

**GOODWILL INDUSTRIES OF
ACADIANA, INC.**

Financial Report

Years Ended December 31, 2003 and 2002

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

Release Date 5-19-04

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(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

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, 2003 and 2002, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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, 2003 and 2002, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 21, 2004, on our consideration of Goodwill Industries of Acadiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements of Goodwill Industries of Acadiana, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the supplemental information listed in the table of contents 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.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 21, 2004

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Financial Position
December 31, 2003 and 2002

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash	\$ 129,032	\$ 243,966
Accounts receivable	155,908	248,447
Prepaid expenses	323,516	238,172
Other receivables	3,674	326
Total current assets	612,130	730,911
LAND, BUILDING, AND EQUIPMENT, net	5,202,600	5,246,249
OTHER ASSETS		
Other receivables	105,557	85,972
Deposits	8,348	6,448
	113,905	92,420
TOTAL ASSETS	\$ 5,928,635	\$ 6,069,580

	<u>2003</u>	<u>2002</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,379	\$ 70,715
Payroll and related liabilities	116,040	89,385
Accrued expenses	293,383	214,801
Note payable	-	26,558
Current portion of capital lease obligations	35,183	18,457
Current maturities of long-term debt	72,923	70,993
Other liabilities	<u>40,917</u>	<u>77,852</u>
Total current liabilities	<u>572,825</u>	<u>568,761</u>
LONG-TERM LIABILITIES		
Capital lease obligations, less current portion	1,198,914	1,230,819
Long-term debt, less current maturities	<u>633,175</u>	<u>706,272</u>
	<u>1,832,089</u>	<u>1,937,091</u>
NET ASSETS		
Unrestricted	<u>3,523,721</u>	<u>3,563,728</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,928,635</u>	<u>\$ 6,069,580</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Activities
Years Ended December 31, 2003 and 2002

	2003	2002
UNRESTRICTED NET ASSETS		
Revenue:		
Contributed goods production	\$ 2,833,015	\$ 2,399,338
Evaluation and training services	530,633	817,179
Contracts	138,241	142,033
Interest	218	1,135
In-kind	22,899	39,715
Miscellaneous	<u>107,020</u>	<u>31,926</u>
	3,632,026	3,431,326
 Net asset released from restrictions	 <u>-</u>	 <u>130,962</u>
 Total support, revenue, and net assets released from restrictions	 <u>3,632,026</u>	 <u>3,562,288</u>
 Expenses:		
Contributed goods production	2,116,170	1,631,552
Evaluation and training services	806,380	1,098,009
Contracts	104,683	126,786
Support services:		
Administration	<u>644,800</u>	<u>654,737</u>
	<u>3,672,033</u>	<u>3,511,084</u>
 Increase (decrease) in unrestricted net assets	 <u>(40,007)</u>	 <u>51,204</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>-</u>	<u>(130,962)</u>
Decrease in temporarily restricted assets	<u>-</u>	<u>(130,962)</u>
 Decrease in net assets	 (40,007)	 (79,758)
 NET ASSETS, beginning	 <u>3,563,728</u>	 <u>3,643,486</u>
 NET ASSETS, ending	 <u>\$ 3,523,721</u>	 <u>\$ 3,563,728</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Cash Flows
Years Ended December 31, 2003 and 2002

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (40,007)	\$ (79,758)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	206,268	174,071
Loss on sale of assets	-	831
(Increase) decrease in operating assets:		
Accounts receivable	92,539	56,973
Grant receivable	-	130,962
Prepaid expenses	(85,344)	(70,829)
Other receivables	(22,933)	51,824
Deposits	(1,900)	(268)
Increase (decrease) in operating liabilities:		
Accounts payable	(56,336)	19,199
Payroll and related liabilities	26,655	(19,252)
Accrued expenses	78,582	(2,746)
Other liabilities	(36,935)	69,956
Net cash provided by operating activities	160,589	330,963
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(162,617)	(236,583)
Repayment of note receivable	-	12,715
Net cash used by investing activities	(162,617)	(223,868)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayment) of short-term borrowings	(26,558)	2,164
Repayment of long-term debt	(71,167)	(52,462)
Repayment of capital lease obligations	(19,434)	(7,317)
Proceeds from long-term debt	-	29,883
Proceeds from capital lease obligations	4,253	-
Net cash used by financing activities	(112,906)	(27,732)
Net increase (decrease) in cash and cash equivalents	(114,934)	79,363
CASH AND CASH EQUIVALENTS, beginning of year	243,966	164,603
CASH AND CASH EQUIVALENTS, end of year	\$ 129,032	\$ 243,966
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 186,726	\$ 90,069
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITY:		
Fixed assets acquired through capital lease obligation	\$ -	\$ 1,245,000

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Functional Expenses
Years Ended December 31, 2003 and 2002

	Contributed Goods Production		
	Retail	Salvage/ Transportation	Total
PAYROLL AND RELATED EXPENSES			
Salaries and wages	\$ 878,926	\$ 115,655	\$ 994,581
Payroll taxes and insurance	<u>73,912</u>	<u>9,223</u>	<u>83,135</u>
Total payroll and related expenses	<u>952,838</u>	<u>124,878</u>	<u>1,077,716</u>
OTHER EXPENSES			
Material purchases	43,423	-	43,423
Repairs and maintenance	55,683	23,290	78,973
Supplies	52,780	8,425	61,205
Professional fees and contracted services	62,551	15,932	78,483
Promotion and entertainment	1,250	-	1,250
Telephone	39,307	1,796	41,103
Utilities	50,443	15,234	65,677
Rent	60,491	2,083	62,574
Travel and agency	7,074	8,690	15,764
Janitorial expense	12,754	-	12,754
Dues, subscriptions, and licenses	44,344	2,328	46,672
Conferences and seminars	877	-	877
Interest	138,773	18,614	157,387
Office and miscellaneous	46,752	334	47,086
Insurance	130,457	36,849	167,306
Advertising	3,777	224	4,001
Donation of goods	11,187	-	11,187
In-kind expense	-	-	-
Total other expenses	<u>761,923</u>	<u>133,799</u>	<u>895,722</u>
Total expenses before depreciation and amortization	1,714,761	258,677	1,973,438
DEPRECIATION AND AMORTIZATION	<u>123,592</u>	<u>19,140</u>	<u>142,732</u>
TOTAL EXPENSES	<u>\$ 1,838,353</u>	<u>\$ 277,817</u>	<u>\$ 2,116,170</u>

Evaluation, Training and Rehabilitation	Lawn Maintenance Contract	Administration	Totals	
			2003	2002
\$ 474,886	\$ 58,156	\$ 364,360	\$ 1,891,983	\$ 1,879,806
<u>38,227</u>	<u>4,847</u>	<u>26,483</u>	<u>152,692</u>	<u>161,732</u>
<u>513,113</u>	<u>63,003</u>	<u>390,843</u>	<u>2,044,675</u>	<u>2,041,538</u>
-	-	-	43,423	29,675
16,778	(13,200)	8,231	90,782	85,505
23,312	7,225	20,254	111,996	95,383
3,900	14,668	30,599	127,650	254,474
-	-	-	1,250	-
26,267	903	20,376	88,649	80,792
20,841	823	1,482	88,823	63,903
13,906	212	951	77,643	65,855
22,481	3,577	11,572	53,394	70,952
6,031	-	2,310	21,095	20,373
6,775	1,652	6,187	61,286	52,365
1,125	-	3,593	5,595	8,435
5,343	1,283	22,713	186,726	90,069
8,681	351	24,511	80,629	63,492
76,221	15,771	56,255	315,553	217,104
	398	23,420	27,819	43,303
750	-	3,941	15,878	14,080
<u>22,899</u>	<u>-</u>	<u>-</u>	<u>22,899</u>	<u>39,715</u>
<u>255,310</u>	<u>33,663</u>	<u>236,395</u>	<u>1,421,090</u>	<u>1,295,475</u>
768,423	96,666	627,238	3,465,765	3,337,013
<u>37,957</u>	<u>8,017</u>	<u>17,562</u>	<u>206,268</u>	<u>174,071</u>
<u>\$ 806,380</u>	<u>\$ 104,683</u>	<u>\$ 644,800</u>	<u>\$ 3,672,033</u>	<u>\$ 3,511,084</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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 located in the Southwest Louisiana area by receiving donated articles of clothing, furnishings, appliances, etc., which are processed for sale through their retail outlets. Directors of Goodwill receive no compensation of any kind.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Inventories

Purchased inventories of saleable goods are stated at cost. It is management's practice not to inventory contributed items.

Land, Building, and Equipment

Land, building, and equipment is 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

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 509(a) of the code.

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, 2003 and 2002.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

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 uncollectable. The effects of using this method approximates those of the allowance method.

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.

Vacation and Sick Leave

Vacation is earned after one year of employment and is calculated based on a calendar year. Any current unused vacation can be carried over for use in the case of an extended illness. Upon separation, employees will be compensated for any unused vacation generated in the current year. However, extended illness leave will not be paid.

Sick leave with pay is earned at a rate of 40 hours per calendar year, commencing 90 days after employment. Sick leave may be accumulated only for use in an extended illness. No sick leave is payable to an employee upon separation.

Accordingly, no accruals have been made for vacation or sick leave.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses for the years ended December 31, 2003 and 2002 totaled \$27,421 and \$43,303, respectively.

NOTE 2 OTHER RECEIVABLES

Other receivables consist of premiums paid for split dollar whole life insurance policies for several key employees.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 3 LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of the following:

	2003	2002
Land	\$ 1,261,514	\$ 1,246,514
Buildings and improvements	2,795,729	2,777,729
Equipment, furniture, and autos	1,041,767	969,157
Equipment held under capital lease	4,253	19,084
Buildings and improvements and land held under capital lease	1,311,560	1,245,000
	6,414,823	6,257,484
Less: Accumulated depreciation and amortization	1,212,223	1,011,235
	\$ 5,202,600	\$ 5,246,249

NOTE 4 EQUIPMENT USED BUT NOT OWNED

Certain equipment totaling \$13,772, as of December 31, 2003 and 2002, is used by Goodwill in connection with its Workforce Investment Act Program, however, this equipment is purchased and owned by the Workforce Investment Board and will be returned to the WIB upon the termination of the program.

NOTE 5 NOTE PAYABLE

	2003	2002
Note payable to Electronic Protection Systems, payable in 12 monthly installments of \$2,784, bearing interest at 10.41% per annum, secured by equipment.	\$ -	\$ 26,558

NOTE 6 LONG-TERM DEBT

	2003	2002
Note payable to Hibernia National Bank, due June 29, 2013, payable in 180 monthly installments of \$8,104, including interest at 7.25% per annum, secured by a collateral mortgage note in the amount of \$800,000.	\$ 662,499	\$ 709,178
Subtotals carried forward	\$ 662,499	\$ 709,178

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 6 LONG-TERM DEBT (CONTINUED)

	2003	2002
Subtotals brought forward	\$ 662,499	\$ 709,178
Note payable to Hibernia National Bank, due January 26, 2006, payable in 60 monthly installments of \$1,003, including interest at 6.25% per annum, secured by a vehicle.	21,255	31,588
Note payable to Hibernia National Bank, due May 22, 2004, payable in 36 monthly installments of \$412, including interest at 7.6% per annum, secured by equipment.	2,022	6,616
Note payable to Hibernia National Bank, due December 9, 2005, payable in 36 monthly installments of \$888, including interest at 4.35% per annum, secured by a vehicle.	20,322	29,883
	706,098	777,265
Less: Current maturities	72,923	70,993
Total	\$ 633,175	\$ 706,272

Maturities of long-term debt are as follows:

2004	\$ 72,923
2005	74,476
2006	57,983
2007	62,405
2008	67,072
Thereafter	371,239
Total	\$ 706,098

NOTE 7 CAPITAL LEASES

Goodwill has entered into capital leases for certain equipment. Obligations under these capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates between 12% and 13%. Amortization of these capital leases included in depreciation expense amounted to \$24,373 and \$3,659, for the years ended December 31, 2003 and 2002, respectively.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 7 CAPITAL LEASES (CONTINUED)

During August of 2002, Goodwill entered into a capital lease for a building and land. The obligation under this capital lease has been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 12.25%. No amortization of this capital lease was included in depreciation expense for 2002 due to the fact that the store was not put into service until February 2003. Goodwill Industries shall have a right of pre-payment at any time subject to a penalty of 18% of the balance after the first month, and the penalty will be reduced by .5% per month for the first 36 months. Thereafter, there is no penalty.

Future minimum lease payments under these capital leases are as follows:

2004	\$ 184,425
2005	184,425
2006	182,878
2007	182,569
2009	182,569
Thereafter	<u>1,703,974</u>
Total minimum lease payments	2,620,840
Less: amount representing interest	<u>1,386,743</u>
Present value of future minimum lease payments	1,234,097
Less: current maturities	<u>35,183</u>
	<u>\$ 1,198,914</u>

NOTE 8 CONCENTRATION OF CREDIT RISK

The majority of Goodwill's accounts receivable balance at December 31, 2003 and 2002 is comprised of amounts due from various state agencies.

NOTE 9 TRANSFER OF PROGRAM

During 2002, Goodwill also stopped providing services related to its MRDD, Infants and Toddlers, and Elderly medical assistance programs funded by DHH. These programs, along with Goodwill's Part C program are now being provided by another provider.

SUPPLEMENTAL INFORMATION

**INTERNAL CONTROL, COMPLIANCE
AND OTHER GRANT INFORMATION**



(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and
On Internal Control over Financial
Reporting Based on an Audit of
Financial Statements Performed in
Accordance with *Government Auditing Standards*

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, 2003, and have issued our report thereon dated April 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Goodwill Industries of Acadiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on

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the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore its distribution is not limited.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 21, 2004



(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major
Program and Internal Control Over Compliance
in Accordance with OMB Circular A-133

The Board of Directors
Goodwill Industries of Acadiana, Inc.
Lafayette, Louisiana

Compliance

We have audited the compliance of Goodwill Industries of Acadiana, Inc. (a nonprofit organization), with the type of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2003. Goodwill Industries of Acadiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of Goodwill Industries of Acadiana, Inc.'s management. Our responsibility is to express an opinion on Goodwill Industries of Acadiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Goodwill Industries of Acadiana, Inc.'s compliance with those requirements and performing such other procedures, as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Goodwill Industries of Acadiana, Inc.'s compliance with those requirements.

In our opinion, Goodwill Industries of Acadiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2003.

Eugene H. Darnall, CPA, Retired 1990
Paula D. Bihm, CPA, Deceased 2002

E. Larry Sikes, CPA, CVA, CFP™
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. HigginBotham, CPA
John P. Armato, CPA
Jennifer S. Ziegler, CPA, CFP™
Chris A. Miller, CPA, CVA
Stephen R. Dischler, MBA, CPA
Steven G. Moosa, CPA

Erich G. Loewer, Jr. CPA, CVA

Kathleen T. Darnall, CPA
Erich G. Loewer, III, MTX, CPA
Tamera T. Landry, CPA
Raegan D. Maggio, CPA
Julie Templet DeVillier, CPA
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Lauren F. Verrett, CPA
Michelle B. Borrello, CPA
Jeremy C. Meaux, CPA
Kevin S. Young, CPA
Barbara Ann Watts, CPA
Adam J. Curry, CPA

Member of:
American Institute of
Certified Public Accountants

Society of Louisiana
Certified Public Accountants

Internal Control Over Compliance

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

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

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore its distribution is not limited.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 21, 2004

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2003

<u>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>Amounts to Subrecipients</u>
<u>Department of Health & Human Services</u>			
Passed through the Louisiana Department of Social Services, Office of Family Support: Temporary Assistance for Needy Families:			
Find Work Program	93.558	\$ 137,001	\$ -
H.A.L.T. Program	93.558	<u>61,884</u>	<u>-</u>
		<u>198,885</u>	<u>-</u>
<u>Department of Labor</u>			
Workforce Investment Act: Passed through the Workforce Investment Board of St. Landry Parish Board:			
Out of School Youth	17.259	124,685	-
Passed Through the Lafayette City - Parish Government, Community Development Workforce Development Division:			
Out of School Youth	17.259	<u>82,555</u>	<u>-</u>
		<u>207,240</u>	<u>-</u>
		<u>\$ 406,125</u>	<u>\$ -</u>

NOTE 1 BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of Goodwill Industries of Acadiana, Inc. and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

OTHER SUPPLEMENTAL INFORMATION

GOODWILL INDUSTRIES OF ACADIANA, INC.

Departmental Schedule of Revenues and Expenses
Year Ended December 31, 2003

	<u>Contributed Goods Production</u>		
	<u>Retail</u>	<u>Salvage/ Transportation</u>	<u>Total</u>
REVENUES	\$ 2,607,387	\$ 225,328	\$ 2,833,015
EXPENSES	<u>1,714,761</u>	<u>258,677</u>	<u>1,973,438</u>
Income (loss) before depreciation and amortization	892,626	(33,349)	859,277
DEPRECIATION AND AMORTIZATION	<u>123,592</u>	<u>19,140</u>	<u>142,732</u>
NET INCOME (LOSS)	<u>\$ 769,034</u>	<u>\$ (52,489)</u>	<u>\$ 716,545</u>

<u>Evaluation, Training and Rehabilitation</u>	<u>Lawn Maintenance Contract</u>	<u>Administration</u>	<u>Totals</u>
\$ 553,532	\$ 138,241	\$ 107,238	\$ 3,632,026
<u>768,423</u>	<u>96,666</u>	<u>627,238</u>	<u>3,465,765</u>
(214,891)	41,575	(520,000)	166,261
<u>37,957</u>	<u>8,017</u>	<u>17,562</u>	<u>206,268</u>
<u>\$ (252,848)</u>	<u>\$ 33,558</u>	<u>\$ (537,562)</u>	<u>\$ (40,007)</u>

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

**Summary of Corrective Action Taken on Prior Year Findings
Year Ended December 31, 2003**

There were no prior year findings noted, therefore, no response is deemed necessary.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2003

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on Goodwill Industries of Acadiana, Inc.'s financial statements as of and for the year ended December 31, 2003.

Reportable Conditions - Financial Reporting

There were no reportable conditions in internal control noted during the audit of the financial statements.

Material Noncompliance-Financial Reporting

There were no instances of noncompliance material to the financial statements disclosed during the audit of the financial statements.

FEDERAL AWARDS

Major Program Identification

Goodwill Industries of Acadiana, Inc., at December 31, 2003, had two major programs: Out of School Youth, CFDA Number 17.259, which received funds from the Department of Labor, Workforce Investment Act "passed through" the Workforce Investment Board of St. Landry Parish and Out of School Youth, CFDA Number 17.259, which received funds from the Department of Labor, Workforce Investment Act "passed through" the Lafayette City – Parish Government, Community Development Workforce Development Division.

Low-Risk Auditee

Goodwill Industries of Acadiana, Inc. is not considered a low-risk auditee for the year ended December 31, 2003.

Major Program-Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the year ended December 31, 2003.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2003
(Continued)

Part I Summary of Auditor's Results (Continued)

Auditor's Report - Major Program

An unqualified opinion has been issued on Goodwill Industries of Acadiana, Inc.'s compliance for its major federal programs for the year ended December 31, 2003.

Reportable Condition-Major Program

There were no reportable conditions noted during the audit of the major federal programs.

Compliance Finding Related to Major Program

The audit did not disclose any material noncompliance or questioned costs relative to its major federal programs.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

There were no reportable conditions or instances of material noncompliance noted during the audit.

Part III Findings and Questioned Costs Relating to Federal Programs

The audit did not disclose any material noncompliance or questioned costs relative to its federal programs.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Management's Corrective Action Plan
Year Ended December 31, 2003

No current year findings were noted, therefore, no response is deemed necessary.