Report of Independent Auditors and
Consolidated Financial Statements

Goodwill Industries of Southern California and Affiliates

December 31, 2025 and 2024

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Report of Independent Auditors

The Board of Directors
Goodwill Industries of Southern California and Affiliates

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Goodwill Industries of Southern California and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Goodwill Industries of Southern California and Affiliates as of December 31, 2025 and 2024, and the changes in their net assets and their 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 (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 Goodwill Industries of Southern California and Affiliates 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 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 Industries of Southern California and Affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are Available.

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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 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 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 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 Industries of Southern California and Affiliates' 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 Industries of Southern California and Affiliates' 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.

Baker Tilly US, LLP

Irvine, California
May 15, 2026

Consolidated Financial Statements

Goodwill Industries of Southern California and Affiliates
Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
ASSETS		
Cash and cash equivalents	$ 13,217,570	$ 12,069,028
Investments (Note 4)	33,053,495	35,443,492
Accounts receivable, net	4,615,996	4,825,279
Inventory	14,830,780	12,700,862
Prepaid expenses and deposits	6,485,302	5,857,068
Other receivables (Note 5)	1,627,020	1,491,995
Operating lease right-of-use assets, net (Note 9)	109,215,591	113,542,154
Property, plant, and equipment, net (Note 6)	27,081,269	25,010,548
Total assets	$ 210,127,023	$ 210,940,426
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 5,871,303	$ 6,293,421
Accrued compensation and related expenses	6,869,585	8,858,279
Accrued insurance claims (Note 12)	13,797,917	14,184,570
Deferred gain on sale-leaseback (Note 6)	443,332	910,684
Operating lease right-of-use liabilities (Note 9)	117,911,667	121,040,162
Total liabilities	144,893,804	151,287,116
NET ASSETS (Note 8)		
Net assets without donor restrictions	58,811,974	54,152,624
Net assets with donor restrictions	6,421,245	5,500,686
Total net assets	65,233,219	59,653,310
Total liabilities and net assets	$ 210,127,023	$ 210,940,426

See accompanying notes.

Goodwill Industries of Southern California and Affiliates
Consolidated Statement of Activities
Year Ended December 31, 2025

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER			
Revenue			
Retail sales	$ 158,862,993	$ -	$ 158,862,993
Commodities sales	53,611	-	53,611
Contract services	8,303,124	-	8,303,124
Workforce development	8,003,358	-	8,003,358
Workforce development – government grants	5,517,838	-	5,517,838
Other	130,348	-	130,348
Total revenue	180,871,272	-	180,871,272
Support and other			
Contributions	1,545,998	3,074,651	4,620,649
Interest and dividends	1,333,612	-	1,333,612
Contributed goods	105,677,966	-	105,677,966
Gain on sale of property and equipment	7,202	-	7,202
Net assets released from restriction	2,746,578	(2,746,578)	-
Total support and other	111,311,356	328,073	111,639,429
Total revenue, support, and other	292,182,628	328,073	292,510,701
EXPENSES			
Program services	273,331,682	-	273,331,682
Fundraising	3,334,490	-	3,334,490
General and administrative	13,350,218	-	13,350,218
Total expenses	290,016,390	-	290,016,390
Changes in net assets before realized and unrealized gains on investments	2,166,238	328,073	2,494,311
Realized and unrealized gains on investments, net	2,493,112	592,486	3,085,598
Changes in net assets	4,659,350	920,559	5,579,909
NET ASSETS, beginning of year	54,152,624	5,500,686	59,653,310
NET ASSETS, end of year	$ 58,811,974	$ 6,421,245	$ 65,233,219

See accompanying notes.

Goodwill Industries of Southern California and Affiliates
Consolidated Statement of Activities
Year Ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER			
Revenue			
Retail sales	$ 149,401,475	$ -	$ 149,401,475
Commodities sales	59,919	-	59,919
Contract services	8,100,699	-	8,100,699
Workforce development	8,637,856	-	8,637,856
Workforce development – government grants	10,895,632	-	10,895,632
Other	327,065	-	327,065
Total revenue	177,422,646	-	177,422,646
Support and other			
Contributions	1,268,366	1,721,286	2,989,652
Interest and dividends	1,555,194	-	1,555,194
Contributed goods	98,626,841	-	98,626,841
Gain on sale of property and equipment	23,421	-	23,421
Net assets released from restriction	3,597,366	(3,597,366)	-
Total support and other	105,071,188	(1,876,080)	103,195,108
Total revenue, support, and other	282,493,834	(1,876,080)	280,617,754
EXPENSES			
Program services	266,885,494	-	266,885,494
Fundraising	2,923,387	-	2,923,387
General and administrative	15,240,201	-	15,240,201
Total expenses	285,049,082	-	285,049,082
Changes in net assets before realized and unrealized gains on investments	(2,555,248)	(1,876,080)	(4,431,328)
Realized and unrealized gains on investments, net	2,281,489	475,688	2,757,177
Changes in net assets	(273,759)	(1,400,392)	(1,674,151)
NET ASSETS, beginning of year	54,426,383	6,901,078	61,327,461
NET ASSETS, end of year	$ 54,152,624	$ 5,500,686	$ 59,653,310

See accompanying notes.

Goodwill Industries of Southern California and Affiliates
Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	2025							
	Program Services					Support Services		
	Material Handling	Stores	Contract Services	Workforce Development	Total	Fundraising	General Administrative	Total Expenses
Salaries and wages	$ 23,081,221	$ 34,749,620	$ 5,990,350	$ 11,248,570	$ 75,069,761	$ 1,802,021	$ 6,481,235	$ 83,353,017
Payroll taxes	1,709,862	2,657,993	450,291	855,898	5,674,044	127,939	392,212	6,194,195
Employee benefits	2,991,116	2,630,278	572,221	1,169,387	7,363,002	190,089	720,588	8,273,679
Total salaries and related expenses	27,782,199	40,037,891	7,012,862	13,273,855	88,106,807	2,120,049	7,594,035	97,820,891
Contributed goods – cost of goods sold	-	103,917,636	-	-	103,917,636	-	-	103,917,636
Purchased goods – cost of goods sold	44,666	2,681,328	101,369	-	2,827,363	-	-	2,827,363
Rent and maintenance	6,882,286	23,703,192	-	588,174	31,173,652	-	-	31,173,652
Occupancy	4,272,768	9,162,721	-	2,185,608	15,621,097	215,978	1,000,723	16,837,798
Professional services and temporary labor	233,381	3,001,782	341,061	272,037	3,848,261	135,831	907,271	4,891,363
Participant training and support	-		-	1,270,690	1,270,690	-	-	1,270,690
Technology and communication	307,893	2,131,509	57,078	278,274	2,774,754	193,351	1,266,244	4,234,349
Utilities	131,296	3,399,388	-	13,958	3,544,642	-	-	3,544,642
Supplies	261,090	1,788,759	620,645	86,017	2,756,511	17,585	20,091	2,794,187
Trash disposal	1,947,253	22,363	-	-	1,969,616	-	-	1,969,616
Transportation	2,061,835	259,957	152,820	24,594	2,499,206	-	80,840	2,580,046
Banking and finance fees	78,696	1,987,245	1,167	48	2,067,156	21,045	173,610	2,261,811
Insurance	386,190	1,307,563	96,421	176,200	1,966,374	30,785	1,666,287	3,663,446
Postage and shipping	46,151	2,900,513	512	9,073	2,956,249	40,111	36,244	3,032,604
Repairs and maintenance	164,018	1,526,512	69,660	12,260	1,772,450	-	-	1,772,450
Travel, conference, and meetings	7,631	58,747	71,515	230,693	368,586	44,615	117,926	531,127
Printing, publications, and media	300	2,718	-	120,382	123,400	479,661	-	603,061
Other (taxes, licenses, and dues)	2,869	31,297	500	95	34,761	4,970	70,492	110,223
Membership dues	335	125,474	14,754	22,781	163,344	20,054	366,152	549,550
Depreciation	652,802	2,786,646	28,767	100,912	3,569,127	10,455	50,303	3,629,885
	$ 45,263,659	$ 200,833,241	$ 8,569,131	$ 18,665,651	$ 273,331,682	$ 3,334,490	$ 13,350,218	$ 290,016,390

See accompanying notes.

Goodwill Industries of Southern California and Affiliates
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	2024							
	Program Services					Support Services		
	Material Handling	Stores	Contract Services	Workforce Development	Total	Fundraising	General Administrative	Total Expenses
Salaries and wages	$ 21,999,434	$ 33,396,246	$ 5,959,182	$ 15,331,495	$ 76,686,357	$ 1,535,655	$ 6,452,757	$ 84,674,769
Payroll taxes	1,648,833	2,545,688	446,211	1,158,295	5,799,027	105,114	365,493	6,269,634
Employee benefits	2,618,459	1,934,334	510,466	1,319,148	6,382,407	133,536	548,447	7,064,390
Total salaries and related expenses	26,266,726	37,876,268	6,915,859	17,808,938	88,867,791	1,774,305	7,366,697	98,008,793
Contributed goods – cost of goods sold	-	101,233,361	-	-	101,233,361	-	-	101,233,361
Purchased goods – cost of goods sold	3,658	2,339,612	68,540	-	2,411,810	-	-	2,411,810
Rent and maintenance	6,382,138	22,020,199	3,750	615,596	29,021,683	-	-	29,021,683
Occupancy	4,103,908	8,391,180	-	1,848,206	14,343,294	131,826	898,368	15,373,488
Professional services and temporary labor	172,742	3,006,836	255,838	206,307	3,641,723	84,417	3,382,105	7,108,245
Participant training and support	-	-	-	3,223,288	3,223,288	-	-	3,223,288
Technology and communication	285,166	1,983,076	54,639	307,945	2,630,826	203,377	1,143,052	3,977,255
Utilities	135,375	3,396,108	-	15,586	3,547,069	-	-	3,547,069
Supplies	197,683	1,567,455	591,043	112,604	2,468,785	19,932	32,353	2,521,070
Trash disposal	2,008,813	2,918	-	-	2,011,731	-	-	2,011,731
Transportation	1,875,188	251,721	158,292	26,385	2,311,586	(1,339)	57,288	2,367,535
Banking and finance fees	60,141	1,831,505	964		1,892,610	19,928	55,470	1,968,008
Insurance	310,562	1,089,121	93,496	218,424	1,711,603	26,450	1,699,133	3,437,186
Postage and shipping	4,703	1,887,218	778	7,650	1,900,349	21,600	35,090	1,957,039
Repairs and maintenance	219,309	1,551,001	36,961	16,514	1,823,785	-	-	1,823,785
Travel, conference, and meetings	16,727	33,836	60,215	198,058	308,836	27,285	108,433	444,554
Printing, publications, and media	-	-	-	29,105	29,105	590,673	632	620,410
Other (taxes, licenses, and dues)	3,912	26,999	-	1,658	32,569	-	112,992	145,561
Membership dues	70	458,335	1,230	1,067	460,702	12,382	285,621	758,705
Depreciation	695,229	2,191,462	23,709	102,588	3,012,988	12,551	62,967	3,088,506
	$ 42,742,050	$ 191,138,211	$ 8,265,314	$ 24,739,919	$ 266,885,494	$ 2,923,387	$ 15,240,201	$ 285,049,082

See accompanying notes.

Goodwill Industries of Southern California and Affiliates
Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 5,579,909	$ (1,674,151)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	3,629,885	3,088,506
Change in provision for credit losses	(37,000)	2,967,332
Recognize deferred gain with sale-leaseback	(467,352)	(467,352)
Gain on sale of property, plant, and equipment	(7,202)	(23,421)
Net realized and unrealized gain on investments	(3,085,598)	(2,757,177)
Donated merchandise	(105,677,966)	(98,626,841)
Noncash costs of goods sold related to donated merchandise	103,917,636	101,233,361
Changes in operating assets and liabilities		
Accounts receivable	246,283	1,083,820
Inventory	(369,588)	(95,475)
Prepaid expenses and deposits	(628,234)	(777,836)
Other receivables	(135,025)	(240,745)
Accounts payable and accrued liabilities	(422,118)	(2,530,688)
Accrued compensation and related expenses	(1,988,694)	986,563
Accrued insurance claims	(386,653)	(167,098)
Operating right-of-use assets and lease liabilities	1,198,068	1,455,057
Net cash provided by operating activities	1,366,351	3,453,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant, and equipment	9,575	27,237
Purchases of property, plant, and equipment	(5,702,979)	(7,166,128)
Proceeds from sale of investments	12,979,623	5,033,174
Purchase of investments	(7,504,028)	(7,314,001)
Net cash used in investing activities	(217,809)	(9,419,718)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,148,542	(5,965,863)
CASH AND CASH EQUIVALENTS, beginning of year	12,069,028	18,034,891
CASH AND CASH EQUIVALENTS, end of year	$ 13,217,570	$ 12,069,028

See accompanying notes.

Note 1 – Organization

General – Goodwill Industries of Southern California (Goodwill) was incorporated in 1919. Goodwill is a tax-exempt 501(c)(3) public charity, incorporated under the laws of the state of California as a nonprofit public benefit corporation. The mission of Goodwill is to transform lives through the power of work. As a social enterprise, Goodwill prepares and places those with the greatest barriers to employment, including veterans, homeless, individuals with disabilities, at-risk youth, the formerly incarcerated, and many more. Goodwill operates a network of retail stores and attended donation centers and provides contractual services such as assembly and fulfillment, e-recycling, custodial and building services, printing and workforce development programs in Los Angeles, San Bernardino, and Riverside counties.

Formation of Goodwill Retail Services (GRS) – In March 2011, Goodwill's board of directors (Board) authorized the creation of GRS as a supporting organization under Section 509(a)(3) of the Internal Revenue Code. GRS's purpose is to support, benefit, and carry out the purposes of Goodwill. Its specific purpose is to provide staffing services in the retail stores operated by Goodwill. GRS was incorporated on April 4, 2011, and received its tax-exempt status determination letter as a 501(c)(3) supporting organization from the Internal Revenue Service on April 20, 2012. As the supported organization, Goodwill controls GRS, and the financial statements of the two entities are consolidated. Goodwill and GRS are collectively referred to as the "Organization."

Program Services

Material handling – These services include the collection, transportation, sorting, and processing of contributed goods, most of which are made available for sale through Goodwill's network of stores, clearance centers, and e-commerce operations. Material handling creates employment for persons with disabilities and other barriers to employment.

Stores – Goodwill operates 106 stores where contributed goods and a limited selection of new goods are available to the public. Persons with disabilities or other vocational challenges work alongside traditional employees to provide consumers with a positive shopping experience. The proceeds from store sales are used to support unfunded or partially funded program services in addition to capital and administrative expenses for the Organization.

Contract services – Persons with disabilities and other vocational challenges work in closely supervised teams to provide printing, custodial and building services, and assembly and fulfillment services to the local business community.

Workforce development – There are over 71 program activities that provide education, training, placement, and other vocational support for target populations including veterans, homeless, individuals with disabilities, at-risk youth, the formerly incarcerated, and many more. These programs are funded through reimbursement, fee for service arrangements, public, and private support. Workforce development also includes several career centers that provide job listings, resume assistance, and telephone and computer services for all job seekers.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting and reporting – The accompanying consolidated financial statements of the Organization 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). All significant intercompany transactions have been eliminated.

The Organization reports its consolidated statements of financial position and activities into two net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows (see Note 8):

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated by the Board either for specific purposes or for investment. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors' stipulations results in the release of such restrictions.

Net assets with donor restrictions – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Organization. Net assets with donor restrictions are designated by donors for specific purposes and include unconditional pledges and accumulated appreciation on donor-restricted endowments which have not been appropriated by the Board for distribution. Some net assets with donor restrictions may be required by donors to be held in perpetuity. The donors of substantially all net assets to be held in perpetuity permit the Organization to use a portion of the income earned on the related investments for specific purposes.

Expiration of donor-imposed restrictions – Net assets are released from donor restrictions by incurring expenses to satisfy the restricted purposes and by occurrence of events specified by the donors, including the passage of time. Donor restrictions on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service or expenditures exceed the amount of the gift.

Revenue Recognition

Retail sales – Goodwill sells donated goods and purchased new goods either in retail stores or online. All payments are received upon items sold and no refund is granted. Revenue is recognized when the items are sold or shipped on a gross basis. Total revenues do not include sales tax because the Organization is a pass-through conduit for collecting and remitting sales taxes.

Commodity sales – Goodwill sells textiles and old computers in bulk. Revenue is recognized when items are sold.

Contract services – Goodwill provides certain services to customers, such as printing, shredding, custodial services, and building janitorial service. Revenue is recognized at the time of service provided or over the service period based on contract terms.

Workforce development revenues – Certain government entities or nonprofit organizations hire Goodwill to provide career service trainings to eligible participants. The amount earned is based on contractual hourly rates based on the type of services provided by the Organization's program staff. The arrangements are nonreciprocal, meaning the granting agency has not received a direct benefit in exchange for the resources provided. Certain conditions must be met, such as compliance requirements established by the terms of each agreement; therefore, revenue is recognized when certain conditions are met.

Contributions and contributed goods – The Organization also receives unconditional contribution revenue, including unconditional promises to give (pledges), which are recognized at fair value when received. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future period or by the donor for specific purposes are reported as donor-restricted support that increases those net asset classes. When a donor-imposed time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities as net assets released from restrictions. Capital campaign contributions are considered to be net assets with donor restrictions until the asset is placed into service.

The Organization receives various forms of contributions of nonfinancial assets. Contributions of nonfinancial assets are reported as contributed goods in the consolidated statements of activities at their fair value based on the estimated value of the inventory at selling price. The fair value is derived from sales value less the cost to bring the product to market. There were no contributed services that met the criteria for recognition for the years ended December 31, 2025 and 2024. Contributions of nonfinancial assets consisted of the following at December 31:

	Fair value	
	2025	2024
Contributed goods	$ 105,677,966	$ 98,626,841

Of the contributed goods received approximately, $103,918,000 and $101,233,000 were sold during the years ended December 31, 2025 and 2024, respectively.

Donated goods revenue and donated goods inventory are recorded at fair value based on the estimated value of the inventory at selling price.

Cash and cash equivalents – Cash and cash equivalents include short-term, highly liquid investments with an original maturity of three months or less at the time of purchase. Cash and cash equivalents representing assets held for endowment and as charitable gift annuities are included within investments.

Concentrations of credit risk – The Organization has cash balances that exceed the Federal Deposit Insurance Corporation insurance coverage held at two separate banks. The Organization has not experienced and does not anticipate any losses related to cash held in these accounts. Certain investments held with financial institutions are insured up to a specific limit by the Securities Investors Protection Corporation.

Investments are exposed to various risks such as interest rates, market, and credit risk. Risk is managed through evaluation before an investment is made and regular communication with investment managers. It is at least reasonably possible, given the level of risk associated with investments, that changes in the near term could materially affect the amounts reported in the consolidated financial statements.

Concentration of credit risk with respect to accounts receivable is limited due to the large number of contracts from whom amounts are due, with no one account being significant.

Investments – The Organization's investment policy requires adherence to high standards of quality in the selection of all types of investments, with reasonable diversification to be maintained at all times. Investments are held at fair value.

Securities transactions are recorded on a trade-date basis, net of applicable investment expenses. Dividend income is recorded as of the ex-dividend date, and interest income is recorded as earned using the accrual basis. Net realized and unrealized gains and losses on investments include gains and losses on investments held or sold during the year. Investment income is recognized as a component of net assets without donor restrictions net of direct and indirect expenses, unless its use is restricted by donors for a specified purpose or future period.

Accounts receivable – Accounts receivable are comprised of unsecured grants and contracts receivable from the federal, state, and local government and customer obligations due under normal trade terms requiring payment within 30–90 days from the invoice date. For contracts receivable and other customer obligations, the Organization recognizes an expected allowance for credit losses. Management determines an allowance for credit losses based on historical experience and management's evaluation of current and reasonably supportable expected future economic conditions and the customer's willingness or ability to pay. In addition, for grants and other nonexchange receivables, the Organization estimates an allowance for uncollectible balances based on historical experience, an assessment of current economic conditions and a review of subsequent collections. Management has determined substantially all government receivables are fully collectible within one year but has provided an allowance for approximately $677,000 and $915,000 for customer obligations at December 31, 2025 and 2024, respectively. There were no interest-bearing receivables at December 31, 2025 and 2024.

Inventory – Inventory is comprised of donated goods inventory that has been processed, is ready for sale, and new product inventory. Donated goods inventory is recorded at fair value at the date of donation as noted in the revenue accounting policy above. New product inventory is valued at the lower of cost or net realizable value, using the weighted-average cost method.

Contributions receivable – The Organization records contributions receivable when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give was received. Unconditional contributions receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution and grants revenue in the consolidated statement of activities. The allowance for uncollectable contributions receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Unconditional contributions receivable are written off when deemed uncollectable. The Organization estimates an allowance for uncollectable unconditional promises to give. The allowance is based on historical experience and management's evaluation of current and reasonably supportable expected future economic conditions and the donor's willingness or ability to pay. No allowance was recorded for estimated uncollectible contributions receivable as of December 31, 2025, as all are expected to be collected within one year. There were no unrestricted contributions receivable at December 31, 2025 and 2024.

There were no conditional contributions receivable as of December 31, 2025 and 2024. Multi-year contributions are recorded at fair value at the date of the contribution. Conditional promises to give are recognized only when the conditions on which they depend are met. There were no conditional promises to give as of December 31, 2025 and 2024. Contributions receivable are reported within other receivables on the consolidated statements of financial position (see Note 5).

Property, plant, and equipment – Property, plant, and equipment used in the operations of the Organization are stated at cost or, if donated, at the fair value at the date of contribution. Property, plant, and equipment with a cost of at least $5,000 and a useful life of three years or more is capitalized. Depreciation and amortization on both purchased and donated items are recorded using the straight-line method over the shorter of the estimated useful life of the related asset or the term of the lease for leasehold improvements as follows:

Land	Not depreciated
Buildings and improvements	5–30 years
Fixtures and equipment	5–30 years
Transportation equipment	3–7 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that increase the fixed asset values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Expenditures for property and equipment that are purchased with government funds are expensed when acquired because on occasions, the grantor retains title to such assets.

Gains and losses are recognized in the consolidated statements of activities upon disposal of plant, property, and equipment. The Organization recognized approximately $7,000 of gains on sale of plant, property, and equipment for the year ended December 31, 2025, and approximately $23,000 of gains for the year ended December 31, 2024. During the year ended December 31, 2012, the Organization entered into sale-leaseback transactions on three properties, for which specific analysis has been performed and gains deferred (see Note 6).

Accounting for the impairment of long-lived assets and for the disposal of long-lived assets – The Organization reviews plant, property, and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the plant, property, and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset. If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the fair value of the asset. During the years ended December 31, 2025 and 2024, there were no events or changes in circumstances indicating that the carrying amount of the property, plant, and equipment may not be recoverable.

Leases – The Organization recognizes operating and finance lease liabilities and a right-of-use (ROU) asset for all leases, including operating leases with an expected term greater than 12 months on its consolidated statements of financial position. Operating lease ROU assets and liabilities are recognized on the consolidated statements of financial position at commencement date, which is the date that Organization gains access to the property or underlying asset. The lease liability is determined based on the present value of the minimum rental payments using a risk-free incremental borrowing rate in effect at the time of the lease commencement. The borrowing rate ranged from 0.19%–4.41% for the year ended December 31, 2025. The ROU asset is determined based on the lease liability adjusted for lease incentives received. Operating lease cost is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and ROU asset if management determined it was not reasonably certain that the lease would be extended.

Split-interest agreements – The Organization is a beneficiary of irrevocable split-interest agreements, including charitable remainder trusts, perpetual trusts, and gift annuities.

The assets associated with such agreements are held with a trustee. Contributions are recognized at the date the agreements become irrevocable and are recorded at the present value of the estimated future benefits to be received when the assets are distributed to the Organization. The valuation of the agreements are calculated by the trustee. The agreements are revalued annually, and any resulting actuarial gain or loss is reflected in the consolidated statement of activities as realized and unrealized gains (losses).

These investments are reported at fair value and reported in investments (see Note 4).

Advertising expenses – Advertising costs are expensed as incurred. During 2025 and 2024, advertising costs were approximately $603,000 and $620,000, respectively, and are reported with printing, publications, and media on the consolidated statements of functional expenses.

Functional expenses – The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that are identified with a specific program or support service are charged directly according to their natural expenditure classification. Expenses that are common to specific programs or support services are allocated to those services based on estimated level of effort or level of use. Certain shared costs are allocated. Services related to information technology are allocated based on the number of computers for each program or support service. Occupancy, utilities, rental and maintenance, trash, insurance, and related costs for the Los Angeles, San Fernando Valley, San Bernardino, and Ontario campuses are allocated based on the number of square feet used by program and support service departments.

Income tax status – Goodwill and GRS were organized pursuant to the General Nonprofit Corporation Law of the state of California. Both entities have been recognized by the IRS as an organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Both entities have also been recognized by the California Franchise Tax Board as organizations that are exempt from California franchise and income taxes under Section 23701d of the California Revenue and Taxation Code and have qualified for the welfare exemption from certain general county real and personal property taxes. However, Goodwill is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. No income tax provision has been recorded, as the net income, if any, from any unrelated trade or business income, in the opinion of management, is not material to the consolidated financial statements taken as a whole.

Tax positions taken related to the Organization's tax-exempt status, unrelated business activities taxable income and deductibility of expenses, and other miscellaneous tax positions have been reviewed, and management is of the opinion that material positions taken by the Organization would more likely than not be sustained by examination. Accordingly, the Organization has not recorded an income tax liability for uncertain tax benefits as of December 31, 2025 and 2024.

Contributed services – A substantial number of volunteers have donated significant amounts of time and services to the Organization's program operations for the years ended December 31, 2025 and 2024, and to its fundraising campaigns. Contributed services are recognized by the Organization if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The services donated are not reflected in the accompanying consolidated financial statements as an expense or as income from donations; such services do not meet the above criteria for recording under U.S. GAAP.

Use of estimates – The preparation of the 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 related disclosures at the date of the consolidated financial statements and the reported amounts of revenues, expenses, and changes in net assets during the reporting period. While management believes that these estimates are adequate as of December 31, 2025 and 2024, it is possible that actual results could differ from those estimates, and the difference could be material to the consolidated financial statements.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprised the following at December 31:

	2025	2024
Financial assets at year end		
Cash and cash equivalents	$ 13,217,570	$ 12,069,028
Accounts receivable, net	4,615,996	4,825,279
Other receivables	1,627,020	1,491,995
Investments	33,053,495	35,443,492
Inventory	14,830,780	12,700,862
Total financial assets at year end	67,344,861	66,530,656
Less amounts not available to meet general expenditures within one year		
Board-designated funds	(22,228,774)	(19,550,120)
Other receivables – with donor restriction	(1,627,020)	(1,491,995)
Other donor-restricted funds unavailable for general use	(4,794,225)	(4,008,691)
	(28,650,019)	(25,050,806)
Financial assets available to meet general expenditures within one year	$ 38,694,842	$ 41,479,850

The Organization's board-designated funds, which totaled approximately $22,229,000 and $19,550,000 as of December 31, 2025 and 2024, respectively, are accessible upon Board approval for general operations and are not subject to an annual spending maximum. Although the Organization does not intend to spend from these amounts, they could be made available for use in general operations by the Board if necessary. As part of the Organization's liquidity management plan, it structures its financial assets to be available as obligations come due.

Note 4 – Fair Value Measurements

Accounting Standard Codification (ASC) 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For those assets and liabilities reported at fair value, the Organization has determined their placement in the fair value hierarchy based on the nature of inputs to determine the fair value and management's assessment of risk characteristics associated with these inputs. The Organization categorizes the financial assets and liabilities, based on the priority of inputs to the valuation technique, into three-tiered hierarchy as described below.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 – Observable inputs, other than Level 1 quoted prices, such as quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable for the asset or liability either directly or indirectly. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 – Unobservable inputs that are supportable by little or no market activity, which requires the Organization to develop its own assumptions.

The inputs or methodology used for valuing or classifying investments for financial reporting purposes are not necessarily an indication of the risks associated with those investments or a reflection of the liquidity of or degree of difficulty in estimating the investment's fair value.

The following methods and assumptions are used to estimate fair value:

Cash and cash equivalents – The carrying amount of the assets approximates fair value due to their short-term maturity.

U.S. Treasury securities – U.S. Treasury securities held by the Organization are valued using the spread above the risk-free yield curve.

Money market and mutual funds – Mutual funds held by the Organization are publicly traded and are valued at the closing price on the last business day of the fiscal year.

Beneficial interests in trusts – Beneficial interests in trusts (see Note 5) include charitable remainder trusts and perpetual trusts administered by other trustees, which are valued based on estimates associated with life expectancy, investment return, future inflation, and cash flows associated with the underlying securities.

Where quoted market prices are available in active markets, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash equivalents, money market funds, and mutual funds. Investments classified as Level 2 are priced using the spread above the risk-free yield curve. Level 2 securities include U.S. Treasury securities.

The Organization's policy is to recognize transfers in and out of Levels 1, 2, and 3 as of the end of the year. There were no transfers between levels during 2025 or 2024. The changes in value of Level 3 assets are reported within realized and unrealized gains and losses in the consolidated statements of activities.

The following tables summarize the valuation of the Organization's investments and beneficial interests in trusts by fair value hierarchy levels as of December 31:

	2025			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ 3,716,990	$ -	$ -	$ 3,716,990
U.S. treasury securities	-	6,403,760	-	6,403,760
Money market funds	106,215	-	-	106,215
Mutual funds – equity	17,220,975	-	-	17,220,975
Mutual funds – fixed income funds	5,605,555	-	-	5,605,555
Total investments	26,649,735	6,403,760	-	33,053,495
Beneficial interests in trusts				
Perpetual trusts	-	-	348,327	348,327
Charitable remainder trusts	-	-	1,065,483	1,065,483
Total beneficial interests in trusts	-	-	1,413,810	1,413,810
Assets reported at fair value	$ 26,649,735	$ 6,403,760	$ 1,413,810	$ 34,467,305

	2024			
	Level 1	Level 2	Level 3	Total
Investments				
Cash and cash equivalents	$ 3,573,015	$ -	$ -	$ 3,573,015
U.S. treasury securities	-	7,979,623	-	7,979,623
Money market funds	4,101,914	-	-	4,101,914
Mutual funds – equity	15,537,453	-	-	15,537,453
Mutual funds – fixed income funds	4,251,487	-	-	4,251,487
Total investments	27,463,869	7,979,623	-	35,443,492
Beneficial interests in trusts				
Perpetual trusts	-	-	321,013	321,013
Charitable remainder trusts	-	-	957,772	957,772
Total beneficial interests in trusts	-	-	1,278,785	1,278,785
Assets reported at fair value	$ 27,463,869	$ 7,979,623	$ 1,278,785	$ 36,722,277

Changes in the fair value of Level 3 beneficial interests in trusts in 2025 and 2024 were due to adjustments from investment earnings received, and adjustments to net present discount rates. There were no new contributions, write-offs, sales, or transfers during the years ended December 31, 2025 and 2024.

The following table represents the Organization's Level 3 financial instruments for the years ended December 31, 2025 and 2024, the valuation technique used to measure the fair value of the financial instruments and the significant unobservable inputs, and the ranges of values for those inputs:

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range
Beneficial interest in trusts				
Perpetual trusts	$ 348,327	Income approach	Discount rate based	3.4% to 8%
Charitable remainder trusts	1,065,483		on mortality tables	

Note 5 – Other Receivables

Other receivables include the following as of December 31:

	2025	2024
Notes receivable	$ 213,210	$ 213,210
Charitable remainder trusts	1,065,483	957,772
Perpetual trusts beneficial interest	348,327	321,013
Total other receivables	$ 1,627,020	$ 1,491,995

Charitable remainder trusts and beneficial interest of perpetual trusts are presented at fair value based on significant unobservable inputs and accordingly are categorized as Level 3, whose activities are disclosed in Note 4. The beneficial interest in charitable remainder and perpetual trusts is distributed to the Organization as stipulated in the trust agreements.

Note 6 – Property, Plant, and Equipment, Net and Deferred Gain in Sales Leaseback

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

	2025	2024
Land	$ 2,034,821	$ 2,034,821
Buildings and improvements	56,287,699	53,189,489
Fixtures and equipment	33,520,756	31,941,758
Transportation equipment	3,053,010	3,035,577
	94,896,286	90,201,645
Less: accumulated depreciation	(67,815,017)	(65,191,097)
	$ 27,081,269	$ 25,010,548

Depreciation expense for the years ended December 31, 2025 and 2024, was approximately $3,630,000 and $3,089,000, respectively.

Sale-leaseback transaction – During 2012, the Organization sold its real estate investments in three of its properties for approximately $6,996,000. After the sale, the Organization leased back the three buildings under 15-year lease agreements. In accordance with U.S. GAAP, the Organization accounted for the transaction as a sale-leaseback and deferred a portion of the gain on the sale equal to the net present value of the Organization's future minimum lease payments of approximately $5,700,000. The deferred gain is being amortized on a straight-line basis over the 15-year life of the lease. This amount is reported as a reduction of rent expense in each year.

The unamortized gain is reported in the consolidated statements of financial position as deferred gain on sale-leaseback as of December 31:

	2025	2024
Unrecognized gain	$ 910,684	$ 1,378,036
Sale-leaseback deferred rent recognized	(467,352)	(467,352)
	$ 443,332	$ 910,684

The future amortization of the deferred gain based on minimum rents for years ending December 31 is as follows:

Years Ending December 31,	
2026	$ 378,839
2027	64,493
	$ 443,332

Note 7 – Line of Credit

On July 1, 2022, the Organization entered into a secured line-of-credit agreement which expires on July 31, 2026. During the availability period, the Organization is authorized to draw on the line of credit for up to $30,000,000. The remaining available balance was not drawn upon during 2025 or 2024. The unused commitment fee of the line of credit is the rate per year equal to Daily Secured Overnight Financing Rate plus 1.30%.

Note 8 – Net Assets

Net assets without donor restrictions – At December 31, unrestricted and board-designated net assets are as follows:

	2025	2024
Net assets without donor restrictions		
Board-designated reserve	$ 22,228,774	$ 19,550,120
Undesignated net assets without donor restrictions	36,583,200	34,602,504
Total	$ 58,811,974	$ 54,152,624

Board-designated reserves are maintained for backup against adverse business conditions that may threaten the financial health of the Organization.

Net assets with donor restrictions – Activity in net assets with donor restrictions during the years ended December 31, 2025 and 2024, was as follows:

	Balance, January 1, 2025	Contributions and Other Increases	Realized/Unrealized Gain on Investments	Release from Restrictions and Other Decreases	Balance, December 31, 2025
Program services	$ 885,422	$ 3,074,651	$ -	$ (2,746,578)	$ 1,213,495
Charitable remainder trusts	957,772	-	107,712	-	1,065,484
Accumulated gains on endowments	1,180,369	-	455,460	-	1,635,829
Perpetual trusts	321,013	-	27,314	-	348,327
Named endowments held in perpetuity	2,156,110	-	2,000	-	2,158,110
Net assets with donor restrictions	$ 5,500,686	$ 3,074,651	$ 592,486	$ (2,746,578)	$ 6,421,245

	Balance, January 1, 2024	Contributions and Other Increases	Realized/Unrealized Gain (loss) on Investments	Release from Restrictions and Other Decreases	Balance, December 31, 2024
Program services	$ 2,761,502	$ 1,721,286	$ -	$ (3,597,366)	$ 885,422
Charitable remainder trusts	872,261	-	85,511	-	957,772
Accumulated gains on endowments	808,926	-	371,443	-	1,180,369
Perpetual trusts	302,279	-	18,734	-	321,013
Named endowments held in perpetuity	2,156,110	-	-	-	2,156,110
Net assets with donor restrictions	$ 6,901,078	$ 1,721,286	$ 475,688	$ (3,597,366)	$ 5,500,686

Note 9 – Leases

The Organization reported lease liabilities in accordance with Accounting Standards Update Topic 842, *Leases.* The Organization leases certain stores, facilities, and office and transportation equipment. The leases have various expiration dates through 2035. Minimum annual rental payments, excluding any future inflation adjustments, are as follows:

Years Ending December 31,	
2026	$ 29,488,725
2027	27,200,257
2028	23,875,249
2029	17,445,746
2030	10,854,441
Thereafter	19,729,808
Less imputed interest	(10,682,559)
	$ 117,911,667

Lease expense for the years ended December 31, 2025 and 2024, was approximately $26,390,000 and $24,650,000, respectively.

Additional information for the Organization's leases at December 31, 2025, are summarized below:

	2025	2024
Cash paid for amount included in the measurement of lease liabilities for operating leases	$ 2,591,180	$ 3,695,588
Weighted-average remaining lease term	6.35 years	8.05 years
Weighted-average discount rate	1.91%	1.40%

Note 10 – Commitments and Contingencies

Litigation – In the normal course of operations, the Organization is named as defendant in lawsuits and is subject to periodic examinations by regulatory agencies. After consultation with legal counsel, management is of the opinion that any probable and measurable liabilities arising from such litigation and examinations have been properly reported in the consolidated statements of financial position within accounts payable and accrued liabilities.

Government grants – Certain programs of the Organization receive funding and support from the local, state, or federal governments. Accordingly, these programs are subject to audit that could result in adjustments due to disallowed costs. Management believes that liabilities, if any, resulting from any such audits will not have a material effect on the consolidated financial statements.

Note 11 – Retirement Plans

403(b) deferred compensation plan – The Organization has a 403(b) Retirement Plan (the Plan) for the benefit of its employees. All employees are eligible to make contributions from their pre-tax and/or post-tax salary. At the discretion of management, and after one year of service, certain full-time employees may receive an employer contribution. Participants are fully vested in their own contributions. Employees are vested in the employer contributions as follows:

Years of Service	% Vested
2	25%
3	50%
4	75%
5 or more	100%

For the years ended December 31, 2025 and 2024, the Organization contributed approximately $299,000 and $211,000 to the Plan, respectively.

457(b) deferred compensation plan – The Organization has a Supplemental Executive Retirement Plan (SERP) for certain executives. The Organization records a deferred compensation liability for amounts due to these individuals which include the earnings from the invested assets. The liability is funded as required by the plan and is reported within accrued compensation and other related expenses on the consolidated statements of financial position. The corresponding investments held by the Organization are included in prepaid expenses and deposits on the consolidated statements of financial position. Total assets and liabilities amounted to approximately $890,000 and $861,000 for the years ended December 31, 2025 and 2024, respectively. The Organization did not contribute to the SERP for the years ended December 31, 2025 and 2024.

Note 12 – Self-Insurance

Accrued insurance claims reported in the consolidated statements of financial position include estimated obligations for state unemployment insurance and workers' compensation.

The Organization has elected not to pay state unemployment insurance (SUI) taxes and, instead, is charged for its share of unemployment benefits actually paid by the state of California to former employees.

The estimated claims payable and changes in the claims payable amount for fiscal years ended December 31, 2025 and 2024, are listed below:

	2025		
	Workers' Compensation	CA SUI	Total
Claims payable, beginning of year	$ 12,494,003	$ 1,690,567	$ 14,184,570
Claims incurred/changes in estimate	3,794,855	(102,942)	3,691,913
Claim payments	(3,277,885)	(800,681)	(4,078,566)
	$ 13,010,973	$ 786,944	$ 13,797,917

	2024		
	Workers' Compensation	CA SUI	Total
Claims payable, beginning of year	$ 12,376,447	$ 1,975,221	$ 14,351,668
Claims incurred/changes in estimate	3,401,607	99,034	3,500,641
Claim payments	(3,284,051)	(383,688)	(3,667,739)
	$ 12,494,003	$ 1,690,567	$ 14,184,570

The Organization is self-insured under its workers' compensation insurance program. Excess policies provide insurance coverage on individual claims which exceed specified amounts. Each year, the Organization estimates its liability for any claims outstanding, including claims incurred but not reported. The ultimate liability for claims is estimated based on historical data related to the timing and nature of claims paid and current payroll data. Given the estimation nature of this area, it is reasonably possible that future adjustments to these estimates will be required. The workers' compensation accrual has been discounted with a rate of 3% at both December 31, 2025 and 2024. The discounted amount of the liability was approximately $13,793,000 and $14,185,000 as of December 31, 2025 and 2024, respectively, as determined by the results of the actuarial study performed.

Note 13 – Endowments

The Organization's endowment consists of individual funds established for a variety of purposes. The net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. A reconciliation of beginning and ending balances of endowment funds in total including investment return, contributions, amounts appropriated for expenditure, and other changes is disclosed in Note 8.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, (c) the fair value of the Organization's interest in split-interest agreements at the time of termination of the trust as stipulated by the trust agreement to be donor-restricted endowment, and (d) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Additionally, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

The duration and preservation of the fund.

The mission of the Organization and the donor-restricted endowment fund.

General economic conditions.

The possible effect of inflation and deflation.

The expected total return from income and the appreciation or depreciation of investments.

Other resources of the Organization.

The Organization's investment policies.

Investment return objectives, risk parameters, and strategies – The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve investment income with minimum risk. Endowment assets are invested in mutual funds.

Spending policy – Although UPMIFA permits a more aggressive spending policy, funds will only be transferred out of the endowment fund when approved specifically by the finance committee, provided that this is consistent with the wishes of the donors. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use, which on an annual basis is calculated as 7% of the average balance of the prior twelve quarters.

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2025 or 2024.

For the years ended December 31, endowment net assets have been classified as follows:

	2025	2024
Endowments held in perpetuity	$ 2,158,110	$ 2,156,110
Accumulated gains on endowments	1,635,829	1,180,369
	3,793,939	3,336,479
Perpetual trusts	348,327	321,013
	$ 4,142,266	$ 3,657,492

Named investment endowments with accumulated earnings as of December 31, 2025 and 2024, are as follows:

	2025	2024
Lawrence Page	$ 62,001	$ 54,525
Garrett Family	672,480	591,395
Ludwig EG Erb	2,856,467	2,512,044
Thomas Barry	170,160	149,643
Capital Campaign	32,831	28,872
	$ 3,793,939	$ 3,336,479

Note 14 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are available to be issued. The Organization recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of financial position, including the estimates inherent in the process of preparing the consolidated financial statements. The Organization's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of financial position but arose after the consolidated statement of financial position date and before the consolidated financial statements are available to be issued.

The Organization has evaluated subsequent events after the statement of financial position date for appropriate accounting and disclosure, through May 15, 2026, the date on which the consolidated financial statements were available to be issued.

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