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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 Supplemental 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.

*Darnall, Siler, & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana  
May 1, 1993

GODDARD INDUSTRIES OF MASSACHUSETTS, INC.

Statement of Financial Position  
December 31, 1996 and 1995

	1996	1995
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 88,499	\$ 104,897
Accounts receivable	188,879	98,959
Other receivables	38,348	25,448
Prepaid expenses	39,917	21,268
Notes receivable - current portion	2,800	2,800
Total current assets	358,043	253,372
<b>LAND, BUILDING AND EQUIPMENT, net</b>	1,418,025	1,215,423
<b>OTHER ASSETS</b>		
Note receivable, less current portion	4,000	8,200
Tuition deposits	8,200	9,821
TOTAL ASSETS	\$1,814,336	\$1,536,918
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 41,997	\$ 39,970
Payroll and related liabilities	33,818	29,842
Accrued expenses	11,833	17,812
Notes payable	342,281	-
Current maturities of long-term debt	43,482	40,928
Total current liabilities	473,401	99,752
<b>LONG-TERM DEBT</b>	502,417	502,361
<b>NET ASSETS</b>		
Unrestricted	813,190	938,628
TOTAL LIABILITIES AND NET ASSETS	\$1,914,336	\$1,536,918

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

COOKWILL INDUSTRIES OF ACADIANA, INC.

Statements of Activities  
 Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support:		
Contributions	\$ 3,322	\$ 28,860
Revenue:		
Contracts	128,947	111,744
Contributed goods production	3,034,349	894,709
Evaluation and training services	382,346	280,800
Interest revenue	1,861	1,381
Miscellaneous	11,871	28,080
	<u>3,559,855</u>	<u>1,318,380</u>
Net assets released from restrictions	<u>1,508</u>	<u>2,901</u>
Total support, revenue, and net assets released from restrictions	<u>3,558,353</u>	<u>1,321,281</u>
Expenses:		
Contracts	88,809	77,443
Contributed goods production	474,343	608,480
Evaluation and training services	428,797	297,181
Support services - administration	<u>380,813</u>	<u>468,114</u>
	<u>1,352,862</u>	<u>1,451,218</u>
Increase (Decrease) in unrestricted net assets	<u>3,192</u>	<u>(129,937)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Governmental grants	1,500	1,400
Net assets released from restrictions: Restrictions satisfied by payments	<u>(1,500)</u>	<u>(1,400)</u>
Increase (Decrease) in temporarily restricted assets	<u>-</u>	<u>-</u>
Increase (Decrease) in net assets	3,192	189,400
<b>NET ASSETS, beginning</b>	<u>848,031</u>	<u>738,728</u>
<b>NET ASSETS, ending</b>	<u>\$ 851,223</u>	<u>\$ 928,128</u>

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

WOODMILL INDUSTRIES OF AGRICOLA, INC.

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

	<u>1995</u>	<u>1994</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 1,117	\$ (38,489)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,625	99,031
Leased assets included in support	-	(19,080)
Loss on sale of assets	1,814	32,358
(Increase) decrease in operating assets:		
Accounts receivable	(9,929)	11,989
Prepaid expenses	(58,371)	(7,697)
Inventory	-	3,387
Other receivable	(12,800)	(9,210)
Other assets	1,437	(2,879)
Increase (decrease) in operating liabilities:		
Accounts payable	90,857	(17,774)
Payroll and related liabilities	4,873	(2,317)
Accrued expenses	(2,882)	62,882
Net cash provided by operating activities	<u>110,215</u>	<u>74,532</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(403,080)	(416,551)
Proceeds from sale of fixed assets	-	229,369
Net cash used by investing activities	<u>(403,080)</u>	<u>(187,182)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds from short term borrowings	342,761	-
Repayment of long-term debt	(44,324)	(117,334)
Proceeds from borrowings	24,000	290,873
Proceeds from repayment of notes receivable	2,093	1,452
Net cash provided by financing activities	<u>324,530</u>	<u>164,989</u>
Net increase (decrease) in cash and cash equivalents	(18,335)	24,289
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>166,682</u>	<u>161,462</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 148,347</u>	<u>\$ 185,751</u>
Supplemental information:		
Interest paid	<u>\$ 70,854</u>	<u>\$ 58,185</u>

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

GOODWILL INDUSTRIES OF SCANDIARA, INC.

Notes to Financial Statements

(3) 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, Basis of Voluntary Health and Welfare Organizations.

B. BUSINESS

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

C. Inventories

Purchased inventories of salable 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	15 - 40 years
Equipment, furniture and fixtures	5 - 7 years

E. Income Taxes

Goodwill 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, Goodwill has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 170(e) of the code.



**CONDOLL INDUSTRIES OF ALABAMA, INC.**

Notes to Financial Statements (Continued)

**F. 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, 1994 and 1993.

**G. Contributions**

Condoll also elected to adopt SFAS No. 116 "Accounting for Contributions Received and Contributions Made," in 1993. 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.

**H. Bad Debts**

Condoll 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.

**I. Use of Estimates**

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

**(2) Property and Equipment**

Property and equipment consist of the following:

	<u>1994</u>	<u>1993</u>
Land	\$ 490,218	\$ 315,015
Buildings and improvements	1,363,817	898,868
Equipment, furniture and autos	512,028	488,823
	1,065,893	1,435,554
Less: Accumulated depreciation	<u>512,188</u>	<u>366,897</u>
	<u>\$1,616,693</u>	<u>\$1,573,557</u>

COONHILL INDUSTRIES OF ACADEMY, INC.

Notes to Financial Statements (Continued)

(C) Notes Payable

Short term notes payable consist of the following:

	<u>1988</u>	<u>1989</u>
Notes payable to Coonhill Industries - Manufacture, Inc., unsecured, due on March 20, 1987, payable in one installment, including interest at 8 percent per annum	\$ 50,800	\$ -
\$128,500 construction loan with Hibernia National Bank, due April 15, 1987, interest only payments monthly beginning November 15, 1986 at 9.25 percent per annum	\$68,563	-
\$25,000 line of credit with Bank One, due on demand, bearing interest at the current prime rate	<u>24,500</u>	<u>-</u>
	<u>\$143,863</u>	<u>\$ -</u>

(D) Long-Term Debt

Long-term debt consists of the following:

	<u>1988</u>	<u>1989</u>
Notes payable to Hibernia National Bank, due February 28, 2000, payable in 36 monthly installments of \$4,239, including interest at 8.65 percent per annum, and one final payment of \$209,508, secured by collateral mortgage note in the amount of \$278,563	\$362,113	\$377,274
Notes payable to Hibernia National Bank, due October 31, 1996, payable in 48 monthly installments of \$183, including interest at 11 percent per annum, secured by vehicle	-	6,300

COMMERCIAL INDUSTRIES OF HAWAII, INC.

Notes to Financial Statements (Continued)

Notes payable to Hibernia National Bank, due May 4, 1988, payable in 48 monthly installments of \$819, including interest at 7.75 percent per annum, secured by vehicle	-	3,000
Notes payable to Hibernia National Bank, due June 20, 1988, payable in 60 monthly installments of \$170, including interest at 7.75 percent per annum, secured by vehicle	6,270	10,048
Notes payable to Bank One, due June 25, 1988, payable in 24 monthly installments of \$2,038, including interest at 8 percent per annum, and one final payment of \$188,229, secured by collateral mortgage note in the amount of \$100,000	176,794	186,812
Notes payable to Hibernia National Bank, due February 29, 2000, payable in 60 monthly installments of \$853, including interest at 8.7 percent per annum, secured by collateral mortgage note	30,873	38,453
Notes payable to Hibernia National Bank, due May 31, 1989, payable in 36 monthly installments of \$824, including interest at 8.75 percent per annum, secured by equipment	21,695	
	450,857	630,381
Less: Current maturities	<u>42,882</u>	<u>48,929</u>
Total	<u>\$508,477</u>	<u>\$980,381</u>

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

1987	\$ 40,460
1988	322,887
1989	34,898
2000	<u>388,528</u>
	<u>\$826,773</u>

GOODWILL INDUSTRIES OF LOUISIANA, INC.

Notes to Financial Statements (Continued)

(5) Related Party Transactions

A director of Goodwill is employed by an insurance agency which provides services to Goodwill. Goodwill paid approximately \$69,832 and \$57,344, in 1994 and 1995, respectively, in premiums to insurance companies represented by this insurance agency.

Legal fees were paid to a board member for legal services rendered during 1994 and 1995 in the amounts of \$1,371 and \$5,425, respectively.

(6) Construction and Subsequent Sale of Building and Land

In December 1994, the administrative building and land were donated to Goodwill Industries of Louisiana, Inc. The value of the property, \$274,571, is included as 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 \$32,386. This amount is included as an unrestricted expense in the statement of activities for the year ended December 31, 1995.

(7) Lease Obligations

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

1997	\$34,375
1998	39,518
1999	39,600
2000	3,300

(8) Rehabilitation of Credit Risk

Goodwill provides rehabilitation services to certain individuals in the Louisiana Region, as outlined in a contract with the State of Louisiana. The amounts receivable from the state represent 60% and 74% of the total accounts receivable as December 31, 1994 and 1995, respectively.

**INTERNAL CONTROL AND COMPLIANCE INFORMATION**



We raised 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 Eusehill's ability to detect, process, summarize and report financial data consistent with the assertions of management in the financial statements.

#### Inadequate Segregation of Accounting Functions

##### Findings:

Due to the small number of employees, Eusehill 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 could 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, Sells, & Frederick*

a Corporation of Certified Public Accountants

Lafayette, Louisiana  
May 8, 1997

**DARNALL, SIKES & FREDERICK**  
(A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS  
IN THE STATE OF MISSISSIPPI)

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LAFAYETTE, LA. 70501  
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Report of Darnall, Sikes & Frederick, CPAs

Client: Goodwill Industries, Inc.  
Address: 1000 N. 10th St.  
Lafayette, LA 70501

Period: 12/31/98  
Type: Annual  
Prepared by: Darnall, Sikes & Frederick, CPAs  
Reviewed by: Darnall, Sikes & Frederick, CPAs  
Date: 5/11/99  
Auditor: Darnall, Sikes & Frederick, CPAs  
Address: 1000 N. 10th St.  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Goodwill Industries of Louisiana, Inc. (a nonprofit organization) as of and for the year ended December 31, 1998, and have issued our Report thereon dated May 6, 1999.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These 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 Louisiana, 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, & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana  
May 6, 1999

MEMBER OF  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
1000 N. 10th St.  
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(504) 281-2111



**OTHER SUPPLEMENTAL INFORMATION**

BOOKMILL INDUSTRIES OF ACADIANA, 196.

Departmental Schedule of Revenues and Expenses  
Year Ended December 31, 1966

	Lease	Contributed Goods		Production
	Maintenance Contract	Retail	Salmon	Total
REVENUE	\$120,947	\$496,837	\$158,192	\$1,816,749
EXPENSES	<u>81,133</u>	<u>525,921</u>	<u>89,668</u>	<u>120,878</u>
Income (Loss) before depreciation	39,814	370,916	68,524	654,373
DEPRECIATION	<u>7,872</u>	<u>40,588</u>	<u>13,023</u>	<u>33,888</u>
NET INCOME (LOSS)	<u>\$ 31,942</u>	<u>\$330,328</u>	<u>\$ 55,501</u>	<u>\$ 360,565</u>

See independent auditor's report.

Education, Training and Rehabilitation	Administrative	Totals
\$382,348	\$ 38,532	\$2,228,374
<u>420,886</u>	<u>77,064</u>	<u>2,305,438</u>
(28,480)	1318,180	99,517
<u>33,406</u>	<u>12,203</u>	<u>81,615</u>
<u>\$368,480</u>	<u>\$189,267</u>	<u>\$ 5,713</u>