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

**December 31, 1995**

Audit of Financial Statements

December 31, 1995

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 SEP 11 1996

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Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

Independent Auditor's Report

We have audited the accompanying statement of financial position of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** as of December 31, 1995, and the related statements of activities, functional expenses, 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 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 financial position of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** at December 31, 1995, the results of its activities and its cash flows for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note A to the financial statements, the Organization adopted Statement of Financial Accounting Standards (SFAS) 116, "Accounting for Contributions Received and Contributions Made" and Statement of Financial Accounting Standards (SFAS) 117, "Financial Statements of Not-for-Profit Organizations," and Statement of Financial Accounting Standard (SFAS) 107, "Disclosure about Fair Value of Financial Instruments" in 1995.

*LaPorte, Sehr, Romig & Hand*

A Professional Accounting Corporation

May 23, 1996

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**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 1995

**ASSETS**

**CURRENT**

Cash	\$ 304,879
Cash - Interest Bearing	331,876
Accounts Receivable - Trade	1,088,117
Accounts Receivable - Employee	4,063
Merchandise Inventory	10,829
Prepaid Expenses	<u>185,046</u>
 Total	 <u>1,924,810</u>

**PROPERTY AND EQUIPMENT**

Land	281,964
Building	1,158,715
Machinery and Equipment	425,503
Furniture and Fixtures	256,168
Handy-Vans	13,474
Automobiles and Trucks	184,102
Condo - Timeshare	<u>30,000</u>
	2,349,926
Less: Accumulated Depreciation	<u>1,393,010</u>
 Property and Equipment - Net	 <u>956,916</u>

**OTHER ASSETS**

Deposits	<u>35,267</u>
 Total Assets	 <u>\$ 2,916,993</u>

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

## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES

Accounts Payable - Accrued Expenses and Taxes	\$ 431,315
Deferred Revenue	335
Notes Payable	<u>130,128</u>
Total Liabilities	<u>561,778</u>

### NET ASSETS

Unrestricted	2,355,215
Temporarily Restricted	-
Permanently Restricted	<u>-</u>
Total Net Assets	<u>2,355,215</u>

Total Liabilities and Net Assets \$ 2,916,993

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 1995**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>SALES REVENUE</b>				
Retail Stores	\$ 3,157,306	\$ -	\$ -	\$ 3,157,306
Salvage	264,248	-	-	264,248
Catering	<u>49,654</u>	<u>-</u>	<u>-</u>	<u>49,654</u>
Total	<u>3,471,208</u>	<u>-</u>	<u>-</u>	<u>3,471,208</u>
<b>VOCATIONAL TRAINING REVENUE</b>				
Janitorial Contracts	3,575,181	-	-	3,575,181
Training Fees	280,756	-	-	280,756
Training Fees - United Way	<u>140,183</u>	<u>-</u>	<u>-</u>	<u>140,183</u>
Total	<u>3,996,120</u>	<u>-</u>	<u>-</u>	<u>3,996,120</u>
<b>OTHER SOURCES OF INCOME</b>				
Federal and State Financial Assistance	498,686	-	-	498,686
Contributions	53,960	-	-	53,960
Interest Income	16,730	-	-	16,730
Gain on Sale of Property	3,606	-	-	3,606
Miscellaneous	<u>15,103</u>	<u>-</u>	<u>-</u>	<u>15,103</u>
Total	<u>588,085</u>	<u>-</u>	<u>-</u>	<u>588,085</u>
Total Revenue	<u>8,055,413</u>	<u>-</u>	<u>-</u>	<u>8,055,413</u>
<b>EXPENSES</b>				
Program Services:				
Rehabilitation Services	7,322,696	-	-	7,322,696
Supporting Services:				
Management and General	<u>462,498</u>	<u>-</u>	<u>-</u>	<u>462,498</u>
Total Expenses	<u>7,785,194</u>	<u>-</u>	<u>-</u>	<u>7,785,194</u>
<b>CHANGE IN NET ASSETS BEFORE EXTRAORDINARY ITEM</b>	270,219	-	-	270,219
<b>EXTRAORDINARY ITEM-FIRE CLAIM</b>	<u>64,628</u>	<u>-</u>	<u>-</u>	<u>64,628</u>
<b>CHANGE IN NET ASSETS</b>	334,847	-	-	334,847
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,020,368</u>	<u>-</u>	<u>-</u>	<u>2,020,368</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 2,355,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,355,215</u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended December 31, 1995**

	<u>Management and General</u>	<u>Rehabilitation Service</u>	<u>Total</u>
<b>WAGES AND PENSION</b>			
Wages	\$ 296,858	\$ 4,078,299	\$ 4,375,157
Pension	<u>-</u>	<u>262,885</u>	<u>262,885</u>
	<u>296,858</u>	<u>4,341,184</u>	<u>4,638,042</u>
<b>OCCUPANCY</b>			
Rent	-	424,836	424,836
General Liability Insurance	1,459	159,090	160,549
Utilities	-	163,136	163,136
Repairs and Maintenance - General	-	74,752	74,752
Linen and Housekeeping Supplies	-	40,615	40,615
All Other	<u>-</u>	<u>25,968</u>	<u>25,968</u>
	<u>1,459</u>	<u>888,397</u>	<u>889,856</u>
<b>OPERATING</b>			
Janitorial Supplies	-	257,299	257,299
Production Materials	-	224,466	224,466
Waste Disposal Fees	-	72,788	72,788
Specific Assistance to Individuals	10,985	40,105	51,090
Travel and Promotion	10,033	39,132	49,165
Rental and Maintenance of Equipment	7,873	47,405	55,278
Supplies and General	13,483	33,432	46,915
Repairs - Company Vehicles	192	44,173	44,365
Gas and Oil - Company Vehicles	1,286	22,688	23,974
Insurance - Company Vehicles	2,600	68,327	70,927
Leasing Costs	<u>-</u>	<u>14,139</u>	<u>14,139</u>
	<u>46,452</u>	<u>863,954</u>	<u>910,406</u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES (Continued)**  
**For The Year Ended December 31, 1995**

	<u>Management and General</u>	<u>Rehabilitation Service</u>	<u>Total</u>
<b>ADMINISTRATIVE</b>			
Payroll Taxes	21,141	351,005	372,146
Workmen's Compensation Insurance	3,613	198,130	201,743
Insurance - Employee Benefits	15,301	101,290	116,591
Subcontracting	-	63,067	63,067
Professional Fees	57,635	46,681	104,316
NISH Commissions	-	127,923	127,923
Telephone	3,166	37,029	40,195
Membership Dues	1,199	48,275	49,474
Printing	1,209	31,670	32,879
Conferences, Convention and Meeting	4,308	7,259	11,567
Postage	2,479	11,452	13,931
Other Administrative	880	57,352	58,232
Tax and Licenses	20	2,166	2,186
Bad Debt Expense	-	7,451	7,451
Cash Short	-	91	91
	<u>110,951</u>	<u>1,090,841</u>	<u>1,201,792</u>
<b>DEPRECIATION</b>	<u>6,778</u>	<u>138,320</u>	<u>145,098</u>
<b>Total</b>	<u>\$ 462,498</u>	<u>\$ 7,322,696</u>	<u>\$ 7,785,194</u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended December 31, 1995**  
**Increase (Decrease) in Cash and Cash Equivalents**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in Net Assets	\$ 334,847
Adjustment to Reconcile Increase in Net Assets to Net Cash (Used by) Operating Activities:	
Depreciation	145,098
(Gain) on Sale of Fixed Assets	(3,606)
(Increase) in Accounts Receivable - Trade	(536,756)
(Increase) in Inventory	(316)
Decrease in Prepaid Expenses	31,220
Increase in Accounts Payable and Accrued Expenses	57,041
(Decrease) in Deferred Revenue	<u>(36,961)</u>
Net Cash Used in Operating Activities	<u>(9,433)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets	(115,928)
Proceeds from Sale of Fixed Assets	14,200
Decrease in Accounts Receivable - Employees	3,577
(Increase) in Deposits	<u>(8,010)</u>
Net Cash Used in Investing Activities	<u>(106,161)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase in Notes Payable	228,622
Payments on Notes Payable	<u>(227,964)</u>
Net Cash Provided by Financing Activities	<u>658</u>

**NET (DECREASE) IN CASH AND CASH EQUIVALENTS** (114,936)

**CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR** 751,691

**CASH AND CASH EQUIVALENTS - END OF YEAR** \$ 636,755

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** follows 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.

**ALLOWANCE FOR BAD DEBTS**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** uses 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.

**ACCOUNTING FOR FINANCIAL INSTRUMENTS**

During 1995, the Organization adopted SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," which requires the disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet, for which it is practicable to estimate the value.

A financial instrument is defined as cash, evidence of an ownership interest in an entity, or contract that both:

- a. Imposes on one entity a contractual obligation (1) to deliver cash or another financial instrument to a second entity or (2) to exchange other financial instruments on potentially unfavorable terms with the second entity
- b. Conveys to that second entity a contractual right (1) to receive cash or another financial instrument from the first entity or (2) to exchange other financial instruments on potentially favorable terms with the first entity

Quoted market prices, when available, are used as the measure of fair value. In cases where quoted market prices are not available, fair values are based on present value estimates or other valuation techniques. These derived fair values are significantly affected by assumptions used, principally the timing of future cash flows and the discount rate. Because assumptions are inherently subjective in nature, the estimated fair values cannot be substantiated by comparison to independent market quotes and, in many cases, the estimated fair values would not necessarily be realized in an immediate sale or settlement of the instrument.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate the value:

**Cash**

The carrying amount approximates fair value because of the short maturity of these instruments.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

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

**CONCENTRATION OF CREDIT RISK**

Goodwill Industries services rehabilitative clients in Southeastern Louisiana. All of the training fees and grants are generated from rehabilitation clients. Goodwill grants credit to several state offices for the above stated training fees. All Goodwill's stores are located in Southeastern Louisiana.

Goodwill's operating bank account exceeds the insurance coverage provided by the federal government. As of December 31, 1995, \$251,721 of the cash balance of \$636,755 is not insured.

**CONTRIBUTION RECOGNITION**

In 1995, Goodwill elected to adopt Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made." Under SFAS No. 116, *Goodwill is required to 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.*

The Organization reports 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 Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**FINANCIAL STATEMENT PRESENTATION**

In 1995, Goodwill elected to adopt Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, Goodwill is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Goodwill is required to present a statement of cash flows. As permitted by this new statement, Goodwill has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets for 1995.

**DONATED MATERIAL AND SERVICE**

Donated materials, which are later sold in Goodwill stores, are not recorded as contributions when received because their ultimate value is indeterminable at receipt.

For reporting purposes, the inventory of donated supplies and merchandise held-for-sale are valued at \$1. Goods purchased for resale are valued at the lower of cost or net realizable value.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE A**

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

**DONATED MATERIAL AND SERVICE (Continued)**

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services. However, these services do not meet all of the applicable requirements of SFAS 116, therefore, no amounts have been reflected in the financial statements for these donated services.

**INCOME TAXES**

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

**STATEMENT OF CASH FLOWS**

For the purpose of the statement of cash flows, the Organization considers 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. The Organization uses 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

**NOTE B**

**PREPAYMENTS AND OTHER CURRENT ASSETS**

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

Prepaid Insurance	\$ 154,700
Supplies	23,971
Prepaid SUTA Taxes	<u>6,375</u>
Total Prepayments and Other Assets	<u>\$ 185,046</u>

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE C**

**PROPERTY AND EQUIPMENT**

Major classifications of property, plant and equipment and their depreciable lives are summarized below:

	December 31, 1995
Land	\$ 281,964
Building and Improvements	1,188,715
Furniture and Fixtures	256,168
Machinery and Equipment	425,503
Automobiles and Trucks	184,102
Handy-Vans	13,474
	2,349,926
Less: Accumulated Depreciation	1,393,010
Net Property and Equipment	\$ 956,916

Depreciation expense for 1995 was \$145,098.

**CONDOMINIUM**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** 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 D**

**NOTES PAYABLE**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** was indebted to the following:

Holder	Maturity Date	Interest Rate	Secured By	December 31, 1995		
				Amount	Current	Long- Term
United Way Bynum Fund	Demand	None	Unsecured	\$ 2,100	\$ 2,100	\$ -
Installment Notes Payable on Insurance	07/96	5.99%	Unsecured	128,028	128,028	-
				\$ 130,128	\$ 130,128	\$ -

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE D**

**NOTES PAYABLE (Continued)**

Interest on the above is included in the Notes Payable balance due to it being included in the financing agreement.

**NOTE E**

**LEASE AGREEMENTS**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** has the following leases as of December 31, 1995:

<u>Term</u>	<u>Monthly Payment</u>	<u>Property Leased</u>
May 1995- Apr. 2000	\$ 3,342	Chef Menteur Hwy. Store
Oct. 1995- Sept. 2000	3,749	Covington Store
June 1993- May 2003	3,791	Slidell Store
Jan. 1992- Dec. 1996	2,021	Baton Rouge Store
Jan. 1994- Dec. 1998	4,583	Kenner Store
Dec. 1994- Jan. 1995	598	Harvey Store
Aug. 1995- July 2000	8,333	Chalmette Store
Jan. 1994- Dec. 1996	2,675	Hammond Store
Jan. 1995- Dec. 2000	2,842	LaPlace Store
Apr. 1995- Mar. 1999	2,870	Magazine Store
Jan. 1995 - Dec. 2001	3,000	Algiers Store

Minimum lease payments as of each December 31 are as follows:

<u>Years</u>	<u>Amount</u>
1996	\$ 449,703
1997	409,855
1998	414,077
1999	318,066
2000	192,946
After 2000	<u>153,813</u>
	<u>\$ 1,938,460</u>

In addition to the above leases, **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** is renting a location in Gretna for rehabilitation services. There are no formal lease documents and the rent is paid monthly. Rent expense of \$424,836 was charged to operations.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F**

**UNITED WAY ALLOCATION**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** received the following funds from United Way for the year ended December 31, 1995:

Fees Paid for Rehabilitation Service	<u>\$ 140,183</u>
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**NOTE G**

**REIMBURSEMENTS**

Under its Projects With Industry (PWI) programs, Goodwill trains persons with disabilities and vocational disadvantaging conditions for employment. When the trainees are placed in jobs, Goodwill receives reimbursement from the Louisiana Department of Social Services, the Job Training Partnership Administration and United Way.

**NOTE H**

**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.

**NOTE I**

**SELF INSURANCE PLAN**

During 1993, Goodwill became partially self insured for their workmen's compensation insurance. Goodwill was liable for the first \$25,000 of each claim in 1995. As of December 31, 1995, the plan had possible claims not paid of \$6,802 and money owed to the administrator for claims already paid of \$26,796. These amounts are included in liabilities under accrued expenses.

**NOTE J**

**LETTER OF CREDIT**

Goodwill obtained a letter of credit with Whitney Bank for \$100,000. This letter of credit was obtained for the workmen's compensation self insurance plan.

**NOTE K**

**PENSION PLAN**

Goodwill initiated a pension plan in 1993 for the employees of the federal contracts. The plan does not have any minimum eligibility requirements to participate. The plan is a defined contribution plan. The amount of the contribution is based on the specified contract that the employee is working on and the amount of regular hours which that employee works. Goodwill contributed \$262,885 to the plan in 1995.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE L**

**OPERATING LEASES**

Goodwill entered into operating leases for three automobiles. The monthly payments on these operating leases total \$1,034. The minimum lease payments are as follows:

1996	\$ <u>      3,101</u>
------	-----------------------

**NOTE M**

**EXTRAORDINARY ITEM**

In June, 1995, a fire occurred in Goodwill's retail store in Chalmette. The fire completely destroyed the store and all contents. The fire was fully covered by insurance. Goodwill has filed an insurance claim for approximately \$136,400. This amount consists of labor, fringe, lost profits, supplies, equipment, inventory and improvements which had to be performed on the new store site prior to it being opened. Goodwill has received approximately \$83,000 from the insurance company and the balance of \$53,400 has been set up as a receivable at year end. Goodwill has allocated the money received from the claim against the expenses which could be specifically identified. The extraordinary item of \$64,628 consists of the inventory and the loss profits. Based on the fact that Goodwill's inventory is only valued at \$1 until it is sold and the fact that the inventory is comprised of donated goods, these costs could not be allocated to the cost of replacing the inventory.

**NOTE N**

**SUBSEQUENT EVENTS**

In March 1996, Goodwill obtained a line of credit with the Whitney Bank for \$200,000. This line of credit was obtained for the renovations which were being performed at the Goodwill training site.



Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

Independent Auditor's Report  
on Supplementary Information

Our report on our audit of the basic financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** appears on Page 1. The audit was conducted for the purposes of forming an opinion on the basic financial statements taken as a whole. Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*LaPorte, Sehr, Romig & Hand*

A Professional Accounting Corporation

May 23, 1996

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GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
SUPPLEMENTARY INFORMATION

SCHEDULE I  
SALES BY STORE

For The Year Ended December 31, 1995

	Covington	Hammond	Chalmette	Slidell	Baton Rouge	LaPlace	Harvey	Chef Mentour Highway	Kenner	Magazine	Algiers	Total
Textiles	\$ 255,807	\$ 194,281	\$ 195,958	\$ 337,192	\$ 162,619	\$ 156,772	\$ 986	\$ 158,595	\$ 191,283	\$ 149,875	\$ 190,111	\$ 1,993,479
Furniture	22,041	14,305	15,531	11,315	7,365	14,868	33	9,437	23,333	2,506	8,894	129,628
Electrical and Mechanical	25,517	16,750	12,787	17,641	9,869	13,244	61	12,804	19,797	11,425	13,499	153,394
Shoes	19,871	23,611	11,807	25,831	13,726	8,655	-	14,058	18,509	14,471	15,324	165,863
Wares	77,310	55,830	60,020	86,279	44,795	59,628	260	51,654	64,424	31,392	51,477	583,069
Vending Machines	276	253	838	368	204	777	-	181	818	249	261	4,225
New Goods	4,619	5,058	54,368	5,450	2,470	2,139	21	34,937	7,737	4,324	6,525	127,648
<b>Total</b>	<b>\$ 405,441</b>	<b>\$ 310,088</b>	<b>\$ 351,309</b>	<b>\$ 484,076</b>	<b>\$ 241,048</b>	<b>\$ 256,083</b>	<b>\$ 1,361</b>	<b>\$ 281,666</b>	<b>\$ 325,901</b>	<b>\$ 214,242</b>	<b>\$ 286,091</b>	<b>\$ 3,157,306</b>



**INDEPENDENT AUDITOR'S REPORT ON  
SCHEDULE OF FEDERAL AWARDS**

Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

We have audited the basic financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** as of and for the year ended December 31, 1995, and have issued our report thereon dated May 23, 1996. These basic 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular (OMB) A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** taken as a whole. The accompanying Schedule of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information in that Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

*LaPorte, Sehart, Romig & Hand*

A Professional Accounting Corporation

May 23, 1996

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**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**SCHEDULE OF FEDERAL AWARDS**  
**For The Year Ended December 31, 1995**

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 Department of Social Services:					
Delgado Dormitory	84.126A	374/5396/5025	\$ 120,053	\$ 96,042	\$ 24,011
			<u>120,053</u>	<u>96,042</u>	<u>24,011</u>
Passed-Through State of Louisiana Office of Family Services					
Project Independence	93.561	355/4102C/5005 355/4102D/5005	176,506	129,803	46,703
			<u>158,789</u>	<u>116,773</u>	<u>42,016</u>
			<u>335,295</u>	<u>246,576</u>	<u>88,719</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>455,348</u>	<u>342,618</u>	<u>112,730</u>
<b>OTHER FEDERAL ASSISTANCE</b>					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed-Through State of Louisiana Department of Social Services:					
Delgado Janitorial	84.126A	374/5023/5386	7,254	5,803	1,451
U. S. DEPARTMENT OF EDUCATION					
Passed-Through Goodwill Industries International:					
Projects with Industry	84.234L	H234L.50031	6,484	6,484	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed-Through Unity for the Homeless:					
Supportive Housing	14.235	1A48B94-0628	20,737	20,737	-
Passed-Through City of New Orleans:					
CDBG - HAP Goodwill	14.228	50-149(95)	6,028	6,028	-
Subtotal - U.S. Department of Housing and Urban Development			<u>26,765</u>	<u>26,765</u>	<u>-</u>
U. S. DEPARTMENT OF LABOR					
Passed-Through Jefferson Parish Department of Employment and Training					
Job Training Partnership Act	17.248	95Goodwill	2,835	2,835	-
<b>TOTAL OTHER FEDERAL ASSISTANCE</b>			<u>43,338</u>	<u>41,887</u>	<u>1,451</u>
<b>TOTAL</b>			<u>\$ 498,686</u>	<u>\$ 384,505</u>	<u>\$ 114,181</u>

See independent auditor's report on federal awards.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE  
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

We have audited the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** for the year ended December 31, 1995 and have issued our report thereon, dated May 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, 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 financial statements are free of material misstatement.

The management of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk 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 structure. Accordingly, we do not express such an opinion.

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Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 structure and its operations that we consider to be material weaknesses as defined above.

This report is intended for the information of the Board of Directors, Management, 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 and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*La Brite, Selert, Roney & Hard*

A Professional Accounting Corporation

May 23, 1996



**INDEPENDENT AUDITOR'S REPORT ON THE INTERNAL  
CONTROL STRUCTURE USED IN ADMINISTERING  
FEDERAL AWARDS PROGRAMS**

Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

We have audited the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**, as of and for the year ended December 31, 1995, and have issued our report thereon, dated May 23, 1996. We have also audited the compliance of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** with requirements applicable to major federal award programs and have issued our report thereon dated May 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** complied with laws and regulations, noncompliance with which would be material to a major federal award program.

In planning and performing our audit for the year ended December 31, 1995, we considered the internal control structure of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** and on its compliance with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-133. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal award programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated May 23, 1996.

The management of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are

safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal awards in the following categories:

<u>Accounting Applications</u>	<u>General Requirements</u>	<u>Specific Requirements</u>
Cash Receipts	Political Activity	Types of Services
Purchasing/Receiving	Civil Rights	Eligibility
Accounts Payable	Cash Management	Matching, Level of
Cash Disbursement	Federal Financial Reports	Effort, or Earmarking
Payroll	Allowable Costs/Cost Principles	Reporting
Property and Equipment	Drug-Free Workplace	Cost Allocation
General Ledger	Administrative Requirements	
Receivables		

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended December 31, 1995, **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** expended 100% of its total federal awards under major federal award programs.

We performed tests of controls, as required by OMB Circular A-133, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**'s major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Awards. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Organization's ability to administer federal award programs in accordance with applicable laws and regulations.

The reportable condition noted is as follows:

- 1) For the CDBG grant and the Projects with Industry grant, proper time records were not being maintained which would allow testing of charges and match to the grants.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal award program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure policies and procedures used in administering federal awards would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors, Management, 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 and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*La Brite, Schmitt, Honey & Hand*

A Professional Accounting Corporation

May 23, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE BASED ON AN AUDIT OF  
BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

We have audited the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** as of and for the year ended December 31, 1995, and have issued our report thereon dated May 23, 1996.

We conducted our audit in accordance with generally accepted auditing standards, 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 financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** is the responsibility of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**'s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**'s compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. 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.

The results of our test disclosed immaterial instances of noncompliance with the above requirements, which we have communicated to the management of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** in a separate letter dated May 23, 1996.

This report is intended for the information of the Board of Directors, Management, 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 and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*La Bate, LeBlanc, Rouss & Ward*

A Professional Accounting Corporation

May 23, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH GENERAL REQUIREMENTS APPLICABLE  
TO FEDERAL AWARDS PROGRAMS**

Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

We have audited the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** for the year ended December 31, 1995 and have issued our report thereon, dated May 23, 1996.

We have applied procedures to test **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**'s compliance with the following requirements applicable to its federal awards programs, which are identified in the Schedule of Federal Awards, for the year ended December 31, 1995.

General Requirements

Political Activity  
Civil Rights  
Cash Management  
Administrative Requirements  
Allowable Costs/Cost Principles  
Drug-Free Workplace  
Federal Financial Reports

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of Institutions of Higher Learning and Other Nonprofit Institutions". Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**'s compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

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This report is intended for the information of the Board of Directors, Management, 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 and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*La Brite, Selbit, Honey & Hand*

A Professional Accounting Corporation

May 23, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE  
TO MAJOR FEDERAL AWARDS PROGRAMS**

Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

We have audited the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** for the year ended December 31, 1995, and have issued our report thereon, dated May 23, 1996.

We have also audited **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s** (a nonprofit organization) compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal awards programs, which are identified in the accompanying Schedule of Federal Awards, for the year ended December 31, 1995. The management of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** is responsible for the Organization's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and Office of Management and Budget Circular (OMB) A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the specific requirements referred to in the second paragraph occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** complied, in all material respects, with the requirements referred to in the second paragraph.

This report is intended for the information of the Board of Directors, Management, 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 and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*La Porte, Schmitt, Roney & Ward*

A Professional Accounting Corporation

May 23, 1996



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
WITH SPECIFIC REQUIREMENTS APPLICABLE TO  
NONMAJOR FEDERAL AWARDS PROGRAMS**

Board of Directors  
**Goodwill Industries of Southeastern Louisiana, Inc.**

We have audited the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** for the year ended December 31, 1995, and have issued our report thereon, dated May 23, 1996.

In connection with our audit of the financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** (a nonprofit organization), and with our consideration of the Organization's control structure used to administer federal awards programs, as required by Office of Management and Budget Circular (OMB) A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions", we selected certain transactions applicable to certain nonmajor federal awards programs for the year ended December 31, 1995.

As required by OMB Circular A-133, we have performed procedures to test compliance with the requirements governing types of services allowed or unallowed, and eligibility that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Organization's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.** had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying Schedule of Findings and Questioned Costs.

This report is intended for the information of the Board of Directors, Management, 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 and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*LaPorte, Sehart, Romig & Hand*

A Professional Accounting Corporation

May 23, 1996

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**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended December 31, 1995**

Program	Finding	Questioned Cost
CDBG-HAP Goodwill	Time sheets were not being properly documented to allow testing of charges to the grant.	Could not be determined.
GI- Projects with Industry	Time sheets were not being properly documented to allow testing of charges to the grant.	Could not be determined.



May 23, 1996

Goodwill Industries of  
Southeastern Louisiana, Inc.  
Attn: Mr. Stephen Lorio  
Audit Committee Chairman  
4749 Sturtz Drive  
Metairie, Louisiana 70001

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Ladies and Gentlemen:

We wish to thank you and the staff for the cooperation given us during our engagement with Goodwill Industries. In planning and performing our audit of the financial statements of Goodwill Industries for the year ended December 31, 1995, we considered its internal control structure 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 structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

### FEDERAL GRANTS

#### Observation:

During our testing of the CDGB-IIAP Goodwill grant and the Projects with Industry grant, it was noted that proper time records were not being maintained which would allow testing of charges and match to the grants.

Mr. Steven Lorio

May 23, 1996

Page 2

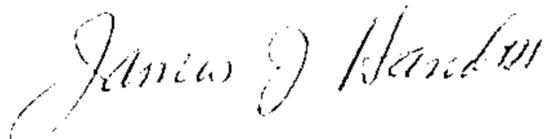
Recommendation:

On a daily basis, employees whose time are charged to a grant or whose time is used for a grant match should document on their time sheet the exact amount of time spent that day performing services which are allowable to be charged to the grant and the nature of the service performed.

We appreciate the confidence you have placed in us by allowing us to serve Goodwill Industries as Certified Public Accountants. If we can assist you in any way with the above, please do not hesitate to call us.

Sincerely,

**LaPORTE, SEHRT, ROMIG & HAND**  
A Professional Accounting Corporation



James J. Hand, III  
Certified Public Accountant

JJHiii/cah