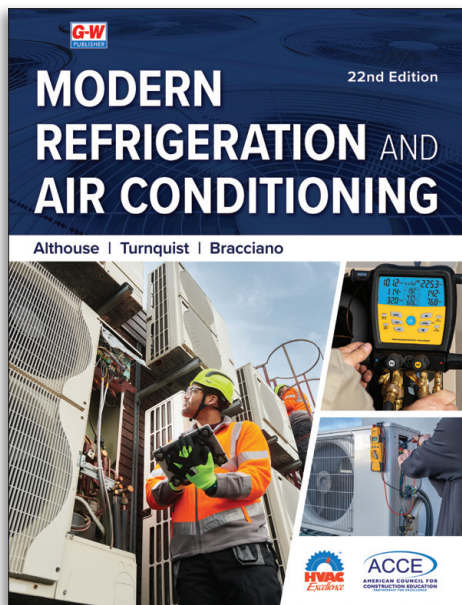
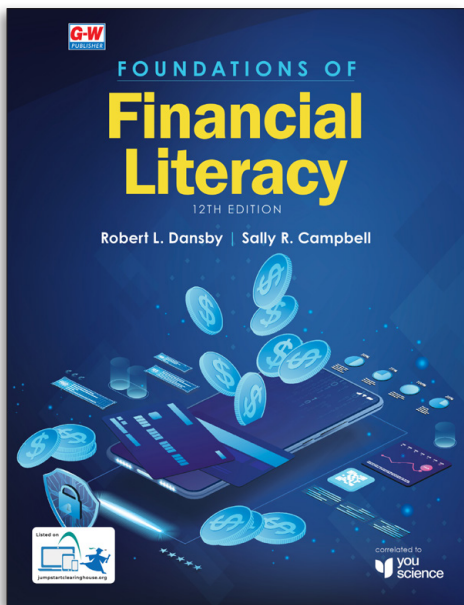
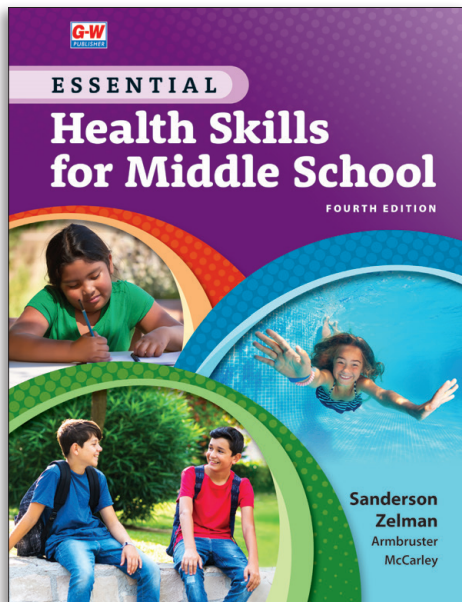
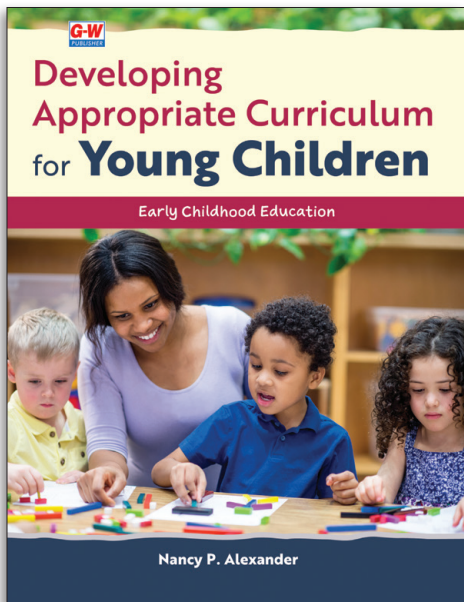




# 2024 Annual Report

## The Goodheart-Willcox Company, Inc.



Three-Year Summary

<i>(Dollars in Thousands, except per share data)</i>	Years Ended April 30,		
	2024	2023	2022
<b>Selected Income Statement Data:</b>			
Sales	\$54,246	\$52,941	\$39,342
Costs and expenses	42,115	39,709	36,169
Other income (expense)	2,833	934	(2)
Income taxes	2,848	3,174	291
Net income	12,116	10,992	2,880
Earnings per common share	\$30.60	\$28.76	\$8.11
Weighted average number of shares outstanding	395,945	382,191	355,013
Dividends declared per share	\$26.50	\$20.00	\$60.00
<b>Selected Balance Sheet Data:</b>			
Total assets	\$110,988	\$100,594	\$68,172
Total stockholders' equity	30,284	24,043	18,101

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The front and back covers of this 2024 Annual Report continues the style used in previous reports by illustrating typical textbooks published by Goodheart-Willcox in fiscal 2024. Please visit [www.g-w.com](http://www.g-w.com) to view the entire product line devoted to preparing people for their lives and careers.

## To our Shareholders:

Goodheart-Willcox's positive financial results and strong operational achievements reported in this 2024 Annual Report may be directly attributed to each individual employee-owner who day-after-day succeeds in satisfying and supporting the Company's customers who use our instructional content, so students lead healthy lives and build worthy careers. This dedication by every member of our team strengthens our culture based on one of our core values of *Do the Right Thing*. From product development to pleasing customers to the ethical behavior of the employee-owners in their individual roles and responsibilities, the culture your Company exhibits is one of the reasons this enterprise is able to attract, hire, and retain exceptional talent which drives the financial results reported inside this Annual Report.

Another of Goodheart-Willcox's core values, *Collaborative Spirit*, supports an on-going transition to develop fresh approaches and new tools for teaching and learning by removing artificial barriers which allows the Company to create a total team approach to developing and delivering instructional content across multiple channels. Additionally, this Company's cohesive and sharing culture is a strong recruiting tool, offering a refreshing change to potential recruits who learn the Goodheart-Willcox culture focuses on serving one another, serving educational customers and students at many levels, serving and supporting multiple curriculum fields, and ultimately serving shareholders, including the employee-owner shareholders through the Employee Stock Ownership Plan (ESOP).

As a leader in the Career, Technical, and Health Education fields, Goodheart-Willcox Publisher is delivering exceptional content developed by experienced authors/educators that directly benefits students and their instructors. As the world of delivering *hands-on, minds-on* education continues to evolve beyond the traditional printed textbook and workbook, so has Goodheart-Willcox evolved by applying technology and innovation to create and deliver digital content, simulations, video lessons, laboratory practice activities, and a host of assessment tools for educators.

The textbook covers of Goodheart-Willcox titles published in fiscal year 2024 shown on the front and back covers of the 2024 Annual Report illustrate new first editions introduced to the profession, as well as revised titles which have been updated and refreshed with contemporary information and techniques. G-W content allows students to acquire the knowledge, skills, and techniques required to pass certification exams, to be career-ready, and to lead productive and healthy lives. The range of topics published by Goodheart-Willcox span traditional courses such as refrigeration & air conditioning, culinary, automotive, accounting, electrical, welding, STEM (Science, Technology, Engineering, Math), and CNC (Computer Numerical Control); to more contemporary topics such as advanced drive assistance systems, electric vehicles, cybersecurity, and fitness & wellness skills. By reviewing the titles shown on the Annual Report covers, it is evident Goodheart-Willcox serves the broad career and technical education fields including agricultural education, health education, manufacturing, business, early childhood education, career preparation, as well as providing additional instruction in such areas as math for various curriculum areas.

The strength of existing titles in one curriculum area sparked a successful initiative to serve students and educators in a new channel. Your Company currently provides the leading print and digital materials for high school courses in early childhood education with titles such as *Working with Young Children* and *Child Development*. The continuing popularity of these high school titles was a strong influence to pursue the development of new products specifically designed for community college courses and private/career education in the Early Childhood Education field (ECE). Knowledgeable and experienced authors were identified, and manuscripts/projects were launched. The development of the manuscripts was timed so the first five titles in this new curriculum area could be published, promoted, and marketed as a comprehensive offering to serve a variety of ECE courses. Our sales representatives saw first-hand the popularity of *Developing Appropriate Curriculum for Young Children*, *Child and Youth Development*, *Integrating Curriculum for Young Children*, *The Developing Teacher*, and *Administering and Supervising Programs for Young Children* and how well these first edition titles were received during a recent national conference.

By visiting the Company's website at [www.g-w.com](http://www.g-w.com), shareholders may view the numerous *NEW!* symbols identifying new or recently revised titles. The leadership team continues to research and evaluate additional expansion and investment opportunities into other curriculum areas to further strengthen Goodheart-Willcox's image, position, and sales as an industry leader and as the ultimate provider of digital and print instructional content for Career and Technical Education as well as for Health and Physical Education.

Goodheart-Willcox's tag line is *Student Success is at the Heart of What We Do*. The Company's ultimate objective is to place titles and products in the hands of students so they can master *hands-on minds-on* skills and techniques leading to productive and healthy lives. The marketing team is typically the starting point in this process to inform potential educators about new and revised content available for their professional success and their students' success. Marketing applies an integrated approach including the G-W website and other social media platforms; national and state educational conferences; e-mail campaigns, direct mail, and webinars; and videos, catalogs, and collateral that all promote the accurate content created by experienced authors. Marketing also forms key partnerships with leading student organizations, professional associations, accreditation programs, and certification providers to strengthen your Company's visibility.

The dedicated Educational Consultants on the G-W sales team strive to identify potential purchasing opportunities, establish relationships with key decision makers, and present the benefits of using up-to-date, standards-based content with effective pedagogy. Goodheart-Willcox has specialized teams of Educational Consultants who serve our customers in the K-12 School channel, the Community College and University channel, the private Career School channel, and the BIG channel (Business, Industry, and Government). Each of these channels provides the broad coverage required to reach our diversified customers and end-users of Goodheart-Willcox content.



Educators and institutions choose Goodheart-Willcox not only for the authoritative, skills-based content, but also for our responsive, customer-focused support and services. When customers choose your Company, our Customer Experience teams will guide them through the process of acquiring, setting up, and implementing new digital resources so that both teachers and students are immediately successful in the classroom. Our Instructional Design and Professional Services teams continue to help customers throughout their careers with professional development experiences aligned to best practices in Career, Technical, and Health Education.

Goodheart-Willcox is constantly investing in technology to improve processes from driving various business operations to delivering contemporary learning experiences. With the objective of fulfilling another core value of *Always Improving*, technology is a key focus as your Company continues to invest in the future success of the enterprise. On the publishing side, G-W is investing in digital assets, structuring content to create more impactful learning experiences, and evolving our digital delivery platforms. On the operational side, we are implementing new technology to support growth, expand our reach, and provide an even better experience for our customers.

The Three-Year Summary printed on the inside front cover provides an overview of the strong financial results reported in this 2024 Annual Report. Revenue reported at \$54,246,000 shows an increase of approximately 2.5% over the previous year's strong revenue when orders for Health Education titles from major school districts with large student populations significantly contributed to your Company's exceptional sales achievements in 2023 (which exceeded 2022 sales by approximately 34.6%).

Your Company's Gross Profit Margin improved in 2024 to approximately 90.4% of net sales due to more customers shifting to implement additional digital products. The resulting Gross Profit of \$49,014,000 reported for Fiscal 2024 represents a significant improvement of 4.7% over the prior fiscal year's Gross Profit.

The Selling, General, and Administrative Expenses increased \$3,486,000 or approximately 12.1% over the prior year as your Company reached out to additional potential customers to sell the expanded and revised product lines. The increase also supports the Company's continued acquisition of experienced talent, as well as the on-going investment in hardware and software to keep Goodheart-Willcox competitive in the ever-changing world of technology.

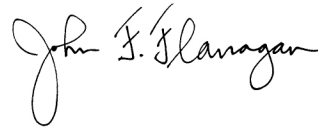
Other Income contributed \$2,833,000 in Fiscal 2024, a very positive improvement of \$1,899,000 over the prior year, which may be partially attributed to the current interest rate environment.

For Fiscal 2024, Goodheart-Willcox's Net Income improved to \$12,116,000, which translates into a profit margin of approximately 22.3% of net sales. The Earnings per Share increased to \$30.60 as illustrated in the Three-Year Summary illustrated on the inside front cover.

Supported by the positive financial results reported in this 2024 Annual Report, coupled with the strength of the balance sheet, your Board of Directors declared an Annual Dividend of \$26.50 per share at their regularly scheduled April meeting, paid June 3, 2024, to shareholders of record as of April 30, 2024.

To conclude this 2024 Letter to Shareholders, every individual employee is extremely proud to have contributed to the financial results reported in this Report and is also incredibly proud of supporting our Mission Statement of *Together, We Build Careers* by acquiring, editing, publishing, promoting, selling, and servicing *hands-on minds-on* products leading to both educator and student success. By providing exceptional and personalized support for our customers, from our knowledgeable telephone representatives to prompt delivery of their product, your Company is continuously improving our customers' experience which should benefit shareholders into the future.

Goodheart-Willcox is especially grateful for the guidance our outside advisors provided during fiscal 2024 as your Company approached new opportunities. Special recognition must be mentioned for the leadership and support provided by your experienced members of the Board of Directors.

A handwritten signature in black ink that reads "John F. Flanagan". The signature is written in a cursive style with a large, looping initial "J".

John F. Flanagan  
Chairman

**The Goodheart-Willcox Company, Inc. and Subsidiary**

**Consolidated Statements of Income and Other Comprehensive Income**

	Years Ended April 30,		
<i>(Dollars in Thousands, except per share data)</i>	2024	2023	2022
<b>Revenue</b>	<b>\$54,246</b>	<b>\$52,941</b>	<b>\$39,342</b>
Cost of goods sold	5,232	6,140	4,640
<b>Gross profit</b>	<b>49,014</b>	<b>46,801</b>	<b>34,702</b>
<b>Operating expenses</b>			
Selling, general and administrative	32,362	28,876	28,067
Royalties	4,521	4,693	3,462
Total operating expenses	36,883	33,569	31,529
<b>Operating profit</b>	<b>12,131</b>	<b>13,232</b>	<b>3,173</b>
Other income (expense)	2,833	934	(2)
<b>Income before income taxes</b>	<b>14,964</b>	<b>14,166</b>	<b>3,171</b>
Income taxes	2,848	3,174	291
<b>Net income</b>	<b>\$12,116</b>	<b>\$10,992</b>	<b>\$2,880</b>
<b>Other Comprehensive Income</b>			
Net unrealized gain (loss) on available-for-sale securities, net of tax	393	215	(650)
Total comprehensive income	<b>\$12,509</b>	<b>\$11,207</b>	<b>\$2,230</b>
<b>Income per common share</b>	<b>\$30.60</b>	<b>\$28.76</b>	<b>\$8.11</b>
Weighted average number of shares outstanding	395,945	382,191	355,013

**The Goodheart-Willcox Company, Inc. and Subsidiary**  
**Consolidated Balance Sheets**

	Years Ended April 30,	
<i>(Dollars in Thousands)</i>	2024	2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$17,302	\$29,237
Investment in available-for-sale securities	58,372	39,845
Accounts receivable, net	3,868	5,977
Inventories, net	3,208	3,363
Other current assets	1,335	930
Total current assets	84,085	79,352
Prepublication costs, net	1,802	1,158
Property and equipment, net	4,333	4,574
Deferred income taxes, net	13,115	8,300
Other non-current assets	7,653	7,210
<b>TOTAL ASSETS</b>	<b>\$110,988</b>	<b>\$100,594</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$1,359	\$1,130
Accrued compensation	1,863	1,692
Accrued other expenses	1,558	1,789
Deferred revenue	18,408	16,359
Dividends payable	12,352	9,119
Royalties payable	416	559
Total current liabilities	35,956	30,648
<b>Long-term liabilities:</b>		
Deferred revenue, net of current portion	43,682	44,871
Other long-term liabilities	1,066	1,032
Total long-term liabilities	44,748	45,903
<b>TOTAL LIABILITIES</b>	<b>80,704</b>	<b>76,551</b>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>30,284</b>	<b>24,043</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$110,988</b>	<b>\$100,594</b>



**The Goodheart-Willcox Company, Inc. and Subsidiary**  
**Consolidated Statements of Stockholders' Equity**

For the three years ended April 30, 2024

<i>(Dollars in Thousands, except per share data)</i>	Common Stock	Unearned ESOP Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	AOCI*	Total
Balance at April 30, 2021	\$762	\$(10,352)	\$12,113	\$(30,569)	\$58,948	\$ —	\$30,902
Net income for the year					2,880		2,880
Net unrealized losses on available-for-sale securities, net of tax						(650)	(650)
ESOP shares committed to be released		605	797				1,402
Purchase of 6,228 shares of treasury stock				(1,230)			(1,230)
Issuance of 29,055 shares of common stock from treasury			4,983	779			5,762
Cash dividends declared (\$60.00 per share)					(20,965)		(20,965)
Balance at April 30, 2022	\$762	\$(9,747)	\$17,893	\$(31,020)	\$40,863	\$(650)	\$18,101
Net income for the year					10,992		10,992
Net unrealized gains on available-for-sale securities, net of tax						215	215
ESOP shares committed to be released		605	669				1,274
Issuance of 6,081 shares of common stock from treasury			1,032	201			1,233
Cash dividends declared (\$20.00 per share)					(7,772)		(7,772)
Balance at April 30, 2023	\$762	\$(9,142)	\$19,594	\$(30,819)	\$44,083	\$(435)	\$24,043
Net income for the year					12,116		12,116
Net unrealized gains on available-for-sale securities, net of tax						393	393
ESOP shares committed to be released		605	1,020				1,625
Issuance of 10,177 shares of common stock from treasury			2,476	339			2,815
Cash dividends declared (\$26.50 per share)					(10,708)		(10,708)
<b>Balance at April 30, 2024</b>	<b>\$762</b>	<b>\$(8,537)</b>	<b>\$23,090</b>	<b>\$(30,480)</b>	<b>\$45,491</b>	<b>\$(42)</b>	<b>\$30,284</b>

\*Accumulated Other Comprehensive Income (Loss)

**The Goodheart-Willcox Company, Inc. and Subsidiary**

**Consolidated Statements of Cash Flow**

	Years Ended April 30,		
<i>(Dollars in Thousands)</i>	2024	2023	2022
<b>Cash flow from operating activities:</b>			
Net income	\$12,116	\$10,992	\$2,880
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation expense	406	371	368
Amortization of prepublication costs	392	605	393
Amortization of contract acquisition costs	2,459	2,348	1,465
ESOP shares committed to be released	1,625	1,274	1,402
Effect of unpaid dividends on unallocated ESOP shares	297	620	375
Deferred income taxes	(4,946)	(1,004)	(1,441)
Loss on disposal	31	—	—
(Gain)/Loss on available-for-sale securities	(281)	(2)	65
Changes in operating assets and liabilities			
Accounts receivable	2,194	(3,276)	618
Inventories	155	(244)	(1,433)
Contract acquisition costs	(2,552)	(4,468)	(2,556)
Other assets	(835)	(240)	555
Accounts payable	229	96	290
Accrued expenses	(170)	1,056	128
Deferred revenue	860	20,679	8,622
Net cash provided by operating activities	11,980	28,807	11,731
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(194)	(298)	(78)
Purchases of prepublication	(1,036)	(1,031)	(619)
Change in cash surrender value	(5)	(6)	(6)
Purchases of available-for-sale securities	(68,206)	(75,929)	(41,025)
Sales of available-for-sale securities	50,483	73,140	47,368
Net cash (used in) provided by investing activities	(18,958)	(4,124)	5,640
<b>Cash flows from financing activities:</b>			
Dividends paid	(7,772)	(3,772)	(18,763)
Purchase of treasury stock	—	—	(1,230)
Issuance of common stock from treasury	2,815	1,233	5,762
Net cash used in financing activities	(4,957)	(2,539)	(14,231)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(11,935)</b>	<b>22,144</b>	<b>3,140</b>
Cash and cash equivalents at the beginning of year	29,237	7,093	3,953
Cash and cash equivalents at the end of year	17,302	\$29,237	\$7,093
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid during the year for income taxes	\$8,430	\$3,808	\$847
<b>Supplemental disclosure of noncash financing activities:</b>			
Dividends payable	\$10,708	\$7,772	\$3,772

## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022

(Dollars in Thousands, except per share data)

#### Note A – Summary of significant accounting policies

The Goodheart-Willcox Company, Inc. (“the Company”), a Delaware corporation, publishes print and digital instructional materials on technical, trades, engineering; family and consumer sciences; business, computer and career education; agriculture education; health sciences; and health and physical education.

The Company’s activities include the search for authors, development of content, design, illustration, marketing, sales, implementation, support, and professional development. Printing and binding of books are done by outside contractors. The Company’s sales are primarily domestic, and the Company’s customer base includes public and private schools, community colleges, career colleges, businesses, trade associations, government accounts, retail book chains, and resellers. Historically, the Company has experienced its highest level of sales in the first and second quarters and its lowest level in the fourth quarter. This pattern has resulted from the purchasing habits of its school customers.

A summary of the significant accounting policies applied in the accompanying consolidated financial statements is as follows:

*Principles of consolidation.* The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, G/W Investment Company, Inc. All significant intercompany transactions have been eliminated in consolidation.

*Revenue recognition.* The Company follows Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers* (“ASC 606”). See Note C for further discussion regarding the Company’s revenue recognition policy.

*Cash and cash equivalents.* The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. It is the Company’s policy to include investments in short-term municipals at \$1 carrying value as a cash equivalent. The Company maintains its cash balances in one financial institution in which at times the balance on deposit may exceed the maximum limits insured by the FDIC. The Company does not believe it is exposed to any significant credit risk.

*Investment in available-for-sale securities.* Investments in available-for-sale securities consist primarily of marketable debt securities. Investments in available-for-sale securities are reported at fair value based on quoted market prices. The Company recognized \$281, \$2, and \$(65) realized gain/(loss) for the years ended April 30, 2024, 2023, and 2022, respectively, and \$0, \$0, and \$(22) unrealized loss for the years ended April 30, 2024, 2023, and 2022, respectively. Such amounts are included within other income (expense) in the Consolidated Statements of Income and Other Comprehensive Income. The Company recognized an additional pretax unrealized gain (loss) of \$523, \$296, and \$(876) in the years ended April 30, 2024, 2023, and 2022, respectively, which is included in other comprehensive income.

*Fair value of financial instruments.* ASC Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value of assets and liabilities in accordance with GAAP, and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs and other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The fair value of cash, accounts receivable, and accounts payable approximate the carrying value due to immediate or short-term maturity of these financial instruments.

## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

#### Note A – Summary of significant accounting policies—continued

*Accounts receivable and credit losses.* The Company grants trade credit to its customers located primarily throughout the United States and Canada. Receivables are valued at management’s estimate of the amount that will ultimately be collected.

The Company is exposed to credit losses primarily through accounts receivable with customers. Accounts receivable, net, is stated at amortized cost net of provision for credit losses. The Company’s expected credit loss allowance methodology for accounts receivable, net, requires an estimation of loss rates based upon historical loss experience adjusted for factors that are relevant to determining the expected collectability of accounts receivable. Such factors include delinquency trends, aging behavior of receivables, credit and liquidity indicators for industry groups, customer classes or individual customers, and reasonable and supportable forecasts of the economic and geopolitical conditions that may exist through the contractual life of the asset. Due to the short-term nature of accounts receivable, the forward-looking assessment of future economic conditions is generally for a period of ninety to one-hundred twenty days, which corresponds with the contractual life of the Company’s accounts receivable. The provision for credit losses is reviewed and revised periodically.

Accounts receivable is evaluated on a pool basis that is based on customer groups with similar risk characteristics. This includes consideration of the following factors to develop these pools: size of the customer, industry, geographical location, historical risk, public (government) or private (corporate, NFP) funding status, and the types of services or products sold. Additionally, specific allowance amounts are established to record the appropriate provision for clients that have a higher probability of default. The Company’s monitoring activities include timely account reconciliation, holds on delinquent customer accounts, dispute resolution, payment confirmation, consideration of clients’ financial condition and macroeconomic conditions. Balances are written off when determined to be uncollectible.

The following table presents the change in provision for credit losses, which is presented within “Accounts receivable, net” on the Consolidated Balance Sheets for the period indicated below:

	April 30, 2024	April 30, 2023
Balance at beginning of period	\$15	\$15
Current period provision	871	9
Amounts written off, less recoveries	(8)	(9)
Balance at end of period	\$878	\$15

There was no provision for credit losses in the Company’s available-for-sale debt securities at April 30, 2024, and 2023.

*Inventories.* Inventories are valued at the lower of cost or net realizable value. The Company reviews the value of inventory based on historical sales, forecasted demand, contractual commitments, and textbook revision schedules to establish an allowance for excess finished goods inventory. Costs for finished goods are determined by the last-in, first-out (LIFO) method. Cost includes the purchase of paper, printing, binding, and inbound freight costs from suppliers.

Even though some books will not be sold in the current period, large quantities of books are printed initially for stock, due to economies of scale. Management feels that substantially all books will be sold in the current period and, therefore, classifies all inventories as current assets. Certain physical inventory must be retained for the length of state textbook adoption periods to avoid “out-of-stock penalties.”

## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

#### Note A – Summary of significant accounting policies—continued

*Property and equipment.* Property and equipment are carried at cost less accumulated depreciation. Depreciation is provided on the straight-line method for building and improvements, and accelerated method for furniture, fixtures, and equipment over the estimated useful lives of the assets.

Expenditures for repairs and maintenance are charged against income when incurred, and replacements are capitalized. Gains or losses on dispositions of property and equipment are included within selling, general, and administrative expenses in the Consolidated Statements of Income and Other Comprehensive Income.

*Cloud computing.* The Company follows the provisions of ASC Subtopic 350-40, Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract, which requires that capitalized costs be amortized over the associated term of the arrangement, generally on a straight-line basis, with amortization of these costs presented in the same financial statement line item as other costs associated with the arrangement. The Company has recorded cloud computing arrangement costs in Other non-current assets of \$333 and \$226 in the Consolidated Balance Sheets as of April 30, 2024 and 2023, respectively.

*Prepublication costs.* The Company capitalizes certain outside contractor costs, including manuscript review, development, photography and artwork, and preparation costs, associated with content creation. Prepublication costs are amortized over a period of two to four years under the straight-line method. Prepublication costs are shown in the Consolidated Balance Sheets net of accumulated amortization of \$1,193 and \$801 as of April 30, 2024 and 2023 respectively.

*Leases.* As disclosed in Note H, the Company follows the lease accounting guidance in ASC Topic 842. The Company determines if an arrangement is a lease at inception. Operating lease right-of-use (“ROU”) assets are included in other non-current assets, and operating lease obligations are included in accrued other expenses and other long-term liabilities in the Consolidated Balance Sheets. The Company has no finance leases. ROU assets and lease liabilities are recognized and measured on the date the underlying asset is made available to the Company. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of future payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. The Company accounts for the lease and non-lease components separately. The Company has elected as an accounting policy not to apply the recognition requirements for short-term leases. Therefore, leases with a term of twelve months or less are not recorded in the Consolidated Balance Sheets.

*Advertising costs.* The Company expenses advertising costs as incurred. Advertising costs were \$480, \$401 and \$326, in 2024, 2023, and 2022, respectively, and are included in selling, general and administrative expenses in the Consolidated Statements of Income and Other Comprehensive Income.

*Editorial costs.* Editorial internal labor costs are charged to expense as incurred, and are included in selling, general and administrative expenses in the Consolidated Statements of Income and Other Comprehensive Income.



## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

#### Note A – Summary of significant accounting policies—continued

*Other comprehensive income and accumulated other comprehensive income (loss).* Other comprehensive income includes unrealized gains and (losses), net of tax, on available-for-sale securities.

	<u>April 30, 2024</u>	<u>April 30, 2023</u>
Accumulated Other Comprehensive Loss		
Balance at beginning of period	\$(435)	\$(650)
Other comprehensive income		
Unrealized gain on available-for-sale securities, net of tax	393	215
Balance at end of period	<u>\$(42)</u>	<u>\$(435)</u>

*Income taxes.* Deferred income taxes are recorded to reflect the tax consequences on future years of temporary differences between the tax bases of assets and liabilities and their financial reporting amounts. Deferred tax assets and liabilities are adjusted for the effects of the changes in tax laws and rates of the date of enactment. The Company follows the provisions of ASC Topic 740, *Accounting for Income Taxes*, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns. Under this provision, the Company classifies net deferred tax assets and liabilities as non-current in the accompanying Consolidated Balance Sheets.

*Earnings per share.* Earnings per share is computed on the weighted average number of shares outstanding for the period. For purposes of computing earnings per share, unreleased ESOP shares are not considered outstanding. ESOP shares committed to be released during the year are considered to become outstanding ratably throughout the year.

*Common stock.* The Company has 1,000,000 shares of \$1 par value common stock authorized and 762,000 shares issued, of which 466,108 and 455,931 (net of 295,892 and 306,069 shares which have been repurchased by the Company and held as treasury stock) are shares outstanding as of April 30, 2024 and 2023, respectively. As of April 30, 2024 and 2023, respectively, the Company had 404,083 and 388,591 (net of 62,025 and 67,340 unreleased ESOP shares, respectively) shares outstanding for purposes of computing earnings per share.

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

*Recent Accounting Pronouncements.* In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The Company adopted ASU 2016-13 as of May 1, 2023. The implementation of ASU 2016-13 did not have a material impact on the Company's financial position, results of operations, or cash flows.

*Reclassifications.* Certain items in the 2023 and 2022 consolidated financial statements have been reclassified to conform to the 2024 presentation.

*Subsequent events.* The Company has evaluated its subsequent events (events occurring after April 30, 2024) through July 3, 2024, which represents the date the financial statements were available to be issued.

## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

#### Note B – Fair value disclosures

The following is a description of the valuation methodologies used for instruments measured at fair value:

*Government agencies bonds and notes.* Valuation inputs utilized by the independent pricing service for those U.S. Treasury and federal agency securities under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications. Also included are data from the vendor trading platform.

*Domestic corporate obligations.* Valuation inputs utilized by the independent pricing services for the domestic corporate obligations under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications.

*Developed market corporate obligations.* Valuation inputs utilized by the independent pricing services for the developed market corporate obligations under Level 2 include benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, bids, offers, and reference data including market research publications.

*Short term cash equivalents.* The fair value of short term cash equivalents under Level 1 is the market value based on quoted market prices, when available, or market prices provided by recognized broker/dealers.

Assets and liabilities measured at fair value on a recurring basis as of April 30, 2024 and 2023 are summarized as follows:

	April 30, 2024						Gross Unrealized Gains (Losses)
	Fair Value			Cost			
	Total	Level 1	Level 2	Total	Level 1	Level 2	
Available for-sale securities							
Government agencies bonds and notes	\$44,050	\$ —	\$44,050	\$44,113	\$ —	\$44,113	\$(63)
Domestic corporate obligations	10,118		10,118	10,116		10,116	2
Developed market corporate obligations	4,204		4,204	4,200		4,200	4
Total available-for-sale securities	58,372	—	58,372	58,429	—	58,429	(57)
Short term cash equivalents	200	200	—	200	200	—	—
Total fair valued assets	\$58,572	\$200	\$58,372	\$58,629	\$200	\$58,429	\$(57)

**The Goodheart-Willcox Company, Inc. and Subsidiary**

**Notes to Consolidated Financial Statements** April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

**Note B – Fair value disclosures—continued**

Available for-sale securities	April 30, 2023						Gross Unrealized Gains (Losses)
	Fair Value			Cost			
	Total	Level 1	Level 2	Total	Level 1	Level 2	
Government agencies bonds and notes	\$39,845	\$ —	\$39,845	\$40,425	\$ —	\$40,425	\$(580)
Total available-for-sale securities	39,845	—	39,845	40,425	—	40,425	(580)
Short term cash equivalents	22,007	22,007	—	22,007	22,007	—	—
Total fair valued assets	\$61,852	\$22,007	\$39,845	\$62,432	\$22,007	\$40,425	\$(580)

As of April 30, 2024 and 2023, the Company did not have any investments with Level 3 inputs.

### **Note C – Revenue recognition, contracts with customers**

Revenue from contracts with customers is recognized using a five-step model consisting of the following: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the Company satisfies a performance obligation. Performance obligations are satisfied when the Company transfers control of a good or service to a customer, which can occur over time or at a point in time. The amount of revenue recognized is based on the consideration to which the Company expects to be entitled in exchange for those goods or services, including the expected value of variable consideration. The customer's ability and intent to pay the transaction price is assessed in determining whether a contract exists with the customer. If collectability of substantially all the consideration in a contract is not probable, consideration received is not recognized as revenue unless the consideration is nonrefundable and the Company no longer has an obligation to transfer additional goods or services to the customer or collectability becomes probable.

The revenue from the sale of printed products is recognized at the time when control of such products passes to the customer, generally upon shipment from the Company warehouse or outside depositories. The Company recognizes revenue from the sale of digital online content ratably over the subscription period, which ranges from one to eight years, with the deferral of revenue being reported on the Consolidated Balance Sheets as deferred revenue. Where a contract contains multiple performance obligations, such as the delivery of printed products, supplementary materials, and/or digital online content, revenue is allocated on the basis of relative standalone selling prices. Where a contract contains variable consideration, significant estimation is required to determine the progress towards delivering the performance obligation. Amounts charged to customers for shipping and handling are included in sales and the costs are included in cost of goods sold. Sales and other taxes are presented on a net basis and excluded from revenues.

For sales that include a right of return, which primarily includes printed products returned in new or saleable condition within 6 months of the invoice date, the Company will estimate the transaction price and record revenues as variable consideration based on the amounts the Company expects to ultimately be entitled. In order to determine estimated returns, the Company utilizes historical and forecasted return rates, sales patterns, types of products, and saleability of returned goods and recognizes a reduction to revenue, cost of goods sold, and royalty expense. In addition, a refund liability, \$1,351 and \$1,068 as of April 30, 2024 and 2023, respectively, is recorded within accrued other expenses for the consideration to which the Company believes it will not ultimately be entitled, a return asset is recorded within inventory for the expected inventory to be returned, and a reduction of royalty payable is recorded for the royalty related to the sales refund liability.

#### *Contract acquisition costs*

Contract acquisition costs represent costs directly associated with entering into contracts with customers which will benefit a period greater than 12 months and are expected to be recovered. Such costs, \$6,694 and \$6,601 net of accumulated amortization of \$7,904 and \$5,447, as of April 30, 2024 and 2023, respectively, are recorded within other non-current assets and amortized ratably over the average term of the contracts with the customers.

**The Goodheart-Willcox Company, Inc. and Subsidiary****Notes to Consolidated Financial Statements** April 30, 2024, 2023, and 2022 continued*(Dollars in Thousands, except per share data)***Note C – Revenue recognition, contracts with customers—continued**

The following table presents revenue disaggregated by product line for the years ended April 30, 2024, 2023, and 2022:

	2024	2023	2022
Printed products (point in time)	\$28,093	\$31,532	\$24,041
Digital online content (over time)	24,534	19,530	14,067
Other	1,619	1,879	1,234
<b>Total revenue</b>	<b>\$54,246</b>	<b>\$52,941</b>	<b>\$39,342</b>

The following table presents revenue disaggregated by customer channel for the years ended April 30, 2024, 2023, and 2022:

	2024	2023	2022
Middle and high schools	\$36,684	\$42,273	\$28,818
Colleges	10,484	6,304	6,667
Private career schools	2,233	1,481	1,532
Business, industry & government	2,211	1,444	937
Other	2,634	1,439	1,388
<b>Total revenue</b>	<b>\$54,246</b>	<b>\$52,941</b>	<b>\$39,342</b>



## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

#### Note D – Inventories

Inventories at April 30, 2024 and 2023 consist of the following:

	2024	2023
Finished goods	\$3,793	\$3,768
Allowance for excess finished goods inventory	(585)	(405)
	<u>\$3,208</u>	<u>\$3,363</u>

Inventories would have been \$3,520 and \$3,378 higher at April 30, 2024 and 2023, respectively, if the first-in, first-out method of accounting had been used on all inventories. The use of the LIFO method, as opposed to the FIFO method, decreased net income by approximately \$115 or \$0.29, \$354 or \$0.93, and \$212 or \$0.60 per share in the years ended April 30, 2024, 2023, and 2022, respectively.

#### Note E – Property and equipment

Property and equipment at April 30, 2024 and 2023 consist of the following:

	Estimated Useful Life	2024	2023
Land		\$739	\$739
Building and improvements	10–40 years	7,295	7,245
Furniture, fixtures, and equipment	3–7 years	4,086	4,021
Construction in progress		24	19
		<u>12,144</u>	<u>12,024</u>
Less accumulated depreciation		(7,811)	(7,450)
		<u>\$4,333</u>	<u>\$4,574</u>

Depreciation expense totaled \$406, \$371, and \$368 for the years ended April 30, 2024, 2023, and 2022, respectively.

#### Note F – Income taxes

Income tax expense (benefit) for the years ended April 30, 2024, 2023, and 2022 consists of the following:

	2024	2023	2022
Current			
Federal	\$6,214	\$3,254	\$1,314
State	1,580	924	418
	<u>7,794</u>	<u>4,178</u>	<u>1,732</u>
Deferred	(4,946)	(1,004)	(1,441)
Total income tax expense	<u>\$2,848</u>	<u>\$3,174</u>	<u>\$291</u>

**The Goodheart-Willcox Company, Inc. and Subsidiary**

**Notes to Consolidated Financial Statements** April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

**Note F – Income taxes—continued**

A reconciliation of income taxes computed at the blended Federal statutory rate and income tax expense is as follows:

	2024	2023	2022
Federal income taxes at a statutory rate	<b>\$3,143</b>	\$2,975	\$666
State income taxes—net of federal tax benefit	<b>415</b>	540	78
Deferred tax rate differential	<b>(131)</b>	216	(90)
ESOP dividends	<b>(800)</b>	(830)	(1,319)
Other	<b>221</b>	273	956
Total income tax expense	<b>\$2,848</b>	\$3,174	\$291

The tax effects of the existing temporary differences that give rise to deferred tax assets and liabilities at April 30, 2024 and 2023 are as follows:

	2024	2023
Deferred tax assets		
Inventory capitalization and allowances	<b>\$1,198</b>	\$1,124
Unrealized loss on securities	<b>15</b>	145
Future ESOP principal and debt service tax deductions	<b>415</b>	—
Accrued compensation	<b>267</b>	250
Allowance for credit losses and sales returns	<b>566</b>	271
Deferred revenue	<b>11,431</b>	7,335
Deferred expenses	<b>581</b>	515
Total deferred tax assets	<b>14,473</b>	9,640
Deferred tax liabilities		
Prepaid expenses	<b>(1,282)</b>	(1,251)
Depreciation	<b>(76)</b>	(89)
Total deferred tax liabilities	<b>(1,358)</b>	(1,340)
Total net deferred tax assets	<b>\$13,115</b>	\$8,300

The Company files tax returns in all appropriate jurisdictions, which include a federal return and various state tax returns. When, and if applicable, potential interest and penalty costs are accrued as incurred, with penalties recognized in selling, general and administrative expenses and interest recognized in interest expense in the Consolidated Statements of Income and Other Comprehensive Income. The Company has not recorded a reserve for any tax positions for which the ultimate deductibility is highly uncertain or for which there is uncertainty about the timing of such deductibility and, as of April 30, 2024 and 2023, the Company has no liability for unrecognized tax benefits.

## **Note G – Employee benefit plans**

Effective May 1, 2000, the Company added employee stock ownership provisions to The Goodheart-Willcox Company Employees' Profit Sharing Plan to create The Goodheart-Willcox Company, Inc. Employees' Profit Sharing and Stock Ownership Plan and Trust (the "Profit Sharing and ESOP Plan") to enable eligible employees to acquire indirect stock ownership in the Company. Employees of the Company are generally eligible to participate in the ESOP after one year of service providing they worked at least 1,000 hours during such year and are age 21 or older. The ESOP is being accounted for under ASC Topic 718-40, *Employee Stock Ownership Plans*. The Profit Sharing and ESOP Plan covers all eligible employees and is a tax qualified, internally leveraged ESOP designed to utilize the tax incentives available to tax qualified ESOPs.

On June 7, 2000, the ESOP trust borrowed \$4,749 from the Company. The proceeds of the loan and an individual employee profit sharing account were used to purchase 175,516 then outstanding shares of the Company's common stock. Of the 175,516 shares purchased, 62,175 shares were purchased by an individual participant, who is currently the Company's Chairman of the Board, with proceeds from his employee profit sharing account, and 113,341 shares were held in a suspense account and have been allocated to participant accounts based on principal repayments to the Company of the ESOP loan. The ESOP loan was fully repaid and all related shares were allocated to participant accounts as of April 30, 2013.

On April 28, 2009, the Company sold 80,000 shares of the Company's common stock, that were previously held as treasury shares, to the ESOP in exchange for a note, bearing interest at 3.58% with annual principal and interest payments of \$578 through 2028. The issued shares are held in a suspense account and are being allocated to participant accounts based on principal and interest repayments to the Company of the ESOP loan through April 2028.

On May 24, 2019, the ESOP trust completed an offer to purchase shares of common stock of the Company at a cash purchase price of \$150.00 per share, whereby the ESOP trust borrowed \$7,884 from the Company to purchase 52,557 shares of the Company's common stock from shareholders of record. The borrowing is evidenced by a note, bearing interest at 2.74%, with a payment of principal and interest of \$316 in April 2020, followed by annual principal and interest payments of \$327 from April 2021 through April 2059. The issued shares are held in a suspense account and are being allocated to participant accounts based on principal and interest repayments to the Company on the ESOP loan through April 2059.

ESOP compensation expense is recorded based on the average market value, as determined in cooperation with an independent third party valuation expert, of the shares committed to be released during the year with a corresponding credit to unearned ESOP common stock for the cost of the shares committed to be released. Any difference between the market value of the shares committed to be released and the cost of the shares is charged or credited to additional paid-in capital. Shares of ESOP common stock are committed to be released or allocated to participant accounts as of year-end. Dividends paid on unallocated ESOP shares are not considered dividends for financial reporting purposes but are reflected as ESOP compensation expense.

Company cash or stock contributions to the Profit Sharing and ESOP Plan are determined by the Company's Board of Directors, typically as a percentage of employees' eligible compensation, but shall not be less than the payments required to be received by the Company under the ESOP loan or more than the maximum amount deductible under the provisions of Section 404 of the Internal Revenue Code.

## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

#### Note G – Employee benefit plans—continued

During fiscal 2024, 2023, and 2022, respectively, the Company recognized total ESOP compensation expense of \$3,447, \$2,385, and \$5,121 of which \$1,625, \$1,274, and \$1,065, respectively, related to shares committed to be released and \$917, \$620, and \$4,056, respectively, related to the net effect of dividends on unallocated ESOP shares, and \$905, \$491, and \$0, respectively, related to Company cash contributions to the Plan. During fiscal 2024, 2023, and 2022, respectively, \$727, \$727, and \$905 of the previous year's dividends on unallocated ESOP shares were used by the ESOP to repay the ESOP loans to the Company.

With respect to dividends paid on shares released to fully-vested employees' stock contribution accounts, the Profit Sharing and ESOP Plan allows participants to elect to (a) reinvest such dividends in Company stock, or (b) withdraw such dividends. During fiscal 2024, 2023, and 2022, respectively, participants elected to reinvest dividends in 10,177; 6,081; and 29,055; shares of the Company's common stock.

As of April 30, 2024 and 2023, respectively, the ESOP trust held 263,988 shares and 257,811 shares of the Company's common stock. Unreleased ESOP shares held in suspense account as of April 30, 2024, 2023, and 2022 are as follows:

Balance at April 30, 2022	72,655
Shares committed to be released	(5,315)
Balance at April 30, 2023	67,340
Shares committed to be released	(5,315)
<b>Balance at April 30, 2024</b>	<b>62,025</b>
Fair value of unreleased ESOP shares:	\$20,792

The Company has the financial obligation to repurchase allocated shares from terminating and diversifying participants as outlined in the Profit Sharing and ESOP Plan document and Trust agreement. Repurchase obligations at April 30, 2024 total \$67,700, which represents the fair value of the allocated shares.

Effective September 1, 2018, the Company adopted The Goodheart-Willcox Company, Inc. 401(k) Plan and Trust. The plan allows participants to make elective pretax or post-tax contributions, subject to certain IRS limitations. The Company matches 100% of participant contributions up to 3% of eligible compensation, plus 50% of participant contributions over 3% and up to 5% of eligible compensation. The Company recorded employer match expense of \$532, \$485, and \$389 for the years ending April 30, 2024, 2023, and 2022, respectively.

## The Goodheart-Willcox Company, Inc. and Subsidiary

### Notes to Consolidated Financial Statements April 30, 2024, 2023, and 2022 continued

(Dollars in Thousands, except per share data)

#### Note H – Commitments and contingencies

*Operating leases.* The Company leases certain office equipment and automobiles under non-cancelable operating leases, which expire at various dates through fiscal 2026. The leases do not contain any material residual value guarantees or material restricted covenants.

At April 30, 2024 and 2023, the right-of-use asset had a balance of \$63 and \$66, respectively, which is included in the other non-current assets line item of the Consolidated Balance Sheets. At April 30, 2024 and 2023, the current lease liability related to the right-of-use asset line had a balance of \$34 and \$38, respectively, which is included in the accrued other expenses line item of the Consolidated Balance Sheets. At April 30, 2024 and 2023, the long-term lease liability related to the right-of-use asset line had a balance of \$29 and \$28, respectively, which is included in the other long-term line item of the Consolidated Balance Sheets.

Total rent expense under operating leases was \$41, \$49, and \$58, for the years ended April 30, 2024, 2023, and 2022, respectively.

Future minimum lease payments under all operating leases having remaining lease terms in excess of one year at April 30, 2024, are as follows:

Years Ending April 30,	
2025	\$34
2026	15
2027	7
2028	7
Beyond	8
	<hr/>
	71
Less amounts representing interest	(8)
Present value of remaining lease maturities	<hr/>
	\$63

The Company has entered into an employment agreement with the President and the Chairman that provides for annual compensation and certain other benefits including death-in-service benefit payments equal to two years' salary. The present value of the estimated benefits payable under this agreement totaling \$502 and \$608 is included in long-term liabilities at April 30, 2024 and 2023, respectively.

Effective May 1, 2021, the Company adopted The Goodheart-Willcox Company, Inc. Executive Stock Deferred Benefit Plan for the benefit of certain management employees as determined by the Board of Directors. The purpose of the plan is to provide additional benefits for employees who will not receive a full allocation of ESOP shares due to limitations imposed by rules and regulations of the Internal Revenue Code. Plan expenses totaled \$148, \$342, and \$53 in fiscal years ended April 30, 2024, 2023, and 2022, respectively. There were no plan benefit payments for fiscal 2024, 2023, and 2022. Unpaid amounts totaling \$535 and \$395 are included in long-term liabilities at April 30, 2024 and 2023, respectively.

*SaaS contractual commitments.* As of April 30, 2024, the Company has entered into non-cancellable software-as-a-service (SaaS) agreements to support its information technology infrastructure and operational needs. These agreements, which generally have terms of one to five years, require the company to make the following minimum payments.



**The Goodheart-Willcox Company, Inc. and Subsidiary**

**Notes to Consolidated Financial Statements** April 30, 2024, 2023, and 2022 continued

*(Dollars in Thousands, except per share data)*

**Note H – Commitments and contingencies—continued**

Years Ending April 30,	
2025	\$254
2026	254
2027	242
2028	242
2029	181
Total	<u>\$1,173</u>

The Company has no significant restrictions or covenants related to these SaaS agreements.

## Independent Auditor's Report

Board of Directors and Stockholders  
The Goodheart-Willcox Company, Inc.

### Opinion

We have audited the consolidated financial statements of The Goodheart-Willcox Company, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of April 30, 2024 and 2023, the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended April 30, 2024, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 2024 and 2023, and the results of their operations and their cash flows for each of the years in the three-year period ended April 30, 2024, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**RSM US LLP**

Chicago, Illinois

July 3, 2024

## The Goodheart-Willcox Company, Inc. and Subsidiary

### Corporate Information

**Corporate Office**, *The Goodheart-Willcox Company, Inc., 18604 West Creek Drive, Tinley Park, IL 60477*

**Annual Meeting**, *The annual meeting will take place at 9:30 a.m. Central Daylight Time, July 9, 2024, at the Corporate Office, Tinley Park, Illinois*

**Stock Symbol**, *GWOX, Over-the-Counter Market*

**Transfer Agent**, *Continental Stock Transfer & Trust Company*

**General Counsel**, *Clingen Callow & McLean, LLC, Lisle, Illinois*

**Independent Public Accountants**, *RSM US LLP*

### Directors

Claudia L. Berry, *retired Vice President, Lakeshore Wealth Group, Huntington National Bank*

Douglas J. Bogdal, *retired Chief Financial Officer, Secretary, & Treasurer, LA-CO Industries*

Thomas L. Choice, *retired President, Kishwaukee College*

Shannon F. DeProfio, *President and Chief Executive Officer, The Goodheart-Willcox Company, Inc.*

John F. Flanagan, *Chairman, The Goodheart-Willcox Company, Inc.*

Fred R. Sasser, *Chair Emeritus, Sasser Family Holdings, Inc.*

### Executive Officers

Shannon F. DeProfio, *President and Chief Executive Officer*

John F. Flanagan, *Chairman*

Carolyn Gomez, *Executive Vice President Finance, Treasurer, and Corporate Secretary*

Todd J. Scheffers, *Executive Vice President Sales & Marketing*