

**GOODWILL INDUSTRIES OF
THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
Years Ended December 31, 2010 and 2009**

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business & advisory services
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**FOUNTAIN, ARRINGTON, BASS,
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INDEPENDENT AUDITORS' REPORT

Members

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To the Board of Directors
Goodwill Industries of the Southern Rivers, Inc.
Columbus, Georgia

We have audited the accompanying consolidated statements of financial position of Goodwill Industries of the Southern Rivers, Inc. (a nonprofit organization) and its subsidiary as of December 31, 2010 and 2009, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of the Southern Rivers, Inc. and its subsidiary as of December 31, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2011, on our consideration of Goodwill Industries of the Southern Rivers, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the consolidated basic financial statements taken as a whole. The Management Letter to Stakeholders is presented for purposes of additional analysis and is not a required part of the consolidated basic financial statements. The accompanying Supplemental Statement of Financial Position Without Eliminations, Supplemental Statement of Activities – Goodwill Industries of the Southern Rivers, Inc., Supplemental Statement of Activities – Ben and Jerry’s of the Southern Rivers, Inc., Supplemental Statement of Activities – Columbus Community Campus, LLC, and Schedule of State Awards Expended are presented for purposes of additional analysis and are also not a required part of the consolidated basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated basic financial statements. With the exception of the accompanying Management Letter to Stakeholders and the Supplemental Statement of Activities – Ben and Jerry’s of the Southern Rivers, Inc. which was compiled, the information has been subjected to the auditing procedures applied in the audits of the consolidated basic 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 basic financial statements or to the consolidated basic 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 basic financial statements taken as a whole.

Fountain, Arrington, Bass, Mercer & Lee, P.C.

FOUNTAIN, ARRINGTON, BASS, MERCER & LEE, P.C.
Certified Public Accountants

Columbus, Georgia
May 11, 2011



Dear Stakeholder,

These pages represent how well our performance aligned with our vision and mission. Up front, you will find the Financial Reports for 2010 compared to our results from the previous two years. We'd made great strides coming into 2010, but lowering the bar or simply matching 2009 numbers was not an option for us. We want you to know we don't take stewardship lightly. As we complete our strategic plan in 2011, we are looking out to 2016 and adjusting our business strategies to provide funding for more services to more people in our territory while also expanding the types of services to include financial services and a stronger skills based model available to more people.

While the numbers may grab your attention, changed lives will grab your heart. In 2010, our organizations served 21,669, placing 3,336 individuals into employment. Collectively that created an overall economic impact of \$51.6 Million. At Ben and Jerry's, we served 6 at risk youth with hands on work experience and work behavior training. At PowerWorks Industries, over \$1.5 Million was paid in payroll, and over \$1 Million of these wages were paid to individuals with disabilities. Also at PowerWorks, of the 150,892 hours worked by non-exempt employees, 125,207 of those hours were paid to individuals with a disability. Our vision has worked its way into the nooks and crannies of our daily operations, and each day brings news of fruitfulness amount the communities in which our teams have the privilege to serve.

2010 was a year of change for Ben and Jerry's of the Southern Rivers. In evaluating our business lines for the 2016 plan, our organization after much due diligence, ended our PartnerShop agreement with Unilever/Ben and Jerry's as our financial resources invested elsewhere created a greater return for the community and those we serve. So on September 3, 2010, the Columbus, Georgia Ben and Jerry's location closed and converted into the first stand alone drive through donation center. This center has exceeded all projections.

We are grateful for each gently used donation retail receives; every corporate, foundation or personal monetary gift made; every blade of grass we cut, shrub or tree we prune; every foot of floor we strip and wax or office, restroom we clean; every ice cream you buy. We are grateful for the trust placed in us to care for the resources we are entrusted with from you our community.

With appreciation,

A handwritten signature in black ink that reads "Jane P. Nichols". The signature is written in a cursive, flowing style.

Jane P. Nichols
President and CEO

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

ASSETS

	2010	2009
Cash and cash equivalents	\$ 792,202	\$ 1,583,037
Accounts receivable - trade	215,475	299,381
Accounts receivable - related party	200,097	534,110
Split-interest agreement	26,322	29,655
Accrued interest receivable	12,711	5,866
Inventories	775,776	732,559
Investments	2,685,324	2,444,058
Prepaid expenses and assets	145,750	115,816
Fixed assets - net	8,147,562	7,524,460
Loan receivable-affiliate	--	461,044
	\$ 13,001,219	\$ 13,729,986

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 69,375	\$ 209,417
Accounts payable - related party	2,283	1,015
Deferred revenue	3,246	--
Accrued wages	82,491	407,590
Accrued and withheld expenses	264,593	229,610
Notes payable	3,222,917	3,397,916
	3,644,905	4,245,548

NET ASSETS

Unrestricted	9,205,756	9,230,547
Temporarily restricted	26,322	129,655
Permanently restricted	124,236	124,236
	9,356,314	9,484,438

Total net assets	9,356,314	9,484,438
Total Liabilities and Net Assets	\$ 13,001,219	\$ 13,729,986

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

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENT OF ACTIVITIES
For Year Ended December 31, 2010

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
SUPPORT, REVENUE AND GAINS				
Store sales and donated inventory	\$ 10,561,541	\$ --	\$ --	\$ 10,561,541
Salvage revenue	1,464,082	--	--	1,464,082
Contracts	86,218	--	--	86,218
Mission services grant	514,560	--	--	514,560
Net investment gain	248,111	--	--	248,111
Contributions	2,746	--	--	2,746
Split-interest agreements	667	--	--	667
Cafeteria revenue	4,830	--	--	4,830
Rental income	141,047	--	--	141,047
Common area maintenance income	2,697	--	--	2,697
Gain on disposal of fixed assets	1,974	--	--	1,974
Other income	47,920	--	--	47,920
Net assets released from restriction	103,333	(103,333)	--	--
Total support, revenue and gains	<u>13,179,726</u>	<u>(103,333)</u>	<u>--</u>	<u>13,076,393</u>
EXPENSES				
Program Services				
Stores	10,145,754	--	--	10,145,754
Recycling	55,421	--	--	55,421
Salvage	226,706	--	--	226,706
Contracts	85,231	--	--	85,231
Mission services	1,686,919	--	--	1,686,919
Total program services	<u>12,200,031</u>	<u>--</u>	<u>--</u>	<u>12,200,031</u>
Supporting services				
Administrative	926,153	--	--	926,153
Community relations/fundraising	78,333	--	--	78,333
Total supporting services	<u>1,004,486</u>	<u>--</u>	<u>--</u>	<u>1,004,486</u>
Total expenses	<u>13,204,517</u>	<u>--</u>	<u>--</u>	<u>13,204,517</u>
Change in Net Assets	(24,791)	(103,333)	--	(128,124)
NET ASSETS, beginning of year	<u>9,230,547</u>	<u>129,655</u>	<u>124,236</u>	<u>9,484,438</u>
NET ASSETS, end of year	<u>\$ 9,205,756</u>	<u>\$ 26,322</u>	<u>\$ 124,236</u>	<u>\$ 9,356,314</u>

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

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENT OF ACTIVITIES
For Year Ended December 31, 2009

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
SUPPORT, REVENUE AND GAINS				
Store sales and donated inventory	\$ 9,951,925	\$ --	\$ --	\$ 9,951,925
Recycling revenue	52,814	--	--	52,814
Salvage revenue	1,236,372	--	--	1,236,372
Contracts	87,606	--	--	87,606
Mission services grant	609,314	100,000	--	709,314
Net investment gain	216,479	--	--	216,479
Contributions	13,477	--	--	13,477
Split-interest agreements	1,340	--	--	1,340
Cafeteria revenue	7,768	--	--	7,768
Rental income	404,858	--	--	404,858
Common area maintenance income	26,912	--	--	26,912
Loss on disposal of fixed assets	(690)	--	--	(690)
Other income	59,039	--	--	59,039
Net assets released from restrictions	5,859	(5,859)	--	--
Total support, revenue and gains	<u>12,673,073</u>	<u>94,141</u>	<u>--</u>	<u>12,767,214</u>
EXPENSES				
Program Services				
Stores	9,090,238	--	--	9,090,238
Recycling	122,487	--	--	122,487
Salvage	248,616	--	--	248,616
Contracts	108,283	--	--	108,283
Mission services	1,335,987	--	--	1,335,987
Total program services	<u>10,905,611</u>	<u>--</u>	<u>--</u>	<u>10,905,611</u>
Supporting services				
Administrative	433,237	--	--	433,237
Community relations/fundraising	109,836	--	--	109,836
Total supporting services	<u>543,073</u>	<u>--</u>	<u>--</u>	<u>543,073</u>
Total expenses	<u>11,448,684</u>	<u>--</u>	<u>--</u>	<u>11,448,684</u>
Change in Net Assets	1,224,389	94,141	--	1,318,530
NET ASSETS, beginning of year	<u>8,006,158</u>	<u>35,514</u>	<u>124,236</u>	<u>8,165,908</u>
NET ASSETS, end of year	<u>\$ 9,230,547</u>	<u>\$ 129,655</u>	<u>\$ 124,236</u>	<u>\$ 9,484,438</u>

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

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

Program Services

	Stores	Recycling	Salvage	Contracts	Mission Services
Compensation and related expenses					
Salaries and wages	\$ 4,267,316	\$ --	\$ 54,644	\$ 52,143	\$ 959,275
Employee benefits	506,421	--	9,638	132	75,830
Workers' compensation	114,593	--	265	1,677	10,407
Payroll taxes	304,837	--	3,531	3,225	70,469
Total compensation and related expenses	5,193,167	--	68,078	57,177	1,115,981
Advertising	48,857	--	--	--	49,245
Background checks	5,924	--	173	282	1,030
Bad debt expense	--	--	--	--	--
Bank and credit card fees	129,307	--	--	--	50
Commissions	--	--	--	--	--
Contracted services	550	--	--	--	38,171
Cost of goods sold	538,966	--	--	--	--
Depreciation and amortization	478,069	37,587	4,371	600	37,366
Drug screening	6,594	--	--	27	6,793
Dues and subscriptions	1,475	--	--	--	3,224
Employee recruitment	1,051	--	--	--	--
Employee relations	3,611	--	--	--	863
Equipment rental	79,539	--	15,566	--	8,299
Equipment maintenance	59,630	--	17,386	--	1,899
Indirect cost allocation	1,098,115	8,928	4,464	22,319	62,923
Insurance	70,797	4,827	--	--	--
Interdepartment services	(49,629)	--	49,629	(10,579)	5,150
Interest	--	--	--	--	--
Miscellaneous	18,800	--	42	--	3,777

Program Services

	Stores	Recycling	Salvage	Contracts	Mission Services
Office supplies	\$ 23,367	\$ --	\$ 95	\$ --	\$ 23,783
Pest control	5,955	--	--	--	--
Postage, shipping and freight	7,774	--	--	--	1,391
Printing	8,187	--	--	--	48,978
Professional and consulting fees	3,913	510	--	--	1,325
Rent	1,221,095	--	--	--	146,145
Repairs and maintenance	53,149	--	1,257	--	290
Safety and security	8,244	--	--	--	2,728
Staff training and development	1,060	--	--	--	455
Supplies	122,235	--	44,739	14,557	5,725
Taxes and licenses	2,262	3,386	--	--	--
Technology expenses	76,938	--	1,168	72	51,107
Telephone	45,971	183	875	698	17,035
Travel	42,188	--	60	--	34,587
Uniforms	2,024	--	--	78	2,892
Utilities	590,645	--	1,324	--	13,735
Vehicle expense	245,924	--	17,479	--	1,972
Total Functional Expenses	\$ 10,145,754	\$ 55,421	\$ 226,706	\$ 85,231	\$ 1,686,919

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

	Supporting Services		Total
	Administrative	Community Relations Fundraising	
Compensation and related expenses			
Salaries and wages	\$ 1,002,885	\$ 44,880	\$ 6,381,143
Employee benefits	192,148	4,322	788,491
Workers' compensation	3,649	313	130,904
Payroll taxes	52,161	3,396	437,619
Total compensation and related expenses	1,250,843	52,911	7,738,157
Advertising	—	400	98,502
Background checks	983	381	8,773
Bad debt expense	482,160	—	482,160
Bank and credit card fees	15,281	—	144,638
Commissions	3,375	—	3,375
Contracted services	39,275	300	78,296
Cost of goods sold	—	—	538,966
Depreciation and amortization	199,407	4,102	761,502
Drug screening	210	—	13,624
Dues and subscriptions	158,463	80	163,242
Employee recruitment	9,755	—	10,806
Employee relations	10,186	234	14,894
Equipment rental	1,736	—	105,140
Equipment maintenance	6,742	147	85,804
Indirect cost allocation	(2,007,804)	(2,784)	(813,839)
Insurance	89,529	—	165,153
Interdepartment services	5,429	—	—
Interest	100,466	—	100,466
Miscellaneous	15,601	403	38,623

Supporting Services

	<u>Administrative</u>	<u>Community Relations Fundraising</u>	<u>Total</u>
Office supplies	\$ 20,248	\$ 2,144	\$ 69,637
Pest control	1,590	--	7,545
Postage, shipping and freight	5,980	1,669	16,814
Printing	510	9,151	66,826
Professional and consulting fees	83,301	--	89,049
Rent	--	--	1,367,240
Repairs and maintenance	52,899	--	107,595
Safety and security	2,847	--	13,819
Staff training and development	55,558	515	57,588
Supplies	8,761	3,562	199,579
Taxes and licenses	70,684	--	76,332
Technology expenses	90,599	3,790	223,674
Telephone	25,396	549	90,707
Travel	25,134	779	102,748
Uniforms	13,834	--	18,828
Utilities	80,802	--	686,506
Vehicle expense	6,373	--	271,748
 Total Functional Expenses	 \$ <u>926,153</u>	 \$ <u>78,333</u>	 \$ <u>13,204,517</u>

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009

	Program Services				
	Stores	Recycling	Salvage	Contracts	Mission Services
Compensation and related expenses					
Salaries and wages	\$ 3,965,095	\$ 65,521	\$ 29,830	\$ 58,864	\$ 728,456
Employee benefits	446,769	9,548	5,577	1,730	46,904
Workers' compensation	105,036	2,114	440	1,491	7,831
Payroll taxes	286,703	4,085	1,801	3,969	53,743
Total compensation and related expenses	4,803,603	81,268	37,648	66,054	836,934
Advertising	109,137	--	--	--	--
Background checks	6,052	75	--	375	2,591
Bad debt expense	--	2,000	19,700	--	--
Bank and credit card fees	106,276	--	334	--	30
Commissions	--	--	--	--	--
Contracted services	550	--	--	4,536	85,764
Cost of goods sold	444,583	--	--	--	--
Depreciation and amortization	385,108	5,278	3,775	614	26,707
Drug screening	5,609	--	--	189	5,986
Dues and subscriptions	2,355	--	--	--	915
Employee recruitment	62	--	--	--	--
Employee relations	1,076	184	104	--	665
Equipment rental	63,449	--	18,828	--	7,543
Equipment maintenance	46,844	5,109	33,137	--	3,364
Indirect cost allocation	850,488	--	3,529	28,232	55,214
Insurance	62,620	4,622	--	--	--
Interdepartment services	(45,662)	--	45,538	(6,543)	124
Interest	--	--	--	--	--
Miscellaneous	34,309	--	180	--	8,304

Program Services

	Stores	Recycling	Salvage	Contracts	Mission Services
Office supplies	\$ 17,016	\$ 769	\$ 633	\$ --	\$ 21,788
Penalties and interest	--	--	--	--	--
Pest control	3,652	120	24	--	--
Postage, shipping and freight	2,149	--	1,780	--	308
Printing	4,024	66	--	--	38,645
Professional and consulting fees	3,450	1,149	--	--	11,075
Rent	1,150,813	--	--	--	82,031
Repairs and maintenance	44,822	443	50	--	2,365
Safety and security	13,956	81	--	--	343
Staff training and development	481	--	100	--	5,157
Supplies	141,749	1,018	70,223	13,991	26,793
Taxes and licenses	2,375	--	--	--	--
Technology expenses	79,964	305	1,024	--	72,670
Telephone	39,251	1,485	400	--	12,627
Travel	21,429	36	285	835	25,972
Uniforms	2,685	1,869	--	--	832
Utilities	481,008	15,875	2,719	--	--
Vehicle expense	204,955	735	8,605	--	1,240
Total Functional Expenses	\$ 9,090,238	\$ 122,487	\$ 248,616	\$ 108,283	\$ 1,335,987

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009

	<u>Supporting Services</u>		<u>Total</u>
	<u>Administrative</u>	<u>Community Relations Fundraising</u>	
Compensation and related expenses			
Salaries and wages	\$ 1,048,653	\$ 73,387	\$ 5,969,806
Employee benefits	177,622	11,775	699,925
Workers' compensation	8,586	521	126,019
Payroll taxes	70,728	5,855	426,884
Total compensation and related expenses	1,305,589	91,538	7,222,634
Advertising	--	--	109,137
Background checks	935	45	10,073
Bad debt expense	--	--	21,700
Bank and credit card fees	14,918	--	121,558
Commissions	6,660	--	6,660
Contracted services	27,088	--	117,938
Cost of goods sold	--	--	444,583
Depreciation and amortization	102,292	4,532	528,306
Drug screening	232	--	12,016
Dues and subscriptions	148,852	94	152,216
Employee recruitment	5,795	--	5,857
Employee relations	23,391	15	25,435
Equipment rental	1,387	--	91,207
Equipment maintenance	4,118	182	92,754
Indirect cost allocation	(1,983,770)	(4,314)	(1,050,621)
Insurance	81,927	--	149,169
Interdepartment services	6,543	--	--
Interest	92,688	--	92,688
Miscellaneous	6,938	958	50,689

	<u>Supporting Services</u>		<u>Total</u>
	<u>Administrative</u>	<u>Community Relations Fundraising</u>	
Office supplies	\$ 26,932	\$ 3,052	\$ 70,190
Penalties and interest	906	--	906
Pest control	1,496	--	5,292
Postage, shipping and freight	5,651	558	10,446
Printing	--	4,279	47,014
Professional and consulting fees	106,722	--	122,396
Rent	198	--	1,233,042
Repairs and maintenance	34,155	--	81,835
Safety and security	3,182	--	17,562
Staff training and development	114,166	--	119,904
Supplies	6,348	1,287	261,409
Taxes and licenses	65,384	--	67,759
Technology expenses	84,404	5,169	243,536
Telephone	22,743	1,618	78,124
Travel	29,558	823	78,938
Uniforms	562	--	5,948
Utilities	80,857	--	580,459
Vehicle expense	4,390	--	219,925
Total Functional Expenses	\$ <u>433,237</u>	\$ <u>109,836</u>	\$ <u>11,448,684</u>

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (128,124)	\$ 1,318,530
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	761,502	528,306
(Gain) loss on disposition of fixed assets	(1,974)	690
Net loss on direct write off of receivable and note receivable provision for bad debt	(10,629)	--
Net unrealized gain on investments	(52,215)	(192,135)
Net realized (gain) loss on sale of investments	(124,109)	29,473
Changes in assets and liabilities		
Accounts receivable - trade	94,535	(120,232)
Accounts receivable - related party	334,013	(146,111)
Split-interest agreement	3,333	5,859
Accrued interest receivable	(6,845)	1,364
Inventories	(43,217)	(29,142)
Prepaid expenses and assets	(34,356)	27,370
Loan receivable - affiliate	461,044	--
Accounts payable	(140,042)	112,705
Accounts payable - related party	1,268	(5,357)
Deferred revenue	3,246	(71,776)
Accrued wages	(325,099)	83,260
Accrued and withheld expenses	34,983	39,358
Total adjustments	955,438	263,632
Net cash provided by operating activities	827,314	1,582,162
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	1,953,729	773,452
Purchase of investments	(2,018,671)	(831,212)
Proceeds from disposal of fixed assets	6,350	25,000
Acquisition of fixed assets	(1,384,558)	(1,134,483)
Net cash used in investing activities	(1,443,150)	(1,167,243)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	--	3,500,000
Payments on notes payable	(174,999)	(3,602,084)
Net cash used in financing activities	(174,999)	(102,084)
Increase in Cash and Cash Equivalents	(790,835)	312,835
CASH AND CASH EQUIVALENTS, beginning	1,583,037	1,270,202
CASH AND CASH EQUIVALENTS, ending	\$ 792,202	\$ 1,583,037
SUPPLEMENTAL DISCLOSURES		
Cash paid during the year for interest	\$ 100,919	\$ 86,781

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

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The consolidated financial statements include the accounts of Goodwill Industries of the Southern Rivers, Inc. ("Goodwill") and its subsidiary, Columbus Community Campus, LLC (the "Campus"), collectively referred to as the Organization. Goodwill is a not-for-profit, tax-exempt organization established to provide rehabilitation, training, placement, and employment services for people with disabilities and disadvantages. Goodwill is primarily funded from the sale of donated items through its retail division, contracts and certain Federal grant revenues. Additional revenue is provided from private sources.

The Campus was formed in 2006 and is organized for the purpose of creating and maintaining stable, affordable, mission-enhancing work environments for multiple non-profit partners who have ownership rights through their co-habitation in the Campus. Income currently collected will be for the benefit of the property and to reimburse Goodwill for expenses incurred. As the project progresses, income will be used to offset long-term maintenance expense. In 2008, the Campus was part of the Consolidated Government, MidTown, Inc., and other area property owners in a partnership to study the revised flood maps. Additionally, the three properties were consolidated into one and re-zoned to reflect best use in office use. The Organization remains a Limited Liability Company.

Ben and Jerry's of the Southern Rivers, Inc. (Ben & Jerry's) is a not-for-profit, tax-exempt, Georgia corporation organized for the purpose of the operation of a Ben and Jerry's Ice Cream Shop under the PartnerShop Program for the purpose of employing at-risk youth and providing them with job skills. The Internal Revenue Service has determined that Ben and Jerry's is a supporting organization to Goodwill under section 509 (a) (3). Compiled financial statements for Ben & Jerry's are presented in the accompanying supplementary information. Ben & Jerry's discontinued operations during the year ended December 31, 2010.

Principles of Consolidation

All inter-company accounts and transactions have been eliminated in preparing the consolidated financial statements.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that are to be met by actions of the Organization and/or the passage of time.

Unrestricted net assets: Net assets not subject to donor-imposed stipulations.

At December 31, 2010 and 2009, the Organization has permanently restricted, temporarily restricted and unrestricted net assets.

Cash and Cash Equivalents

For purposes of the Consolidated Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

Accounts receivable are carried at their estimated collectible amounts and represent uncollateralized customer and contract obligations due under normal trade terms generally requiring payment within 30 days from the invoice date or as provided within the contract. Follow-up correspondence is made if unpaid accounts receivable go beyond 30 days.

Management closely monitors outstanding accounts receivable and based upon how recently payments have been made and customer credit history, charges to expense any balances that are determined to be uncollectible or establishes an allowance for doubtful accounts. As of December 31, 2010 and 2009, the Organization established an allowance for doubtful accounts in the amount of \$25,590 and \$36,219, respectively.

Inventories

Inventories consist of donated merchandise held and available for resale, valued at their estimated selling price, and purchased goods stated at the lower of cost or market determined by the first-in, first-out method.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Consolidated Statements of Financial Position. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of securities sold.

Investment management fees and service charges are netted against investment income for financial reporting purposes. The net realized and unrealized gains and losses and investment management fees and services charges are included as an increase or decrease in net assets in the accompanying Consolidated Statements of Activities.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fixed Assets and Depreciation

Fixed assets are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the assets' estimated useful lives. The various classifications of fixed assets and useful lives employed are as follows:

Land improvements	10 - 15 years
Buildings and improvements	5 - 40 years
Furniture and equipment	3 - 10 years
Autos and trucks	2 - 7 years
Leasehold improvements	3 - 15 years
Computers and software	3 - 10 years

Maintenance, repairs, and minor renewals are charged against income when incurred. Additions and major renewals are capitalized.

The Organization's policy is to capitalize fixed assets purchased or donated in excess of \$2,000.

Donor-designated Endowments

The Organization's endowment consists of donor-restricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 permanently restricted net assets the original value of gifts donated to the permanent endowment. The remaining portion of the donor-restricted endowment fund (investment return) is classified as unrestricted net assets as explicitly specified by the donor for use of support of the Organization's general operations. The Organization believes this treatment is in a manner

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-designated Endowments (Continued)

consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to expend or accumulate investment return on donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) general economic conditions, (3) the possible effect of inflation and deflation, (4) the expected total return from income and the appreciation of investments, (5) other resources of the Organization, and (6) the Organization's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempts to maintain the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve limited portfolio volatility and a relatively high and secure level of return, including investment income as well as capital appreciation, within acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to grow the funds. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return over inflation of at least 3.5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of growing rather than spending the funds. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal rate annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-designated Endowments (Continued)

Changes in endowment net assets as of December 31, 2010 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year, December 31, 2009	\$ 2,111,997	\$ 124,236	\$ 2,236,233
Investment income	57,884	--	57,884
Net appreciation	<u>176,324</u>	<u>---</u>	<u>176,324</u>
Endowment net assets, end of year, December 31, 2010	<u>\$ 2,346,205</u>	<u>\$ 124,236</u>	<u>\$ 2,470,441</u>

Changes in endowment net assets as of December 31, 2009 are as follows:

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year, December 31, 2008	\$ 1,900,981	\$ 124,236	\$ 2,025,217
Investment income	48,354	--	48,354
Net appreciation	<u>162,662</u>	<u>---</u>	<u>162,662</u>
Endowment net assets, end of year, December 31, 2009	<u>\$ 2,111,997</u>	<u>\$ 124,236</u>	<u>\$ 2,236,233</u>

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted and Unrestricted Revenue and Support

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement of Activities as net assets released from restriction.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Donated Services

The Organization utilizes volunteers for the VITA (Volunteer Income Tax Assistance) program. Those volunteers possess a level of expertise; however, no amount has been reflected in the consolidated financial statements as it is not material to the financial statements themselves. The Organization pays for most other services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. According to generally accepted accounting principles, these services do not meet criteria for recognition as donated services and therefore, no amounts have been reflected in the consolidated financial statements.

Income Tax Status

Goodwill is exempt from Federal and State income taxes under section 501(c)(3) of the Internal Revenue Code and did not conduct any unrelated business activities in 2010 or 2009. The Campus is a Limited Liability Company mirroring the tax status of the parent organization of Goodwill Industries of the Southern Rivers, Inc. Any net income derived by the Campus will be deemed unrelated business income and will be subject to income tax. During the years ended December 31, 2010 and 2009, unrelated business income generated tax of \$0 and \$4,376, respectively. These taxes were deemed immaterial and therefore, the Organization made no provision for income taxes in the accompanying consolidated financial statements. Goodwill has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of section 509(a) of the Internal Revenue Code.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Taxes

Taxes assessed by governmental authorities on revenue-producing transactions are presented on the Consolidated Statements of Activities net of sales.

Advertising

The Organization uses advertising to promote its programs and services throughout its 50 county territory. Each revenue generator utilizes various advertising and other paid marketing materials to communicate the services available and provide for donation solicitation. These materials are important to show how the Organization's mission services are sustained long term from these funding mechanisms. The production costs of advertising are expensed as incurred. Advertising expenses total \$98,502 and \$109,137 for the years ended December 31, 2010 and 2009, respectively, and are charged to the various programs benefited in the Consolidated Statements of Functional Expenses.

Subsequent Events

Management has evaluated subsequent events through May 11, 2011, the date the financial statements were available to be issued.

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NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Trade receivables	\$ 214,082	\$ 293,931
Returned checks	<u>1,393</u>	<u>5,450</u>
Total Accounts Receivable	<u>\$ 215,475</u>	<u>\$ 299,381</u>

NOTE C - CHARITABLE SPLIT-INTEREST AGREEMENTS

During 2008, the Organization received notification of an agreement naming the Organization as the beneficiary of a charitable lead annuity trust administered by a third-party institution. Under the terms of the split-interest agreement, the Organization is to receive \$4,000 annually through March 2018. For the year ended December 31, 2010, the Organization received \$4,000 in proceeds.

The following provides the present value of future expected benefits as of December 31, 2010 and 2009, based on terms contained within the agreement and a discount rate of 2.25%.

	<u>2010</u>	<u>2009</u>
Split-interest agreements	<u>\$ 26,322</u>	<u>\$ 29,655</u>

NOTE D - INVENTORIES

Inventories at December 31, 2010 and 2009, consist of the following:

	<u>2010</u>	<u>2009</u>
Donated merchandise	<u>\$ 775,776</u>	<u>\$ 732,559</u>
Total Inventories	<u>\$ 775,776</u>	<u>\$ 732,559</u>

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NOTE E – INVESTMENTS

The Organization has a formal investment policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates. The Organization also has a formal investment policy that limits its investment choices or the amount the Organization may invest in any one issuer.

Investments are stated at fair market value and consist of the following:

		<u>2010</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Certificates of deposit	\$ 214,883	\$ 214,883	\$ --
Money market securities	57,869	57,869	--
Real estate investment trust	104,622	104,622	--
U. S. Treasury notes	332,435	350,178	17,743
Common stocks	1,125,902	1,247,111	121,209
Corporate bonds	<u>690,479</u>	<u>710,661</u>	<u>20,182</u>
Total	<u>\$ 2,526,190</u>	<u>\$ 2,685,324</u>	<u>\$ 159,134</u>

As of December 31, 2010, maturities of debt investments are as follows:

	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-16 Years</u>	<u>Thereafter</u>	<u>Total</u>
Corporate bonds	<u>\$ 583,632</u>	<u>\$ 127,029</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 710,661</u>

As of December 31, 2010, the credit ratings of the Organization's investments in corporate bonds ranged from A- to AAA.

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NOTE E – INVESTMENTS (Continued)

	<u>2009</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
Certificates of deposit	\$ 207,825	\$ 207,825	\$ --
Money market securities	107,224	107,224	--
U. S. Treasury notes	365,721	378,746	13,025
Common stocks	864,876	927,927	63,051
Corporate bonds	<u>795,456</u>	<u>822,336</u>	<u>26,880</u>
Total	<u>\$ 2,341,102</u>	<u>\$ 2,444,058</u>	<u>\$ 102,956</u>

As of December 31, 2009, maturities of debt investments are as follows:

	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>11-16 Years</u>	<u>Thereafter</u>	<u>Total</u>
Corporate bonds	<u>\$ 683,359</u>	<u>\$ 113,472</u>	<u>\$ 25,505</u>	<u>\$ --</u>	<u>\$ 822,336</u>

Investment return is summarized as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 84,753	\$ 72,124
Net realized gain (loss)	124,109	(29,473)
Net unrealized gain	52,215	192,135
Investment fees	<u>(12,966)</u>	<u>(18,307)</u>
Net Investment Gain	<u>\$ 248,111</u>	<u>\$ 216,479</u>

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NOTE F – PREPAID EXPENSES AND ASSETS

Prepaid expenses consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Prepaid taxes	\$ 4,400	\$ --
Prepaid insurance	88,758	69,313
Prepaid maintenance/support/security	1,340	4,898
Prepaid postage	6	620
Prepaid rent	15,031	15,031
Prepaid supplies	10,545	9,375
Prepaid dues/subscriptions	599	--
Prepaid professional fees	2,000	--
Prepaid utilities	17,420	6,370
Prepaid travel	124	260
Loan fees, net of amortization of \$7,001 and \$2,579, respectively at December 31, 2010 and 2009	<u>5,527</u>	<u>9,949</u>
Total	<u>\$ 145,750</u>	<u>\$ 115,816</u>

NOTE G – FIXED ASSETS

Fixed assets consist of the following:

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 3,408,335	\$ 3,408,335
Buildings and improvements	3,536,679	2,989,637
Furniture and equipment	2,233,405	1,834,109
Autos and trucks	668,209	668,000
Leasehold improvements	1,712,572	1,282,531
Computers and software	<u>685,036</u>	<u>636,698</u>
	12,244,236	10,819,310
Less accumulated depreciation	<u>(4,096,674)</u>	<u>(3,294,850)</u>
Fixed Assets - Net	<u>\$ 8,147,562</u>	<u>\$ 7,524,460</u>

Depreciation expense at December 31, 2010 and 2009, is \$633,887 and \$525,727, respectively.

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NOTE H – DEFERRED REVENUE

Deferred revenue at December 31, 2010 and 2009, consists of the following:

	<u>2010</u>	<u>2009</u>
Deferred rent and deposits	\$ <u>3,246</u>	\$ _____
Total	\$ <u>3,246</u>	\$ _____

NOTE I – ACCRUED AND WITHHELD EXPENSES

Accrued and withheld expenses consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Accrued interest	\$ 8,326	\$ 8,779
Payroll related withholdings and accruals	115,441	118,869
Accrued sales tax payable	59,149	39,940
Gift certificates, vouchers and coupons	1,820	1,752
Ad valorem tax	79,857	11,979
Other miscellaneous accruals	--	48,291
Total	\$ <u>264,593</u>	\$ <u>229,610</u>

NOTE J – NOTES PAYABLE

Notes payable consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Line of credit, bank, due in monthly installments of principal of \$14,583, plus accrued interest at prime minus .25% with the remaining principal and accrued interest due March 31, 2012, secured by real estate with a book value of \$4,245,580 at December 31, 2010.	\$ <u>3,222,917</u>	\$ <u>3,397,916</u>
Total Notes Payable	\$ <u>3,222,917</u>	\$ <u>3,397,916</u>

Following are maturities of notes payable for each of the next two years:

2011	\$ 175,000
2012	<u>3,047,917</u>
Total	\$ <u>3,222,917</u>

Interest expense on the above notes for the years ended December 31, 2010 and 2009, is \$100,466 and \$92,688, respectively.

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NOTE K – NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	<u>2010</u>	<u>2009</u>
Cash restricted for purpose	\$ --	\$ 100,000
Split-interest agreement restricted as to time	<u>26,322</u>	<u>29,655</u>
 Total	 <u>\$ 26,322</u>	 <u>\$ 129,655</u>

Permanently restricted net assets consist of contributions related to an endowment fund, which were required by the donor to be invested in perpetuity. They are represented in the Consolidated Statements of Financial Position under Investments. Income from the investments is considered unrestricted and is available to be used to support the Organization's general operations. However, income from these investments is not being used by the Organization at the present time and is being reinvested.

NOTE L – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following program and supporting services are included in the accompanying financial statements.

STORES

Revenue generated through the sale of gently used donations at the Organization's retail stores is the primary means through which Organization funds its mission.

RECYCLING

The Organization contracted with a city in Georgia, to collect, process and sell recyclables on the commodities market, saving landfill space while providing employment opportunities for six individuals. The Organization's portion of the revenue, after expenses and revenue sharing, go back to support the Organization's mission and its job training, placement and advancement programs. This contract expired June 30, 2009.

SALVAGE

Goodwill has a system for placing gently used donations on its retail store's sales floor. Goods are priced and merchandised constantly. Items unsold and on the sales floor over a set period of time are pulled from the retail sales floor and sold as salvage through the salvage commodity market.

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NOTE L – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES (Continued)

CONTRACTS

The Organization provides contracted custodial services for a few commercial customers. Many of the employees hired for contracts participated in the Organization's custodial training program.

MISSION SERVICES

The Organization's Department of Mission Related Services is responsible for carrying out the mission of the Organization, which is to put people to work. Goodwill's Mission Related Services team does this through a variety of job training, placement and advancement programs that incorporate one-on-one case management and supported employment. Participants are empowered to develop self-sufficiency for the purposes of creating long-term employability and financial stability.

ADMINISTRATION

The Organization provides the strategic vision and implementation from the board level to the staff, as well as providing the oversight of accounting, people and talent development, communications and community development necessary to deliver quality products and services in a competitive environment. In addition, through the efforts of the Columbus Community Campus, LLC, the Organization and other non-profits will share administrative space, common-area space, technology and other infrastructure reducing the cost to provide a quality work environment and sustaining it for more efficient use of resources. The Organization presently collects rent from two organizations, while design studies are being conducted for future renovation. For the year ended December 31, 2010 and 2009, rental income under these arrangements totals \$134,330 and \$385,621, respectively.

FUNDRAISING AND COMMUNITY RELATIONS

The Organization provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations. Currently, formal fundraising events have been discontinued; however, the Organization still seeks and encourages financial support from individuals, foundations and corporations through the use of private donations, grants, endowments, awards etc.

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NOTE M – LEASES

The Organization has several non-cancelable operating leases, primarily for store locations and a vehicle, which expire at various dates through 2020.

Future minimum lease payments under these operating leases as of December 31, 2010 are:

Years ending December 31,	
2011	\$ 1,311,477
2012	1,238,863
2013	1,234,113
2014	1,225,958
2015	1,191,728
Thereafter	<u>2,885,807</u>
Total	<u>\$ 9,087,946</u>

Rent expense under these and other month-to-month leases totals \$1,373,236 and \$1,233,042 for the years ended December 31, 2010 and 2009, respectively.

NOTE N – CONCENTRATIONS

The Organization maintains its cash in various financial institutions. Cash is fully insured by the Federal Deposit Insurance Corporation at December 31, 2010 and 2009.

Investment balances are insured with a combination of Federal Deposit Insurance Corporation, Securities Investor Protection Corporation and private insurance coverage. At December 31, 2010 and 2009, uninsured investment balances total \$2,469,526 and \$58,816, respectively. Corporate bonds and equity securities maintained in the investment balances are subject to interest rate and market risk.

At December 31, 2010 and 2009, approximately 69% and 82%, respectively, of trade accounts receivable are attributable to three customers.

During 2010 and 2009, the Organization received approximately 4% of its annual revenue each year from Federally funded state pass-through grants. At December 31, 2010 and 2009, approximately 18% and 17%, respectively, of trade accounts receivable were due under those grants. Amounts are received and expended by the Organization under Federal programs and are subject to audit by cognizant government agencies. Noncompliance with certain provisions of laws regulations, contracts and grants relating to Federal programs could have a direct and material effect on the determination of financial statement amounts.

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

NOTE O – RELATED PARTY TRANSACTIONS

The Organization transacts business with a related party, Power Works Industries, Inc. (“Power Works”). The Organization’s executive committee is the Board of Directors for Power Works. Power Works elects its own members annually. Accordingly, the Organization is not considered to have a controlling financial interest in Power Works and consolidation of the financial statements of the two organizations is not considered appropriate.

The Organization has a management contract with Power Works. The contract is normally renewed annually and is structured so that it can be terminated by either party. This contract requires Power Works to pay the Organization a management fee and to reimburse any directly identifiable expenses incurred by the Organization on its behalf. During 2010 and 2009, Power Works paid management fees totaling \$60,498 and \$63,516 and reimbursed the Organization for expenses totaling \$204,544 and \$182,029, respectively. In addition, the contract calls for the Organization to receive compensation from Power Works of 75% of Power Works’ monthly net income after depreciation and management fees. During the years ended December 31, 2010 and 2009, the Organization received \$715,509 and \$930,283, respectively, under this agreement. This compensation is offset against indirect cost in the financial statements.

Occasionally, the Organization makes cash advances to Power Works. During the years ended December 31, 2010 and 2009, the Organization made no advances to Power Works.

At December 31, 2010 and 2009, the receivable from Power Works totals \$213,137 and \$279,310, respectively.

The Organization also transacted business with Ben & Jerry’s, a subsidiary. Ben & Jerry’s ceased operations in September 2010. The Organization had a management contract with Ben & Jerry’s. The contract required Ben & Jerry’s to pay the Organization a management fee and to reimburse any directly identifiable expenses incurred by the Organization on its behalf. During 2010 and 2009, Ben & Jerry’s paid management fees totaling \$37,832 and \$56,822 and reimbursed the Organization for expenses totaling \$40,719 and \$117,623, respectively. At December 31, 2010 and 2009, the receivable from Ben & Jerry’s totals \$0 and \$254,800, respectively.

As partial settlement of the amounts due to the Organization at December 31, 2010 from Ben & Jerry’s, the Organization took possession of Ben & Jerry’s building and some equipment. At the time of transfer, the building and equipment had a net book value of \$281,268. The Organization charged off accounts receivable of \$302,384 and notes receivable of \$461,044 due from Ben & Jerry’s. This resulted in a net loss to the Organization of \$482,160 which is included in bad debt expense at December 31, 2010.

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

NOTE P – RETIREMENT PLANS

The Organization sponsors a defined contribution 401(k) plan. All full-time employees are eligible to participate upon completion of a consecutive ninety-day period of service. Employees may elect to defer up to a maximum of 15% of compensation. The Organization may, at its sole discretion, make matching contributions. Net retirement plan expense for the years ended December 31, 2010 and 2009 is \$68,677 and \$63,897, respectively.

The Organization sponsors a defined contribution 457(b) plan. Certain management employees designated by the administrative committee are eligible to participate. The Organization may, at its sole discretion, make matching contributions. Net retirement plan expense for the years ended December 31, 2010 and 2009 is \$4,586 and \$790, respectively.

NOTE Q – OPERATING LEASE COMMITMENTS

The Organization leases office space to tenants on a month-to-month basis and under a non-cancelable operating lease with a remaining term of twelve months at December 31, 2010. The cost of the leased property is \$4,670,596 and the carrying amount at December 31, 2010 and 2009, is \$4,405,432 and \$4,533,047, respectively, which reflects \$265,164 and \$137,549 of accumulated depreciation at December 31, 2010 and 2009, respectively.

The following is a schedule by years of future minimum rentals under the leases at December 31, 2010.

Year ending December 31,

2011	\$ 122,330
2012	<u>61,165</u>
Total	\$ <u>183,495</u>

Most of the lease agreements contain renewal options for three to ten years. Rental income earned under this lease and other leases during the years ended December 31, 2010 and 2009, is \$134,330 and \$385,621, respectively.

NOTE R - FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - The carrying amount approximates fair value because of the short maturities of those instruments.

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

NOTE R - FINANCIAL INSTRUMENTS (Continued)

Accounts receivable, accrued interest receivable, accounts payable, accrued wages and accrued and withheld expenses - The carrying amounts of those instruments approximates their fair value because of the short maturities of those instruments.

Split-interest agreement - The fair value of the split-interest agreement approximates the carrying amounts based on interest rates for similar assets with similar payment streams and terms. The Organization estimates the fair value of the split-interest agreement by determining the present value of expected future cash inflows based on payment streams and a discount rate of 2.25%.

Investments - The fair values of investments, except the real estate investment trust, are measured on a recurring basis based on quoted prices in active markets for identical assets.

Investments - real estate investment trust - The fair value of the real estate investment trust is based on the net asset value per share as determined by the manager of the investment company.

Notes payable - The carrying amount of notes payable approximates its fair value because rates are similar to rates currently available to the Organization for debt with similar terms and remaining maturities.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets and liabilities reported at fair value on a non-recurring basis at December 31, 2010 are as follows:

	<u>Fair Value</u>	<u>Carrying Amount</u>
Cash and cash equivalents	\$ 792,202	\$ 792,202
Accounts receivable	415,572	415,572
Accrued interest receivable	12,711	12,711
Accounts payable	71,658	71,658
Accrued wages	82,491	82,491
Accrued and withheld expenses	264,593	264,593
Notes payable	3,222,917	3,222,917

The fair value measurements for the above assets and liabilities reported at fair value on a non-recurring basis at December 31, 2010, fall within the level 1 and 2 inputs of the fair value hierarchy. Level 1 inputs are those inputs that are measured at quoted prices in an active market for an identical asset or liability. Level 2 measurements generally use available indirect information, such as quoted prices for *similar* assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active.

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

NOTE R - FINANCIAL INSTRUMENTS (Continued)

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets and liabilities reported at fair value on a recurring basis at December 31, 2010, are as follows:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Observable (Level 3)
Split-interest agreement	\$ 26,322	\$ --	\$ 26,322
Investments	2,685,324	2,580,702	104,622

The reconciliation of changes in the split-interest agreement measured at fair value on a recurring basis using significant unobservable inputs (Level 3) is as follows:

December 31, 2009	\$ 29,655
Payments in 2010	<u>(3,333)</u>
December 31, 2010	<u>\$ 26,322</u>



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**FOUNTAIN, ARRINGTON, BASS,
MERCER & LEE, P.C.**
Certified Public Accountants

Members

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David J. Bass, C.P.A.
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John J. Lee, C.P.A.

**REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Goodwill Industries of the Southern Rivers, Inc.
Columbus, Georgia

We have audited the financial statements of Goodwill Industries of the Southern Rivers, Inc. (a nonprofit organization) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 11, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Goodwill Industries of the Southern Rivers, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Goodwill Industries of the Southern Rivers, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting. The financial statements of Columbus Community Campus, LLC were not audited in accordance with *Government Auditing Standards*.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Goodwill Industries of the Southern Rivers, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Goodwill Industries of the Southern Rivers, Inc. in a separate letter dated May 11, 2011.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Fountain, Arrington, Bass, Mercer & Lee, P.C.

FOUNTAIN, ARRINGTON, BASS, MERCER & LEE, P.C.
Certified Public Accountants

Columbus, Georgia
May 11, 2011

OTHER FINANCIAL INFORMATION

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
SUPPLEMENTAL STATEMENT OF FINANCIAL POSITION WITHOUT ELIMINATIONS
December 31, 2010 and 2009

ASSETS

	Goodwill Industries	Ben & Jerry's	Columbus Community Campus	Combined Total	2009 Total
Cash and cash equivalents	\$ 747,367	\$ --	\$ 44,835	\$ 792,202	\$ 1,796,466
Accounts receivable - trade, net	204,570	--	10,905	215,475	299,508
Accounts receivable - affiliate	613,198	--	1,763	614,961	755,529
Split-interest agreement	26,322	--	--	26,322	29,655
Accrued interest receivable	12,711	--	--	12,711	5,866
Inventories	775,776	--	--	775,776	742,585
Investments	2,685,324	--	--	2,685,324	2,236,233
Prepaid expenses and assets	141,170	--	4,580	145,750	118,284
Fixed assets - net	3,742,130	--	4,405,432	8,147,562	7,874,840
Loan receivable - affiliate	1,001,306	--	--	1,001,306	1,192,346
Total Assets	\$ 9,949,874	\$ --	\$ 4,467,515	\$ 14,417,389	\$ 15,051,312

LIABILITIES AND NET ASSETS

	Goodwill Industries	Ben & Jerry's	Columbus Community Campus	Combined Total	2009 Total
LIABILITIES					
Accounts payable	\$ 69,121	\$ --	\$ 254	\$ 69,375	\$ 210,444
Accounts payable - affiliate	4,047	--	413,100	417,147	477,234
Deferred revenue	--	--	3,246	3,246	--
Accrued wages	82,491	--	--	82,491	407,590
Accrued and withheld expenses	176,411	--	88,182	264,593	230,944
Notes payable - bank	--	--	3,222,917	3,222,917	3,397,916
Notes payable - affiliate	--	--	1,001,306	1,001,306	1,192,346
Total liabilities	332,070	--	4,729,005	5,061,075	5,916,474
NET ASSETS					
Unrestricted	9,467,246	--	(261,490)	9,205,756	8,880,947
Temporarily restricted	26,322	--	--	26,322	129,655
Permanently restricted	124,236	--	--	124,236	124,236
Total net assets	9,617,804	--	(261,490)	9,356,314	9,134,838
Total Liabilities and Net Assets	\$ 9,949,874	\$ --	\$ 4,467,515	\$ 14,417,389	\$ 15,051,312

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
COLUMBUS, GEORGIA
SUPPLEMENTAL STATEMENT OF ACTIVITIES
GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
For Year Ended December 31, 2010

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
SUPPORT, REVENUE AND GAINS				
Store sales and donated inventory	\$ 10,561,541	\$ --	\$ --	\$ 10,561,541
Salvage revenue	1,464,082	--	--	1,464,082
Contracts	86,218	--	--	86,218
Mission services grants	514,560	--	--	514,560
Net investment gain	248,111	--	--	248,111
Contributions	2,746	--	--	2,746
Split-interest agreements	667	--	--	667
Cafeteria revenue	4,830	--	--	4,830
Rental income	6,717	--	--	6,717
Gain on disposal of fixed assets	1,974	--	--	1,974
Other income	47,920	--	--	47,920
Net assets released from restrictions	103,333	(103,333)	--	--
Total support, revenue and gains	<u>13,042,699</u>	<u>(103,333)</u>	<u>--</u>	<u>12,939,366</u>
EXPENSES				
Program Services				
Stores	10,145,754	--	--	10,145,754
Recycling	55,421	--	--	55,421
Salvage	226,706	--	--	226,706
Contracts	85,231	--	--	85,231
Mission services	1,686,919	--	--	1,686,919
Total program services	<u>12,200,031</u>	<u>--</u>	<u>--</u>	<u>12,200,031</u>
Supporting services				
Administrative	495,896	--	--	495,896
Community relations/fundraising	78,333	--	--	78,333
Total supporting services	<u>574,229</u>	<u>--</u>	<u>--</u>	<u>574,229</u>
Total expenses	<u>12,774,260</u>	<u>--</u>	<u>--</u>	<u>12,774,260</u>
Change in Net Assets	268,439	(103,333)	--	165,106
NET ASSETS, beginning of year	<u>9,198,807</u>	<u>129,655</u>	<u>124,236</u>	<u>9,452,698</u>
NET ASSETS, end of year	<u>\$ 9,467,246</u>	<u>\$ 26,322</u>	<u>\$ 124,236</u>	<u>\$ 9,617,804</u>

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

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
COLUMBUS, GEORGIA
SUPPLEMENTAL STATEMENT OF ACTIVITIES
GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
For Year Ended December 31, 2009

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total
SUPPORT, REVENUE AND GAINS				
Store sales and donated inventory	\$ 9,951,925	\$ --	\$ --	\$ 9,951,925
Recycling revenue	52,814	--	--	52,814
Salvage revenue	1,236,372	--	--	1,236,372
Contracts	87,606	--	--	87,606
Mission services grants	609,314	100,000	--	709,314
Net investment gain	216,479	--	--	216,479
Contributions	13,477	--	--	13,477
Split-interest agreements	1,340	--	--	1,340
Cafeteria revenue	7,768	--	--	7,768
Rental income	19,237	--	--	19,237
Loss on disposal of fixed assets	(690)	--	--	(690)
Other income	59,039	--	--	59,039
Net assets released from restrictions	5,859	(5,859)	--	--
Total support, revenue and gains	<u>12,260,540</u>	<u>94,141</u>	<u>--</u>	<u>12,354,681</u>
EXPENSES				
Program Services				
Stores	9,090,238	--	--	9,090,238
Recycling	122,487	--	--	122,487
Salvage	248,616	--	--	248,616
Contracts	108,283	--	--	108,283
Mission services	1,335,987	--	--	1,335,987
Total program services	<u>10,905,611</u>	<u>--</u>	<u>--</u>	<u>10,905,611</u>
Supporting services				
Administrative	49,309	--	--	49,309
Community relations/fundraising	109,836	--	--	109,836
Total supporting services	<u>159,145</u>	<u>--</u>	<u>--</u>	<u>159,145</u>
Total expenses	<u>11,064,756</u>	<u>--</u>	<u>--</u>	<u>11,064,756</u>
Change in Net Assets	1,195,784	94,141	--	1,289,925
NET ASSETS, beginning of year	<u>8,003,023</u>	<u>35,514</u>	<u>124,236</u>	<u>8,162,773</u>
NET ASSETS, end of year	<u>\$ 9,198,807</u>	<u>\$ 129,655</u>	<u>\$ 124,236</u>	<u>\$ 9,452,698</u>

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

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
COLUMBUS, GEORGIA
SUPPLEMENTAL STATEMENT OF ACTIVITIES
BEN AND JERRY'S OF THE SOUTHERN RIVERS, INC.
For Year Ended December 31, 2010

UNRESTRICTED SUPPORT AND REVENUE

Store sales	\$	168,693
Miscellaneous revenue		366
Loss on disposal of fixed assets		(29,469)
Net gain on debt forgiveness due to a related party		482,160
		482,160
Total unrestricted support and revenue		621,750

EXPENSES

Compensation and related expenses		
Salaries and wages		65,594
Employee benefits		3,545
Workers' compensation		4,376
Payroll taxes		4,927
		4,927
Total compensation and related expenses		78,442
Advertising		1,403
Background checks		290
Bank and credit card fees		4,895
Commissions		100
Cost of goods sold		64,730
Depreciation and amortization		30,011
Drug screening		189
Employee relations		43
Equipment maintenance		1,314
Indirect cost allocation		37,832
Insurance		2,831
Miscellaneous		1,000
Office supplies		1,035
Pest control		252
Printing		109
Professional and consulting fees		2,250
Rent		21,737

EXPENSES (Continued)	
Repairs and maintenance	\$ 2,208
Safety and security	371
Supplies	2,254
Taxes and licenses	1,337
Technology expenses	2,148
Telephone	3,992
Travel	1,453
Uniforms	547
Utilities	<u>9,377</u>
Total expenses	<u>272,150</u>
Change in Net Assets	349,600
NET ASSETS, beginning of year	<u>(349,600)</u>
NET ASSETS, end of year	<u>\$ --</u>

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
COLUMBUS, GEORGIA
SUPPLEMENTAL STATEMENT OF ACTIVITIES
BEN AND JERRY'S OF THE SOUTHERN RIVERS, INC.
For Year Ended December 31, 2009

UNRESTRICTED SUPPORT AND REVENUE

Store sales	\$	243,224
Miscellaneous revenue		<u>133</u>
Total unrestricted support and revenue		<u>243,357</u>

EXPENSES

Compensation and related expenses		
Salaries and wages		81,621
Employee benefits		4,930
Workers' compensation		1,852
Payroll taxes		<u>6,107</u>
Total compensation and related expenses		<u>94,510</u>

Advertising		11,063
Background checks		489
Bank and credit card fees		6,717
Contracted services		50
Cost of goods sold		84,254
Depreciation and amortization		31,372
Drug screening		189
Employee relations		220
Equipment maintenance		1,533
Indirect cost allocation		56,822
Insurance		3,618
Office supplies		1,178
Pest control		336
Postage, shipping and freight		39
Printing		250
Professional and consulting fees		5,200
Rent		27,748
Repairs and maintenance		3,478
Safety and security		448

EXPENSES (Continued)

Staff training and development	\$ 325
Supplies	3,057
Taxes and licenses	2,500
Technology expenses	3,061
Telephone	3,879
Travel	446
Uniforms	205
Utilities	<u>11,903</u>
Total expenses	<u>354,890</u>
Change in Net Assets	(111,533)
NET ASSETS, beginning of year	<u>(238,067)</u>
NET ASSETS, end of year	<u><u>\$ (349,600)</u></u>

GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
COLUMBUS, GEORGIA
SUPPLEMENTAL STATEMENT OF ACTIVITIES
COLUMBUS COMMUNITY CAMPUS, LLC
For Year Ended December 31, 2010

UNRESTRICTED REVENUE AND GAINS

Rental income	\$	134,330
Common area maintenance income		<u>2,697</u>
 Total unrestricted revenue and gains		 <u>137,027</u>

EXPENSES

Commissions		3,375
Depreciation and amortization		127,615
Dues and subscriptions		250
Insurance		36,580
Interest		100,466
Miscellaneous		1,618
Office supplies		102
Pest control		750
Printing expense		250
Professional and consulting fees		15,443
Repairs and maintenance		50,545
Safety and security		1,286
Supplies		172
Taxes and licenses		70,654
Utilities		<u>21,151</u>

Total expenses		<u>430,257</u>
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Change in Net Assets	(293,230)
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NET ASSETS, beginning of year		<u>31,740</u>
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NET ASSETS, end of year	\$ (<u><u>261,490</u></u>)
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GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
COLUMBUS, GEORGIA
SUPPLEMENTAL STATEMENT OF ACTIVITIES
COLUMBUS COMMUNITY CAMPUS, LLC
For Year Ended December 31, 2009

UNRESTRICTED REVENUE AND GAINS

Rental income	\$ 385,621
Common area maintenance income	26,912
	412,533
Total unrestricted revenue and gains	412,533

EXPENSES

Commissions	6,660
Contracted services	1,362
Depreciation and amortization	56,245
Insurance	30,070
Interest	92,688
Miscellaneous	200
Office supplies	11
Pest control	600
Professional and consulting fees	46,093
Rent	198
Repairs and maintenance	33,831
Safety and security	2,127
Supplies	23
Taxes and licenses	65,284
Utilities	48,536
	383,928

Total expenses	383,928
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Change in Net Assets	28,605
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NET ASSETS, beginning of year	3,135
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NET ASSETS, end of year	\$ 31,740
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GOODWILL INDUSTRIES OF THE SOUTHERN RIVERS, INC.
AND SUBSIDIARY
COLUMBUS, GEORGIA
SCHEDULE OF STATE AWARDS EXPENDED
For the Year Ended December 31, 2010

FUNDING AGENCY PROGRAM/GRANT	Federal CFDA Number	Award Amount		Pass-through Grantor's Number	2010 Expenditures
U.S. DEPARTMENT OF EDUCATION					
Passed through Georgia Department of Labor, Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Federal State Total	\$ 335,720 90,862 <u>426,582</u>	C10M0090801-211	\$ 26,271
Passed through Georgia Department of Labor, Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Federal State Total	\$ 332,780 90,120 <u>422,900</u>	C11M0090801-211	50,576
Passed through Georgia Department of Labor, Rehabilitation Services Vocational Rehabilitation Grants to States, Authorization and invoicing	84.126	Federal State Total	\$ 335,720 90,862 <u>426,582</u>	C10M0090801-211	14,620
Passed through Georgia Department of Labor, Rehabilitation Services Vocational Rehabilitation Grants to States, Authorization and invoicing	84.126	Federal State Total	\$ 332,780 90,120 <u>422,900</u>	C11M0090801-211	<u>799</u>
Total Grant Expenditures					\$ <u>92,266</u>