

**POWERWORKS INDUSTRIES, INC.**  
**COLUMBUS, GEORGIA**  
**FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

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business & advisory services  
putting it all together

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

D. Clyde Fountain, C.P.A.  
W. Alan Arrington, C.P.A.  
David J. Bass, C.P.A.  
Anthony W. Mercer, C.P.A.  
John J. Lee, C.P.A.  
Laura E. Toms, C.P.A.  
Scott N. Wacter, C.P.A.

**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT**

Members  
American Institute of  
Certified Public Accountants  
Georgia Society of  
Certified Public Accountants  
Alabama Society of  
Certified Public Accountants

To the Board of Directors  
Powerworks Industries, Inc.  
Columbus, Georgia

Management is responsible for the accompanying financial statements of Powerworks Industries, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

**Emphasis of Matter**

Management has elected to omit substantially all the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

**Supplementary Information**

The supplementary information contained in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the representation of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

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

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

Columbus, Georgia  
May 27, 2021

POWERWORKS INDUSTRIES, INC.  
COLUMBUS, GEORGIA  
STATEMENTS OF FINANCIAL POSITION  
December 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Cash	\$ 2,233,311	\$ 2,156,760
Accounts receivable - trade	3,071,305	1,870,371
Fixed assets (net of accumulated depreciation)	790,570	840,548
Prepaid expenses	<u>89,199</u>	<u>500</u>
 Total Assets	 <u>\$ 6,184,385</u>	 <u>\$ 4,868,179</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 24,233	\$ 55,763
Accounts payable - related party	533,260	439,313
Accrued wages	157,365	159,922
Accrued and withheld expenses	<u>303,416</u>	<u>160,770</u>
 Total liabilities	 <u>1,018,274</u>	 <u>815,768</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>5,166,111</u>	 <u>4,052,411</u>
 Total Liabilities and Net Assets	 <u>\$ 6,184,385</u>	 <u>\$ 4,868,179</u>

See accountant's compilation report.

POWERWORKS INDUSTRIES, INC.  
COLUMBUS, GEORGIA  
STATEMENTS OF ACTIVITIES  
For Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT		
Federal contracts	\$ 11,747,059	\$ 11,287,125
Other contracts	46,932	77,467
Other income	<u>16,818</u>	<u>19,707</u>
Total revenue and support	<u>11,810,809</u>	<u>11,384,299</u>
 EXPENSES		
Program services		
Contracts	10,539,974	10,273,029
Supporting services		
Management and general	<u>157,135</u>	<u>152,485</u>
Total expenses	<u>10,697,109</u>	<u>10,425,514</u>
Change in Net Assets Without Donor Restrictions	1,113,700	958,785
NET ASSETS, beginning of year	<u>4,052,411</u>	<u>3,093,626</u>
NET ASSETS, end of year	<u>\$ 5,166,111</u>	<u>\$ 4,052,411</u>

See accountant's compilation report.

POWERWORKS INDUSTRIES, INC.  
COLUMBUS, GEORGIA  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2020

	Program Services	Supporting Services	Total
	Contracts	Management and General	
Salaries and wages	\$ 3,751,398	\$ 98,184	\$ 3,849,582
Employee benefits	1,091,767	14,121	1,105,888
Workers' compensation	204,185	360	204,545
Payroll taxes	270,116	6,394	276,510
<b>Total compensation and related expenses</b>	<b>5,317,466</b>	<b>119,059</b>	<b>5,436,525</b>
Advertising	--	--	--
Professional and consulting fees	11,941	7,372	19,313
Background checks	2,915	42	2,957
Bank charges and credit card fees	10,158	975	11,133
Contributions	986	108	1,094
Drug screening	1,532	10	1,542
Dues and subscriptions	54,421	5,541	59,962
Employee recruitment	2,756	302	3,058
Employee relations	7,520	228	7,748
Equipment maintenance	21,397	136	21,533
Equipment rental	13,241	547	13,788
Source America commissions	451,977	--	451,977
Office expense	7,392	283	7,675
Pest control	1,399	68	1,467
Postage, shipping and freight	1,954	148	2,102
Printing	1,392	142	1,534
Safety and security	9,834	337	10,171
Supplies	508,448	800	509,248
Telephone	22,073	672	22,745
Repairs and maintenance	21,573	180	21,753
Staff training and development	3,234	120	3,354
Travel and transportation	19,074	348	19,422
Taxes and licenses	2,034	194	2,228
Technology expense	123,900	6,740	130,640
Depreciation	268,922	7,487	276,409
Contracted services	71,116	23	71,139
Indirect costs	3,341,097	--	3,341,097
Insurance	60,714	2,558	63,272
Uniforms	15,336	8	15,344
Utilities	37,074	2,534	39,608
Vehicle expense	125,419	13	125,432
Miscellaneous	1,679	160	1,839
<b>Total Functional Expenses</b>	<b>\$ 10,539,974</b>	<b>\$ 157,135</b>	<b>\$ 10,697,109</b>

See accountant's compilation report.

POWERWORKS INDUSTRIES, INC.  
COLUMBUS, GEORGIA  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2019

	Program Services	Supporting Services	Total
	Contracts	Management and General	
Salaries and wages	\$ 3,815,515	\$ 96,127	\$ 3,911,642
Employee benefits	1,063,321	11,702	1,075,023
Workers' compensation	196,222	1,248	197,470
Payroll taxes	275,944	6,303	282,247
<b>Total compensation and related expenses</b>	<b>5,351,002</b>	<b>115,380</b>	<b>5,466,382</b>
Advertising	789	20	809
Professional and consulting fees	6,702	7,039	13,741
Background checks	4,395	41	4,436
Bank charges and credit card fees	5,708	501	6,209
Contributions	680	70	750
Drug screening	2,078	8	2,086
Dues and subscriptions	63,466	5,897	69,363
Employee recruitment	1,333	137	1,470
Employee relations	31,535	2,162	33,697
Equipment maintenance	67,365	135	67,500
Equipment rental	13,511	419	13,930
Source America commissions	434,415	--	434,415
Office expense	10,992	323	11,315
Pest control	1,349	67	1,416
Postage, shipping and freight	2,283	159	2,442
Printing	4,275	57	4,332
Safety and security	7,349	268	7,617
Supplies	611,748	935	612,683
Telephone	24,107	639	24,746
Repairs and maintenance	23,502	1,639	25,141
Staff training and development	8,480	604	9,084
Travel and transportation	23,718	804	24,522
Taxes and licenses	5,419	79	5,498
Technology expense	108,013	4,750	112,763
Depreciation	218,142	5,107	223,249
Contracted services	113,757	143	113,900
Indirect costs	2,876,357	--	2,876,357
Insurance	56,087	1,916	58,003
Uniforms	8,096	5	8,101
Utilities	45,890	2,821	48,711
Vehicle expense	137,627	86	137,713
Miscellaneous	2,859	274	3,133
<b>Total Functional Expenses</b>	<b>\$ 10,273,029</b>	<b>\$ 152,485</b>	<b>\$ 10,425,514</b>

See accountant's compilation report.



POWERWORKS INDUSTRIES, INC.  
COLUMBUS, GEORGIA  
STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ <u>1,113,700</u>	\$ <u>958,785</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	200,554	168,453
Loss on sale of fixed assets	--	4,600
Changes in assets and liabilities		
(Increase) decrease in accounts receivable - trade	( 1,200,934)	866,102
Increase in prepaid expenses	( 88,699)	( 500)
Increase (decrease) in accounts payable	( 31,530)	3,855
Increase in accounts payable - related party	93,947	70,061
Increase (decrease) in accrued wages	( 2,557)	11,260
Increase (decrease) in accrued and withheld expenses	<u>142,646</u>	<u>( 37,753)</u>
Total adjustments	<u>( 886,573)</u>	<u>1,086,078</u>
Net cash provided by operating activities	<u>227,127</u>	<u>2,044,863</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	--	400
Acquisition of fixed assets	<u>( 150,576)</u>	<u>( 224,678)</u>
Net cash used by investing activities	<u>( 150,576)</u>	<u>( 224,278)</u>
Net Increase in Cash	76,551	1,820,585
CASH, beginning of year	<u>2,156,760</u>	<u>336,175</u>
CASH, end of year	<u>\$ <u>2,233,311</u></u>	<u>\$ <u>2,156,760</u></u>

See accountant's compilation report.



SUPPLEMENTARY INFORMATION

POWERWORKS INDUSTRIES, INC.  
SCHEDULE 1 – SELECT FINANCIAL INFORMATION (Substantially All  
Disclosures Required by Accounting Principles Generally Accepted in the  
United States of America Are Not Included)  
For the Years Ended December 31, 2020 and 2019

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Powerworks is a not-for-profit, tax-exempt organization established to provide employment for disabled individuals to provide various products and services to federal and state government entities. Powerworks' primary source of revenue is provided under Federal government contracts. Currently, services are provided at the Fort Benning Military Installation in Ft. Benning, Georgia, and the Marine Corps Logistics Base in Albany, Georgia. Typically, the federal and state contracts are set aside to employ a predominately disabled population as provided for in the Javits-Wagner-O'Day Act and administered through Source America with oversight provided by the President's Committee for the Employment of Those with Disabilities.

In 2020, of the 174 employees working set-aside contracts, 132 were disabled, earning an average wage of \$11.12 per hour plus 100% employer-funded benefits. In 2020, disabled employees working with Powerworks earned approximately \$1,623,633. In 2019, of the 186 employees working set-aside contracts, 136 were disabled, earning an average wage of \$10.96 per hour plus 100% employer-funded benefits. In 2019, disabled employees working with Powerworks earned approximately \$1,690,774.

Powerworks is an affiliate of Goodwill Industries. Goodwill provides on-site professional skills training in both certified custodial and floor care as well as grounds maintenance. During employment, Goodwill provides continuous on-site case management, life coaching, and advanced placement services for the disabled. Powerworks' board of directors is primarily composed of current members of the Goodwill board and has its own slate of officers. Goodwill does not own Powerworks.

**NOTE B – RELATED PARTY TRANSACTIONS**

Goodwill has a management contract with Powerworks. The contract is normally renewed annually and is structured so that it can be terminated by either party. This contract requires Powerworks to pay Goodwill a management fee and to reimburse any directly identifiable expenses incurred by Goodwill on its behalf. During 2020 and 2019, Powerworks paid management fees totaling \$1,522,656 and \$1,565,290 and reimbursed Goodwill for expenses totaling \$1,302,013 and \$1,060,400, respectively. Management fees represent overhead support costs. In addition, the contract calls for Goodwill to receive compensation from Powerworks of 75% of Powerworks' monthly net income after depreciation and management fees. During the years ended December 31, 2020 and 2019, Goodwill received \$3,341,097 and \$2,876,357, respectively, under this agreement. At December 31, 2020 and 2019, the receivable owed to Goodwill from Powerworks totals \$533,260 and \$439,313, respectively.

See accountant's compilation report.