

**GOODWILL INDUSTRIES OF  
SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
December 31, 2003**

**Audit of Combined Financial Statements**

**December 31, 2003**

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 9-8-04

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Boards of Directors  
**Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.**

Independent Auditor's Report

We have audited the accompanying combined statement of financial position of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** as of December 31, 2003, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** as of December 31, 2003 and the combined changes in its net assets and its cash flows for the year 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 June 2, 2004, on our consideration of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, 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 audit was performed for the purpose of forming an opinion on the basic combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedules I through IV are presented for the purposes of additional analysis and are not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.



A Professional Accounting Corporation

June 2, 2004

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
December 31, 2003**

**ASSETS**

**CURRENT**

Cash and Cash Equivalents	\$ 1,506,828
Accounts Receivable - Trade	3,216,949
Merchandise Inventory	320,306
Prepaid Expenses and Other Current Assets	<u>416,692</u>
 Total	 <u>5,460,775</u>

**PROPERTY AND EQUIPMENT**

Land	764,312
Building and Building Improvements	2,685,323
Machinery and Equipment	886,274
Furniture and Fixtures	872,033
Handy-Vans	9,736
Automobiles and Trucks	404,876
Leasehold Improvements	270,895
Computer Equipment	34,486
Condo - Timeshare	<u>30,000</u>
	5,957,935
 Less: Accumulated Depreciation	 <u>3,411,131</u>
 Property and Equipment - Net	 <u>2,546,804</u>

**OTHER ASSETS**

Deposits	<u>57,204</u>
 Total Assets	 <u>\$ 8,064,783</u>

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

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 819,091
Accrued Expenses and Taxes	476,251
Deferred Revenue	1,855
Notes Payable	<u>459,737</u>

Total Current Liabilities 1,756,934

**LONG-TERM LIABILITIES**

Notes Payable (Net of Current Maturities)	<u>1,593,132</u>
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**NET ASSETS**

Unrestricted	4,714,717
Temporarily Restricted	-
Permanently Restricted	<u>-</u>

Total Net Assets 4,714,717

Total Liabilities and Net Assets \$ 8,064,783

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**and GOODWORKS, INC.**  
**COMBINED STATEMENT OF ACTIVITIES**  
**For The Year Ended December 31, 2003**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>SALES REVENUE</b>				
Retail Stores	\$ 6,694,879	\$ -	\$ -	\$ 6,694,879
Contributed Revenue - Donated Goods	3,080,406	-	-	3,080,406
Salvage	243,015	-	-	243,015
Catering	-	-	-	-
Total	<u>10,018,300</u>	<u>-</u>	<u>-</u>	<u>10,018,300</u>
<b>VOCATIONAL TRAINING REVENUE</b>				
Janitorial Contracts	6,623,071	-	-	6,623,071
Training Fees	139,146	-	-	139,146
Training Fees - United Way	153,864	-	-	153,864
Total	<u>6,916,081</u>	<u>-</u>	<u>-</u>	<u>6,916,081</u>
<b>OTHER SOURCES OF INCOME</b>				
Federal and State Financial Assistance	5,343,286	-	-	5,343,286
Contributions	38,023	-	-	38,023
Private Grant Income	-	-	-	-
Investment Return	4,043	-	-	4,043
Miscellaneous	25,693	-	-	25,693
Total	<u>5,411,045</u>	<u>-</u>	<u>-</u>	<u>5,411,045</u>
Total Revenue	<u>22,345,426</u>	<u>-</u>	<u>-</u>	<u>22,345,426</u>
<b>EXPENSES</b>				
Program Services:				
Retail Program - Cost of Goods Sold	3,065,442	-	-	3,065,442
Rehabilitation Services	17,604,710	-	-	17,604,710
Supporting Services:				
Management and General	1,277,519	-	-	1,277,519
Total Expenses	<u>21,947,671</u>	<u>-</u>	<u>-</u>	<u>21,947,671</u>
<b>CHANGE IN NET ASSETS</b>	397,755	-	-	397,755
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,316,962</u>	<u>-</u>	<u>-</u>	<u>4,316,962</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 4,714,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,714,717</u>

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

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

**COMBINED STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2003**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 397,755
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	336,733
Loss on Sale of Fixed Assets	5,989
(Increase) in Accounts Receivable - Trade	(98,737)
(Increase) in Inventory	(14,964)
(Increase) in Prepaid Expenses	(345,646)
Decrease in Deposits	5,419
(Decrease) in Accounts Payable	(24,900)
Increase in Accrued Expenses and Taxes	50,410
(Decrease) in Deferred Revenue	<u>(58,969)</u>
Net Cash Provided by Operating Activities	<u>253,090</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Fixed Assets	(1,356,263)
Proceeds from Sale of Fixed Assets	<u>1,900</u>
Net Cash Used in Investing Activities	<u>(1,354,363)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Proceeds from Notes Payable	1,831,708
Payments on Notes Payable	<u>(344,332)</u>
Net Cash Provided by Financing Activities	<u>1,487,376</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	386,103
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>1,120,725</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,506,828</u>
<b>SUPPLEMENTAL INFORMATION:</b>	
Cash Paid for Interest	<u>\$ 58,769</u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**and GOODWORKS, INC.**  
**COMBINED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended December 31, 2003**

	Management and General	Rehabilitation Service	Total
<b>WAGES AND PENSION</b>			
Wages	\$ 712,249	\$ 8,339,912	\$ 9,052,161
Pension	-	696,873	696,873
	<u>712,249</u>	<u>9,036,785</u>	<u>9,749,034</u>
<b>OCCUPANCY</b>			
Rent	-	1,132,845	1,132,845
General Liability Insurance	33,117	359,063	392,180
Utilities	-	267,672	267,672
Repairs and Maintenance - General	-	187,213	187,213
Linen and Housekeeping Supplies	-	35,980	35,980
All Other	-	179,528	179,528
	<u>33,117</u>	<u>2,162,301</u>	<u>2,195,418</u>
<b>OPERATING</b>			
Janitorial Supplies	-	319,020	319,020
Production Materials	-	148,143	148,143
Waste Disposal Fees	-	253,138	253,138
Specific Assistance to Individuals	14,489	2,455,778	2,470,267
Travel and Promotion	30,360	159,249	189,609
Rental and Maintenance of Equipment	21,354	191,339	212,693
Supplies and General	30,392	109,324	139,716
Repairs - Company Vehicles	243	45,087	45,330
Gas and Oil - Company Vehicles	1,226	50,187	51,413
Insurance - Company Vehicles	5,186	92,188	97,374
Leasing Costs	-	81,835	81,835
	<u>103,250</u>	<u>3,905,288</u>	<u>4,008,538</u>
<b>ADMINISTRATIVE</b>			
Payroll Taxes	53,344	688,740	742,084
Worker's Compensation Insurance	10,458	352,578	363,036
Insurance - Employee Benefits	66,916	182,469	249,385
Subcontracting	-	245,079	245,079
Professional Fees	61,563	30,458	92,021
NISH Commissions	-	222,535	222,535
Telephone	13,022	146,825	159,847
Membership Dues	6,744	110,279	117,023
Printing	6,284	43,364	49,648
Postage	10,851	19,610	30,461
Other Administrative	91,380	134,356	225,736
Tax and Licenses	10	4,180	4,190
Bad Debt Expense	69,872	21,589	91,461
	<u>390,444</u>	<u>2,202,062</u>	<u>2,592,506</u>
<b>DEPRECIATION</b>			
	<u>38,459</u>	<u>298,274</u>	<u>336,733</u>
<b>Total</b>	<u>\$ 1,277,519</u>	<u>\$ 17,604,710</u>	<u>\$ 18,882,229</u>

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

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

**NOTE A**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. (GOODWILL) and GOODWORKS, INC. (GOODWORKS)** (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. The Organizations assist people with disabilities and other special needs in their efforts to participate fully in society by helping them develop occupational capabilities and opportunities. The Organizations' territory covers twenty-three parishes in Southeastern Louisiana.

**COMBINATION OF FINANCIAL STATEMENTS**

The accompanying combined financial statements include the accounts of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** Intercompany transactions and balances have been eliminated in combination.

**ALLOWANCE FOR BAD DEBTS**

The Organizations maintain an allowance to provide for bad debts. When accounts receivable are determined to be uncollectible, they are charged to this allowance. The allowance for bad debts totaled \$68,446 as of December 31, 2003.

**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. As of December 31, 2003, **GOODWILL** has an unused line of credit with a bank in the amount of \$750,000, collateralized by accounts receivables.

The Organizations have bank accounts exceeding the insurance coverage provided by the federal government. As of December 31, 2003, \$1,163,850 of the total balance of cash and cash equivalents is not FDIC insured.

**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 assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted.

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

**NOTE A**

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

**CONTRIBUTION RECOGNITION (Continued)**

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.

**FINANCIAL STATEMENT PRESENTATION**

The Organizations 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.

**DONATED MATERIAL AND SERVICE**

Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, requires that contributions be recognized as revenue when received. During 2003, **GOODWILL** recognized contributed merchandise with a fair value of \$3,080,406 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.

Goods purchased for resale are valued at the lower of cost or net realizable value.

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 SFAS No. 116, 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 the disabled. The Organization was chartered in the State of Louisiana as a nonprofit organization and is exempt from Federal income taxes under Section 501(c) 3 of the Internal Revenue Code. **GOODWORKS** was formed in 1998 in order to service government contracts. The Organization was chartered in the State of Louisiana as a nonprofit organization and is exempt from Federal income taxes under Section 501(c) 3 of the Internal Revenue Code.

**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.

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

**NOTE A**

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

**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 40 years. Furniture and Fixtures are depreciated over 10 years. Machinery and Equipment, Automobiles and Trucks are depreciated over five years and Handy-Vans are 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 three years or more. Depreciation expense for 2003 was \$336,733.

**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.

**MERCHANDISE INVENTORY**

SFAS No. 116 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.

**NOTE B**

**CASH AND CASH EQUIVALENTS**

As of December 31, 2003, cash equivalents included \$242,222 of U.S. Treasury Securities due within ninety days. Interest income on cash and cash equivalents is included in investment return on the accompanying combined Statement of Activities.

**NOTE C**

**PREPAID EXPENSES AND OTHER CURRENT ASSETS**

The components of prepaid expenses and other current assets for December 31, 2003 is summarized below:

Prepaid Insurance	\$320,939
Supplies	44,030
Prepaid Rent	27,392
Prepaid – Other	<u>24,331</u>
Total Prepaid expenses and Other Current Assets	<u>\$416,692</u>

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

**NOTE D**

**CONDOMINIUMS**

**GOODWILL** has two condominiums that it received as donations. Both condominiums were being depreciated using the straight-line method and are fully depreciated. The condominiums are being rented and the rental income is used to fund current operations.

**NOTE E**

**NOTES PAYABLE**

Details of note payable for the year ended December 31, 2003 consisted of the following:

Note payable to bank with monthly payments of \$11,142 and one final payment of \$1,015,491, maturing on January 23, 2014. Interest rate of 5.90%. Secured by two properties.	\$ 1,557,000
Note payable to bank with monthly payments of \$45,985, maturing on August 12, 2004. Interest rate at 1.25% points over the index (LIBOR). Secured by deposits.	360,997
Note payable to finance company with monthly payments of \$656, maturing on July 15, 2008. Interest rate at 0%. Secured by vehicle.	35,447
Note payable to United Way Bynum Fund. Due on demand.	2,100
Note payable to NISH with quarterly payments bearing interest at 4.25%. Due January 13, 2005. Secured by equipment.	25,797
Note payable to bank with monthly payments of \$2,447, maturing on August 12, 2006. Interest rate at 4%. Secured by equipment.	64,467
Note payable to credit corporation with monthly payments of \$228, maturing on July 11, 2006. Interest rate at 0%. Secured by equipment.	<u>7,061</u>
	2,052,869
Less: Current Maturities (after refinancing See Note J)	<u>459,737</u>
Long-Term Debt	<u>\$ 1,593,132</u>

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

**NOTE E**

**NOTES PAYABLE (Continued)**

After the refinancing noted in Note J, the maturities for the next five years are as follows:

<u>Years</u>	<u>Amount</u>
2004	\$ 459,737
2005	88,084
2006	65,021
2007	57,494
2008	<u>1,382,533</u>
	<u>\$ 2,052,869</u>

Interest expense totaled \$58,769 for the year ended December 31, 2003.

**NOTE F**

**LEASE AGREEMENTS**

**GOODWILL** has real estate leases as of December 31, 2003, expiring in various years through 2009.

Future minimum lease payments as of December 31 are as follows:

<u>Years</u>	<u>Amount</u>
2004	\$ 879,652
2005	681,293
2006	374,172
2007	353,247
2008 and After	<u>467,260</u>
	<u>\$ 2,755,624</u>

Rent expenses totaled \$1,132,845 in 2003.

**GOODWILL** has operating leases for nine automobiles. The monthly payments on these operating leases total \$4,410. The minimum lease payments are as follows:

<u>Years</u>	<u>Amount</u>
2004	\$ 52,915
2005	26,441
2006	<u>8,726</u>
	<u>\$ 88,072</u>

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

**NOTE G**

**UNITED WAY CONTRIBUTIONS**

**GOODWILL** receives allocations and designations from several United Way Agencies. Allocations are restricted to funded programs whereas designations are unrestricted. The allocations and designations received in 2003 are as follows:

	<u>Allocations</u>	2003 <u>Designations</u>	<u>Total</u>
United Way for the Greater New Orleans Area	\$ 8,750	\$ -	\$ 8,750
United Way of St. Charles	833	-	833
St. John United Way	<u>1,950</u>	<u>-</u>	<u>1,950</u>
	<u>\$ 11,533</u>	<u>\$ -</u>	<u>\$ 11,533</u>
Fees Paid for Rehabilitation Service from United Way for the Greater New Orleans Area			<u>\$ 153,864</u>

**NOTE H**

**REIMBURSEMENTS**

Under its Projects with Industry (PWI) programs, **GOODWILL** trains persons with disabilities and vocational disadvantaging conditions for employment. **GOODWILL** receives fees for such services provided from the Louisiana Department of Social Services (Office of Family Support), Louisiana Rehabilitation Services, or United Way.

**NOTE I**

**PENSION PLAN**

**GOODWILL** initiated a defined contribution pension 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 pension plan contributions from **GOODWILL**. **GOODWORKS** contributed \$696,873 to the plan in 2003.

**NOTE J**

**SUBSEQUENT EVENT**

In January of 2004, **GOODWILL** refinanced the purchase of the Denham Springs and Hammond, La stores through a new bank loan. The loan proceeds paid off two separate notes. The loan was for \$1,557,000 and bears interest at 5.90% and with monthly payments of \$11,142 and one payment of \$1,015,491 maturing on January 23, 2014.

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

**SCHEDULE I  
COMBINING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2003  
(With Comparative Totals for 2002)**

ASSETS	Goodwill	Goodworks	Elimination	Total	2002
<b>CURRENT</b>					
Cash and Cash Equivalents	\$ 1,352,796	\$ 154,032	\$ -	\$ 1,506,828	\$ 1,120,725
Accounts Receivable - Trade	670,087	2,546,862	-	3,216,949	3,118,212
Merchandise Inventory	320,306	-	-	320,306	305,342
Due from Goodworks	376,072	-	(376,072)	-	-
Prepaid Expenses and Other	376,867	39,825	-	416,692	71,046
Total	<u>3,096,128</u>	<u>2,740,719</u>	<u>(376,072)</u>	<u>5,460,775</u>	<u>4,615,325</u>
<b>PROPERTY AND EQUIPMENT</b>					
Land	764,312	-	-	764,312	499,964
Building and Building Improvements	2,685,323	-	-	2,685,323	1,789,725
Machinery and Equipment	329,246	557,028	-	886,274	844,224
Furniture and Fixtures	872,033	-	-	872,033	790,259
Handy-Vans	9,736	-	-	9,736	12,773
Automobiles and Trucks	404,876	-	-	404,876	398,708
Leasehold Improvements	270,895	-	-	270,895	260,022
Computer Equipment	34,486	-	-	34,486	34,486
Condo - Timeshare	30,000	-	-	30,000	30,000
	5,400,907	557,028	-	5,957,935	4,660,161
Less: Accumulated Depreciation	<u>3,004,460</u>	<u>406,671</u>	<u>-</u>	<u>3,411,131</u>	<u>3,123,393</u>
Property and Equipment - Net	<u>2,396,447</u>	<u>150,357</u>	<u>-</u>	<u>2,546,804</u>	<u>1,536,768</u>
<b>OTHER ASSETS</b>					
Deposits	57,204	-	-	57,204	62,623
Total Assets	<u>\$ 5,549,779</u>	<u>\$ 2,891,076</u>	<u>\$ (376,072)</u>	<u>\$ 8,064,783</u>	<u>\$ 6,214,716</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts Payable	\$ 392,884	\$ 426,207	\$ -	\$ 819,091	\$ 843,991
Accrued Expenses and Taxes	385,331	90,920	-	476,251	425,841
Deferred Revenue	1,855	-	-	1,855	60,824
Due to Goodwill	-	376,072	(376,072)	-	-
Notes Payable	408,985	50,752	-	459,737	72,685
Total Current Liabilities	<u>1,189,055</u>	<u>943,951</u>	<u>(376,072)</u>	<u>1,756,934</u>	<u>1,403,341</u>
<b>LONG-TERM LIABILITIES</b>					
Notes Payable (Net of Current Maturities)	1,546,559	46,573	-	1,593,132	494,413
<b>NET ASSETS</b>					
Unrestricted	2,814,165	1,900,552	-	4,714,717	4,316,962
Temporarily Restricted	-	-	-	-	-
Permanently Restricted	-	-	-	-	-
Total Net Assets	<u>2,814,165</u>	<u>1,900,552</u>	<u>-</u>	<u>4,714,717</u>	<u>4,316,962</u>
Total Liabilities and Net Assets	<u>\$ 5,549,779</u>	<u>\$ 2,891,076</u>	<u>\$ (376,072)</u>	<u>\$ 8,064,783</u>	<u>\$ 6,214,716</u>

See independent auditor's report.

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

**SCHEDULE II  
COMBINING STATEMENT OF ACTIVITIES  
For The Year Ended December 31, 2003  
(With Comparative Totals for 2002)**

	Goodwill:			Goodworks, Inc.				Elimination	Combined Total	2002
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted			
<b>SALES REVENUE</b>										
Retail Stores	\$ 6,694,879	\$ -	\$ -	\$ 6,694,879	\$ -	\$ -	\$ -	\$ -	\$ 6,694,879	\$ 6,116,496
Contributed Revenue - Donated Goods	3,080,406	-	-	3,080,406	-	-	-	-	3,080,406	2,906,824
Salvage	243,013	-	-	243,013	-	-	-	-	243,013	216,137
Catering	-	-	-	-	-	-	-	-	-	678
<b>Total</b>	<b>10,018,300</b>	<b>-</b>	<b>-</b>	<b>10,018,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,018,300</b>	<b>9,240,135</b>
<b>VOCATIONAL TRAINING REVENUE</b>										
Janitorial Contracts	585,375	-	-	585,375	6,037,696	-	-	6,037,696	-	6,623,071
Training Fees	139,146	-	-	139,146	-	-	-	-	139,146	235,222
Training Fees - United Way	153,864	-	-	153,864	-	-	-	-	153,864	137,613
<b>Total</b>	<b>878,385</b>	<b>-</b>	<b>-</b>	<b>878,385</b>	<b>6,037,696</b>	<b>-</b>	<b>-</b>	<b>6,037,696</b>	<b>6,916,081</b>	<b>6,727,195</b>
<b>OTHER SOURCES OF INCOME</b>										
Federal and State Financial Assistance	5,343,286	-	-	5,343,286	-	-	-	-	5,343,286	5,601,245
Contributions	38,023	-	-	38,023	-	-	-	-	38,023	27,727
Private Grant Income	-	-	-	-	-	-	-	-	-	137,590
Investment Return	3,437	-	-	3,437	606	-	-	606	4,043	11,169
Administrative Fee Income	507,694	-	-	507,694	-	-	-	(507,694)	-	-
Miscellaneous	12,005	-	-	12,005	13,688	-	-	13,688	-	34,804
<b>Total</b>	<b>5,904,445</b>	<b>-</b>	<b>-</b>	<b>5,904,445</b>	<b>14,294</b>	<b>-</b>	<b>-</b>	<b>14,294</b>	<b>(507,694)</b>	<b>5,812,535</b>
<b>Total Revenue</b>	<b>16,801,130</b>	<b>-</b>	<b>-</b>	<b>16,801,130</b>	<b>6,051,990</b>	<b>-</b>	<b>-</b>	<b>6,051,990</b>	<b>(507,694)</b>	<b>21,779,865</b>
<b>EXPENSES</b>										
Program Services										
Retail Program - Cost of Goods Sold	3,065,442	-	-	3,065,442	-	-	-	-	3,065,442	2,913,403
Rehabilitation Services	12,460,625	-	-	12,460,625	5,651,779	-	-	5,651,779	(507,694)	17,318,947
Supporting Services:										
Management and General	1,252,108	-	-	1,252,108	25,411	-	-	25,411	-	1,277,519
<b>Total Expenses</b>	<b>16,778,175</b>	<b>-</b>	<b>-</b>	<b>16,778,175</b>	<b>5,677,190</b>	<b>-</b>	<b>-</b>	<b>5,677,190</b>	<b>(507,694)</b>	<b>21,947,671</b>
<b>CHANGE IN NET ASSETS</b>	<b>22,955</b>	<b>-</b>	<b>-</b>	<b>22,955</b>	<b>374,800</b>	<b>-</b>	<b>-</b>	<b>374,800</b>	<b>-</b>	<b>397,755</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>2,791,210</b>	<b>-</b>	<b>-</b>	<b>2,791,210</b>	<b>1,525,752</b>	<b>-</b>	<b>-</b>	<b>1,525,752</b>	<b>-</b>	<b>4,316,962</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 2,814,165</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,814,165</b>	<b>\$ 1,900,552</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,900,552</b>	<b>\$ -</b>	<b>\$ 4,714,717</b>

See independent auditor's report.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.

SCHEDULE III  
COMBINING STATEMENT OF FUNCTIONAL EXPENSES  
For The Year Ended December 31, 2003  
(With Comparative Totals for 2002)

	Goodwill			Goodworks, Inc.			Elimination			Combined Total		
	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total 2003
<b>WAGES AND PENSION</b>												
Wages	\$ 707,551	\$ 5,418,250	\$ 6,125,801	\$ 4,698	\$ 2,921,662	\$ 2,926,360	\$ -	\$ -	\$ -	\$ 712,249	\$ 8,339,912	\$ 9,052,161
Pension	-	-	-	-	696,873	696,873	-	-	-	-	696,873	696,873
	<u>707,551</u>	<u>5,418,250</u>	<u>6,125,801</u>	<u>4,698</u>	<u>3,618,535</u>	<u>3,623,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>712,249</u>	<u>9,036,785</u>	<u>9,749,034</u>
<b>OCCUPANCY</b>												
Rent	-	1,132,845	1,132,845	-	-	-	-	-	-	-	1,132,845	1,132,845
General Liability Insurance	30,480	268,663	299,143	2,637	90,378	93,015	-	-	-	33,117	359,063	392,180
Utilities	-	267,672	267,672	-	-	-	-	-	-	-	267,672	267,672
Repairs and Maintenance - General	-	113,458	113,458	-	73,755	73,755	-	-	-	-	187,213	187,213
Linen and Housekeeping Supplies	-	35,980	35,980	-	-	-	-	-	-	-	35,980	35,980
All Other	-	166,482	166,482	-	13,046	13,046	-	-	-	-	179,528	179,528
	<u>30,480</u>	<u>1,985,102</u>	<u>2,015,582</u>	<u>2,637</u>	<u>177,199</u>	<u>179,836</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,117</u>	<u>2,162,301</u>	<u>2,195,418</u>
<b>OPERATING</b>												
Janitorial Supplies	-	27,854	27,854	-	291,166	291,166	-	-	-	-	319,020	319,020
Production Materials	-	148,143	148,143	-	-	-	-	-	-	-	148,143	148,143
Waste Disposal Fees	-	253,138	253,138	-	-	-	-	-	-	-	253,138	253,138
Specific Assistance to Individuals	14,489	2,455,107	2,469,596	-	671	671	-	-	-	14,489	2,455,778	2,470,267
Travel and Promotion	30,080	153,893	183,973	280	3,356	3,636	-	-	-	30,360	159,249	189,609
Rental and Maintenance of Equipment	21,354	112,576	133,930	-	78,763	78,763	-	-	-	21,354	191,339	212,693
Supplies and General	29,988	108,079	138,067	404	1,245	1,649	-	-	-	30,392	109,324	139,716
Repairs - Company Vehicles	243	35,871	36,114	-	9,216	9,216	-	-	-	243	45,087	45,330
Gas and Oil - Company Vehicles	1,226	37,396	38,622	-	12,791	12,791	-	-	-	1,226	50,187	51,413
Insurance - Company Vehicles	5,186	65,311	70,497	-	26,877	26,877	-	-	-	5,186	92,188	97,374
Leasing Costs	-	28,783	28,783	-	53,052	53,052	-	-	-	-	81,835	81,835
	<u>102,566</u>	<u>3,426,151</u>	<u>3,528,717</u>	<u>684</u>	<u>479,137</u>	<u>479,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,250</u>	<u>3,905,288</u>	<u>4,008,538</u>

	Goodwill			Goodworks, Inc			Elimination			Combined Total		
	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total 2003
<b>ADMINISTRATIVE</b>												
Payroll Taxes	51,473	458,310	509,783	1,871	210,430	232,301	-	-	-	53,344	588,740	742,084
Worker's Compensation Insurance	10,474	175,024	185,458	24	177,554	177,578	-	-	-	10,458	352,578	363,036
Insurance - Employee Benefits	58,516	182,300	240,816	8,400	169	8,569	-	-	-	66,916	182,469	249,385
Subcontracting	-	155,761	155,761	-	89,318	89,318	-	-	-	-	245,079	245,079
Professional Fees	58,745	18,580	77,325	2,818	11,878	14,696	-	-	-	61,563	30,458	92,021
NISFI Commissions	-	-	-	-	222,535	222,535	-	-	-	-	222,535	222,535
Telephone	12,480	124,178	136,658	542	22,647	23,189	-	-	-	13,022	146,825	159,847
Membership Dues	6,744	110,279	117,023	-	-	-	-	-	-	6,744	110,279	117,023
Printing	6,149	42,905	49,054	135	459	594	-	-	-	6,284	43,364	49,648
Postage	10,851	19,581	30,432	-	29	29	-	-	-	10,851	19,610	30,461
Other Administrative	89,679	106,284	195,963	1,701	535,766	537,467	-	(507,694)	(507,694)	91,380	134,356	225,736
Tax and Licenses	5	3,641	3,646	5	539	544	-	-	-	10	4,180	4,190
Bad Debt Expense	69,872	21,589	91,461	-	-	-	-	-	-	69,872	21,589	91,461
	<u>374,948</u>	<u>1,418,432</u>	<u>1,793,380</u>	<u>15,496</u>	<u>1,291,324</u>	<u>1,306,820</u>	<u>-</u>	<u>(507,694)</u>	<u>(507,694)</u>	<u>390,444</u>	<u>2,202,062</u>	<u>2,592,506</u>
<b>DEPRECIATION</b>	<u>36,563</u>	<u>212,690</u>	<u>249,253</u>	<u>1,896</u>	<u>85,584</u>	<u>87,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,459</u>	<u>298,274</u>	<u>336,733</u>
<b>Total</b>	<u>\$ 1,252,108</u>	<u>\$ 12,460,625</u>	<u>\$ 13,712,733</u>	<u>\$ 26,411</u>	<u>\$ 5,651,779</u>	<u>\$ 5,677,190</u>	<u>\$ -</u>	<u>\$ (507,694)</u>	<u>\$ (507,694)</u>	<u>\$ 1,277,519</u>	<u>\$ 17,604,710</u>	<u>\$ 18,882,229</u>

See independent auditor's report.

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

**SCHEDULE IV  
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES  
For The Years Ended December 31, 2003 and 2002**

	Combined Total			Combined Total		
	Management and General	Rehabilitation Service	Total 2003	Management and General	Rehabilitation Service	Total 2002
<b>WAGES AND PENSION</b>						
Wages	\$ 712,249	\$ 8,339,912	\$ 9,052,161	\$ 700,670	\$ 8,457,838	\$ 9,158,508
Pension	-	696,873	696,873	-	558,377	558,377
	<u>712,249</u>	<u>9,036,785</u>	<u>9,749,034</u>	<u>700,670</u>	<u>9,016,215</u>	<u>9,716,885</u>
<b>OCCUPANCY</b>						
Rent	-	1,132,845	1,132,845	-	1,006,430	1,006,430
General Liability Insurance	33,117	359,063	392,180	11,919	153,290	165,209
Utilities	-	267,672	267,672	-	219,611	219,611
Repairs and Maintenance - General	-	187,213	187,213	-	144,720	144,720
Lincoln and Housekeeping Supplies	-	35,980	35,980	-	20,632	20,632
All Other	-	179,528	179,528	-	163,957	163,957
	<u>33,117</u>	<u>2,162,301</u>	<u>2,195,418</u>	<u>11,919</u>	<u>1,708,640</u>	<u>1,720,559</u>
<b>OPERATING</b>						
Janitorial Supplies	-	319,020	319,020	-	287,337	287,337
Production Materials	-	148,143	148,143	-	126,020	126,020
Waste Disposal Fees	-	253,138	253,138	-	223,643	223,643
Specific Assistance to Individuals	14,489	2,455,778	2,470,267	5,490	2,956,931	2,962,421
Travel and Promotion	30,360	159,249	189,609	20,572	124,432	145,004
Rental and Maintenance of Equipment	21,354	191,339	212,693	1,058	153,797	154,855
Supplies and General	30,392	109,324	139,716	16,845	134,987	151,832
Repairs - Company Vehicles	243	45,087	45,330	1,419	55,455	56,874
Gas and Oil - Company Vehicles	1,226	50,187	51,413	1,035	37,456	38,491
Insurance - Company Vehicles	5,186	92,188	97,374	4,711	52,104	56,815
Leasing Costs	-	81,835	81,835	-	47,738	47,738
	<u>103,250</u>	<u>3,905,288</u>	<u>4,008,538</u>	<u>51,130</u>	<u>4,199,900</u>	<u>4,251,030</u>
<b>ADMINISTRATIVE</b>						
Payroll Taxes	53,344	688,740	742,084	53,019	734,072	787,091
Worker's Compensation Insurance	10,458	352,578	363,036	9,026	354,882	363,908
Insurance - Employee Benefits	66,916	182,469	249,385	58,585	192,173	250,758
Subcontracting	-	245,079	245,079	-	103,527	103,527
Professional Fees	61,563	30,458	92,021	33,321	30,241	63,562
NISII Commissions	-	222,535	222,535	-	220,082	220,082
Telephone	13,022	146,825	159,847	14,045	130,185	144,230
Membership Dues	6,744	110,279	117,023	2,651	104,470	107,121
Printing	6,284	43,364	49,648	8,768	54,610	63,378
Postage	10,851	19,610	30,461	6,700	13,734	20,434
Other Administrative	91,380	134,356	225,736	63,883	121,591	185,474
Tax and Licenses	10	4,180	4,190	98	2,584	2,682
Bad Debt Expense	69,872	21,589	91,461	68,755	-	68,755
	<u>390,444</u>	<u>2,202,062</u>	<u>2,592,506</u>	<u>318,851</u>	<u>2,062,151</u>	<u>2,381,002</u>
<b>DEPRECIATION</b>	<u>38,459</u>	<u>298,274</u>	<u>336,733</u>	<u>33,449</u>	<u>332,041</u>	<u>365,490</u>
<b>Total</b>	<u>\$ 1,277,519</u>	<u>\$ 17,604,710</u>	<u>\$ 18,882,229</u>	<u>\$ 1,116,019</u>	<u>\$ 17,318,947</u>	<u>\$ 18,434,966</u>

See independent auditor's report.

**OMB CIRCULAR A-133 SECTION**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.**  
**and GOODWORKS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended December 31, 2003**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Total Revenue/ Expenses Recognized	Federal Revenue/ Expenses Recognized	State Revenue/ Expenses Recognized
<b>MAJOR PROGRAMS</b>					
<b>U.S. DEPARTMENT OF LABOR</b>					
Passed Through City of New Orleans					
Workforce Investment Act	17.258	02-MYR-058	\$ 1,875,701	\$ 1,875,701	\$ -
Workforce Investment Act	17.260	02-MYR-058	732,909	732,909	-
Workforce Investment Act	17.258	03-MYR-046	1,142,082	1,142,082	-
Workforce Investment Act	17.260	03-MYR-046	353,023	353,023	-
Subtotal - U.S. DEPARTMENT OF LABOR			<u>4,103,715</u>	<u>4,103,715</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed Through State of Louisiana Office of Family Support Family Self Sufficiency Initiative					
	93.558	590050	420,378	420,378	-
Subtotal - Department of Health and Human Services			<u>420,378</u>	<u>420,378</u>	<u>-</u>
<b>TOTAL MAJOR PROGRAMS</b>			<u>4,524,093</u>	<u>4,524,093</u>	<u>-</u>
<b>OTHER FEDERAL ASSISTANCE</b>					
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
Passed Through State of Louisiana Office of Family Support Project Independence					
	93.593	550564/550571/550574	288,933	219,589	69,344
Subtotal - Department of Health and Human Services			<u>288,933</u>	<u>219,589</u>	<u>69,344</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
Passed Through Unity for the Homeless					
Employment Service for Homeless	14.235	LA48B80-3003	65,756	65,756	-
Supportive Housing	14.235	LA48B-10-3011	34,059	34,059	-
Employment Service for Homeless	14.235	LA48B-3012	178,734	178,734	-
Passed Through City of New Orleans					
CDBG - LES Goodwill	14.228	50-175(97)	33,517	33,517	-
HOPE 6	14.866	HOPE 6	6,779	6,779	-
Subtotal - U.S. Department of Housing and Urban Development			<u>318,845</u>	<u>318,845</u>	<u>-</u>
<b>U. S. DEPARTMENT OF LAHOR</b>					
Workforce Investment Act Youth Service					
	17.259	32-01-02	105,551	105,551	-
Passed Through City of New Orleans					
Welfare to Work	17.253	02-MYR-058	42,992	42,992	-
Welfare to Work	17.253	00-MYR-094A	49,646	49,646	-
Workforce Investment Act - Turning Point Academy	17.259	Turning Point Academy	13,226	13,226	-
Subtotal - U.S. Department of Labor			<u>211,415</u>	<u>211,415</u>	<u>-</u>
<b>TOTAL OTHER FEDERAL ASSISTANCE</b>			<u>819,193</u>	<u>749,849</u>	<u>69,344</u>
<b>TOTAL</b>			<u>\$ 5,343,286</u>	<u>\$ 5,273,942</u>	<u>\$ 69,344</u>

See accompanying notes to schedule of expenditures of federal awards.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2003**

**NOTE A**

**BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **GOODWILL** and **GOODWORKS** Organizations 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.



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

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

We have audited the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.**, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 2, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements 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 SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, 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 statements 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 SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, 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 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 operation that we consider to be material weaknesses.

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This report is intended solely for the information of the Finance Committee, Boards of Directors, Management, Louisiana Department of Health and Human Services, Office of Family Services, City of New Orleans, the Department of Housing and Urban Development, Goodwill Industries International, United Way for the Greater New Orleans Area, United Way of St. Charles, St. John United Way, Jefferson Parish Department of Employment and Training and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24: 513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

June 2, 2004



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2003. **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, 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 each of its major federal programs is the responsibility of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** management. Our responsibility is to express an opinion on **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, 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 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 SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'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. Our audit does not provide a legal determination on **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, INC.'s** compliance with those requirements.

In our opinion, **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

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### Internal Control Over Compliance

The management of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, 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 SOUTHEASTERN LOUISIANA, INC.'s and GOODWORKS, 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 the 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 that we consider to be material weaknesses.

This report is intended solely for the information of the Finance Committee, Boards of Directors, Management, Louisiana Department of Health and Human Services, Office of Family Services, City of New Orleans, the Department of Housing and Urban Development, Goodwill Industries International, United Way for the Greater New Orleans Area, United Way of St. Charles, St. John United Way, Jefferson Parish Department of Employment and Training and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. . Under Louisiana Revised Statute 24: 513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

June 2, 2004

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
and GOODWORKS, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2003**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.**
2. No reportable conditions relating to the audit of the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were disclosed during the audit.
3. No instances of noncompliance material to the combined financial statements of **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is 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. and GOODWORKS, INC.** expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, INC.** are reported in Part C. of this Schedule.
7. The programs tested as major programs included:

<u>PROGRAM</u>	<u>CFDA No.</u>
FAMSI	93.558
Workforce Investment Act	17.258
Workforce Investment Act	17.260

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. **GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC. and GOODWORKS, 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.  
and GOODWORKS, INC.  
STATUS OF PRIOR YEAR AUDIT FINDINGS  
For The Year Ended December 31, 2003**

**Prior Year Audit Findings**

None Noted