31, 2025

	Goodwill Industries of the Southern Piedmont, Inc.	Goodwill Opportunity Campus LLC	Eliminations	Consolidated Totals
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 13,079,180	$ 1,269,650	$ -	$ 14,348,830
Accounts receivable and unreimbursed costs, net	911,699	7,712,773	(7,564,476)	1,059,996
Contributions receivable, net (Note 4)	231	-	-	231
Prepaid expenses	1,819,703	50,683	-	1,870,386
Inventory (Note 5)	7,674,004	-	-	7,674,004
Investments (Notes 6 and 9)	10,031,585	-	-	10,031,585
Total Current Assets	33,516,402	9,033,106	(7,564,476)	34,985,032
Land, buildings, and equipment, net (Note 7)	26,398,926	13,399,158	-	39,798,084
Operating right-of-use assets (Note 12)	57,650,418	-	-	57,650,418
Investment in Goodwill Opportunity Campus, LLC	1,925,911	-	(1,925,911)	-
Deferred compensation investments (Notes 8 and 9)	805,814	-	-	805,814
Other noncurrent assets	127,496	-	-	127,496
Total Assets	$ 120,424,967	$ 22,432,264	$ (9,490,387)	$ 133,366,844
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 9,169,361	$ 52,584	$ (7,564,476)	$ 1,657,469
Accrued liabilities	5,562,088	26,316	-	5,588,404
Current portion of long-term debt (Note 10)	1,032,325	356,380	-	1,388,705
Current portion of finance lease liabilities (Note 12)	282,786	-	-	282,786
Current portion of operating lease liabilities (Note 12)	7,184,799	-	-	7,184,799
Deferred grant revenue	1,360	-	-	1,360
Total Current Liabilities	23,232,719	435,280	(7,564,476)	16,103,523
Deferred compensation	954,766	-	-	954,766
Long-term debt, less current portion (Note 10)	6,786,922	8,561,363	-	15,348,285
Finance lease liabilities, less current portion (Note 12)	338,118	-	-	338,118
Operating lease liabilities, less current portion (Note 12)	51,691,989	-	-	51,691,989
Other long term liabilities	2,300	-	-	2,300
Total Liabilities	83,006,814	8,996,643	(7,564,476)	84,438,981
Net Assets:				
Without donor restrictions	37,417,674	13,435,621	(1,925,911)	48,927,384
With donor restrictions (Note 13)	479	-	-	479
Total Net Assets	37,418,153	13,435,621	(1,925,911)	48,927,863
Total Liabilities and Net Assets	$ 120,424,967	$ 22,432,264	$ (9,490,387)	$ 133,366,844

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

	Goodwill Industries of the Southern Piedmont, Inc.	Goodwill Opportunity Campus LLC	Eliminations	Consolidated Totals
Revenues, Gains, and Other Support:				
Retail program (Note 14)	$ 69,908,699	$ -	$ -	$ 69,908,699
Other service fees and grants	1,139,516	-	-	1,139,516
GoodWork Staffing Program	7,130,765	-	-	7,130,765
Food services	212,977	-	-	212,977
Environmental enterprises (Note 14)	56,959	-	-	56,959
Cars for work program (Note 2)	209,423	-	-	209,423
Contributions - donated goods (Note 2 and 14)	15,704,180	-	-	15,704,180
Contributions - other	610,420	-	-	610,420
Other income	4,064,280	2,307,023	(2,210,896)	4,160,407
Investment return (Note 6)	1,035,926	-	-	1,035,926
Total Revenues, Gains, and Other Support	100,073,145	2,307,023	(2,210,896)	100,169,272
Expenses:				
Program Services:				
Career development services	4,323,693	86,530	-	4,410,223
Occupational skills and job training support	5,290,107	60,062	-	5,350,169
Employment services	7,317,784	5,705	-	7,323,489
Retail program (Note 14)	70,670,117	1,719,414	(2,210,896)	70,178,635
Total Program Services	87,601,701	1,871,711	(2,210,896)	87,262,516
Supporting Services:				
Management and general	10,632,513	164,521	-	10,797,034
Fundraising	524,264	2,233	-	526,497
Total Supporting Services	11,156,777	166,754	-	11,323,531
Total Expenses	98,758,478	2,038,465	(2,210,896)	98,586,047
Change in net assets before nonoperating changes	1,314,667	268,558	-	1,583,225
Nonoperating Changes:				
Transfer from Goodwill Industries of Southern Piedmont Foundation, Inc. (Note 15)	2,000,000	-	-	2,000,000
Change in net assets	3,314,667	268,558	-	3,583,225
Net assets, beginning of year	34,103,486	13,167,063	(1,925,911)	45,344,638
Net assets, end of year	$ 37,418,153	$ 13,435,621	$ (1,925,911)	$ 48,927,863

GOODWILL INDUSTRIES OF THE SOUTHERN PIEDMONT, INC. AND SUBSIDIARY
CONSOLIDATING SCHEDULE OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2025

	Goodwill Industries of the Southern Piedmont, Inc.	Goodwill Opportunity Campus LLC	Eliminations	Consolidated Totals
Cash flows from operating activities:				
Change in net assets	$ 3,314,667	$ 268,558	$ -	$ 3,583,225
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Depreciation	2,623,460	708,990	-	3,332,450
Amortization of debt issuance costs	4,359	8,348	-	12,707
Noncash lease expense	494,272	-	-	494,272
Loss on disposal of land, buildings, and equipment	(2,000)	-	-	(2,000)
Net unrealized and realized gains on investments	(546,610)	-	-	(546,610)
Change in:				
Accounts receivable and unreimbursed costs	377,605	(1,138,550)	-	(760,945)
Contributions receivable	5,924	-	-	5,924
Prepaid expenses	115,612	3,411	-	119,023
Inventory	(364,974)	-	-	(364,974)
Deferred compensation investments	(157,057)	-	-	(157,057)
Other noncurrent assets	(28,658)	-	-	(28,658)
Accounts payable	1,068,775	7,842	-	1,076,617
Accrued liabilities	1,081,597	(1,816)	-	1,079,781
Other long term Liabilities	2,300	-	-	2,300
Deferred compensation	217,298	-	-	217,298
Deferred grant revenue	(417,840)	-	-	(417,840)
Net cash flows from operating activities	7,788,730	(143,217)	-	7,645,513
Cash flows from investing activities:				
Purchase of land, buildings, and equipment	(1,715,302)	(175,813)	-	(1,891,115)
Purchases of investments	1,774,217	-	-	1,774,217
Proceeds from sales of investments	(83,095)	-	-	(83,095)
Net cash flows from investing activities	(24,180)	(175,813)	-	(199,993)
Cash flows from financing activities:				
Payments on long-term debt	(960,954)	(340,412)	-	(1,301,366)
Principal payments on finance lease liabilities	(272,378)	-	-	(272,378)
Net cash flows from financing activities	(1,233,332)	(340,412)	-	(1,573,744)
Net change in cash and cash equivalents	6,531,218	(659,442)	-	5,871,776
Cash and cash equivalents, beginning of year	6,547,962	1,929,092	-	8,477,054
Cash and cash equivalents, end of year	$ 13,079,180	$ 1,269,650	$ -	$ 14,348,830
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 407,376	$ 418,896	$ -	$ 826,272
Supplemental noncash investing and financing activity:				
Right-of-use asset obtained in exchange for operating lease liabilities	$ 4,741,112	$ -	$ -	$ 4,741,112