

**GOODWILL INDUSTRIES OF  
SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

Audit of Combined Financial Statements

December 31, 2020



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## **Independent Auditor's Report**

To the Boards of Directors  
Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc. (the Organizations), which comprise the combined statement of financial position as of December 31, 2020, the related combined statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Combined Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

## **LOUISIANA • TEXAS**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Schedules I through VI are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2021 on our consideration of the Organizations' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
June 22, 2021

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combined Statement of Financial Position  
December 31, 2020**

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 6,971,518
Accounts Receivable, Net	3,695,477
Accrued Interest Receivable	16,499
Merchandise Inventory	1,263,703
Prepaid Expenses and Other	<u>786,740</u>

**Total Current Assets** 12,733,937

**Property and Equipment**

Land	2,641,448
Building and Building Improvements	15,802,250
Machinery and Equipment	1,611,883
Furniture and Fixtures	2,101,223
Automobiles and Trucks	1,395,307
Leasehold Improvements	2,586,411
Computer Equipment	903,512
Condo - Timeshare	34,995
Capitalized Interest	<u>121,770</u>

27,198,799

Less: Accumulated Depreciation 13,147,061

**Property and Equipment, Net** 14,051,738

**Investment and Other Assets**

Investments and Assets Limited as to Use	15,805,196
Deposits	<u>183,352</u>

**Total Investment and Other Assets** 15,988,548

**Total Assets** \$ 42,774,223

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
**Combined Statement of Financial Position (Continued)**  
**December 31, 2020**

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<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 661,220
Accrued Expenses and Taxes	1,284,150
Deferred Revenue	<u>211,682</u>
<b>Total Current Liabilities</b>	<u>2,157,052</u>
<b>Long-Term Liabilities</b>	
Deferred Compensation	<u>249,073</u>
<b>Total Long-Term Liabilities</b>	<u>249,073</u>
<b>Total Liabilities</b>	<u>2,406,125</u>
<b>Net Assets</b>	
Without Donor Restrictions	<u>40,368,098</u>
<b>Total Net Assets</b>	<u>40,368,098</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 42,774,223</u></u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combined Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2020**

	<b>Without Donor Restrictions</b>
<b>Sales Revenue</b>	
Retail Stores	\$ 17,979,857
Contributed Revenue - Donated Goods	7,820,015
Salvage	1,289,603
<b>Total</b>	<u>27,089,475</u>
<b>Vocational Training Revenue</b>	
Janitorial, Landscaping, Switchboard Operations, and Mail Delivery	8,214,064
<b>Total</b>	<u>8,214,064</u>
<b>Other Sources of Income</b>	
Federal Financial Assistance	1,323,067
Other Grant Income	1,064,762
Investment Gain, Net	471,482
State Sales Tax Exclusion	774,550
Louisiana Rehabilitation Service	58,558
Contributions	10,132,816
Loss on Disposal of Assets	(63,976)
Rent	474,171
Miscellaneous	307,833
<b>Total</b>	<u>14,543,263</u>
<b>Total Revenue and Other Income, Net</b>	<u>49,846,802</u>
<b>Expenses</b>	
Program Services	
Retail	25,293,774
Contracts	8,007,524
Workforce	3,963,439
<b>Total Program Services</b>	<u>37,264,737</u>
Management and General	4,310,670
<b>Total Expenses</b>	<u>41,575,407</u>
<b>Change in Net Assets</b>	8,271,395
<b>Net Assets, Beginning of Year</b>	<u>32,096,703</u>
<b>Net Assets, End of Year</b>	<u>\$ 40,368,098</u>

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



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combined Statement of Functional Expenses  
For the Year Ended December 31, 2020**

	Program Services			Management and General	Total
	Retail	Contracts	Workforce		
<b>Operating Expense</b>					
Salaries, Wages, Taxes, and Benefits	\$ 9,018,351	\$ 6,538,223	\$ 2,392,317	\$ 2,067,595	\$ 20,016,486
Cost of Goods Sold	8,570,011	-	-	-	8,570,011
Occupancy Cost	4,486,252	15,470	158,573	127,457	4,787,752
Repairs and General Maintenance	130,537	15,577	12,395	39,322	197,831
Supplies and Materials	389,342	334,039	35,591	108,348	867,320
Waste Disposal	786,464	5,194	4,893	-	796,551
Training and Support Service	2,705	-	534,813	-	537,518
Outreach and Marketing	18,352	597	239	39,781	58,969
Conference and Travel	48,741	4,708	28,588	22,702	104,739
Communication	393,666	78,349	196,926	266,395	935,336
Equipment and Vehicle Cost	269,953	287,209	19,470	95,322	671,954
Insurance	344,610	107,565	57,859	174,789	684,823
Professional Fees and Dues	88,928	212,031	389,872	543,750	1,234,581
Administrative and Other	156,383	110,664	11,637	384,704	663,388
	24,704,295	7,709,626	3,843,173	3,870,165	40,127,259
<b>Interest, Depreciation, and Amortization</b>					
Depreciation and Amortization	589,479	297,898	120,266	440,505	1,448,148
	589,479	297,898	120,266	440,505	1,448,148
<b>Total</b>	<b>\$ 25,293,774</b>	<b>\$ 8,007,524</b>	<b>\$ 3,963,439</b>	<b>\$ 4,310,670</b>	<b>\$ 41,575,407</b>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combined Statement of Cash Flows  
For the Year Ended December 31, 2020**

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**Cash Flows from Operating Activities**

Change in Net Assets	\$ 8,271,395
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	1,448,148
Net Realized Loss on Disposal of Assets	63,976
Bad Debt Expense	180,079
Unrealized Gain on Investments	(375,816)
Increase in Accounts Receivable	(32,048)
Increase in Merchandise Inventory	(47,374)
Increase in Prepaid Expenses and Other Assets	(141,601)
Increase in Deposits	(47,713)
Increase in Accounts Payable	103,142
Decrease in Deferred Compensation	(142,316)
Decrease in Accrued Expenses and Taxes	(559,956)
Increase in Deferred Revenue	95,269

<b>Net Cash Provided by Operating Activities</b>	<u>8,815,185</u>
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**Cash Flows from Investing Activities**

Proceeds from Sale of Investments	108,989
Purchase of Investments	(9,901,398)
Purchase of Fixed Assets	(959,312)

<b>Net Cash Used in Investing Activities</b>	<u>(10,751,721)</u>
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<b>Net Decrease in Cash and Cash Equivalents</b>	(1,936,536)
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<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>8,908,054</u>
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<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 6,971,518</u></u>
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The accompanying notes are an integral part of these combined financial statements.

# GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. AND GOODWORKS, INC.

## Notes to Combined Financial Statements

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### Note 1. Organizations

Goodwill Industries of Southeastern Louisiana, Inc. (Goodwill) and Goodworks, Inc. (Goodworks) (collectively, the Organizations) work with people with disabilities and other barriers to employment to improve their economic self-sufficiency through training, education, support services, and employment. While primarily known for their retail stores, the Organizations also have contract services and workforce development programs.

The Organizations work with state, federal, and commercial partners to provide contract services across 41 sites. These services support training opportunities for people with disabilities and include janitorial, grounds maintenance, warehousing, mail delivery, and switchboard operations. Workforce development programs include case management services, job readiness training, employment assistance, and supporting services opportunities. These programs work with a variety of vulnerable populations including the formerly incarcerated, disabled, homeless, and those otherwise facing barriers to employment. Included under the workforce development program is the Goodwill Technical College, a division of Goodwill, which offers industry-based certifications in hospitality and customer service, medical billing and coding, and medical office administrative assistant. The retail program operations include twenty-three (23) stores throughout Southeastern Louisiana. Goodwill's retail model is to collect gently used donations from the public and sell them throughout the retail locations or, as a last resort, through the commodity market. The Organizations' breadth of services allows them to play a part in each individual success, whether that means helping someone find a new direction, discover a hidden skill, or gain a sense of self-worth and hope for the future.

### Note 2. Summary of Significant Accounting Policies

The Organizations follow the accounting procedures and practices for voluntary health and welfare organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on *Audits of Voluntary Health and Welfare Organizations*, which constitute generally accepted accounting principles.

#### **Basis of Accounting**

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

#### **Financial Statement Presentation**

Financial statement presentation follows the *Not-for-Profit Entities* Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, the Organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Financial Statement Presentation (Continued)**

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled or removed by actions of the Organizations pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature (also referred to as an endowment fund), where the donor stipulates that resources be maintained in perpetuity. The Organizations have no net assets with donor restrictions as of December 31, 2020.

**Use of Estimates**

The preparation of the combined 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.

**Combination of Financial Statements**

The accompanying combined financial statements include the accounts of Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc. Inter-company transactions and balances have been eliminated in combination.

**Accounts Receivable**

Account receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.

Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts was \$219,864 as of December 31, 2020.

**Concentration of Credit and Market Risk**

Goodwill's services are rendered to people with barriers to employment, including disabilities or other disadvantaging conditions in southeastern Louisiana. All of the training fees and grants are generated from services to clients with barriers. Goodwill grants credit to several state offices for the above stated training fees.

Financial instruments that potentially expose the Organizations to concentrations of credit and market risk consist primarily of cash and investments. The Organizations have experienced \$471,482 in net gains in these accounts for the year ended December 31, 2020. The Organizations maintain their cash accounts at four commercial banks. The amount on deposit at December 31, 2020, exceeded the insurance limits of the Federal Deposit Insurance Corporation by \$5,851,648.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Contribution Recognition**

The Organizations record contributions as donor restricted if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and changes in net assets as net assets released from restrictions.

Donor restricted contributions whose restrictions are met in the same reporting period, are reported as without donor restrictions. The Organizations report gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In December 2020, the Organizations received an unsolicited gift in the amount of \$10,000,000. The gift was part of \$4,158,500,000 in gifts given by the donor to 384 organizations as announced in the donor's December 15, 2020 article entitled "384 Ways to Help". As described in the article, the gift was paid up front and without donor restriction in order to provide the Organizations with maximum flexibility. The Organizations added the funds to their investment portfolio and as of December 31, 2020, it is all in U.S. Treasury funds.

**Donated Material and Service**

The FASB ASC, *Accounting for Contributions Received and Contributions Made* Topic, requires that contributions be recognized as revenue when received. During 2020, Goodwill recognized contributed merchandise with a fair value of \$7,820,015 as contribution revenue.

A substantial number of volunteers have donated significant amounts of their time in the Organizations' program services. However, these services do not meet all of the applicable requirements of this Topic; therefore, no amounts have been reflected in the combined financial statements for these donated services.

**Income Taxes**

Goodwill was formed in 1947, to provide services to persons with disabilities. This organization was chartered in the state of Louisiana as a non-profit organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Goodworks was formed in 1998, in order to service government contracts. This organization was chartered in the state of Louisiana as a non-profit organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

The Organizations consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost, with the exception of donated items, which are stated at fair market value at date of donation. Excluding land, the Organizations use the straight-line depreciation method over the useful lives of its property and equipment. Buildings and improvements are depreciated over thirty years. Furniture and fixtures are depreciated over seven years. Machinery and equipment, automobiles, and trucks are depreciated over five years and computer equipment is depreciated over three years. Leasehold improvements are being amortized over the life of the lease. The Organizations capitalize fixed assets with costs of \$1,000 or greater and a useful life of one year or more. Depreciation expense for 2020 was \$1,448,148.

**Merchandise Inventory**

The FASB ASC, *Accounting for Contributions Received and Contributions Made* Topic, requires that contributions be recognized as inventory when received and be carried at fair value. Management estimates the fair value of inventory using a gross margin method. Inventories of new goods are carried at the lower of cost or market. Costs are determined on a first-in, first-out basis.

**Investments**

Investments, primarily consisting of cash and bank sweep funds, money market funds, equity securities, equity mutual funds, and fixed income securities, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the combined statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations.

**Investments and Asset Limited as to Use**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the Investments and Other Assets section of the combined statement of financial position. Investments and assets limited as to use includes investments in mutual funds, which are designated for funding the 457(b) Top Hat plan as discussed further in Note 6. The Organizations record investments in accordance with the *Not-for-Profit Entities* Topic of the FASB ASC which establishes standards for the recognition of fair value of investments in certain equity and debt securities with gains and losses included in the statements of activities and changes in net assets.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

Expenses are initially charged directly to cost centers based on their function. Allocations are then used to distribute certain administrative costs across all programs benefiting from the expense. Allocations to programs for network activities are based on the number of emails used in each department. General business lines of insurance are allocated to programs as a percentage of personnel costs. Occupancy expenses at facilities, where multiple programs are operated, are allocated to programs based on square footage and/or number of employees in each program.

**Note 3. Liquidity and Availability**

The Organizations' financial assets available within one year of the combined statements of financial position date for general expenditure for the year ended December 31, 2020 are as follows:

Cash and Cash Equivalents	\$ 6,971,518
Accrued Interest Receivable	16,499
Accounts Receivables, Net	<u>3,695,477</u>

**Financial Assets at Year End Available to Meet Cash**

**Needs for General Expenditures within One Year** \$ 10,683,494

As part of their liquidity management, the Organizations have a policy to monitor and structure their financial assets to be available to meet their general expenditures, liabilities, and other obligations as they come due. Goodwill and Goodworks uses their budgets to help manage cash flow needs by monitoring expenses and revenues during the year. Although not expected to be needed, Goodwill could also utilize its board-designated long-term investments to manage cash flow needs for current operations.

In addition, the Organizations have an available revolving line of credit in the amount of \$2,000,000 as noted in Note 9.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

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**Note 4. Investments and Assets Limited as to Use**

Investments and assets limited as to use are summarized as follows at December 31, 2020:

	<b>Fair Market Value</b>
Equity Securities (Investments)	\$ 3,784,441
Corporate Debt Securities (Investments)	1,676,310
U.S. Treasury	10,000,072
Municipals	95,300
Equity Mutual Funds (Assets Limited as to Use)	249,073
<b>Total</b>	<b>\$ 15,805,196</b>

**Note 5. Lease Agreements**

Goodwill leases real estate under non-cancelable operating leases expiring in various years through 2036. Combined rent expense totaled \$3,215,961 in 2020 and is included in the combined statement of activities and changes in net assets.

Future minimum lease payments as of December 31<sup>st</sup> are as follows:

<b>Year Ending</b>	<b>Amount</b>
2021	\$ 3,651,479
2022	2,870,856
2023	2,490,661
2024	2,187,566
2025	1,821,060
Thereafter	6,077,927
<b>Total</b>	<b>\$ 19,099,549</b>

**Note 6. Pension Plan and Health and Welfare Benefit Plan**

Goodwill initiated a defined contribution pension plan (the Plan) in 1993 for the employees of its federal contracts. The Plan does not have any minimum eligibility requirements to participate. Employer contributions vary based on terms of each Federal contract and regular hours of each employee. When Goodworks was formed in 1998, it assumed responsibility for Plan contributions from Goodwill. Goodworks contributed \$579,528 to the Plan in 2020.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

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**Note 6. Pension Plan and Health and Welfare Benefit Plan (Continued)**

On March 15, 2011, Goodwill entered into two Retirement Plan Service Agreements. One agreement was for a 403(b) Employee Retirement Income Security Act of 1974 (ERISA) plan and the other was for a 457(b) Top Hat plan. The 403(b) plan is for full-time employees. Executive staff's 403(b) contributions are not matched. Goodwill matches 50% of the employees' contribution to a maximum of 3% of the employees' salary. The executive staff may participate in the 457(b) Top Hat plan which includes a contribution of up to 10% of their annual salary. Contributions to the 403(b) plan for the year ended December 31, 2020 were \$43,572. Contributions to the 457(b) plan for the year ended December 31, 2020 were \$-0-. Distributions from the 457(b) plan for the year ended December 31, 2020 were \$170,008. The liability related to the 457(b) plan totaled \$249,073 at December 31, 2020, and is included in deferred compensation in the combined statement of financial position.

**Note 7. Fair Value Measurements**

FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. FASB ASC Topic 820 establishes a fair value hierarchy which prioritizes inputs to the valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data (observable inputs) or they may be internally developed (unobservable inputs). The fair value hierarchy prioritizes the inputs to the valuation techniques used to measure fair value into three broad categories. These categories include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The market approach is used for valuing common stocks, equity mutual funds, and bond mutual funds, which are all classified within Level 1 of the fair value hierarchy. The remainder of the Organizations' investment portfolio consists of corporate bonds, which may not trade on a daily basis. Corporate bonds are generally valued based upon quoted market prices from brokers and dealers, which represent fair value, and are classified within Level 2.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

**Note 7. Fair Value Measurements (Continued)**

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organizations believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value are comprised of the following as of December 31, 2020:

	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity Securities	\$ 3,784,441	\$ 3,784,441	\$ -	\$ -
Corporate Securities	1,676,310	612,876	1,063,434	-
U.S. Treasury	10,000,072	10,000,072	-	-
Municipals	95,300	-	95,300	-
Equity Mutual Funds	249,073	249,073	-	-
<b>Total</b>	<b>\$ 15,805,196</b>	<b>\$ 14,646,462</b>	<b>\$ 1,158,734</b>	<b>\$ -</b>

**Note 8. Uncertain Tax Positions**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that they have appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

**Note 9. Line of Credit**

On July 2, 2020, Goodwill entered into a new line of credit agreement with a bank in the amount of \$2,000,000. The loan is a variable rate revolving line of credit due on demand and, if no demand, on July 1, 2021. The line of credit is collateralized by the Organizations' investment portfolio. The balance outstanding as of December 31, 2020 totaled \$-0-

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Notes to Combined Financial Statements**

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**Note 10. Subsequent Events**

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, June 22, 2021, and determined that no events occurred that require disclosure.

**Note 11. Recent Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, to supersede nearly all existing revenue recognition guidance under generally accepted accounting principles in the United States of America (U.S. GAAP). The Organizations have undertaken a comprehensive analysis of the impact of the new standard based on a review of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognized could differ under ASU 2014-09. This standard does not impact the Organizations' recognition of revenue from retail sales as those sales are recognized on a cash basis at the time of the underlying sale. Contribution revenue recognition is outlined and detailed in Note 2. Another significant portion of the Organizations revenue is derived from vocational training contracts, federal, state, and other grants, which are primarily cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organizations have incurred expenditures in compliance with specific contract provisions. The adoption of ASU 2014-09 has had no material impact on the Organizations' combined financial statements as a whole.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as financing or operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 one year making it effective for annual reporting periods beginning after December 15, 2021. The Organizations are currently evaluating the impact ASU 2016-02 will have on the combined financial statements.

## **SUPPLEMENTARY INFORMATION**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
**Combining Statement of Financial Position**  
**December 31, 2020**  
**(With Comparative Totals for 2019)**

**Schedule I**

	Goodwill	Goodworks	Elimination	2020	2019
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 4,687,744	\$ 2,283,774	\$ -	\$ 6,971,518	\$ 8,908,054
Accounts Receivable, Net	2,885,124	810,353	-	3,695,477	3,827,009
Accrued Interest Receivable	16,499	-	-	16,499	19,372
Merchandise Inventory	1,263,703	-	-	1,263,703	1,216,329
Due from Related Parties	-	2,240,935	(2,240,935)	-	-
Prepaid Expenses and Other	786,740	-	-	786,740	645,139
<b>Total Current Assets</b>	<b>9,639,810</b>	<b>5,335,062</b>	<b>(2,240,935)</b>	<b>12,733,937</b>	<b>14,615,903</b>
<b>Property and Equipment</b>					
Land	2,641,448	-	-	2,641,448	2,641,448
Building and Building Improvements	15,684,818	117,432	-	15,802,250	15,455,524
Machinery and Equipment	486,859	1,125,024	-	1,611,883	1,762,792
Furniture and Fixtures	2,101,223	-	-	2,101,223	2,055,932
Automobiles and Trucks	963,488	431,819	-	1,395,307	1,293,096
Leasehold Improvements	2,586,411	-	-	2,586,411	2,459,207
Computer Equipment	898,366	5,146	-	903,512	841,112
Condo - Timeshare	34,995	-	-	34,995	34,995
Capitalized Interest	121,770	-	-	121,770	121,770
	25,519,378	1,679,421	-	27,198,799	26,665,876
Less: Accumulated Depreciation	11,846,960	1,300,101	-	13,147,061	12,125,298
<b>Property and Equipment, Net</b>	<b>13,672,418</b>	<b>379,320</b>	<b>-</b>	<b>14,051,738</b>	<b>14,540,578</b>
<b>Investments and Other Assets</b>					
Investments and Assets Limited as to Use	15,805,196	-	-	15,805,196	5,714,569
Deposits	183,352	-	-	183,352	135,639
<b>Total Other Assets</b>	<b>15,988,548</b>	<b>-</b>	<b>-</b>	<b>15,988,548</b>	<b>5,850,208</b>
<b>Total Investment and Assets</b>	<b>\$ 39,300,776</b>	<b>\$ 5,714,382</b>	<b>\$ (2,240,935)</b>	<b>\$ 42,774,223</b>	<b>\$ 35,006,689</b>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 633,198	\$ 28,022	\$ -	\$ 661,220	\$ 558,078
Accrued Expenses and Taxes	1,145,060	139,090	-	1,284,150	1,844,106
Deferred Revenue	211,682	-	-	211,682	116,413
Due to Related Parties	2,240,935	-	(2,240,935)	-	-
<b>Total Current Liabilities</b>	<b>4,230,875</b>	<b>167,112</b>	<b>(2,240,935)</b>	<b>2,157,052</b>	<b>2,518,597</b>
<b>Long-Term Liabilities</b>					
Deferred Compensation	249,073	-	-	249,073	391,389
<b>Total Long-Term Liabilities</b>	<b>249,073</b>	<b>-</b>	<b>-</b>	<b>249,073</b>	<b>391,389</b>
<b>Total Liabilities</b>	<b>4,479,948</b>	<b>167,112</b>	<b>(2,240,935)</b>	<b>2,406,125</b>	<b>2,909,986</b>
<b>Net Assets</b>					
Without Donor Restrictions	34,820,828	5,547,270	-	40,368,098	32,096,703
<b>Total Net Assets</b>	<b>34,820,828</b>	<b>5,547,270</b>	<b>-</b>	<b>40,368,098</b>	<b>32,096,703</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 39,300,776</b>	<b>\$ 5,714,382</b>	<b>\$ (2,240,935)</b>	<b>\$ 42,774,223</b>	<b>\$ 35,006,689</b>

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
**Combining Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2020**  
**(With Comparative Totals for 2019)**

**Schedule II**

	Goodwill Without Donor Restrictions	Goodworks Without Donor Restrictions	Elimination	2020	2019
<b>Sales Revenue</b>					
Retail Stores	\$ 17,979,857	\$ -	\$ -	\$ 17,979,857	\$ 21,694,351
Contributed Revenue - Donated Goods	7,820,015	-	-	7,820,015	8,493,150
Salvage	1,289,603	-	-	1,289,603	1,537,244
<b>Total</b>	<b>27,089,475</b>	<b>-</b>	<b>-</b>	<b>27,089,475</b>	<b>31,724,745</b>
<b>Vocational Training Revenue</b>					
Janitorial, Landscaping, Switchboard Operations, and Mail Delivery	3,724,563	4,489,501	-	8,214,064	8,786,058
<b>Total</b>	<b>3,724,563</b>	<b>4,489,501</b>	<b>-</b>	<b>8,214,064</b>	<b>8,786,058</b>
<b>Other Sources of Income</b>					
Federal Financial Assistance	1,323,067	-	-	1,323,067	1,336,965
Other Grant Income	1,064,762	-	-	1,064,762	704,422
Investment Gain, Net	471,482	-	-	471,482	1,016,719
State Sales Tax Exclusion	774,550	-	-	774,550	1,155,798
Administrative Fee Income	424,368	-	(424,368)	-	-
Louisiana Rehabilitation Service	58,558	-	-	58,558	122,963
Contributions	10,132,816	-	-	10,132,816	239,538
Loss on Disposal of Assets	(62,097)	(1,879)	-	(63,976)	-
Rent	474,171	-	-	474,171	474,000
Miscellaneous	304,621	3,212	-	307,833	626,250
<b>Total</b>	<b>14,966,298</b>	<b>1,333</b>	<b>(424,368)</b>	<b>14,543,263</b>	<b>5,676,655</b>
<b>Total Revenue and Other Income, Net</b>	<b>45,780,336</b>	<b>4,490,834</b>	<b>(424,368)</b>	<b>49,846,802</b>	<b>46,187,458</b>
<b>Expenses</b>					
Program Services					
Retail	17,603,789	-	7,689,985	25,293,774	26,644,336
Contracts	4,257,452	3,831,677	(81,605)	8,007,524	8,752,831
Workforce	4,137,969	-	(174,530)	3,963,439	4,162,779
<b>Total Program Services</b>	<b>25,999,210</b>	<b>3,831,677</b>	<b>7,433,850</b>	<b>37,264,737</b>	<b>39,559,946</b>
Management and General	11,695,440	473,448	(7,858,218)	4,310,670	4,855,147
<b>Total Expenses</b>	<b>37,694,650</b>	<b>4,305,125</b>	<b>(424,368)</b>	<b>41,575,407</b>	<b>44,415,093</b>
<b>Change in Net Assets</b>	<b>8,085,686</b>	<b>185,709</b>	<b>-</b>	<b>8,271,395</b>	<b>1,772,365</b>
<b>Net Assets, Beginning of Year</b>	<b>26,735,142</b>	<b>5,361,561</b>	<b>-</b>	<b>32,096,703</b>	<b>30,324,338</b>
<b>Net Assets, End of Year</b>	<b>\$ 34,820,828</b>	<b>\$ 5,547,270</b>	<b>\$ -</b>	<b>\$ 40,368,098</b>	<b>\$ 32,096,703</b>

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combining Statement of Functional Expenses  
For the Year Ended December 31, 2020**

**Schedule III**

	Goodwill					Goodworks			
	Program Services			Management and General	Total	Program Services		Management and General	Total
	Retail	Contracts	Workforce			Contracts			
<b>Operating Expense</b>									
Salaries, Wages, Taxes, and Benefits	\$ 9,018,351	\$ 3,569,984	\$ 2,392,317	\$ 2,067,630	\$ 17,048,282	\$ 2,968,239	\$ (35)	\$ 2,968,204	
Cost of Goods Sold	691,742	-	-	7,878,269	8,570,011	-	-	-	
Occupancy Cost	4,674,536	93,383	333,103	(316,962)	4,784,060	3,692	-	3,692	
Repairs and General Maintenance	130,537	9,049	12,395	39,322	191,303	6,528	-	6,528	
Supplies and Materials	389,342	218,243	35,591	108,303	751,479	115,796	45	115,841	
Waste Disposal	786,464	-	4,893	-	791,357	5,194	-	5,194	
Training and Support Service	2,705	-	534,813	-	537,518	-	-	-	
Outreach and Marketing	18,352	65	239	39,781	58,437	532	-	532	
Conference and Travel	48,741	4,468	28,588	22,702	104,499	240	-	240	
Communication	393,666	43,278	196,926	266,395	900,265	35,071	-	35,071	
Equipment and Vehicle Cost	269,953	73,965	19,470	95,322	458,710	213,244	-	213,244	
Insurance	344,610	57,877	57,859	174,789	635,135	49,688	-	49,688	
Professional Fees and Dues	88,928	2,053	389,872	524,916	1,005,769	209,978	18,834	228,812	
Administrative and Other	156,383	107,440	11,637	354,468	629,928	3,224	454,604	457,828	
	17,014,310	4,179,805	4,017,703	11,254,935	36,466,753	3,611,426	473,448	4,084,874	
<b>Interest, Depreciation, and Amortization</b>									
Depreciation and Amortization	589,479	77,647	120,266	440,505	1,227,897	220,251	-	220,251	
	589,479	77,647	120,266	440,505	1,227,897	220,251	-	220,251	
<b>Total</b>	<b>\$ 17,603,789</b>	<b>\$ 4,257,452</b>	<b>\$ 4,137,969</b>	<b>\$ 11,695,440</b>	<b>\$ 37,694,650</b>	<b>\$ 3,831,677</b>	<b>\$ 473,448</b>	<b>\$ 4,305,125</b>	

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combining Statement of Functional Expenses (Continued)  
For the Year Ended December 31, 2020**

**Schedule III**

	Elimination					Combined Total				
	Program Services			Management and General	Total	Program Services			Management and General	Total
	Retail	Contracts	Workforce			Retail	Contracts	Workforce		
<b>Operating Expense</b>										
Salaries, Wages, Taxes, and Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,018,351	\$ 6,538,223	\$ 2,392,317	\$ 2,067,595	\$ 20,016,486
Cost of Goods Sold	7,878,269	-	-	(7,878,269)	-	8,570,011	-	-	-	8,570,011
Occupancy Cost	(188,284)	(81,605)	(174,530)	444,419	-	4,486,252	15,470	158,573	127,457	4,787,752
Repairs and General Maintenance	-	-	-	-	-	130,537	15,577	12,395	39,322	197,831
Supplies and Materials	-	-	-	-	-	389,342	334,039	35,591	108,348	867,320
Waste Disposal	-	-	-	-	-	786,464	5,194	4,893	-	796,551
Training and Support Service	-	-	-	-	-	2,705	-	534,813	-	537,518
Outreach and Marketing	-	-	-	-	-	18,352	597	239	39,781	58,969
Conference and Travel	-	-	-	-	-	48,741	4,708	28,588	22,702	104,739
Communication	-	-	-	-	-	393,666	78,349	196,926	266,395	935,336
Equipment and Vehicle Cost	-	-	-	-	-	269,953	287,209	19,470	95,322	671,954
Insurance	-	-	-	-	-	344,610	107,565	57,859	174,789	684,823
Professional Fees and Dues	-	-	-	-	-	88,928	212,031	389,872	543,750	1,234,581
Administrative and Other	-	-	-	(424,368)	(424,368)	156,383	110,664	11,637	384,704	663,388
	7,689,985	(81,605)	(174,530)	(7,858,218)	(424,368)	24,704,295	7,709,626	3,843,173	3,870,165	40,127,259
<b>Interest, Depreciation, and Amortization</b>										
Depreciation and Amortization	-	-	-	-	-	589,479	297,898	120,266	440,505	1,448,148
	-	-	-	-	-	589,479	297,898	120,266	440,505	1,448,148
<b>Total</b>	<b>\$ 7,689,985</b>	<b>\$ (81,605)</b>	<b>\$ (174,530)</b>	<b>\$ (7,858,218)</b>	<b>\$ (424,368)</b>	<b>\$ 25,293,774</b>	<b>\$ 8,007,524</b>	<b>\$ 3,963,439</b>	<b>\$ 4,310,670</b>	<b>\$ 41,575,407</b>

See independent auditor's report.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**

**Schedule IV**

**Schedule of Compensation, Benefits, and Other Payments  
to Agency Head  
For the Year Ended December 31, 2020**

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Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**

Jodee Daroca, President and CEO

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Conference Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees & Dues	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

\*No amount of public funds was used to pay for the salary and benefits of the Agency Head during the year ended December 31, 2020. As such, all amounts presented on this schedule are reported as \$-0-.

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Composite Score Calculation  
For the Year Ended December 31, 2020**

**Schedule V**

<b>Composite Score Calculation</b>				<b>Ratio</b>	<b>Calculated Strength Factor Score</b>	<b>Final Strength Factor Score</b>	<b>Weighted Score</b>
<b>Primary Reserve Ratio</b>	=	$\frac{\text{Expendable Net Assets}}{\text{Total Expenses}}$	$\frac{26,316,360}{41,575,407}$	<b>0.6330</b>	10 x Primary Reserve Ratio <b>6.3300</b>	<b>3.0000</b>	40% <b>1.2000</b>
<b>Equity Ratio</b>	=	$\frac{\text{Modified Net Assets}}{\text{Modified Assets}}$	$\frac{40,368,098}{42,774,223}$	<b>0.9437</b>	6 x Equity Ratio <b>5.6622</b>	<b>3.0000</b>	40% <b>1.2000</b>
<b>Net Income Ratio</b>	=	$\frac{\text{Change in Net Assets Without Donor Restrictions}}{\text{Total Revenue Without Donor Restrictions}}$	$\frac{8,271,395}{49,846,802}$	<b>0.1659</b>	1 + (50 x Net Income Ratio) <b>3.0000</b>	<b>3.0000</b>	20% <b>0.6000</b>
						<b>Composite Score</b>	<b>3.0000</b>

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
Goodwill Technical College Revenue and Expenses  
For the Year Ended December 31, 2020

**Schedule VI**

<b>Revenue</b>	
Grant Revenue	\$ 119,952
Goodwill Supporting Grant	489,820
	<hr/>
<b>Total Revenue</b>	<b>609,772</b>
	<hr/>
<b>Operating Expense</b>	
Salaries and Wages	342,877
Benefits	156,549
	<hr/>
<b>Salaries, Wages, and Benefits</b>	<b>499,426</b>
	<hr/>
Occupancy Cost	286,829
Supplies and Material	16,635
Training and Supportive Service	6,255
Outreach and Marketing	42
Conference and Travel	2,273
Communication	66,024
Equipment and Vehicle Cost	6,076
Insurance	6,506
Professional Fees and Dues	4,820
Administrative and Other	801
	<hr/>
<b>Total Operating Expense</b>	<b>895,687</b>
	<hr/>
<b>Depreciation</b>	
Depreciation	22,601
	<hr/>
<b>Total Depreciation</b>	<b>22,601</b>
	<hr/>
<b>Total Expense</b>	<b>918,288</b>
	<hr/>
<b>Net Loss</b>	<b>\$ (308,516)</b>
	<hr/> <hr/>

See independent auditor's report.

## **UNIFORM GUIDANCE SECTION**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2020**

<b>FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE (per CFDA)</b>	<b>Federal CFDA Number</b>	<b>Program Name</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>					
Passed through Unity of Greater New Orleans Continuum of Care Program	14.267	Unity - Home at Last	LA0162B6H030; LA0260L6H031804	\$ -	\$ 263,871
Continuum of Care Program	14.267	Rapid Rehousing	LA0279L6H031599	-	\$ 216,871
Emergency Solutions Grant Program	14.231	Rapid Rehousing - Safe at Home		-	104,781
Total U.S. Department of Housing and Urban Development				-	585,523
<b>U.S. Department of Justice</b>					
Direct Award Children of Incarcerated Parents	16.831	Baton Rouge Empowering Dads	2016-IG-BX-0008	-	25,796
Total U.S. Department of Justice				-	25,796
<b>U.S. Department of Labor</b>					
Direct Award Reintegration of Ex-Offenders	17.270	Pathway Home	RE-35027-20-60-A-22	-	231,058
Total U.S. Department of Labor				-	231,058
<b>U.S. Department of Agriculture</b>					
Passed through Department of Children and Family Services State Matching Grants for Supplemental Nutrition Assistance Program (SNAP)	10.561	GWTC SNAP	LA4201142 FFY 2019	-	185,238
Total U.S. Department of Agriculture				-	185,238
Passed through State of Louisiana Department of Children and Family Services John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Aging Out of Foster Care (Lafourche, Houma)	2000225044	-	151,827
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Aging Out of Foster Care (Orleans, Jefferson)	2000225203	-	143,625
Total U.S. Department of Health and Human Services				-	295,452
<b>Total Expenditures of Federal Awards</b>				\$ -	\$ 1,323,067

See accompanying notes to schedule of expenditures of federal awards.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Goodwill Industries of Southeastern Louisiana, Inc. (Goodwill) under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Goodwill, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Goodwill.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

Goodwill has elected to use the 10 percent de minimis indirect cost rate.

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

Independent Auditor's Report

To the Board of Directors  
Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc., (the Organizations) which comprise the combined statement of financial position as of December 31, 2020, and the related combined statements of activities and changes in net assets, and functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated June 22, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Metairie, LA  
June 22, 2021



## **Report on Compliance for Each Major Federal Program; and on Internal Control Over Compliance Required by the Uniform Guidance**

### Independent Auditor's Report

To the Board of Directors  
Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.

#### **Report on Compliance for Each Major Federal Program**

We have audited Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc.'s (collectively, the Organizations) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organizations' major federal programs for the year ended December 31, 2020. The Organizations' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal laws, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organizations' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organizations' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organizations' compliance with those requirements.

#### **Opinion on Each Major Federal Program**

In our opinion, the Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of their major federal programs for the year ended December 31, 2020.

## **Report on Internal Control Over Compliance**

Management of the Organizations is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organizations' internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

This report is intended for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
June 22, 2021

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2020**

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**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of Auditor's Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	No
Noncompliance Material to Financial Statements Noted?	No

**Federal Awards Section**

Internal Control over Major Programs:	
Material Weakness(es) identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>Title</u>	<u>CFDA Number</u>
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674

Dollar Threshold used to Determine Type A Programs:	\$750,000
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Auditee Qualified as Low-Risk Auditee?	Yes
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**Part II - Schedule of Financial Statement Findings Section**

No findings were noted.

**Part III - Federal Awards Findings and Questioned Costs Section**

No findings were noted.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2020**

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**Prior Year Findings**

None Noted.