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GOODWILL INDUSTRIES OF ACADIANA, INC.
Financial Report
Years Ended December 31, 1995 and 1994

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 8-21-96

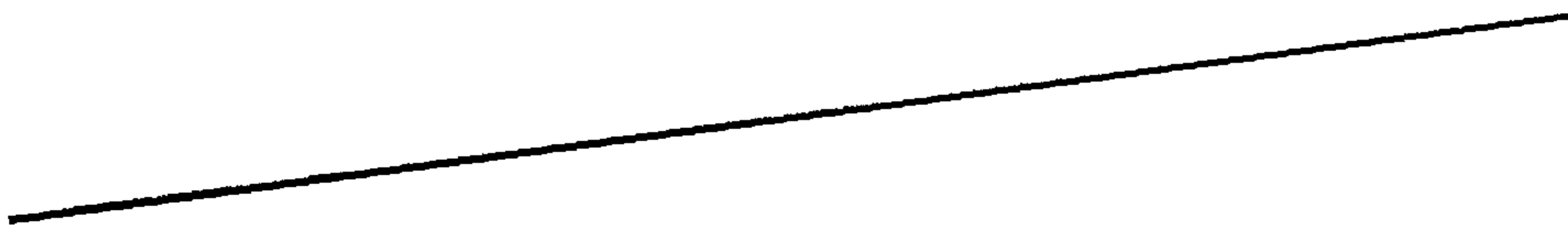


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DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS)

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
Goodwill Industries of Acadiana, Inc.
Lafayette, Louisiana

We have audited the accompanying statements of financial position of Goodwill Industries of Acadiana, Inc. (a nonprofit organization) as of December 31, 1995 and 1994, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Goodwill's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and 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. 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 audits provide 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 Acadiana, Inc. as of December 31, 1995 and 1994, and the results of its activities and cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements referred to in the first paragraph taken as a whole. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the above financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements referred to above; and, in our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

As discussed in Note 1 to the financial statements, in 1994 Goodwill changed its method of accounting for contributions and its method of financial reporting and financial statement presentation.

Darnall, Sikes, Kolder, Frederick & Rainey
A Corporation of Certified Public Accountants

Lafayette, Louisiana
May 7, 1996

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Financial Position
December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 106,692	\$ 82,425
Accounts receivable	98,959	110,948
Grant receivable	-	2,902
Inventory, at cost	-	3,387
Other receivables	15,446	3,329
Prepaid expenses	21,146	14,069
Utility deposits	9,837	7,758
Note receivable	<u>2,400</u>	<u>-</u>
Total current assets	<u>254,480</u>	<u>224,818</u>
LAND, BUILDING AND EQUIPMENT, net	<u>1,275,659</u>	<u>1,224,584</u>
OTHER ASSETS		
Note receivable	<u>6,200</u>	<u>-</u>
TOTAL ASSETS	<u>\$1,536,339</u>	<u>\$1,449,402</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,970	\$ 28,744
Payroll and related liabilities	29,045	31,362
Accrued expenses	17,015	1,046
Current maturities of long-term debt	<u>40,920</u>	<u>58,286</u>
Total current liabilities	<u>97,950</u>	<u>119,438</u>
LONG-TERM DEBT	<u>590,361</u>	<u>393,456</u>
NET ASSETS		
Unrestricted	<u>848,028</u>	<u>936,508</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$1,536,339</u>	<u>\$1,449,402</u>

The accompanying notes are an integral part of this financial statement.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Activities
Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
UNRESTRICTED NET ASSETS		
Support:		
Contributions	\$ <u>16,640</u>	\$ <u>290,233</u>
Revenue:		
Contracts	111,746	214,013
Contributed goods production	894,709	736,667
Evaluation and training services	290,800	316,598
Interest revenue	1,251	1,415
Miscellaneous	<u>20,000</u>	<u>2,139</u>
Total revenue	<u>1,318,506</u>	<u>1,270,832</u>
Net assets released from restrictions	<u>2,902</u>	<u>39,990</u>
Total support, revenue, and net assets released from restrictions	<u>1,338,048</u>	<u>1,601,055</u>
Expenses:		
Contracts	77,463	174,118
Contributed goods production	605,690	425,912
Evaluation and training services	297,161	348,010
Supporting services - Administration	<u>446,214</u>	<u>327,949</u>
Total expenses	<u>1,426,528</u>	<u>1,275,989</u>
Increase (decrease) in unrestricted net assets	<u>(88,480)</u>	<u>325,066</u>
TEMPORARILY RESTRICTED NET ASSETS		
Governmental grants	2,902	39,990
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(2,902)</u>	<u>(39,990)</u>
Increase (decrease) in temporarily restricted assets	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	(88,480)	325,066
NET ASSETS, beginning	<u>936,508</u>	<u>611,442</u>
NET ASSETS, ending	\$ <u>848,028</u>	\$ <u>936,508</u>

The accompanying notes are an integral part of this financial statement.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Cash Flows
Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (88,480)	\$ 325,066
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	93,011	73,173
Donated assets included in support	(15,000)	(274,271)
Loss on sale of assets	52,118	-
(Increase) decrease in operating assets -		
Accounts receivable	11,989	(23,615)
Prepaid expenses	(7,077)	(6,540)
Inventory	3,387	7,149
Other receivable	(9,215)	(1,867)
Other assets	(2,079)	(230)
Increase (decrease) in operating liabilities -		
Accounts payable	(17,774)	(10,403)
Payroll and related liabilities	(2,317)	601
Accrued expenses	15,969	(12,354)
Deferred revenue	-	(6,177)
Net cash provided by operating activities	<u>34,532</u>	<u>70,532</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(416,553)	(26,640)
Proceeds from sale of fixed assets	<u>225,349</u>	<u>-</u>
Net cash (used) by investing activities	<u>(191,204)</u>	<u>(26,640)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(111,336)	(12,429)
Proceeds from borrowings	290,875	-
Proceeds from repayment of note receivable	<u>1,400</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>180,939</u>	<u>(12,429)</u>
Net increase in cash and cash equivalents	24,267	31,463
BEGINNING CASH AND CASH EQUIVALENTS	<u>82,425</u>	<u>50,962</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 106,692</u>	<u>\$ 82,425</u>
Supplemental information:		
Interest expense	<u>\$ 58,103</u>	<u>\$ 41,075</u>

The accompanying notes are an integral part of this financial statement.

GOODWILL INDUSTRIES OF ACADIANA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
 Years Ended December 31, 1995 and 1994

	<u>Contracts</u>		
	<u>Engineering</u>	<u>Lawn</u>	<u>Total</u>
	<u>Stakes</u>	<u>Maintenance</u>	<u>Contracts</u>
Salaries and wages	\$ -	\$43,087	\$ 43,087
Payroll taxes and insurance	-	4,299	4,299
Total payroll and related expenses	<u>-</u>	<u>47,386</u>	<u>47,386</u>
 OTHER EXPENSES			
Material purchases	3,387	-	3,387
Repairs and maintenance	-	5,647	5,647
Supplies	-	2,071	2,071
Professional fees and contracted services	-	7,545	7,545
Telephone	-	1	1
Utilities	-	-	-
Rent	-	-	-
Travel and agency	-	3,525	3,525
Janitorial expense	-	-	-
Dues, subscriptions and licenses	-	110	110
Conferences and seminars	-	-	-
Interest	-	1,020	1,020
Office and miscellaneous	-	-	-
Insurance	-	-	-
Advertising	-	-	-
Loss on sale of assets	-	-	-
Total other expenses	<u>3,387</u>	<u>19,919</u>	<u>23,306</u>
Total expenses before depreciation	3,387	67,305	70,692
DEPRECIATION	<u>-</u>	<u>-</u>	<u>6,771</u>
TOTAL EXPENSES	<u>\$ 3,387</u>	<u>\$67,305</u>	<u>\$ 77,463</u>

The accompanying notes are an integral part of this financial statement.

Contributed Goods Production	Evaluation, Training and Rehabilitation	Administration	Total Expenses	
			1995	1994
\$280,699	\$230,646	\$160,415	\$ 714,847	\$ 714,721
<u>29,642</u>	<u>22,608</u>	<u>16,704</u>	<u>73,253</u>	<u>69,583</u>
<u>310,341</u>	<u>253,254</u>	<u>177,119</u>	<u>788,100</u>	<u>784,304</u>
16,037	2,320	-	21,744	60,501
18,658	148	11,287	35,740	22,888
28,165	3,938	4,131	38,305	41,508
43,875	9,148	18,479	79,047	69,761
7,067	2,879	13,836	23,783	17,928
18,394	-	8,868	27,262	22,777
49,173	-	674	49,847	29,309
2,233	13,087	7,092	25,937	8,164
7,733	-	1,822	9,555	8,003
50	1,590	1,970	3,720	2,311
1,028	1,632	12,151	14,811	11,703
46,449	-	13,165	60,634	41,075
1,354	403	22,270	24,027	26,498
-	-	73,362	73,362	53,124
1,447	391	3,687	5,525	2,962
-	-	52,118	52,118	-
<u>241,663</u>	<u>35,536</u>	<u>244,912</u>	<u>545,417</u>	<u>418,512</u>
552,004	288,790	422,031	1,333,517	1,202,816
<u>53,686</u>	<u>8,371</u>	<u>24,183</u>	<u>93,011</u>	<u>73,173</u>
<u>\$605,690</u>	<u>\$297,161</u>	<u>\$446,214</u>	<u>\$1,426,528</u>	<u>\$1,275,989</u>

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

A. Basis of Presentation

Financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants in its Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations.

B. Business

Goodwill Industries of Acadiana, Inc. (Goodwill) is a not-for-profit charitable organization. Goodwill provides rehabilitation services, training and employment for the handicapped, disabled and disadvantaged of the Acadiana area by receiving contributions of discarded articles of clothing, furnishings, appliances, etc., which are processed and reconditioned for sale through their retail outlet. Directors of Goodwill receive no compensation of any kind.

C. Inventories

Purchased inventories of saleable goods are stated at cost.

It is management's practice not to inventory contributed items.

D. Land, Building and Equipment

Land, building and equipment are recorded at cost. Assets are depreciated by the straight-line method over their useful lives as follows:

Buildings and improvements	25 - 40 years
Equipment, furniture and autos	5 - 7 years

E. Income Taxes

The Agency qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, the Agency has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements (Continued)

F. Financial Statement Presentation

Effective January 1, 1994, Goodwill adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." As required by SFAS No. 117, financial statement presentation has been revised to incorporate the required statements as well as specific reporting practices within these statements.

G. Cash and Cash Equivalents

For the purposes of the statements 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. There were no cash equivalents at December 31, 1995 and 1994.

H. Contributions

Goodwill also elected to adopt SFAS No. 116 "Accounting for Contributions Received and Contributions Made," in 1994. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

I. Bad Debts

Goodwill accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectible. The effects of using this method approximate those of the allowance method.

(2) Property and Equipment

Property and equipment consist of the following:

	<u>1995</u>	<u>1994</u>
Land	\$ 315,015	\$ 327,015
Buildings and improvements	898,666	772,877
Equipment, furniture and autos	<u>406,875</u>	<u>391,908</u>
	1,620,556	1,491,800
Less: Accumulated depreciation	<u>344,897</u>	<u>267,216</u>
	<u>\$1,275,659</u>	<u>\$1,224,584</u>

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements (Continued)

(3) Long-Term Debt

Long-term debt consists of the following:

	<u>1995</u>	<u>1994</u>
Note payable to Hibernia National Bank, due February 29, 2000, payable in 59 monthly installments of \$4,239, including interest at 9.65 percent per annum, and one final payment of \$309,208, secured by collateral mortgage note in the amount of \$526,563	\$377,776	\$390,502
Note payable to Hibernia National Bank, due October 31, 1996, payable in 60 monthly installments of \$393, including interest at 11 percent per annum, secured by vehicle	4,100	8,110
Note payable to Hibernia National Bank, due May 4, 1996, payable in 48 monthly installments of \$619, including interest at 9.95 percent per annum, secured by vehicle	3,000	9,750
Note payable to Hibernia National Bank, due June 30, 1998, payable in 60 monthly installments of \$370, including interest at 7.95 percent per annum, secured by vehicle	10,040	13,797
\$50,000 line of credit with Hibernia National Bank, due July 13, 1995, bearing interest at the current prime rate plus 3 percent, secured by all accounts and contract rights	-	29,583
Note payable to Premier Bank due June 26, 1998, payable in 35 monthly installments of \$2,030 including interest at 9 percent per annum, and one final payment of \$180,219, secured by collateral mortgage note in the amount of \$350,000	196,912	-

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements (Continued)

Note payable to Hibernia National Bank, due February 29, 2000, payable in 60 monthly installments of \$953 including interest at 9.7 percent per annum, secured by collateral mortgage note.

	39,453	-
	631,281	451,742
Less: Current maturities	40,920	58,286
Total	\$590,361	\$393,456

Maturities of long-term debt for the next five years are as follows:

1996		\$ 40,920
1997		37,140
1998		212,680
1999		30,927
2000		309,614
		\$631,281

(4) Related Party Transactions

A director of Goodwill is employed by an insurance agency which provides services to Goodwill. These transactions were consummated on terms equivalent to those that prevail in arm's - length transactions. Goodwill paid approximately \$57,344 and \$53,124, in 1995 and 1994, respectively, in premiums to insurance companies represented by this insurance agency.

Legal fees were paid to a board member for legal services rendered during 1995 and 1994 in the amounts of \$1,425 and \$1,037, respectively.

(5) Contribution and Subsequent Sale of Building and Land

In December 1994, the administrative building and land were donated to Goodwill Industries of Acadiana, Inc. The value of the property, \$274,271, is included in unrestricted support in the statement of activities for the year ended December 31, 1994.

In June 1995, the building and land were sold at a loss of \$52,206. This amount is included as an unrestricted expense in the statement of activities for the year ended December 31, 1995.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements (Continued)

(6) Lease Obligations

In December 1994, Goodwill entered into a five year, noncancellable lease on a building. Future minimum lease payments are as follows:

1996	\$31,075
1997	34,375
1998	39,188
1999	39,600
2000	3,300

(7) Concentration of Credit Risk

Goodwill provides rehabilitation services to certain individuals in the Acadiana region, as outlined in a contract with the State of Louisiana. The amounts receivable from the state represent 74% and 81% of the total accounts receivable at December 31, 1995 and 1994, respectively.

INTERNAL CONTROL AND COMPLIANCE INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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To the Board of Directors
Goodwill Industries of Acadiana, Inc.
Lafayette, Louisiana

We have audited the financial statements of Goodwill Industries of Acadiana, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 7, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 Acadiana, 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 Acadiana, Inc., for the year ended December 31, 1995, 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 an opinion on the internal control structure. Accordingly, we do not express such an opinion.

MEMBER OF
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition 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 Goodwill's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

Inadequate Segregation of Accounting Functions

Finding:

Due to the small number of employees, Goodwill did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

No response is considered necessary.

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 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.

Our consideration of the internal control structure 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 the reportable condition described above is a material weakness.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record, and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
May 7, 1996

DARNALL, SIKES, KOLDER, FREDERICK & RAINEY

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

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Lafayette, Louisiana

We have audited the financial statements of Goodwill Industries of Acadiana, Inc. (a nonprofit organization) as of and for the year ended December 31, 1995, and have issued our report thereon dated May 7, 1996.

We conducted our audit in accordance with generally accepted auditing standards and 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 Acadiana, Inc. is the responsibility of Goodwill's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Goodwill'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.

This report is intended for the information of the Board of Directors and management. However, this report is a matter of public record, and its distribution is not limited.

Darnall, Sikes, Kolder, Frederick & Rainey

A Corporation of Certified Public Accountants

Lafayette, Louisiana
May 7, 1996

OTHER SUPPLEMENTAL INFORMATION

GOODWILL INDUSTRIES OF ACADIANA, INC.

Departmental Schedule of Revenues and Expenses
Year Ended December 31, 1995

	<u>Engineering Stakes</u>	<u>Lawn Maintenance</u>
REVENUES	\$3,688	\$108,058
EXPENSES	<u>3,387</u>	<u>67,305</u>
Income (loss) before depreciation	301	40,753
DEPRECIATION	<u>-</u>	<u>-</u>
NET INCOME (LOSS)	<u>\$ 301</u>	<u>\$ 40,753</u>

<u>Total Contracts</u>	<u>Contributed Goods Production</u>	<u>Evaluation, Training and Rehabilitation</u>	<u>Administration</u>	<u>Totals</u>
\$111,746	\$894,709	\$310,342	\$ 21,251	\$1,338,048
<u>70,692</u>	<u>552,004</u>	<u>288,790</u>	<u>422,031</u>	<u>1,333,517</u>
41,054	342,705	21,552	(400,780)	4,531
<u>6,771</u>	<u>53,686</u>	<u>8,371</u>	<u>24,183</u>	<u>93,011</u>
<u>\$ 34,283</u>	<u>\$289,019</u>	<u>\$ 13,181</u>	<u>\$(424,963)</u>	<u>\$ (88,480)</u>

See independent auditor's report.