

**GOODWILL INDUSTRIES OF  
SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL  
INDUSTRIES BUILDING, INC.**

Audit of Combined Financial Statements

December 31, 2013



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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc. (the Organizations), which comprise the combined statement of financial position as of December 31, 2013, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

**NEW ORLEANS HOUSTON BATON ROUGE COVINGTON**

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and Schedules I through III are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014 on our consideration of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc.'s internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
June 16, 2014

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Financial Position  
December 31, 2013**

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 9,847,611
Accounts Receivable - Trade, Net	3,605,690
Merchandise Inventory	640,531
Prepaid Expenses and Other	<u>604,822</u>

**Total Current Assets** 14,698,654

**Property and Equipment**

Land	2,082,348
Building and Building Improvements	12,274,137
Machinery and Equipment	1,415,730
Furniture and Fixtures	1,513,049
Automobiles and Trucks	721,941
Leasehold Improvements	1,217,530
Computer Equipment	302,051
Condo - Timeshare	34,995
Capitalized Interest	<u>121,770</u>
	19,683,551

**Less: Accumulated Depreciation** 5,968,535

**Property and Equipment, Net** 13,715,016

**Other Assets**

Notes Receivable	8,225,000
Deferred Loan Fees, Net	755,184
Interest Receivable	3,457,457
Deposits	<u>137,765</u>

**Total Other Assets** 12,575,406

**Total Assets** \$ 40,989,076

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL INDUSTRIES BUILDING, INC.**  
**Combined Statement of Financial Position (Continued)**  
**December 31, 2013**

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<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 557,230
Accrued Expenses and Taxes	1,089,022
Deferred Revenue	<u>431,635</u>
<b>Total Current Liabilities</b>	<u>2,077,887</u>
<b>Long-Term Liabilities</b>	
Notes Payable	<u>15,000,000</u>
<b>Net Assets</b>	
Unrestricted	<u>23,911,189</u>
<b>Total Net Assets</b>	<u>23,911,189</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 40,989,076</u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Activities  
For the Year Ended December 31, 2013**

	<b>Unrestricted</b>	<b>Total</b>
<b>Sales Revenue</b>		
Retail Stores	\$ 16,735,165	\$ 16,735,165
Contributed Revenue - Donated Goods	6,810,848	6,810,848
Salvage	1,518,747	1,518,747
<b>Total</b>	<b>25,064,760</b>	<b>25,064,760</b>
<b>Vocational Training Revenue</b>		
Janitorial, Landscaping and Incubator Services	5,206,778	5,206,778
<b>Total</b>	<b>5,206,778</b>	<b>5,206,778</b>
<b>Other Sources of Income (Expenses)</b>		
Federal Financial Assistance	843,219	843,219
Other Grant Income	83,193	83,193
Interest Income	726,868	726,868
State Sales Tax Exclusion	1,072,490	1,072,490
Louisiana Rehabilitation Service	147,290	147,290
Louisiana Business Incubation Association Grant	50,500	50,500
Contributions	48,963	48,963
Loss on Disposal of Assets	(6,864)	(6,864)
Rent	450,341	450,341
Miscellaneous	14,665	14,665
<b>Total</b>	<b>3,430,665</b>	<b>3,430,665</b>
<b>Total Revenue and Other Income (Expenses)</b>	<b>33,702,203</b>	<b>33,702,203</b>
<b>Expenses</b>		
Retail Program - Cost of Goods Sold	6,697,904	6,697,904
Program Services	22,278,561	22,278,561
Management and General	2,964,172	2,964,172
<b>Total Expenses</b>	<b>31,940,637</b>	<b>31,940,637</b>
<b>Change in Net Assets</b>	<b>1,761,566</b>	<b>1,761,566</b>
<b>Net Assets, Beginning of Year</b>	<b>22,149,623</b>	<b>22,149,623</b>
<b>Net Assets, End of Year</b>	<b>\$ 23,911,189</b>	<b>\$ 23,911,189</b>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Functional Expenses  
For the Year Ended December 31, 2013**

	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
<b>Operating Expense</b>			
Salaries, Wages, Taxes and Benefits	\$ 13,014,159	\$ 1,539,683	\$ 14,553,842
Occupancy Cost	3,220,954	46,287	3,267,241
Repairs and General Maintenance	291,275	24,492	315,767
Supplies and Materials	918,208	67,093	985,301
Waste Disposal	434,284	8,236	442,520
Training and Support Service	210,478	16,299	226,777
Outreach and Marketing	53,954	54,025	107,979
Conference and Travel	148,811	31,285	180,096
Communication	388,063	202,957	591,020
Equipment and Vehicle Cost	556,384	86,604	642,988
Insurance	602,086	112,617	714,703
Professional Fees and Dues	364,376	488,026	852,402
Administrative and Other	134,313	214,401	348,714
	<u>20,337,345</u>	<u>2,892,005</u>	<u>23,229,350</u>
<b>Interest, Taxes, Depreciation and Amortization</b>			
Interest	187,812	1,029	188,841
Taxes	220,109	-	220,109
Depreciation and Amortization	1,533,295	71,138	1,604,433
	<u>1,941,216</u>	<u>72,167</u>	<u>2,013,383</u>
<b>Total</b>	<u>\$ 22,278,561</u>	<u>\$ 2,964,172</u>	<u>\$ 25,242,733</u>

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



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Cash Flows  
For the Year Ended December 31, 2013**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 1,761,566
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	1,604,433
Loss on Disposal of Fixed Assets	6,864
Increase in Accounts Receivable - Trade	(63,206)
Increase in Interest Receivable	(677,488)
Increase in Merchandise Inventory	(112,606)
Increase in Prepaid Expenses and Other	(218,259)
Increase in Deposits	(175)
Decrease in Accounts Payable	(113,727)
Decrease in Accrued Expenses and Taxes	(339,337)
Increase in Deferred Revenue	101,017
	<u>1,949,082</u>
<b>Cash Flows from Investing Activities</b>	
Increase in Notes Receivable	(100,000)
Proceeds from Disposal of Fixed Assets	2,150
Purchase of Fixed Assets	(820,001)
	<u>(917,851)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	1,031,231
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>8,816,380</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 9,847,611</u>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash Paid for Interest	<u>\$ 188,841</u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

**Notes to Combined Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

Goodwill Industries of Southeastern Louisiana, Inc. (Goodwill), Goodworks, Inc. (Goodworks) and Goodwill Industries Building, Inc. (Goodwill Building) (collectively the Organizations) follow the accounting procedures and practices for voluntary health and welfare organizations established by the American Institute of Certified Public Accountants as published in the Industry Audit Guide on *Audits of Voluntary Health and Welfare Organizations*, which constitute generally accepted accounting principles. Goodwill and Goodworks assist people with disabilities and other special needs in their efforts to participate fully in society by helping them develop occupational capabilities and opportunities through janitorial services, retail stores and a variety of training programs. The Organizations' territory covers twenty-three parishes in southeastern Louisiana. Goodwill Building was formed for the exclusive purpose of acquiring real property for the exclusive use of Goodwill.

**Financial Statement Presentation**

Financial statement presentation follows the Not-for-Profit Entities topics of Financial Accounting Standards Codification. As such, the Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organizations have no temporarily restricted or permanently restricted net assets.

**Basis of Accounting**

The accompanying combined financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Use of Estimates**

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

**Combination of Financial Statements**

The accompanying combined financial statements include the accounts of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. Inter-company transactions and balances have been eliminated in combination. Goodwill Building was formed with capital injections from Goodwill (\$750) and Goodwill Supporting Foundation (\$250). As a result of a management agreement between Goodwill Building and Goodwill, Goodwill exercises significant control over Goodwill Building, therefore Goodwill Building is included in the combined financial statements.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

**Notes to Combined Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Trade Receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.

Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for bad debts was \$-0- as of December 31, 2013.

**Concentration of Credit Risk**

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

The Organizations periodically maintain cash in bank accounts in excess of insured limits. The Organizations have not experienced any losses and do not believe that significant credit risk exists as a result of this practice.

**Contribution Recognition**

The Organizations 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 net assets are reclassified to unrestricted net assets and reported in the combined 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 Organizations report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Donated Material and Service**

The Financial Accounting Standards Board Codification (the Codification), *Accounting for Contributions Received and Contributions Made*, requires that contributions be recognized as revenue when received. During 2013, Goodwill recognized contributed merchandise with a fair value of \$6,810,848 as contribution revenue. This merchandise requires program related expenses/processes accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

**Notes to Combined Financial Statements**

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**Note 1. 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 Organizations' program services. However, these services do not meet all of the applicable requirements of the Codification; therefore, no amounts have been reflected in the combined financial statements for these donated services.

**Income Taxes**

Goodwill was formed in 1947, to provide services to persons with disabilities. This organization was chartered in the State of Louisiana as a non-profit organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Goodworks was formed in 1998, in order to service government contracts. This organization was chartered in the State of Louisiana as a non-profit organization and is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Goodwill Industries Building, Inc. was formed in 2008 for the exclusive purpose of acquiring real property for Goodwill. The initial purchase was the property located at 3400 Tulane Avenue to be used as Goodwill's office, retail, warehouse and space for third party tenants. This organization was chartered in the State of Louisiana as a non-profit organization and is exempt from Federal income taxes under Section 501(c)(25) of the Internal Revenue Code.

**Cash and Cash Equivalents**

The Organizations consider 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. Excluding land, the Organizations use the straight-line depreciation method over the useful lives of its property and equipment. Buildings and improvements are depreciated over thirty years. Furniture and fixtures are depreciated over seven years. Machinery and equipment, automobiles and trucks are depreciated over five years and computer equipment is depreciated over three years. Leasehold improvements are being amortized over the life of the lease. The Organizations capitalize fixed assets with costs of \$1,000 or greater and a useful life of one year or more. Depreciation expense for 2013 was \$1,226,841.

**Merchandise Inventory**

The Codification, *Accounting for Contributions Received and Contributions Made*, requires that contributions be recognized as inventory when received and be carried at fair value. Management estimates the fair value of inventory using a gross margin method.

**Accounting for Financial Instruments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the cash and cash equivalents section in the combined statement of financial position.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

**Notes to Combined Financial Statements**

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**Note 2. Notes Payable**

Details of notes payable for the year ended December 31, 2013, consists of the following:

	<b>Due December 30, 2015</b>	<b>Due January 2, 2016</b>
Note payable to banks with monthly interest payments only, payable in full on December 30, 2015 and January 2, 2016. Eight loans with interest rate of .52%. Secured by building.	\$ 8,228,167	\$ 4,114,083
Note payable to banks with monthly interest payments only, payable in full on December 30, 2015 and January 2, 2016. Four loans with interest rate of 4.5%. Secured by building.	1,771,833	885,917
	10,000,000	5,000,000
Less: Current Maturities	-	-
<b>Long-Term Debt</b>	<b>\$ 10,000,000</b>	<b>\$ 5,000,000</b>

The maturities for the next three years are as follows:

<b>Years</b>	<b>Amount</b>
2014	\$ -
2015	10,000,000
2016	5,000,000
<b>Total</b>	<b>\$ 15,000,000</b>

Interest expense totaled \$188,841 for the year ended December 31, 2013.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

**Notes to Combined Financial Statements**

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**Note 3. Lease Agreements**

Goodwill leases real estate under operating leases expiring in various years through 2032.

Future minimum lease payments as of December 31<sup>st</sup> are as follows:

<b>Years</b>	<b>Amount</b>
2014	\$ 2,663,993
2015	2,429,969
2016	3,063,352
2017	2,802,371
2018	2,590,622
Thereafter	<u>30,814,289</u>
<b>Total</b>	<b><u>\$ 44,364,596</u></b>

In accordance with the contract (described in Note 5) between Goodwill and Goodwill Building, rental expense and rental income are recorded each month between the entities. Amounts are eliminated in combination and expenses have been included in the future minimum rental payments described above. Combined rent expense totaled \$2,647,022 in 2013 and is included in the Combined Statement of Activities.

Goodwill leases automobiles under operating leases expiring in various years through 2014. The minimum lease payments are as follows:

<b>Years</b>	<b>Amount</b>
2014	<u>\$ 9,077</u>
<b>Total</b>	<b><u>\$ 9,077</u></b>

**Note 4. Pension Plan and Health and Welfare Benefit Plan**

Goodwill initiated a defined contribution pension plan (the Plan) in 1993 for the employees of its federal contracts. The Plan does not have any minimum eligibility requirements to participate. Employer contributions vary based on terms of each Federal contract and regular hours of each employee. When Goodworks was formed in 1998, it assumed responsibility for Plan contributions from Goodwill. Goodworks contributed \$355,451 to the Plan in 2013.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

**Notes to Combined Financial Statements**

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**Note 4. Pension Plan and Health and Welfare Benefit Plan (Continued)**

On March 15, 2011, Goodwill entered into two Retirement Plan Service Agreements. One agreement was for a 403(b) ERISA plan and the other was for a 457(b) Top Hat plan. The 403(b) plan is for full-time employees. Executive staff's 403(b) contributions are not matched. Goodwill matches 50% of the employees' contribution to a maximum of 3%. The executive staff may participate in the 457(b) Top Hat plan which includes a contribution of up to 10% of their annual salary. Contributions to the 403(b) plan for the year were \$34,145.

**Note 5. Commitments and Contingencies (Building Purchase)**

Goodwill purchased a facility on September 30, 2008 for a purchase price of \$5.3 million. In a transaction eligible under the federal and state New Market Tax Credit Programs, this building was transferred to Goodwill Building, along with cash and additional basis in the building for a total of \$7.75 million. In return, Goodwill holds a subordinated leveraged loan to an intermediary investor.

The transfer of the building to Goodwill Building is subject to a loan in the amount of \$15 million. The loan is secured by the building and its improvements and is guaranteed by Goodwill. The lenders are Community Development Entities (CDEs).

The initial loan closing was December 30, 2008, with a second closing on January 2, 2009. The loan is due and payable in seven years and cannot be prepaid. The following are a result of the transaction mentioned above.

Goodwill has notes receivable in the amount of \$8,225,000 as of December 31, 2013. These notes have an interest rate of 8.46%, with a term of seven years. Goodwill will receive quarterly interest payments at .5% and the total final payment will be paid January 2, 2016. At that point the intermediary will owe Goodwill approximately \$13.4 million made up of principal and accrued interest.

Goodwill Building has notes payable totaling \$15,000,000 as of December 31, 2013. These notes have interest rates up to 4.5% (see Note 2) and \$10,000,000 is payable in full December 30, 2015 while \$5,000,000 is payable on January 2, 2016. Interest only payments are due quarterly.

Goodwill Building has also recorded prepaid loan fees in the amount of \$2,643,159. These loan fees are being amortized on a straight-line basis over the life of the loan. Amortization expense for the year ended December 31, 2013 was \$377,592. By the end of the seven year term, Goodwill Building will owe \$15 million in principal. After Goodwill Building pays off the \$15 million and Goodwill receives its principal and accrued interest mentioned above, there will remain approximately \$1.6 million in outstanding debt. As of December 31, 2013 (and report date of June 16, 2014), the Organizations are in compliance with all loan covenants associated with the agreement mentioned within this note.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

**Notes to Combined Financial Statements**

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**Note 5. Commitments and Contingencies (Building Purchase) (Continued)**

During 2008, Goodwill Supporting Foundation contributed approximately \$1.9 million in the form of a grant to Goodwill to be used in the new market tax credit transaction discussed above.

**Note 6. Uncertain Tax Positions**

The Organizations follow the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the Codification, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns.

All tax returns have been appropriately filed by the Organizations. The Organizations recognize interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organizations' income tax filings are subject to audit by various taxing authorities. The Organizations' open audit periods are 2010 to 2012. Management evaluated the Organizations' tax positions and concluded that the Organizations had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**Note 7. Subsequent Events**

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, June 16, 2014, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these combined financial statements.



**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Financial Position  
December 31, 2013  
(With Comparative Totals for 2012)**

**Schedule I**

	Goodwill	Goodworks	Goodwill Building	Elimination	2013	2012
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 8,299,060	\$ 1,480,041	\$ 68,510	\$ -	\$ 9,847,611	\$ 8,816,380
Accounts Receivable - Trade, Net	626,441	2,979,249	-	-	3,605,690	3,542,484
Merchandise Inventory	640,531	-	-	-	640,531	527,925
Due from Goodwill	-	188,768	218,583	(407,351)	-	-
Prepaid Expenses and Other	532,884	-	71,938	-	604,822	386,563
<b>Total Current Assets</b>	<b>10,098,916</b>	<b>4,648,058</b>	<b>359,031</b>	<b>(407,351)</b>	<b>14,698,654</b>	<b>13,273,352</b>
<b>Property and Equipment</b>						
Land	482,348	-	1,600,000	-	2,082,348	2,082,348
Building and Building Improvements	1,318,060	-	10,956,077	-	12,274,137	12,156,256
Machinery and Equipment	382,424	1,033,306	-	-	1,415,730	1,527,591
Furniture and Fixtures	1,513,049	-	-	-	1,513,049	1,391,079
Automobiles and Trucks	594,925	127,016	-	-	721,941	603,518
Leasehold Improvements	1,217,530	-	-	-	1,217,530	807,166
Computer Equipment	302,051	-	-	-	302,051	270,669
Condo - Timeshare	34,995	-	-	-	34,995	34,995
Capitalized Interest	-	-	121,770	-	121,770	121,770
	5,845,382	1,160,322	12,677,847	-	19,683,551	18,995,392
<b>Less: Accumulated Depreciation</b>	<b>2,980,910</b>	<b>1,028,588</b>	<b>1,959,037</b>	<b>-</b>	<b>5,968,535</b>	<b>4,864,522</b>
<b>Property and Equipment, Net</b>	<b>2,864,472</b>	<b>131,734</b>	<b>10,718,810</b>	<b>-</b>	<b>13,715,016</b>	<b>14,130,870</b>
<b>Other Assets</b>						
Notes Receivable	8,225,000	-	-	-	8,225,000	8,125,000
Deferred Loan Fees, Net	-	-	755,184	-	755,184	1,132,776
Interest Receivable	3,457,457	-	-	-	3,457,457	2,779,969
Deposits	137,765	-	-	-	137,765	137,590
<b>Total Other Assets</b>	<b>11,820,222</b>	<b>-</b>	<b>755,184</b>	<b>-</b>	<b>12,575,406</b>	<b>12,175,335</b>
<b>Total Assets</b>	<b>\$ 24,783,610</b>	<b>\$ 4,779,792</b>	<b>\$ 11,833,025</b>	<b>\$ (407,351)</b>	<b>\$ 40,989,076</b>	<b>\$ 39,579,557</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 490,771	\$ 66,459	\$ -	\$ -	\$ 557,230	\$ 670,957
Accrued Expenses and Taxes	907,143	134,913	46,966	-	1,089,022	1,428,359
Deferred Revenue	431,635	-	-	-	431,635	330,618
Due to Related Parties	407,351	-	-	(407,351)	-	-
<b>Total Current Liabilities</b>	<b>2,236,900</b>	<b>201,372</b>	<b>46,966</b>	<b>(407,351)</b>	<b>2,077,887</b>	<b>2,429,934</b>
<b>Long-Term Liabilities</b>						
Notes Payable	-	-	15,000,000	-	15,000,000	15,000,000
<b>Net Assets (Deficit)</b>						
Unrestricted	22,546,710	4,578,420	(3,213,941)	-	23,911,189	22,149,623
<b>Total Net Assets (Deficit)</b>	<b>22,546,710</b>	<b>4,578,420</b>	<b>(3,213,941)</b>	<b>-</b>	<b>23,911,189</b>	<b>22,149,623</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 24,783,610</b>	<b>\$ 4,779,792</b>	<b>\$ 11,833,025</b>	<b>\$ (407,351)</b>	<b>\$ 40,989,076</b>	<b>\$ 39,579,557</b>

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Activities  
For the Year Ended December 31, 2013  
(With Comparative Totals for 2012)**

**Schedule II**

	Goodwill		Goodworks, Inc.		Goodwill Building, Inc.		Elimination	Combined Total 2013	Total 2012
	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total			
<b>Sales Revenue</b>									
Retail Stores	\$ 16,735,165	\$ 16,735,165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,735,165	\$ 14,492,686
Contributed Revenue - Donated Goods	6,810,848	6,810,848	-	-	-	-	-	6,810,848	5,651,131
Salvage	1,518,747	1,518,747	-	-	-	-	-	1,518,747	1,403,039
<b>Total</b>	<b>25,064,760</b>	<b>25,064,760</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,064,760</b>	<b>21,546,856</b>
<b>Vocational Training Revenue</b>									
Janitorial, Landscaping and Incubator Services	2,138,988	2,138,988	3,067,790	3,067,790	-	-	-	5,206,778	5,533,248
<b>Total</b>	<b>2,138,988</b>	<b>2,138,988</b>	<b>3,067,790</b>	<b>3,067,790</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,206,778</b>	<b>5,533,248</b>
<b>Other Sources of Income (Expenses)</b>									
Federal Financial Assistance	843,219	843,219	-	-	-	-	-	843,219	3,110,405
Other Grant Income	83,193	83,193	-	-	-	-	-	83,193	-
Interest Income	726,868	726,868	-	-	-	-	-	726,868	723,304
State Sales Tax Exclusion	1,072,490	1,072,490	-	-	-	-	-	1,072,490	1,035,608
Administrative Fee Income	180,000	180,000	-	-	-	-	(180,000)	-	-
Louisiana Rehabilitation Service	147,290	147,290	-	-	-	-	-	147,290	115,350
Louisiana Business Incubation Association Grant	50,500	50,500	-	-	-	-	-	50,500	50,000
Contributions	48,963	48,963	-	-	-	-	-	48,963	60,893
Insurance Proceeds	-	-	-	-	-	-	-	-	-
Loss on Sale of Assets	(4,258)	(4,258)	(2,606)	(2,606)	-	-	-	(6,864)	-
Rent	450,341	450,341	-	-	363,000	363,000	(363,000)	450,341	399,642
Miscellaneous	14,281	14,281	384	384	-	-	-	14,665	65,879
<b>Total</b>	<b>3,612,887</b>	<b>3,612,887</b>	<b>(2,222)</b>	<b>(2,222)</b>	<b>363,000</b>	<b>363,000</b>	<b>(543,000)</b>	<b>3,430,665</b>	<b>5,561,081</b>
<b>Total Revenue and Other Income (Expenses)</b>	<b>30,816,635</b>	<b>30,816,635</b>	<b>3,065,568</b>	<b>3,065,568</b>	<b>363,000</b>	<b>363,000</b>	<b>(543,000)</b>	<b>33,702,203</b>	<b>32,641,185</b>
<b>Expenses</b>									
Retail Program - Cost of Goods Sold	6,697,904	6,697,904	-	-	-	-	-	6,697,904	5,545,424
Program Services	18,560,646	18,560,646	2,842,202	2,842,202	1,259,182	1,259,182	(383,469)	22,278,561	22,518,969
Management and General	2,964,876	2,964,876	158,827	158,827	-	-	(159,531)	2,964,172	2,411,068
<b>Total Expenses</b>	<b>28,223,426</b>	<b>28,223,426</b>	<b>3,001,029</b>	<b>3,001,029</b>	<b>1,259,182</b>	<b>1,259,182</b>	<b>(543,000)</b>	<b>31,940,637</b>	<b>30,475,461</b>
<b>Change in Net Assets</b>	<b>2,593,209</b>	<b>2,593,209</b>	<b>64,539</b>	<b>64,539</b>	<b>(896,182)</b>	<b>(896,182)</b>	<b>-</b>	<b>1,761,566</b>	<b>2,165,724</b>
<b>Net Assets (Deficit), Beginning of Year</b>	<b>19,953,501</b>	<b>19,953,501</b>	<b>4,513,881</b>	<b>4,513,881</b>	<b>(2,317,759)</b>	<b>(2,317,759)</b>	<b>-</b>	<b>22,149,623</b>	<b>19,983,899</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$ 22,546,710</b>	<b>\$ 22,546,710</b>	<b>\$ 4,578,420</b>	<b>\$ 4,578,420</b>	<b>\$ (3,213,941)</b>	<b>\$ (3,213,941)</b>	<b>\$ -</b>	<b>\$ 23,911,189</b>	<b>\$ 22,149,623</b>

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Functional Expenses  
For the Year Ended December 31, 2013**

**Schedule III**

	Goodwill			Goodworks, Inc.			Goodwill Building, Inc.			Elimination			Combined Total		
	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total 2013
<b>Operating Expense</b>															
Salaries, Wages, Taxes and Benefits	\$ 10,984,449	\$ 1,539,683	\$ 12,524,132	\$ 2,029,710	\$ -	\$ 2,029,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,014,159	\$ 1,539,683	\$ 14,553,842
Occupancy Cost	3,540,009	85,818	3,625,827	4,414	-	4,414	-	-	-	(323,469)	(39,531)	(363,000)	3,220,954	46,287	3,267,241
Repairs and General Maintenance	291,275	24,492	315,767	-	-	-	-	-	-	-	-	-	291,275	24,492	315,767
Supplies and Materials	734,344	67,093	801,437	183,864	-	183,864	-	-	-	-	-	-	918,208	67,093	985,301
Waste Disposal	431,914	8,236	440,150	2,370	-	2,370	-	-	-	-	-	-	434,284	8,236	442,520
Training and Support Service	209,078	16,299	225,377	1,400	-	1,400	-	-	-	-	-	-	210,478	16,299	226,777
Outreach and Marketing	48,573	54,025	102,598	5,381	-	5,381	-	-	-	-	-	-	53,954	54,025	107,979
Conference and Travel	147,833	32,876	180,709	978	(1,591)	(613)	-	-	-	-	-	-	148,811	31,285	180,096
Communication	350,634	202,747	553,381	37,429	210	37,639	-	-	-	-	-	-	388,063	202,957	591,020
Equipment and Vehicle Cost	359,624	86,604	446,228	196,760	-	196,760	-	-	-	-	-	-	556,384	86,604	642,988
Insurance	481,248	112,617	593,865	44,112	-	44,112	76,726	-	76,726	-	-	-	602,086	112,617	714,703
Professional Fees and Dues	117,932	448,337	566,269	238,142	159,689	397,831	68,302	-	68,302	(60,000)	(120,000)	(180,000)	364,376	488,026	852,402
Administrative and Other	133,263	214,117	347,380	625	284	909	425	-	425	-	-	-	134,313	214,401	348,714
	17,830,176	2,892,944	20,723,120	2,745,185	158,592	2,903,777	145,453	-	145,453	(383,469)	(159,531)	(543,000)	20,337,345	2,892,005	23,229,350
<b>Interest, Taxes, Depreciation and Amortization</b>															
Interest	227	794	1,021	1,254	235	1,489	186,331	-	186,331	-	-	-	187,812	1,029	188,841
Taxes	220,109	-	220,109	-	-	-	-	-	-	-	-	-	220,109	-	220,109
Depreciation and Amortization	510,134	71,138	581,272	95,763	-	95,763	927,398	-	927,398	-	-	-	1,533,295	71,138	1,604,433
	730,470	71,932	802,402	97,017	235	97,252	1,113,729	-	1,113,729	-	-	-	1,941,216	72,167	2,013,383
<b>Total</b>	<b>\$ 18,560,646</b>	<b>\$ 2,964,876</b>	<b>\$ 21,525,522</b>	<b>\$ 2,842,202</b>	<b>\$ 158,827</b>	<b>\$ 3,001,029</b>	<b>\$ 1,259,182</b>	<b>\$ -</b>	<b>\$ 1,259,182</b>	<b>\$ (383,469)</b>	<b>\$ (159,531)</b>	<b>\$ (543,000)</b>	<b>\$ 22,278,561</b>	<b>\$ 2,964,172</b>	<b>\$ 25,242,733</b>

See independent auditor's report.

**OMB CIRCULAR A-133 SECTION**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2013**

<b>Federal Grant or Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Revenue/ Expenses Recognized</b>	<b>Federal Revenue/ Expenses Recognized</b>	<b>State Revenue/ Expenses Recognized</b>
<b>U.S. Department of Labor/Employment and Training Administration</b>					
Reintegration of Ex-Offenders	17.270	PE-23188-12-60-A-22	\$ 455,100	\$ 455,100	\$ -
<b>Subtotal - U.S. Department of Labor</b>			<b>455,100</b>	<b>455,100</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development</b>					
Passed Through Unity for the Homeless Culinary Arts & Kitchen Management	14.235	LA0055B6H031104	259,708	259,708	-
<b>Subtotal - U.S. Department of Housing and Urban Development</b>			<b>259,708</b>	<b>259,708</b>	<b>-</b>
<b>U.S. Department of Commerce</b>					
Passed Through Portland State University Broadband Technology Opportunities Program	11.557	41-43-B10593	128,411	128,411	-
<b>Subtotal - U.S. Department of Commerce</b>			<b>128,411</b>	<b>128,411</b>	<b>-</b>
<b>Total Federal Assistance</b>			<b>\$ 843,219</b>	<b>\$ 843,219</b>	<b>\$ -</b>

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Notes to Schedule of Expenditures of Federal Awards**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Goodwill, Goodworks and Goodwill Building and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.



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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the 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, the combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc., which comprise the combined statement of financial position as of December 31, 2013, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated June 16, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

NEW ORLEANS HOUSTON BATON ROUGE COVINGTON

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The McGladrey Alliance is a premier affiliation of independent accounting and consulting firms. The McGladrey Alliance member firms maintain their name, autonomy and independence and are responsible for their own client fee arrangements, delivery of services and maintenance of client relationships.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc.'s combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of combined 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 or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Metairie, LA  
June 16, 2014



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

**INDEPENDENT AUDITOR'S REPORT**

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

**Report on Compliance for Each Major Federal Program**

We have audited Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc., and Goodwill Industries Building, Inc.'s (collectively the Organization) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Metairie, LA  
June 16, 2014

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL INDUSTRIES BUILDING, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2013**

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**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.
2. No significant deficiencies relating to the audit of the combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
Reintegration of Ex-Offenders	17.270

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. were determined to be low-risk auditees.

**B. Findings - Financial Statements Audit**

None

**C. Findings and Questioned Costs - Major Federal Award Programs Audit**

None

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC., AND GOODWILL INDUSTRIES BUILDING, INC.  
Status of Prior Year Audit Findings  
For the Year Ended December 31, 2013**

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**Prior Year Audit Findings**

None Noted