

RECEIVED  
LEGISLATIVE AUDITOR

2000 JUN 30 AM 8:47

**GOODWILL INDUSTRIES OF  
SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
December 31, 1999**

**OFFICIAL  
FILE COPY  
DO NOT SEND OUT**  
Xerox necessary  
copies from this  
COPY and PLACE  
BACK IN FILE

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/19/00

Audit of Combined Financial Statements

December 31, 1999



## CONTENTS

Independent Auditor's Report	1 - 2
Combined Statement of Financial Position	3
Combined Statement of Activities	4
Combined Statement of Cash Flows	5
Notes to Financial Statements	6 - 12
 <b>SUPPLEMENTAL INFORMATION:</b>	
Schedule I - Combining Statements of Financial Position	13
Schedule II - Combining Statements of Activities	14
Schedule III - Statements of Functional Expenses	15
 <b>OMB CIRCULAR A-133 SECTION:</b>	
Schedule of Expenditures of Federal Awards	17
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	18 - 19
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	20 - 21
Schedule of Findings and Questioned Costs	22
Status of Prior Year Audit Findings	23



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

Independent Auditor's Report

We have audited the accompanying combined statement of financial position of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** as of December 31, 1999, and the related combined statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 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, 1999 and the combined changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2000, on our consideration of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A Professional Accounting Corporation  
800 Two Lakeway Center 3850 N. Causeway Blvd. Metairie, LA 70002 (504) 835-5522 FAX (504) 835-5535  
724 E. Boston Street, Covington, LA 70433 (504) 892-5850 FAX (504) 892-5956  
E-Mail Address: [laporte@laporte.com](mailto:laporte@laporte.com) Internet Address: <http://www.laporte.com/>  
Member of AICPA Division for CPA Firms-Private Companies Practice Section and SEC Practice Section  
International Affiliation with Accounting Firms Associated, Inc.

Our audit was performed for the purpose of forming an opinion on the basic combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedules I through III are presented for the purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.



A Professional Accounting Corporation

June 14, 2000

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 1999**

**ASSETS**

**CURRENT**

Cash and Cash Equivalents	\$ 323,012
Accounts Receivable - Trade	1,838,336
Merchandise Inventory	335,927
Prepaid Expenses and Other	<u>412,537</u>
 Total	 <u>2,909,812</u>

**PROPERTY AND EQUIPMENT**

Land	281,964
Building and Building Improvements	1,470,416
Machinery and Equipment	686,176
Furniture and Fixtures	576,892
Handy-Vans	11,743
Automobiles and Trucks	324,828
Leasehold Improvements	200,587
Condo - Timeshare	<u>30,000</u>
	3,582,606
 Less: Accumulated Depreciation	 <u>2,081,791</u>
 Property and Equipment - Net	 <u>1,500,815</u>

**OTHER ASSETS**

Deposits	<u>39,307</u>
 Total Assets	 <u><u>\$ 4,449,934</u></u>

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

## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES

Accounts Payable, Accrued Expenses and Taxes	\$ 859,022
Deferred Revenue	78,071
Notes Payable	<u>213,920</u>
Total Current Liabilities	<u>1,151,013</u>

### LONG-TERM LIABILITIES

Notes Payable	<u>86,416</u>
---------------	---------------

### NET ASSETS

Unrestricted	3,212,505
Temporarily Restricted	-
Permanently Restricted	<u>-</u>
Total Net Assets	<u>3,212,505</u>

Total Liabilities and Net Assets	<u>\$ 4,449,934</u>
----------------------------------	---------------------

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
COMBINED STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 1999**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SALES REVENUE</b>				
Retail Stores	\$ 5,316,188	\$ -	\$ -	\$ 5,316,188
Contributed Revenue - Donated Goods	2,671,711	-	-	2,671,711
Salvage	227,946	-	-	227,946
Catering	2,876	-	-	2,876
Total	<u>8,218,721</u>	<u>-</u>	<u>-</u>	<u>8,218,721</u>
<b>VOCATIONAL TRAINING REVENUE</b>				
Janitorial Contracts	4,727,950	-	-	4,727,950
Training Fees	225,122	-	-	225,122
Training Fees - United Way	151,921	-	-	151,921
Total	<u>5,104,993</u>	<u>-</u>	<u>-</u>	<u>5,104,993</u>
<b>OTHER SOURCES OF INCOME</b>				
Federal and State Financial Assistance	713,434	-	-	713,434
Contributions	71,237	-	-	71,237
Private Grant Income	50,589	-	-	50,589
Investment Return	21,897	-	-	21,897
Miscellaneous	41,507	-	-	41,507
Total	<u>898,664</u>	<u>-</u>	<u>-</u>	<u>898,664</u>
Total Revenue	<u>14,222,378</u>	<u>-</u>	<u>-</u>	<u>14,222,378</u>
<b>EXPENSES</b>				
Program Services:				
Retail Program - Cost of Goods Sold	2,639,416	-	-	2,639,416
Rehabilitation Services	10,717,239	-	-	10,717,239
Supporting Services:				
Management and General	707,243	-	-	707,243
Total Expenses	<u>14,063,898</u>	<u>-</u>	<u>-</u>	<u>14,063,898</u>
CHANGE IN NET ASSETS	158,480	-	-	158,480
NET ASSETS, BEGINNING OF YEAR	<u>3,054,025</u>	<u>-</u>	<u>-</u>	<u>3,054,025</u>
NET ASSETS, END OF YEAR	<u>\$ 3,212,505</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,212,505</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 CASH FLOWS  
For the Year Ended December 31, 1999**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in Net Assets	\$ 158,480
Adjustment to Reconcile Increase in Net Assets to Net Cash (Used in) Operating Activities:	
Depreciation	325,610
(Increase) in Accounts Receivable - Trade	(720,630)
(Increase) in Inventory	(30,344)
(Increase) in Prepaid Expenses	(213,491)
Increase in Accounts Payable and Accrued Expenses	150,799
Increase in Deferred Revenue	<u>60,738</u>
Net Cash (Used in) Operating Activities	<u>(268,838)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Investments	226,424
Purchase of Fixed Assets	<u>(443,948)</u>
Net Cash (Used in) Investing Activities	<u>(217,524)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Additions to Notes Payable	404,942
Payments on Notes Payable	<u>(237,160)</u>
Net Cash Provided by Financing Activities	<u>167,782</u>

**NET (DECREASE) IN CASH AND CASH EQUIVALENTS** (318,580)

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 641,592

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 323,012

**SUPPLEMENTAL INFORMATION:**

Cash Paid for Interest	<u><u>\$ 5,416</u></u>
------------------------	------------------------

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

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

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. (GOODWILL) and GOODWORKS, INC. (GOODWORKS)** (collectively "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. **GOODWILL and GOODWORKS** assist people with disabilities and other special needs in their efforts to participate fully in society by helping them develop occupational capabilities and opportunities.

**COMBINATION OF FINANCIAL STATEMENTS**

The accompanying combined financial statements include the accounts of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.**, each of which is under common control. Intercompany transactions and balances have been eliminated in combination.

**ALLOWANCE FOR BAD DEBTS**

**GOODWILL and GOODWORKS** use the direct write-off method to provide for uncollectible accounts. There is no material effect on income using this method rather than the allowance method.

**CONCENTRATION OF CREDIT RISK**

**GOODWILL** services are rendered to people with disabilities or other disadvantaging conditions in Southeastern Louisiana. All of the training fees and grants are generated from services to rehabilitation clients. Goodwill grants credit to several state offices for the above stated training fees.

**GOODWILL and GOODWORKS** have bank accounts exceeding the insurance coverage provided by the federal government. As of December 31, 1999, \$84,991 of the cash balance of \$323,012 is not insured.

**CONTRIBUTION RECOGNITION**

**GOODWILL and GOODWORKS** record contributions as 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, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted.

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

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**CONTRIBUTION RECOGNITION (Continued)**

The Organizations report gifts of land, buildings, and equipment as unrestricted support 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.

**FINANCIAL STATEMENT PRESENTATION**

**GOODWILL** and **GOODWORKS** report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, **GOODWILL** and **GOODWORKS** are required to present a statement of cash flows.

**DONATED MATERIAL AND SERVICE**

Statement of Financial Accounting Standards (SFAS) No. 116 requires that contributions be recognized as revenue when received. During 1999, **GOODWILL** recognized contributed merchandise with a fair value of \$2,671,711 as contribution revenue. This merchandise requires program related expenses/processes accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale.

Goods purchased for resale are valued at the lower of cost or net realizable value.

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 SFAS No. 116, 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 the handicapped. The Organization was chartered in the State of Louisiana as a nonprofit organization and is exempt from Federal income taxes under Section 501(c) 3 of the Internal Revenue Code. **GOODWORKS** was formed in 1998. The Organization was chartered in the State of Louisiana as a nonprofit organization and has received a two year temporary status of exemption from Federal income taxes.

**STATEMENT OF CASH FLOWS**

For the purpose of the statement of cash flows, the Organizations consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

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

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. The Organizations use the straight-line depreciation method over the useful lives of its property. Buildings and Improvements are depreciated over 40 years. Furniture and Fixtures are depreciated over 10 years. Machinery and Equipment, Automobiles and Trucks are depreciated over 5 years and Handy-Vans are depreciated over 3 years. Leasehold Improvements are being amortized over the life of the lease. Depreciation expense for 1999 was \$325,610.

**STATEMENT OF ACTIVITIES**

During 1999, the Organizations had only unrestricted activity.

**USE OF ESTIMATES**

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

**MERCHANDISE INVENTORY**

Statement of Financial Accounting Standards (SFAS) No. 116 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.

**ACCOUNTING FOR FINANCIAL INSTRUMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the combined statement of financial position. Unrealized gains and losses are included in the change in net assets.

**NOTE B**

**INVESTMENTS**

Investments are recorded at market value. As of December 31, 1999, the balance in the investment account was \$193,439 consisting of U.S. Treasury Securities.

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 1999:

Interest Income	<u>\$ 21,897</u>
-----------------	------------------

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

**NOTE C**

**PREPAYMENTS AND OTHER CURRENT ASSETS**

The components of prepayments and other current assets are summarized below:

	1999
Prepaid Insurance	\$ 241,543
Supplies	57,406
Prepaid - Other	22,860
Prepaid Rent	84,843
Prepaid SUTA Taxes	4,425
Accounts Receivable – Other	1,460
 Total Prepayments and Other Assets	 \$ 412,537

**NOTE D**

**CONDOMINIUMS**

**GOODWILL** has two condominiums that it received as donations. They are being depreciated using the straight-line method. The condominiums are being rented and the rental income is used to fund current operations.

**NOTE E**

**NOTES PAYABLE**

**GOODWILL** was indebted to the following:

Holder	Maturity Date	Interest Rate	Secured By	December 31, 1999		
				Amount	Current	Long- Term
United Way Bynum Fund	Demand	None	Unsecured	\$ 2,100	\$ 2,100	\$ -
Installment Notes Payable on Insurance	5/00 & 7/00	None	Unsecured	170,224	170,224	-
Evergreen Tractor Equipment	7/03	11.90%	Equipment	78,040	28,072	49,968
New Holland Credit Equipment	10/04	10.50%	Equipment	49,972	13,524	36,448
				\$ 300,336	\$ 213,920	\$ 86,416

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

**NOTE E**

**NOTES PAYABLE (Continued)**

The notes payable related to the purchase of equipment were both paid off in January 2000, with proceeds from two other loans transacted in January 2000. See Note J, Subsequent Events for further detail concerning maturities.

**NOTE F**

**LEASE AGREEMENTS**

**GOODWILL** has the following leases as of December 31, 1999:

<u>Term</u>	<u>Monthly Payment</u>	<u>Property Leased</u>
June 1999 - Apr. 2004	\$ 8,500	Robert E. Lee
Oct. 1996 - Sept. 2000	3,899	Covington Store
June 1993 - May 2003	3,791	Slidell Store
Dec. 1996 - Dec. 2001	2,741	Plank Road
Jan. 1997 - Dec. 2004	5,500	Kenner Store
Aug. 1996 - July 2000	8,333	Chalmette Store
Jan. 1997 - Dec. 2001	3,000	Hammond Store
Jan. 1996 - Dec. 2000	2,842	LaPlace Store
July 1996 - Apr. 2003	6,000	Florida Store
Jan. 1996 - Dec 2001	3,000	Algiers Store
June 1998 - June 2003	6,930	LaPalco
June 1999 - May 2000	420	Bon Marche
July 1998 - Jan. 2005	8,816	Clearview

Future minimum lease payments as of December 31 are as follows:

<u>Years</u>	<u>Amount</u>
2000	\$ 779,034
2001	543,336
2002	474,444
2003	358,327
2004 and after	<u>207,792</u>
	<u>\$ 2,362,933</u>

Rent expenses totaled \$839,550 in 1999.

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

**NOTE F**

**LEASE AGREEMENTS (Continued)**

**GOODWILL** entered into operating leases for six automobiles. The monthly payments on these operating leases total \$2,550. The minimum lease payments are as follows:

<u>Years</u>	<u>Amount</u>
2000	\$ 30,598
2001	30,598
2002	<u>9,679</u>
	<u>\$ 70,875</u>

**NOTE G**

**UNITED WAY CONTRIBUTIONS**

Goodwill receives allocations and designations from several United Way Agencies. Allocations are restricted to funded programs whereas designations are unrestricted. The allocations and designations received in 1999 are as follows:

	<u>Allocations</u>	1999 <u>Designations</u>	<u>Total</u>
Greater New Orleans United Way	\$ 6,521	\$ -	\$ 6,521
United Way of St. Charles	2,000	-	2,000
St. John United Way	<u>5,500</u>	<u>-</u>	<u>5,500</u>
	<u>\$ 14,021</u>	<u>\$ -</u>	<u>\$ 14,021</u>
Fees Paid for Rehabilitation Service from Greater New Orleans United Way			<u>\$ 151,921</u>

**NOTE H**

**REIMBURSEMENTS**

Under its Projects with Industry (PWI) programs, **GOODWILL** trains persons with disabilities and vocational disadvantaging conditions for employment. Goodwill receives fees for such services provided from the Louisiana Department of Social Services, the Job Training Partnership Administration, Orleans Private Industry Council, or United Way.

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

**NOTE I**

**PENSION PLAN**

*GOODWILL* initiated a defined contribution pension 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. *GOODWILL* and *GOODWORKS* contributed \$213,292 to the plan in 1999.

**NOTE J**

**SUBSEQUENT EVENTS**

In January 2000, *GOODWORKS* paid off the two notes payable for equipment noted in Note E with proceeds from two loans from NISH dated January 13, 2000. One loan is for \$43,473 bearing no interest and with quarterly payments of \$3,622.75 maturing on January 13, 2003. The second loan is for \$100,000 bearing interest at 4.25% and with quarterly payments of varying amounts maturing on January 13, 2005. The payments for the next five years are as follows:

<u>Years</u>	<u>Amount</u>
2000	\$ 28,961
2001	37,785
2002	36,935
2003	25,216
2004 and after	<u>25,797</u>
	<u>\$ 154,694</u>



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

**SCHEDULE I  
COMBINING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 1999**

ASSETS	Goodwill	Goodworks	Elimination	Total
<b>CURRENT</b>				
Cash and Cash Equivalents	\$ 364,259	\$ (41,247)	\$ -	\$ 323,012
Accounts Receivable - Trade	461,637	1,376,699	-	1,838,336
Merchandise Inventory	335,927	-	-	335,927
Due from Goodworks	748,429	-	(748,429)	-
Prepaid Expenses and Other	292,518	120,019	-	412,537
Total	<u>2,202,770</u>	<u>1,455,471</u>	<u>(748,429)</u>	<u>2,909,812</u>
<b>PROPERTY AND EQUIPMENT</b>				
Land	281,964	-	-	281,964
Building and Building Improvements	1,470,416	-	-	1,470,416
Machinery and Equipment	346,268	339,908	-	686,176
Furniture and Fixtures	576,892	-	-	576,892
Handy-Vans	11,743	-	-	11,743
Automobiles and Trucks	324,828	-	-	324,828
Leasehold Improvements	200,587	-	-	200,587
Condo - Timeshare	30,000	-	-	30,000
	<u>3,242,698</u>	<u>339,908</u>	<u>-</u>	<u>3,582,606</u>
Less: Accumulated Depreciation	<u>1,959,071</u>	<u>122,720</u>	<u>-</u>	<u>2,081,791</u>
Property and Equipment - Net	<u>1,283,627</u>	<u>217,188</u>	<u>-</u>	<u>1,500,815</u>
<b>OTHER ASSETS</b>				
Deposits	<u>39,307</u>	<u>-</u>	<u>-</u>	<u>39,307</u>
Total Assets	<u>\$ 3,525,704</u>	<u>\$ 1,672,659</u>	<u>\$ (748,429)</u>	<u>\$ 4,449,934</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable - Accrued Expenses and Taxes	\$ 554,994	\$ 304,028	\$ -	\$ 859,022
Deferred Revenue	78,071	-	-	78,071
Due to Goodwill	-	748,429	(748,429)	-
Notes Payable	137,714	76,206	-	213,920
Total Current Liabilities	<u>770,779</u>	<u>1,128,663</u>	<u>(748,429)</u>	<u>1,151,013</u>
<b>LONG-TERM LIABILITIES</b>				
Notes Payable	<u>-</u>	<u>86,416</u>	<u>-</u>	<u>86,416</u>
<b>NET ASSETS</b>				
Unrestricted	2,754,925	457,580	-	3,212,505
Temporarily Restricted	-	-	-	-
Permanently Restricted	-	-	-	-
Total Net Assets	<u>2,754,925</u>	<u>457,580</u>	<u>-</u>	<u>3,212,505</u>
Total Liabilities and Net Assets	<u>\$ 3,525,704</u>	<u>\$ 1,672,659</u>	<u>\$ (748,429)</u>	<u>\$ 4,449,934</u>

See Independent auditor's report on supplemental information.

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

**SCHEDULE II**  
**COMBINING STATEMENT OF ACTIVITIES**

For The Year Ended December 31, 1999

	Goodwill			Goodworks, Inc.			Elimination	Combined Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>SALES REVENUE</b>								
Retail Stores	\$ 5,316,188	-	-	\$ -	-	-	\$ -	\$ 5,316,188
Contributed Revenue - Donated Goods	2,671,711	-	-	-	-	-	-	2,671,711
Salvage	227,946	-	-	-	-	-	-	227,946
Catering	2,876	-	-	-	-	-	-	2,876
<b>Total</b>	<b>8,218,721</b>	<b>-</b>	<b>-</b>	<b>8,218,721</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,218,721</b>
<b>VOCATIONAL TRAINING REVENUE</b>								
Janitorial Contracts	852,709	-	-	3,875,241	-	-	-	4,727,950
Training Fees	225,122	-	-	-	-	-	-	225,122
Training Fees - United Way	151,921	-	-	-	-	-	-	151,921
<b>Total</b>	<b>1,229,752</b>	<b>-</b>	<b>-</b>	<b>3,875,241</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,104,993</b>
<b>OTHER SOURCES OF INCOME</b>								
Federal and State Financial Assistance	713,434	-	-	-	-	-	-	713,434
Contributions	71,237	-	-	-	-	-	-	71,237
Private Grant Income	50,589	-	-	-	-	-	-	50,589
Investment Return	16,360	-	-	5,537	-	-	-	21,897
Administrative Fee Income	313,107	-	-	-	-	-	(313,107)	-
Miscellaneous	31,255	-	-	10,252	-	-	-	41,507
<b>Total</b>	<b>1,195,982</b>	<b>-</b>	<b>-</b>	<b>15,789</b>	<b>-</b>	<b>-</b>	<b>(313,107)</b>	<b>898,664</b>
<b>Total Revenue</b>	<b>10,644,455</b>	<b>-</b>	<b>-</b>	<b>10,644,455</b>	<b>-</b>	<b>-</b>	<b>(313,107)</b>	<b>14,222,378</b>
<b>EXPENSES</b>								
Program Services:								
Retail Program - Cost of Goods Sold	2,639,416	-	-	-	-	-	-	2,639,416
Rehabilitation Services	7,384,711	-	-	3,645,635	-	-	(313,107)	10,717,239
Supporting Services:								
Management and General	678,407	-	-	28,836	-	-	-	707,243
<b>Total Expenses</b>	<b>10,702,534</b>	<b>-</b>	<b>-</b>	<b>3,674,471</b>	<b>-</b>	<b>-</b>	<b>(313,107)</b>	<b>14,063,898</b>
<b>CHANGE IN NET ASSETS</b>	<b>(58,079)</b>	<b>-</b>	<b>-</b>	<b>216,559</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>158,480</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,813,004</b>	<b>-</b>	<b>-</b>	<b>241,021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,054,025</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,754,925</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 457,580</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,212,505</b>

See independent auditor's report on supplemental information.



	Goodwill			Goodworks, Inc.			Combined Total		
	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total
<b>ADMINISTRATIVE</b>									
Payroll Taxes	27,037	355,207	382,244	837	177,994	178,831	27,874	533,201	561,075
Worker's Compensation Insurance	4,365	167,703	172,068	149	61,727	61,876	4,514	229,430	233,944
Insurance - Employee Benefits	31,212	101,148	132,360	4,963	-	4,963	36,175	101,148	137,323
Subcontracting	-	23,445	23,445	-	83,298	83,298	-	106,743	106,743
Professional Fees	47,420	1,865	49,285	2,578	22,480	25,058	49,998	24,345	74,343
NISH Commissions	-	-	-	-	143,207	143,207	-	143,207	143,207
Telephone	9,347	95,049	104,396	789	7,693	8,482	10,136	102,742	112,878
Membership Dues	4,517	68,512	73,029	-	-	-	4,517	68,512	73,029
Printing	4,664	34,758	39,422	-	283	283	4,664	35,041	39,705
Postage	4,076	9,134	13,210	-	372	372	4,076	9,506	13,582
Other Administrative	30,074	99,229	129,303	628	339,539	340,167	30,702	438,768	469,470
Tax and Licenses	61	4,664	4,725	-	163	163	61	4,827	4,888
Bad Debt Expense	-	3,909	3,909	-	-	-	-	3,909	3,909
	<u>162,773</u>	<u>964,623</u>	<u>1,127,396</u>	<u>9,944</u>	<u>836,756</u>	<u>846,700</u>	<u>172,717</u>	<u>1,801,379</u>	<u>1,974,096</u>
<b>DEPRECIATION</b>									
	<u>27,287</u>	<u>266,626</u>	<u>293,913</u>	<u>-</u>	<u>31,697</u>	<u>31,697</u>	<u>27,287</u>	<u>298,323</u>	<u>325,610</u>
<b>Total</b>	<u>\$ 678,407</u>	<u>\$ 7,384,711</u>	<u>\$ 8,063,118</u>	<u>\$ 28,836</u>	<u>\$ 3,645,635</u>	<u>\$ 3,674,471</u>	<u>\$ 707,243</u>	<u>\$ 11,030,346</u>	<u>\$ 11,737,589</u>

**OMB CIRCULAR A-133 SECTION**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 1999**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Total Revenue/ Expenses Recognized	Federal Revenue/ Expenses Recognized	State Revenue/ Expenses Recognized
<b>MAJOR PROGRAMS</b>					
Department of Health and Human Services					
Passed-Through State of Louisiana Office of Family Services Project Independence	93.561	355/700163/511005	\$ 148,244	\$ 108,959	\$ 39,285
Project Independence	93.561	550564/550571/550574	<u>69,388</u>	<u>51,000</u>	<u>18,388</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>217,632</u>	<u>159,959</u>	<u>57,673</u>
<b>OTHER FEDERAL ASSISTANCE</b>					
U. S. DEPARTMENT OF EDUCATION					
Passed-Through Goodwill Industries International Projects with Industry	84.234	H234L50031	<u>58,862</u>	<u>58,862</u>	<u>-</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed-Through Unity for the Homeless Supportive Housing	14.235	LA48B80-7004	8,440	8,440	-
Supportive Housing	14.235	LA48B97-0206	8,626	8,626	-
Employment Service for Homeless	14.235	LA48B96-1401	35,755	35,755	-
Employment Service for Homeless	14.235	LA48B80-7013	82,050	82,050	-
Passed-Through City of New Orleans CDBG - ETS Goodwill	14.228	50-192(98)	52,248	52,248	-
CDBG - LES Goodwill	14.228	50-175(97)	<u>31,875</u>	<u>31,875</u>	<u>-</u>
Subtotal - U.S. Department of Housing and Urban Development			<u>218,994</u>	<u>218,994</u>	<u>-</u>
U. S. DEPARTMENT OF LABOR					
Passed-Through Jefferson Parish Department of Employment and Training					
Job Training Partnership Act	17.248	98 Goodwill 99 Goodwill	12,745 4,000	12,745 4,000	- -
Passed-Through Baton Rouge Department of Employment and Training					
Welfare to Work - Baton Rouge	17.253	76-1999/2000	22,699	22,699	-
Passed-Through Orleans Private Industry Council, Inc.					
Welfare to Work - Orleans	17.253	WtW-98-005	11,813	11,813	-
Job Training Partnership Act	17.248	97-2A/2C/03-008	56,767	56,767	-
Job Training Partnership Act	17.248	98-2A/2C/03-008	<u>109,922</u>	<u>109,922</u>	<u>-</u>
Subtotal - U.S. Department of Labor			<u>217,946</u>	<u>217,946</u>	<u>-</u>
<b>TOTAL OTHER FEDERAL ASSISTANCE</b>			<u>495,802</u>	<u>495,802</u>	<u>-</u>
<b>TOTAL</b>			<u>\$ 713,434</u>	<u>\$ 655,761</u>	<u>\$ 57,673</u>

See independent auditor's report.

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

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

We have audited the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.**, as of and for the year ended December 31, 1999, and have issued our report thereon dated June 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial statements contained in Government Auditing Standards, issued by the Comptroller General of the United States.

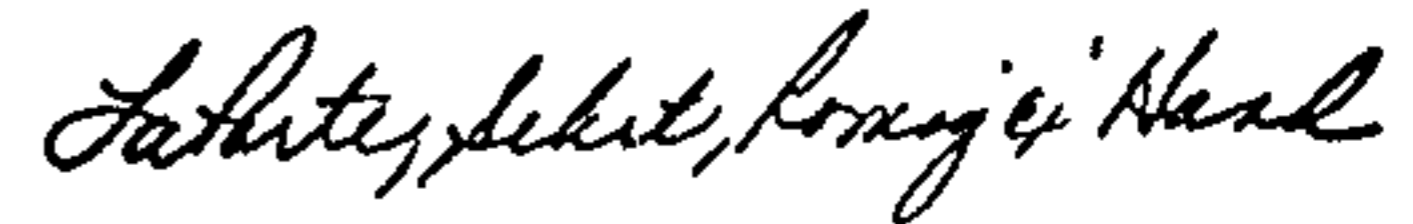
**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit we considered **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s** and **GOODWORKS, INC.'s** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Boards of Directors, Management, Finance Committee, Louisiana Department of Health and Human Services, Office of Family Services, City of New Orleans, the Department of Housing and Urban Development, Goodwill Industries International, United Way for the Greater New Orleans Area, Jefferson Parish Department of Employment and Training, Orleans Private Industry Council, Inc. 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.



A Professional Accounting Corporation

June 14, 2000





**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 1999. **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** management. Our responsibility is to express an opinion on **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** 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. Our audit does not provide a legal determination on **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** compliance with those requirements.

In our opinion, **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** and **GOODWORKS, INC.** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 1999.

#### Internal Control Over Compliance

The management of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** and **GOODWORKS, INC.** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s** and **GOODWORKS, INC.'s** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance that we consider to be material weaknesses.

This report is intended for the information of the Boards of Directors, Management, Finance Committee, Louisiana Department of Health and Human Services, Office of Family Services, City of New Orleans, the Department of Housing and Urban Development, Goodwill Industries International, United Way for the Greater New Orleans Area, Jefferson Parish Department of Employment and Training, Orleans Private Industry Council, Inc. 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.



A Professional Accounting Corporation

June 14, 2000

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 1999**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.**
2. No reportable conditions relating to the audit of the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were disclosed during the audit.
3. No instances of noncompliance material to the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** are reported in Part C. of this Schedule.
7. The program tested as a major program included:

PROGRAM	CFDA No.
Project Independence	93.561
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were determined to be low-risk auditees.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
For The Year Ended December 31, 1999**

**Prior Year Audit Findings**

None Noted