

**GOODWILL INDUSTRIES OF
MIDDLE TENNESSEE, INC.**

FINANCIAL STATEMENTS

December 31, 2004 and 2003

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Goodwill Industries of Middle Tennessee, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Goodwill Industries of Middle Tennessee, Inc. (a nonprofit organization) as of December 31, 2004 and 2003, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Goodwill Industries of Middle Tennessee, Inc.'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. 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 financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Middle Tennessee, Inc., as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

March 23, 2005

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,323,973	\$ 2,825,922
Accounts and grants receivable, net	294,255	300,264
Inventory	690,743	515,474
Prepaid expenses	<u>102,508</u>	<u>101,917</u>
Total current assets	3,411,479	3,743,577
Noncurrent assets:		
Investments - board designated	306,049	270,791
Investments - deferred compensation plan	124,675	61,018
Land, buildings and equipment, net of accumulated depreciation of \$7,002,922 and \$6,078,484, respectively	10,785,156	9,123,723
Other	<u>46,075</u>	<u>47,525</u>
Total assets	<u>\$ 14,673,434</u>	<u>\$ 13,246,634</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,621,123	\$ 1,243,333
Deferred revenue	14,669	13,830
Current portion of notes payable	<u>389,004</u>	<u>327,345</u>
Total current liabilities	2,024,796	1,584,508
Deferred compensation plan liability	124,675	61,018
Notes payable, net of current portion	<u>3,645,848</u>	<u>4,034,852</u>
Total liabilities	<u>5,795,319</u>	<u>5,680,378</u>
Net assets:		
Unrestricted:		
Designated for long-term investment	306,049	270,791
Other unrestricted	<u>8,572,066</u>	<u>7,295,465</u>
Net assets	<u>8,878,115</u>	<u>7,566,256</u>
Total liabilities and net assets	<u>\$ 14,673,434</u>	<u>\$ 13,246,634</u>

See accompanying notes.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Changes in unrestricted net assets:		
Revenues, gains, and other support:		
Store sales, net of related discounts	\$ 14,199,584	\$ 11,787,172
Contributed value of donated merchandise	<u>7,866,797</u>	<u>6,063,648</u>
Retail operations	22,066,381	17,850,820
Grants and fees received from governmental agencies	320,397	815,180
Salvage sales	1,218,393	908,302
Contract income	286,265	385,986
United Way contributions	76,622	122,998
Administrative fees revenue	57,830	30,583
Contributions	20,618	20,968
Other	43,098	36,587
Investment income, net	<u>59,952</u>	<u>66,128</u>
Total unrestricted revenues, gains, and other support	<u>24,149,556</u>	<u>20,237,552</u>
Expenses:		
Program services	19,633,351	16,837,378
Supporting services	<u>3,204,346</u>	<u>2,834,338</u>
Total expenses	<u>22,837,697</u>	<u>19,671,716</u>
Increase in net assets	1,311,859	565,836
Net assets at beginning of year	<u>7,566,256</u>	<u>7,000,420</u>
Net assets at end of year	<u>\$ 8,878,115</u>	<u>\$ 7,566,256</u>

See accompanying notes.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Increase in net assets	\$ 1,311,859	\$ 565,836
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	1,161,710	1,019,520
Realized loss on disposal of fixed assets	42,340	6,090
Gain on investments	(18,228)	(40,194)
Changes in operating assets and liabilities:		
Accounts and grants receivable	6,009	(40,756)
Inventory	(175,269)	(14,414)
Prepaid expenses	(591)	(2,353)
Other assets	1,450	(20,360)
Accounts payable and accrued expenses	425,940	58,145
Deferred revenue	839	1,599
Net cash provided by operating activities	<u>2,756,059</u>	<u>1,533,113</u>
Cash flows from investing activities:		
Purchases of investments	(85,180)	(289,154)
Proceeds from sale of investments	20,000	212,794
Purchases of land, buildings and equipment	<u>(2,865,483)</u>	<u>(2,662,995)</u>
Net cash used in investing activities	<u>(2,930,663)</u>	<u>(2,739,355)</u>
Cash flows from financing activities:		
Principal payments on notes payable	(327,345)	(183,878)
Proceeds from issuance of notes payable	<u>-</u>	<u>2,250,000</u>
Net cash (used in) provided by financing activities	<u>(327,345)</u>	<u>2,066,122</u>
Net (decrease) increase in cash and cash equivalents	(501,949)	859,880
Cash and cash equivalents at beginning of year	<u>2,825,922</u>	<u>1,966,042</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,323,973</u></u>	<u><u>\$ 2,825,922</u></u>
Supplemental cash flow information:		
Cash paid during the year for interest	<u><u>\$ 169,416</u></u>	<u><u>\$ 108,585</u></u>

See accompanying notes.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2004 and 2003

	Year Ended December 31, 2004			Year Ended December 31, 2003		
	Program Services	Supporting Services	Total Expenses	Program Services	Supporting Services	Total Expenses
Salaries	\$ 11,096,263	\$ 1,608,284	\$ 12,704,547	\$ 9,625,850	\$ 1,365,130	\$ 10,990,980
Occupancy	3,751,064	232,374	3,983,438	3,024,700	233,825	3,258,525
Payroll taxes	1,164,055	131,483	1,295,538	1,114,984	141,892	1,256,876
Supplies	734,383	38,789	773,172	614,560	41,723	656,283
Advertising, printing and publications	597,673	63,287	660,960	572,112	65,010	637,122
Employee benefits	490,953	80,983	571,936	471,565	112,315	583,880
Travel and vehicles	381,426	33,609	415,035	283,137	28,990	312,127
Telephone	162,324	23,913	186,237	150,760	30,990	181,750
Interest	-	172,977	172,977	-	113,293	113,293
Insurance general liability	2,519	148,956	151,475	360	109,307	109,667
Professional fees	85,014	50,213	135,227	69,681	40,705	110,386
Credit card fees	124,266	-	124,266	100,045	-	100,045
Dues payment to affiliated organization	-	117,745	117,745	-	114,468	114,468
Noncapitalized purchases	77,372	16,253	93,625	24,677	8,808	33,485
Equipment rent and maintenance	69,387	11,425	80,812	42,747	9,468	52,215
Postage	40,247	9,537	49,784	29,480	8,197	37,677
Employee relations	1,519	45,230	46,749	3,110	36,834	39,944
Loss on disposal of asset	28,875	13,465	42,340	-	-	-
Bank service charge	10,626	18,310	28,936	2,428	16,765	19,193
Other	11,975	10,142	22,117	10,709	15,662	26,371
Conferences and meetings	6,934	3,967	10,901	6,256	3,145	9,401
Dues	3,087	3,880	6,967	3,914	4,090	8,004
Awards and grants	1,103	100	1,203	504	-	504
Total expenses before depreciation	18,841,065	2,834,922	21,675,987	16,151,579	2,500,617	18,652,196
Depreciation	792,286	369,424	1,161,710	685,799	333,721	1,019,520
Total expenses	<u>\$ 19,633,351</u>	<u>\$ 3,204,346</u>	<u>\$ 22,837,697</u>	<u>\$ 16,837,378</u>	<u>\$ 2,834,338</u>	<u>\$ 19,671,716</u>

See accompanying notes.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Goodwill Industries of Middle Tennessee, Inc. ("the Organization"), was incorporated in 1958 as a Tennessee nonprofit corporation. The primary purposes of the Organization are to provide rehabilitation services, training and employment for individuals who have a disability and for people who are economically disadvantaged as a step to their employment in the labor market. The following is a summary of the Organization's significant accounting policies:

Financial Statement Presentation

The Organization presents its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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. In addition, the Organization is required to present a statement of cash flows. Net assets of the Organization are presented as follows:

Unrestricted net assets

Undesignated - net assets not subject to donor-imposed stipulations or designated by the Organization.

Designated - net assets designated by the Organization for particular purposes.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization had no temporarily restricted net assets at December 31, 2004 or 2003.

Permanently restricted net assets - net assets subject to donor-imposed stipulations that require that the assets 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. The Organization had no permanently restricted net assets at December 31, 2004 or 2003.

Contributions

The Organization accounts for contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2004 and 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment Securities

The Organization accounts for investments in accordance with SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Inventory

The inventory of merchandise consists of items donated to the Organization. SFAS No. 116 requires that contributions be recognized as revenue when received. The Organization considers the fair value of contributed merchandise to be the excess of selling price over processing costs. The captions "store sales, net of related discounts" and "contributed value of donated merchandise" represent the actual amounts received from retail store sales. "Store sales, net of related discounts" represents the proceeds received on retail sales up to actual processing and other costs. During 2004 and 2003, the Organization recognized contributed merchandise with an estimated fair value of \$7,866,797 and \$6,063,648, respectively, as contribution revenue. This merchandise requires additional processing accomplished through program related efforts by people with disabilities and other disadvantaging conditions before it reaches its point of sale.

Property and Depreciation

Land, buildings and equipment are recorded at cost. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of the asset are capitalized. Depreciation is provided in amounts necessary to allocate the cost of the various classes of assets over their estimated useful lives using the straight-line method. Leasehold improvements are charged to expense over the life of the related lease or the useful life of the asset, whichever is shorter. Estimated useful lives of all major classes of assets are as follows:

Buildings	7 - 39 years
Building improvements	3 - 29 years
Leasehold improvements	3 - 15 years
Equipment	3 - 10 years
Material collection vehicles	3 - 5 years

Recognition of Restricted Revenue

Revenue from restricted grants is recorded based on expenses incurred since these grants are generally on a cost-reimbursement basis.

Income Taxes

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Gifts to the Organization are tax deductible.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2004 and 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Allocated Expenses

For purposes of the statements of functional expenses, certain expenses have been allocated between program and supporting services based on estimates made by management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Expense

The Organization expenses advertising costs as incurred. Advertising costs charged to expense totaled \$589,505 in 2004 and \$559,644 in 2003.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Reclassifications

Certain reclassifications have been made to the 2003 financial statements in order to conform with 2004 presentation.

NOTE 2 - ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable consist of the following at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Trade, contract services and other	\$ 289,882	\$ 254,333
Billings under grants and rehabilitation programs	<u>8,800</u>	<u>50,817</u>
Subtotal	298,682	305,150
Less: Allowance for uncollectibles	<u>(4,427)</u>	<u>(4,886)</u>
Accounts and grants receivable, net	<u>\$ 294,255</u>	<u>\$ 300,264</u>

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2004 and 2003

NOTE 3 - INVESTMENTS

Investments consist of the following at December 31, 2004 and 2003:

	<u>2004</u>			<u>2003</u>		
	Cost or Donated Value	Market Value	Unrealized Appreciation (Depreciation)	Cost or Donated Value	Market Value	Unrealized Appreciation (Depreciation)
Investments-Board Designated:						
T. Rowe Price Funds	\$253,992	\$306,049	\$ 52,057	\$236,962	\$270,791	\$ 33,829
457 Plan T. Rowe Price	<u>99,868</u>	<u>124,675</u>	<u>24,807</u>	<u>51,718</u>	<u>61,018</u>	<u>9,300</u>
	<u>\$353,860</u>	<u>\$430,724</u>	<u>\$ 76,864</u>	<u>\$288,680</u>	<u>\$331,809</u>	<u>\$ 43,129</u>

Investment income, net is comprised of the following:

	<u>2004</u>	<u>2003</u>
Interest and dividend income	\$ 41,724	\$ 25,934
Net realized and unrealized investment gains	<u>18,228</u>	<u>40,194</u>
Investment income, net	<u>\$ 59,952</u>	<u>\$ 66,128</u>

NOTE 4 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Land	\$ 1,277,993	\$ 1,277,993
Buildings	7,218,260	6,109,164
Building improvements	1,542,817	1,458,916
Leasehold improvements	1,934,709	1,455,220
Plant equipment	1,004,360	748,687
Store equipment	2,191,073	1,762,289
Office equipment	1,134,480	985,613
Material collection vehicles and equipment	<u>1,484,386</u>	<u>1,404,325</u>
	17,788,078	15,202,207
Less accumulated depreciation	<u>(7,002,922)</u>	<u>(6,078,484)</u>
	<u>\$10,785,156</u>	<u>\$ 9,123,723</u>

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2004 and 2003

NOTE 5 - LONG-TERM DEBT

Long-term debt consists of the following at December 31:

	<u>2004</u>	<u>2003</u>
Promissory note issued to the Industrial Development Board of the Metropolitan Government of Nashville and Davidson County. Total borrowings under the note amounted to \$3,000,000. The proceeds of the borrowing were used to construct a facility used for processing operations and administrative offices. The note requires monthly payments of principal and interest in the amount of \$23,072 (4.30% per annum) with a final maturity of March 2013. The note is secured by the land, buildings, furniture and equipment financed from the debt. The loan agreement contains various financial and other covenants, which the Organization has met at December 31, 2004 and 2003.	\$ 1,923,935	\$ 2,112,197
Promissory note issued to the Industrial Development Board of the City of Berry Hill, Tennessee. Total borrowings under the note amounted to \$2,250,000. The proceeds of the borrowing were used to purchase a facility that contains a retail store, attended donation center, employment and training services and commercial services operation. The note requires interest only payments until April 2004 at which time monthly payments of principal and interest (3.75% per annum) of \$22,420 are required. The note matures in April 2014. This note is secured by the real estate. The loan agreement contains various financial and other covenants, which the Organization has met at December 31, 2004 and 2003.	<u>2,110,917</u>	<u>2,250,000</u>
Total notes payable	4,034,852	4,362,197
Less current portion	<u>(389,004)</u>	<u>(327,345)</u>
Long-term portion	<u>\$ 3,645,848</u>	<u>\$ 4,034,852</u>

Required principal payments on the long-term debt are as follows:

Year ending <u>December 31,</u>	
2005	\$ 389,004
2006	405,194
2007	422,062
2008	439,320
2009	457,930
Thereafter	<u>1,921,342</u>
	<u>\$ 4,034,852</u>

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2004 and 2003

NOTE 6 - COMMITMENTS

The annual rentals under lease contracts for the Organization's retail stores totaled \$2,422,305 and \$1,971,029 for 2004 and 2003, respectively. The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2004.

Year ending <u>December 31,</u>	
2005	\$ 2,591,226
2006	2,213,088
2007	1,944,215
2008	1,618,418
2009	1,249,197
Thereafter	<u>1,148,802</u>
	<u><u>\$10,764,946</u></u>

NOTE 7 - CONCENTRATIONS

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents, investments, and trade receivables. Cash balances are maintained at times in excess of Federal Deposit Insurance Corporation insured amounts.

NOTE 8 - GRANTS

The Organization receives grants and awards from governmental agencies that are used to fund various programs. A brief description of each grant and the related program follows:

Department of Mental Health and Mental Retardation (Day Services, Follow Along, Summer Program) - provides community mental retardation services through the Follow Along and Summer programs.

Day Services assist individuals in learning appropriate work and social skills and habits. It primarily serves individuals who are severely disabled and have mental retardation.

Follow Along services provide counseling, training, support and job coaching as needed to persons with mental retardation and their employers. These services help individuals maintain employment for an extended period of time.

The Summer program has two primary components. One component provides teenagers, age 16 or older with disabilities, an opportunity to work a summer job. The other component provides children ages 4 - 15 with an attendant to enable them to attend a summer camp of their choice.

Metropolitan Development and Housing Agency (Youth Enrichment) - provides work opportunities during the summer months for lower income youths ages 16 and older.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2004 and 2003

NOTE 8 - GRANTS (continued)

Homebuilders Institute – provides job training and follow along case management for youth offenders between the ages of 18 and 24. This grant was cancelled effective December 31, 2004.

National Council on the Aging, Inc. - (Senior Community Service Employment Plan) provides on the job training experiences and job placement for individuals over age 55 who meet certain economic criteria. This grant was cancelled effective September 30, 2003.

The Organization also receives training fees from governmental agencies used to provide additional employment training.

A summary of fees and grants from governmental agencies as reported in the accompanying statement of activities follows:

	<u>2004</u>	<u>2003</u>
National Council on Aging	\$ -	\$ 422,338
DMHMR Day Services/Follow Along/Summer Program	133,965	160,488
Training Fees/Private Pay/Community Work Sites	92,679	112,897
DHS Vocational Evaluation/ Work Adjustment/JDP	6,153	14,257
MDHA – Youth Enrichment	15,000	15,000
Homebuilders Institute	<u>72,600</u>	<u>90,200</u>
	<u>\$ 320,397</u>	<u>\$ 815,180</u>

NOTE 9 - RETIREMENT PLAN

On May 1, 1991, the Organization implemented the Goodwill Industries of Middle Tennessee Retirement Plan pursuant to Section 403(b) of the Internal Revenue Code of 1986 (the “Code”), as amended. Under the terms of the plan, each eligible employee may contribute a percentage of wages subject to certain limitations. The Organization may match employee contributions at its discretion. For 2004 and 2003, the Organization matched employee contributions up to 4% of employee wages. Contributions to the plan are used to purchase annuities on behalf of the employees. Total retirement plan expense for 2004 and 2003 totaled \$117,545 and \$103,034, respectively, and is included in employee benefits in the accompanying statements of functional expenses.

During 2002, the Organization established a deferred compensation plan (“the 457 Plan”) pursuant to Code Section 457. The 457 Plan provides for pre-tax salary deferrals for key employees. Amounts held at December 31, 2004 and 2003 amounted to \$124,675 and \$61,018, respectively.

GOODWILL INDUSTRIES OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
December 31, 2004 and 2003

NOTE 10 - SELF-FUNDED HEALTH INSURANCE

During 2003, the Organization began to self-fund health benefits for eligible employees and their dependents. Health insurance expense is recorded on an accrual basis. An accrued liability is recorded at year-end, which estimates the incurred but not reported claims. The liability amounted to \$185,449 and \$191,460 at December 31, 2004 and 2003, respectively. The Organization has stop loss insurance to cover catastrophic claims.

NOTE 11 - RELATED PARTY TRANSACTIONS

During the normal course of business, the Organization purchased advertising services in the amount of approximately \$224,000 and \$247,000 in 2004 and 2003, respectively, from a Company affiliated with a member of the Board of Directors. The arrangement was approved by the Board of Directors prior to commencement.

During 2003, the Organization purchased twenty-five trailers from a Company affiliated with a board member at a cost of \$75,000. The arrangement was approved by the Board of Directors prior to commencement.

During 2003, the Organization entered into an administrative agreement with Goodwill Government Services, Inc. (GGS) to provide limited administrative and management services to GGS. The total amount of management fees received by the Organization was \$57,830 and \$30,583 in 2004 and 2003, respectively.

During 2004 and 2003, the Organization paid certain expenses on behalf of GGS. At December 31, 2004 and 2003, the Organization was due \$48,177 and \$74,888, respectively, from GGS. This receivable is included in accounts and grants receivable in the accompanying statements of financial position.

During February 2004, the Organization entered into an agreement with a construction company affiliated with a board member to renovate property purchased on Berry Road. Total renovation costs under the agreement approximated \$979,000. The arrangement was approved by the Board of Directors prior to commencement.