

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

Audit of Combined Financial Statements

December 31, 2021



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## Independent Auditor's Report

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

### **Opinion**

We have audited the combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc. (the Organizations), which comprise the combined statement of financial position as of December 31, 2021, the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Organizations as of December 31, 2021, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organizations' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and other schedules listed in the table of contents are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects, in relation to the 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 27, 2022 on our consideration of the Organizations' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of the Organizations' 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 the Organizations' internal control over financial reporting and compliance.

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

A Professional Accounting Corporation

Metairie, LA  
June 27, 2022

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
Combined Statement of Financial Position  
December 31, 2021

**Assets**

**Current Assets**

Cash and Cash Equivalents	\$ 8,327,068
Accounts Receivable, Net	3,667,424
Accrued Interest Receivable	28,531
Merchandise Inventory	1,463,073
Prepaid Expenses and Other	446,774

<b>Total Current Assets</b>	<b>13,932,870</b>
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**Property and Equipment**

Land	2,641,448
Building and Building Improvements	15,942,365
Machinery and Equipment	1,683,161
Furniture and Fixtures	2,308,718
Automobiles and Trucks	1,402,603
Leasehold Improvements	3,491,939
Computer Equipment	1,099,241
Construction in Progress	59,017
Condo - Timeshare	34,995
Capitalized Interest	121,770

28,785,257

Less: Accumulated Depreciation	14,550,102
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<b>Property and Equipment, Net</b>	<b>14,235,155</b>
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**Investment and Other Assets**

Investments and Assets Limited as to Use	17,144,665
Deposits	224,592

<b>Total Investment and Other Assets</b>	<b>17,369,257</b>
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<b>Total Assets</b>	<b>\$ 45,537,282</b>
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The accompanying notes are an integral part of these combined financial statements.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
Combined Statement of Financial Position (Continued)  
December 31, 2021

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**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$	1,314,381
Accrued Expenses and Taxes		1,488,820
Deferred Revenue		107,283

**Total Current Liabilities** 2,910,484

**Long-Term Liabilities**

Deferred Compensation		193,173
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**Total Long-Term Liabilities** 193,173

**Total Liabilities** 3,103,657

**Net Assets**

Without Donor Restrictions		42,433,625
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**Total Net Assets** 42,433,625

**Total Liabilities and Net Assets** \$ 45,537,282

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
**Combined Statement of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>
<b>Sales Revenue</b>	
Retail Stores	\$ 23,983,831
Contributed Revenue - Donated Goods	9,720,811
Salvage	2,186,450
<b>Total</b>	<u>35,891,092</u>
<b>Vocational Training Revenue</b>	
Janitorial, Landscaping, Switchboard Operations, and Mail Delivery	8,522,338
<b>Total</b>	<u>8,522,338</u>
<b>Other Sources of Income</b>	
Federal Financial Assistance	2,350,617
Other Grant Income	1,560,659
Investment Gain, Net	1,414,952
State Sales Tax Exclusion	988,158
Louisiana Rehabilitation Service	87,218
Contributions	186,828
Rent	474,000
Miscellaneous	316,113
<b>Total</b>	<u>7,378,545</u>
<b>Total Revenue and Other Income, Net</b>	<u>51,791,975</u>
<b>Expenses</b>	
Program Services	
Retail	30,665,950
Contracts	8,449,321
Workforce	5,319,324
<b>Total Program Services</b>	<u>44,434,595</u>
Management and General	5,291,853
<b>Total Expenses</b>	<u>49,726,448</u>
<b>Change in Net Assets</b>	2,065,527
<b>Net Assets, Beginning of Year</b>	<u>40,368,098</u>
<b>Net Assets, End of Year</b>	<u>\$ 42,433,625</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, 2021**

	Program Services			Management and General	Total
	Retail	Contracts	Workforce		
<b>Operating Expense</b>					
Salaries, Wages, Taxes, and Benefits	\$ 11,229,990	\$ 6,619,291	\$ 3,098,988	\$ 2,339,316	\$ 23,287,585
Cost of Goods Sold	10,440,655	-	-	-	10,440,655
Occupancy Cost	4,862,976	19,989	184,836	120,772	5,188,573
Repairs and General Maintenance	242,799	23,881	19,233	64,022	349,935
Supplies and Materials	576,458	425,797	101,461	105,882	1,209,598
Waste Disposal	800,457	6,350	5,887	1,260	813,954
Training and Support Service	9,523	2,494.00	830,981	86,531.00	929,529
Outreach and Marketing	20,238	390	5,198	150,191	176,017
Conference and Travel	48,706	5,452	50,181	58,510	162,849
Communication	367,017	88,921	235,871	211,825	903,634
Equipment and Vehicle Cost	419,710	402,985	25,268	144,004	991,967
Insurance	417,522	135,624	68,713	220,400	842,259
Professional Fees and Dues	116,327	357,031	564,691	567,191	1,605,240
Administrative and Other	397,735	107,644	3,242	777,370	1,285,991
	29,950,113	8,195,849	5,194,550	4,847,274	48,187,786
<b>Interest, Depreciation, and Amortization</b>					
Depreciation and Amortization	715,837	253,472	124,774	444,579	1,538,662
	715,837	253,472	124,774	444,579	1,538,662
<b>Total</b>	<b>\$ 30,665,950</b>	<b>\$ 8,449,321</b>	<b>\$ 5,319,324</b>	<b>\$ 5,291,853</b>	<b>\$ 49,726,448</b>

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, 2021**

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**Cash Flows from Operating Activities**

Change in Net Assets	\$ 2,065,527
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	1,538,662
Bad Debt Expense	646,940
Unrealized Gain on Investments	(1,309,991)
Increase in Accounts Receivable	(618,887)
Increase in Accrued Interest Receivable	(12,032)
Increase in Merchandise Inventory	(199,370)
Decrease in Prepaid Expenses and Other Assets	339,966
Increase in Deposits	(41,240)
Increase in Accounts Payable	653,161
Increase in Accrued Expenses and Taxes	204,670
Decrease in Deferred Revenue	(104,399)

<b>Net Cash Provided by Operating Activities</b>	<u>3,163,007</u>
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**Cash Flows from Investing Activities**

Proceeds from Sale of Investments	1,504,175
Purchase of Investments	(1,589,558)
Purchase of Fixed Assets	<u>(1,722,074)</u>

<b>Net Cash Used in Investing Activities</b>	<u>(1,807,457)</u>
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<b>Net Increase in Cash and Cash Equivalents</b>	1,355,550
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<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>6,971,518</u>
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<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 8,327,068</u></u>
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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**

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**Note 1. Organizations**

Goodwill Industries of Southeastern Louisiana, Inc. (Goodwill) and Goodworks, Inc. (Goodworks) (collectively, the Organizations) offers opportunities to people with employment barriers to improve their economic self-sufficiency through training, education, support services, and employment. While primarily known for their retail stores, the Organizations also have contract services and workforce development programs.

The Organizations work with state, federal, and commercial partners to provide contract services across 54 sites. These services support training opportunities for people with disabilities and include janitorial, grounds maintenance, warehousing, and mail delivery. Workforce development programs include case management services, job readiness training, employment assistance, digital literacy, and supporting services opportunities. These programs work with a variety of vulnerable populations including the formerly incarcerated, disabled, homeless, and those otherwise facing barriers to employment. Included under the workforce development program is the Goodwill Technical College, a division of Goodwill, which offers industry-based certifications in hospitality and customer service, medical billing and coding, and medical office administrative assistant. The retail program operations include twenty-two (22) stores throughout Southeastern Louisiana. Goodwill's retail model is to collect gently used donations from the public and sell them throughout the retail locations or, as a last resort, through the commodity market. The Organizations' breadth of services allows them to play a part in each individual success, whether that means helping someone find a new direction, discover a hidden skill, or gain a sense of self-worth and hope for the future.

**Note 2. Summary of Significant Accounting Policies**

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.

**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.

**Financial Statement Presentation**

Financial statement presentation follows the *Not-for-Profit Entities* Topic of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, the Organizations are required to report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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

**Notes to Combined Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Financial Statement Presentation (Continued)**

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or that can be fulfilled or removed by actions of the Organizations pursuant to those stipulations. Other donor-imposed restrictions are perpetual in nature (also referred to as an endowment fund), where the donor stipulates that resources be maintained in perpetuity. The Organizations have no net assets with donor restrictions as of December 31, 2021.

**Use of Estimates**

The preparation of the combined 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. and Goodworks, Inc. Inter-company transactions and balances have been eliminated in combination.

**Accounts Receivable**

Account 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.

Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts was \$40,723 as of December 31, 2021.

**Concentration of Credit and Market Risk**

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

Financial instruments that potentially expose the Organizations to concentrations of credit and market risk consist primarily of cash and investments. The Organizations have experienced \$1,414,952 in net gains in these accounts for the year ended December 31, 2021. The Organizations maintain their cash accounts at four commercial banks. The amount on deposit at December 31, 2021, exceeded the insurance limits of the Federal Deposit Insurance Corporation by \$6,458,136.

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

**Notes to Combined Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Contribution Recognition**

The Organizations record contributions as donor 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statement of activities and changes in net assets as net assets released from restrictions.

Donor restricted contributions whose restrictions are met in the same reporting period, are reported as without donor restrictions. The Organizations report gifts of land, buildings, and equipment as support without donor restrictions 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 FASB ASC, *Accounting for Contributions Received and Contributions Made* Topic, requires that contributions be recognized as revenue when received. During 2021, Goodwill recognized contributed merchandise with a fair value of \$9,720,811 as contribution revenue.

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 this Topic; 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.

**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**

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**Note 2. 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 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 2021 was \$1,538,662.

**Merchandise Inventory**

The FASB ASC, *Accounting for Contributions Received and Contributions Made* Topic, 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. Inventories of new goods are carried at the lower of cost or market. Costs are determined on a first-in, first-out basis.

**Investments**

Investments, primarily consisting of cash and bank sweep funds, money market funds, equity securities, equity mutual funds, and fixed income securities, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the combined statement of activities and changes in net assets as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations. Investment gain, net on the statement of activities and changes in net assets includes interest income, realized and unrealized gains on investments net of investment fees.

**Investments and Asset Limited as to Use**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair market values in the Investments and Other Assets section of the combined statement of financial position. Investments and assets limited as to use includes investments in mutual funds, which are designated for funding the 457(b) Top Hat plan as discussed further in Note 6. The Organizations record investments in accordance with the *Not-for-Profit Entities* Topic of the FASB ASC which establishes standards for the recognition of fair value of investments in certain equity and debt securities with gains and losses included in the combined statements of activities and changes in net assets.

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

**Notes to Combined Financial Statements**

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Functional Allocation of Expenses**

Expenses are initially charged directly to cost centers based on their function. Allocations are then used to distribute certain administrative costs across all programs benefiting from the expense. Allocations to programs for network activities are based on the number of emails used in each department. General business lines of insurance are allocated to programs as a percentage of personnel costs. Occupancy expenses at facilities, where multiple programs are operated, are allocated to programs based on square footage and/or number of employees in each program.

**Note 3. Liquidity and Availability**

The Organizations' financial assets available within one year of the combined statements of financial position date for general expenditure for the year ended December 31, 2021 are as follows:

Cash and Cash Equivalents	\$ 8,327,068
Accrued Interest Receivable	28,531
Accounts Receivables, Net	<u>3,667,424</u>

<b>Financial Assets at Year End Available to Meet Cash Needs for General Expenditures within One Year</b>	<b><u>\$ 12,023,023</u></b>
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As part of their liquidity management, the Organizations have a policy to monitor and structure their financial assets to be available to meet their general expenditures, liabilities, and other obligations as they come due. Goodwill and Goodworks uses their budgets to help manage cash flow needs by monitoring expenses and revenues during the year. Although not expected to be needed, Goodwill could also utilize its board-designated long-term investments to manage cash flow needs for current operations.

In addition, the Organizations have an available revolving line of credit in the amount of \$2,000,000 as noted in Note 9.

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

**Notes to Combined Financial Statements**

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**Note 4. Investments and Assets Limited as to Use**

Investments and assets limited as to use are summarized as follows at December 31, 2021:

	<b>Fair Market Value</b>
Equity Securities (Investments)	\$ 7,522,446
Corporate Debt Securities (Investments)	3,196,785
U.S. Treasury	5,001,218
Municipals	94,462
REIT	200,452
Equity Mutual Funds (Assets Limited as to Use)	<u>1,129,302</u>
<b>Total</b>	<b><u>\$ 17,144,665</u></b>

**Note 5. Lease Agreements**

Goodwill leases real estate under non-cancelable operating leases expiring in various years through 2036. Combined rent expense totaled \$3,604,530 in 2021 and is included in the combined statement of activities and changes in net assets.

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

<b>Year Ending</b>	<b>Amount</b>
2022	\$ 3,769,281
2023	3,664,225
2024	3,562,824
2025	3,529,843
2026	3,506,115
Thereafter	<u>22,311,744</u>
<b>Total</b>	<b><u>\$ 40,344,032</u></b>

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

**Notes to Combined Financial Statements**

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**Note 6. 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 \$487,011 to the Plan in 2021.

On March 15, 2011, Goodwill entered into two Retirement Plan Service Agreements. One agreement was for a 403(b) Employee Retirement Income Security Act of 1974 (ERISA) plan and the other was for a 457(b) Top Hat plan. The 403(b) plan is for full-time employees. Goodwill matches 50% of the employees' contribution to a maximum of 3% of the employees' salary. The 457(b) Top Hat Plan is no longer participatory and will be closed upon retirement of the remaining two participants. Contributions to the 403(b) plan for the year ended December 31, 2021 were \$42,974. Contributions to the 457(b) plan for the year ended December 31, 2021 were \$-0-. Distributions from the 457(b) plan for the year ended December 31, 2021 were \$79,590. The liability related to the 457(b) plan totaled \$193,173 at December 31, 2021, and is included in deferred compensation in the combined statement of financial position.

**Note 7. Fair Value Measurements**

FASB ASC Topic 820 defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. FASB ASC Topic 820 establishes a fair value hierarchy which prioritizes inputs to the valuation techniques used to measure fair value. The term "inputs" refers broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be based on independent market data (observable inputs) or they may be internally developed (unobservable inputs). The fair value hierarchy prioritizes the inputs to the valuation techniques used to measure fair value into three broad categories. These categories include: Level 1, unadjusted quoted prices in active markets for identical assets or liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore, requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

**Notes to Combined Financial Statements**

**Note 7. Fair Value Measurements (Continued)**

The market approach is used for valuing common stocks, equity mutual funds, and bond mutual funds, which are all classified within Level 1 of the fair value hierarchy. The remainder of the Organizations' investment portfolio consists of corporate bonds, which may not trade on a daily basis. Corporate bonds are generally valued based upon quoted market prices from brokers and dealers, which represent fair value, and are classified within Level 2.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organizations believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value are comprised of the following as of December 31, 2021:

	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity Securities	\$ 7,522,446	\$ 7,522,446	\$ -	\$ -
Corporate Securities	3,196,785	2,177,823	1,018,962	-
U.S. Treasury	5,001,218	5,001,218	-	-
Municipals	94,462	-	94,462	-
REIT	200,452	200,452	-	-
Equity Mutual Funds	1,129,302	1,129,302	-	-
<b>Total</b>	<b>\$ 17,144,665</b>	<b>\$ 16,031,241</b>	<b>\$ 1,113,424</b>	<b>\$ -</b>

**Note 8. Uncertain Tax Positions**

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that they have appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

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

**Notes to Combined Financial Statements**

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**Note 9. Line of Credit**

On June 14, 2021, Goodwill entered into a new line of credit agreement with a bank in the amount of \$2,000,000. The loan is a variable rate revolving line of credit due on demand and, if no demand, on June 14, 2024. The line of credit is collateralized by the Organizations' investment portfolio. The balance outstanding as of December 31, 2021 totaled \$-0-.

**Note 10. Subsequent Events**

Management has evaluated subsequent events through the date that the combined financial statements were available to be issued, June 27, 2022, and determined that no events occurred that require disclosure.

**Note 11. Recent Accounting Pronouncements**

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as financing or operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. In June 2020, the FASB issued ASU 2020-05 which defers the effective date of ASU 2016-02 one year making it effective for annual reporting periods beginning after December 15, 2021. The Organizations are currently evaluating the impact ASU 2016-02 will have on the combined financial statements.

## **SUPPLEMENTARY INFORMATION**

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

**Schedule I**

**Combining Statement of Financial Position  
December 31, 2021  
(With Comparative Totals for 2020)**

	Goodwill	Goodworks	Elimination	2021	2020
<b>Assets</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 6,550,586	\$ 1,776,482	\$ -	\$ 8,327,068	\$ 6,971,518
Accounts Receivable, Net	2,567,814	1,099,610	-	3,667,424	3,695,477
Accrued Interest Receivable	28,531	-	-	28,531	16,499
Merchandise Inventory	1,463,073	-	-	1,463,073	1,263,703
Due from Related Parties	-	2,710,337	(2,710,337)	-	-
Prepaid Expenses and Other	446,774	-	-	446,774	786,740
<b>Total Current Assets</b>	<b>11,056,778</b>	<b>5,586,429</b>	<b>(2,710,337)</b>	<b>13,932,870</b>	<b>12,733,937</b>
<b>Property and Equipment</b>					
Land	2,641,448	-	-	2,641,448	2,641,448
Building and Building Improvements	15,824,933	117,432	-	15,942,365	15,802,250
Machinery and Equipment	550,288	1,132,873	-	1,683,161	1,611,883
Furniture and Fixtures	2,308,718	-	-	2,308,718	2,101,223
Automobiles and Trucks	970,785	431,818	-	1,402,603	1,395,307
Leasehold Improvements	3,491,939	-	-	3,491,939	2,586,411
Computer Equipment	1,094,095	5,146	-	1,099,241	903,512
Construction In Progress	59,017	-	-	59,017	-
Condo - Timeshare	34,995	-	-	34,995	34,995
Capitalized Interest	121,770	-	-	121,770	121,770
	27,097,988	1,687,269	-	28,785,257	27,198,799
Less: Accumulated Depreciation	13,170,146	1,379,956	-	14,550,102	13,147,061
<b>Property and Equipment, Net</b>	<b>13,927,842</b>	<b>307,313</b>	<b>-</b>	<b>14,235,155</b>	<b>14,051,738</b>
<b>Investments and Other Assets</b>					
Investments and Assets Limited as to Use	17,144,665	-	-	17,144,665	15,805,196
Deposits	224,592	-	-	224,592	183,352
<b>Total Other Assets</b>	<b>17,369,257</b>	<b>-</b>	<b>-</b>	<b>17,369,257</b>	<b>15,988,548</b>
<b>Total Investment and Assets</b>	<b>\$ 42,353,877</b>	<b>\$ 5,893,742</b>	<b>\$ (2,710,337)</b>	<b>\$ 45,537,282</b>	<b>\$ 42,774,223</b>

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
**Combining Statement of Financial Position (Continued)**  
**December 31, 2021**  
**(With Comparative Totals for 2020)**

Schedule I

	Goodwill	Goodworks	Elimination	2021	2020
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 1,240,805	\$ 73,576	\$ -	\$ 1,314,381	\$ 661,220
Accrued Expenses and Taxes	1,337,606	151,214	-	1,488,820	1,284,150
Deferred Revenue	107,283	-	-	107,283	211,682
Due to Related Parties	2,710,337	-	(2,710,337)	-	-
<b>Total Current Liabilities</b>	<b>5,396,031</b>	<b>224,790</b>	<b>(2,710,337)</b>	<b>2,910,484</b>	<b>2,157,052</b>
<b>Long-Term Liabilities</b>					
Deferred Compensation	193,173	-	-	193,173	249,073
<b>Total Long-Term Liabilities</b>	<b>193,173</b>	<b>-</b>	<b>-</b>	<b>193,173</b>	<b>249,073</b>
<b>Total Liabilities</b>	<b>5,589,204</b>	<b>224,790</b>	<b>(2,710,337)</b>	<b>3,103,657</b>	<b>2,406,125</b>
<b>Net Assets</b>					
Without Donor Restrictions	36,764,673	5,668,952	-	42,433,625	40,368,098
<b>Total Net Assets</b>	<b>36,764,673</b>	<b>5,668,952</b>	<b>-</b>	<b>42,433,625</b>	<b>40,368,098</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 42,353,877</b>	<b>\$ 5,893,742</b>	<b>\$ (2,710,337)</b>	<b>\$ 45,537,282</b>	<b>\$ 42,774,223</b>

See independent auditor's report.

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

**Schedule II**

**Combining Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021  
(With Comparative Totals for 2020)**

	Goodwill Without Donor Restrictions	Goodworks Without Donor Restrictions	Elimination	2021	2020
<b>Sales Revenue</b>					
Retail Stores	\$ 23,983,831	\$ -	\$ -	\$ 23,983,831	\$ 17,979,857
Contributed Revenue - Donated Goods	9,720,811	-	-	9,720,811	7,820,015
Salvage	2,186,450	-	-	2,186,450	1,289,603
<b>Total</b>	<b>35,891,092</b>	<b>-</b>	<b>-</b>	<b>35,891,092</b>	<b>27,089,475</b>
<b>Vocational Training Revenue</b>					
Janitorial, Landscaping, Switchboard Operations, and Mail Delivery	3,922,755	4,599,583	-	8,522,338	8,214,064
<b>Total</b>	<b>3,922,755</b>	<b>4,599,583</b>	<b>-</b>	<b>8,522,338</b>	<b>8,214,064</b>
<b>Other Sources of Income</b>					
Federal Financial Assistance	2,350,617	-	-	2,350,617	1,323,067
Other Grant Income	1,560,659	-	-	1,560,659	1,064,762
Investment Gain, Net	1,414,540	412	-	1,414,952	471,482
State Sales Tax Exclusion	988,158	-	-	988,158	774,550
Administrative Fee Income	646,335	-	(646,335)	-	-
Louisiana Rehabilitation Service	87,218	-	-	87,218	58,558
Contributions	186,828	-	-	186,828	10,132,816
Loss on Disposal of Assets	-	-	-	-	(63,976)
Rent	474,000	-	-	474,000	474,171
Miscellaneous	311,332	4,781	-	316,113	307,833
<b>Total</b>	<b>8,019,687</b>	<b>5,193</b>	<b>(646,335)</b>	<b>7,378,545</b>	<b>14,543,263</b>
<b>Total Revenue and Other Income, Net</b>	<b>47,833,534</b>	<b>4,604,776</b>	<b>(646,335)</b>	<b>51,791,975</b>	<b>49,846,802</b>
<b>Expenses</b>					
<b>Program Services</b>					
Retail	21,269,704	-	9,396,246	30,665,950	25,293,774
Contracts	4,701,162	3,798,060	(49,901)	8,449,321	8,007,524
Workforce	5,454,389	-	(135,065)	5,319,324	3,963,439
<b>Total Program Services</b>	<b>31,425,255</b>	<b>3,798,060</b>	<b>9,211,280</b>	<b>44,434,595</b>	<b>37,264,737</b>
Management and General	14,464,434	685,034	(9,857,615)	5,291,853	4,310,670
<b>Total Expenses</b>	<b>45,889,689</b>	<b>4,483,094</b>	<b>(646,335)</b>	<b>49,726,448</b>	<b>41,575,407</b>
<b>Change in Net Assets</b>	<b>1,943,845</b>	<b>121,682</b>	<b>-</b>	<b>2,065,527</b>	<b>8,271,395</b>
<b>Net Assets, Beginning of Year</b>	<b>34,820,828</b>	<b>5,547,270</b>	<b>-</b>	<b>40,368,098</b>	<b>32,096,703</b>
<b>Net Assets, End of Year</b>	<b>\$ 36,764,673</b>	<b>\$ 5,668,952</b>	<b>\$ -</b>	<b>\$ 42,433,625</b>	<b>\$ 40,368,098</b>

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combining Statement of Functional Expenses  
For the Year Ended December 31, 2021**

**Schedule III**

	Goodwill					Goodworks			
	Program Services			Management and General	Total	Program Services		Management and General	Total
	Retail	Contracts	Workforce			Contracts			
<b>Operating Expense</b>									
Salaries, Wages, Taxes, and Benefits	\$ 11,229,990	\$ 3,918,941	\$ 3,098,988	\$ 2,339,316	\$ 20,587,235	\$ 2,700,350	\$ -	\$ 2,700,350	
Cost of Goods Sold	866,769	-	-	9,573,886	10,440,655	-	-	-	
Occupancy Cost	5,040,616	65,651	319,901	(241,834)	5,184,334	4,239	-	4,239	
Repairs and General Maintenance	242,799	9,761	19,233	64,022	335,815	14,120	-	14,120	
Supplies and Materials	576,458	274,096	101,461	103,861	1,055,876	151,701	2,021	153,722	
Waste Disposal	800,457	-	5,887	1,260	807,604	6,350	-	6,350	
Training and Support Service	9,523	2,494	830,981	86,531	929,529	-	-	-	
Outreach and Marketing	20,238	147	5,198	150,191	175,774	243	-	243	
Conference and Travel	48,706	5,155	50,181	58,510	162,552	297	-	297	
Communication	367,017	42,222	235,871	211,825	856,935	46,699	-	46,699	
Equipment and Vehicle Cost	419,710	145,090	25,268	144,004	734,072	257,895	-	257,895	
Insurance	417,522	75,522	68,713	220,400	782,157	60,102	-	60,102	
Professional Fees and Dues	116,327	220	564,691	535,390	1,216,628	356,811	31,801	388,612	
Administrative and Other	397,735	92,286	3,242	772,493	1,265,756	15,358	651,212	666,570	
	20,553,867	4,631,585	5,329,615	14,019,855	44,534,922	3,614,165	685,034	4,299,199	
<b>Interest, Depreciation, and Amortization</b>									
Depreciation and Amortization	715,837	69,577	124,774	444,579	1,354,767	183,895	-	183,895	
	715,837	69,577	124,774	444,579	1,354,767	183,895	-	183,895	
<b>Total</b>	<b>\$ 21,269,704</b>	<b>\$ 4,701,162</b>	<b>\$ 5,454,389</b>	<b>\$ 14,464,434</b>	<b>\$ 45,889,689</b>	<b>\$ 3,798,060</b>	<b>\$ 685,034</b>	<b>\$ 4,483,094</b>	

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Combining Statement of Functional Expenses (Continued)  
For the Year Ended December 31, 2021**

**Schedule III**

	Elimination					Combined Total				
	Program Services			Management and General	Total	Program Services			Management and General	Total
	Retail	Contracts	Workforce			Retail	Contracts	Workforce		
<b>Operating Expense</b>										
Salaries, Wages, Taxes, and Benefits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,229,990	\$ 6,619,291	\$ 3,098,988	\$ 2,339,316	\$ 23,287,585
Cost of Goods Sold	9,573,886	-	-	(9,573,886)	-	10,440,655	-	-	-	10,440,655
Occupancy Cost	(177,640)	(49,901)	(135,065)	362,606	-	4,862,976	19,989	184,836	120,772	5,188,573
Repairs and General Maintenance	-	-	-	-	-	242,799	23,881	19,233	64,022	349,935
Supplies and Materials	-	-	-	-	-	576,458	425,797	101,461	105,882	1,209,598
Waste Disposal	-	-	-	-	-	800,457	6,350	5,887	1,260	813,954
Training and Support Service	-	-	-	-	-	9,523	2,494	830,981	86,531	929,529
Outreach and Marketing	-	-	-	-	-	20,238	390	5,198	150,191	176,017
Conference and Travel	-	-	-	-	-	48,706	5,452	50,181	58,510	162,649
Communication	-	-	-	-	-	367,017	88,921	235,871	211,825	903,634
Equipment and Vehicle Cost	-	-	-	-	-	419,710	402,985	25,268	144,004	991,967
Insurance	-	-	-	-	-	417,522	135,624	68,713	220,400	842,259
Professional Fees and Dues	-	-	-	-	-	116,327	357,031	564,691	567,191	1,605,240
Administrative and Other	-	-	-	(646,335)	(646,335)	397,735	107,644	3,242	777,370	1,285,991
	9,396,246	(49,901)	(135,065)	(9,857,615)	(646,335)	29,950,113	8,195,849	5,194,550	4,847,274	48,187,786
<b>Interest, Depreciation, and Amortization</b>										
Depreciation and Amortization	-	-	-	-	-	715,837	253,472	124,774	444,579	1,538,662
	-	-	-	-	-	715,837	253,472	124,774	444,579	1,538,662
<b>Total</b>	<b>\$ 9,396,246</b>	<b>\$ (49,901)</b>	<b>\$ (135,065)</b>	<b>\$ (9,857,615)</b>	<b>\$ (646,335)</b>	<b>\$ 30,665,950</b>	<b>\$ 8,449,321</b>	<b>\$ 5,319,324</b>	<b>\$ 5,291,853</b>	<b>\$ 49,726,448</b>

See independent auditor's report.

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

**Schedule IV**

**Schedule of Compensation, Benefits, and Other Payments  
to Agency Head  
For the Year Ended December 31, 2021**

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Louisiana Revised Statute (R.S.) 24:513(A)(3) as amended by Act 706 of the 2014 Regular Legislative Session requires that the total compensation, reimbursements, and benefits of an agency head or political subdivision head or chief executive officer related to the position, including but not limited to travel, housing, unvouchered expense, per diem, and registration fees to be reported as a supplemental report within the financial statement or local government and quasi-public auditees. In 2015, Act 462 of the 2015 Regular Session of the Louisiana Legislature further amended R.S. 24:513(A)(3) to clarify that nongovernmental entities or not-for-profit entities that received public funds shall report only the use of public funds for the expenditures itemized in the supplemental report.

**Agency Head**

Jodee Daroca, President and CEO

<b>Purpose</b>	<b>Amount</b>
Salary	\$0
Benefits - Insurance	\$0
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Conference Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees & Dues	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

\*No amount of public funds was used to pay for the salary and benefits of the Agency Head during the year ended December 31, 2021. As such, all amounts presented on this schedule are reported as \$-0-.

See independent auditor's report.

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

**Schedule V**

**Composite Score Calculation  
For the Year Ended December 31, 2021**

<b>Composite Score Calculation</b>				<b>Ratio</b>	<b>Calculated Strength Factor Score</b>	<b>Final Strength Factor Score</b>	<b>Weighted Score</b>	
<b>Primary Reserve Ratio</b>	=	<u>Expendable Net Assets</u>	<u>28,198,470</u>	<b>0.5671</b>	10 x Primary Reserve Ratio <b>5.6710</b>	<b>3.0000</b>	40%	<b>1.2000</b>
		Total Expenses	49,726,448					
<b>Equity Ratio</b>	=	<u>Modified Net Assets</u>	<u>42,433,625</u>	<b>0.9318</b>	6 x Equity Ratio <b>5.5908</b>	<b>3.0000</b>	40%	<b>1.2000</b>
		Modified Assets	45,537,282					
<b>Net Income Ratio</b>	=	<u>Change in Net Assets Without Donor Restrictions</u>	<u>2,065,527</u>	<b>0.0399</b>	1 + (50 x Net Income Ratio) <b>3.0000</b>	<b>2.9950</b>	20%	<b>0.6000</b>
		Total Revenue Without Donor Restrictions	51,791,975					
							<b>Composite Score</b>	<b>3.0000</b>

Note to Schedule V:

As required by the Council on Education Policies and Standards, the composite score calculated above using the formula approved by the U.S. Department of Education is included along with the Goodwill Technical College revenue and expenses at Schedule VI. A score greater than or equal to 1.5 indicated the institution is considered financially responsible.

See independent auditor's report.

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

**Schedule VI**

**Goodwill Technical College Revenue and Expenses  
For the Year Ended December 31, 2021**

<b>Revenue</b>	
Grant Revenue	\$ 427,715
Tuition Revenue	19,337
Goodwill Supporting Grant	<u>386,220</u>
<b>Total Revenue</b>	<u>833,272</u>
<b>Operating Expense</b>	
Salaries and Wages	451,131
Taxes and Benefits	<u>202,241</u>
<b>Salaries, Wages, and Benefits</b>	<u>653,372</u>
Occupancy Cost	262,251
Supplies and Material	53,790
Training and Supportive Service	13,400
Outreach and Marketing	2,780
Conference and Travel	4,729
Communication	88,471
Equipment and Vehicle Cost	9,227
Repairs and General Maintenance	828
Professional Fees and Dues	4,482
Administrative and Other	<u>594</u>
<b>Total Operating Expense</b>	<u>1,093,924</u>
<b>Depreciation</b>	
Depreciation	<u>18,648</u>
<b>Total Depreciation</b>	18,648
<b>Total Expense</b>	<u>1,112,572</u>
<b>Net Loss</b>	<u>\$ (279,300)</u>

See independent auditor's report.

## **UNIFORM GUIDANCE SECTION**

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021**

<b>FEDERAL GRANTOR/ PASS-THROUGH AGENCY/ PROGRAM TITLE</b>	<b>Federal Assistance Listing Number</b>	<b>Program Name</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>					
Passed through Unity of Greater New Orleans					
Continuum of Care Program	14.267	Unity - Home at Last	LA0260L6HD32006	\$ -	\$ 262,054
Continuum of Care Program	14.267	Rapid Rehousing	LA0279L6HD32004	-	214,031
Emergency Solutions Grant Program	14.231	Rapid Rehousing - Safe at Home	ESG-CV01 (20)	-	301,312
Total U.S. Department of Housing and Urban Development				-	777,397
<b>U.S. Department of Justice</b>					
Direct Award					
Children of Incarcerated Parents	16.812	Goodwill Re-Integration Program (GRIP)	2020-CY-BX-0044	-	180,028
Total U.S. Department of Justice				-	180,028
<b>U.S. Department of Labor</b>					
Direct Award					
Reintegration of Ex-Offenders	17.270	Pathway Home	RE-35027-20-60-A-22	-	804,893
Total U.S. Department of Labor				-	804,893
<b>U.S. Department of Agriculture</b>					
Passed through Department of Children and Family Services					
State Matching Grants for Supplemental Nutrition Assistance Program (SNAP)	10.561	GWTC SNAP	LA4201142 FFY 2019	-	239,122
Total U.S. Department of Agriculture				-	239,122
Passed through State of Louisiana Department of Children and Family Services					
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Aging Out of Foster Care (Lafourche, Houma)	2000225044	-	173,391
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	Aging Out of Foster Care (Orleans, Jefferson)	2000225203	-	175,786
Total U.S. Department of Health and Human Services				-	349,177
<b>Total Expenditures of Federal Awards</b>				<b>\$ -</b>	<b>\$ 2,350,617</b>

See accompanying notes to schedule of expenditures of federal awards.

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

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021**

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**Note 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Goodwill Industries of Southeastern Louisiana, Inc. (Goodwill) under programs of the federal government for the year ended December 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Goodwill, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Goodwill.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3. Indirect Cost Rate**

Goodwill has elected to use the 10 percent de minimis indirect cost rate.

**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 Board of Directors  
Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, 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 financial statements of Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc. (the Organizations) which comprise the combined statement of financial position as of December 31, 2021, and the related combined statements of activities and changed in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the combined financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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.

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.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organizations' 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 combined financial statements. 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 27, 2022

**REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Independent Auditor's Report

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

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

***Opinion on the Major Federal Program***

We have audited Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc.'s (the Organizations) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organizations' major federal program for the year ended December 31, 2021. The Organizations' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibility under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organizations' compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organizations' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organizations' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organizations' compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organizations' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organizations' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

A Professional Accounting Corporation

Metairie, LA  
June 27, 2022

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021**

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**Part I - Summary of Auditor's Results**

**Financial Statement Section**

Type of Auditor's Report Issued:	Unmodified
Internal Control over Financial Reporting:	
Material Weakness(es) Identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	No
Noncompliance Material to Financial Statements Noted?	No

**Federal Awards Section**

Internal Control over Major Programs:	
Material Weakness(es) identified?	No
Significant Deficiency(ies) Identified not Considered to be Material Weakness(es)?	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs:

<u>Title</u>	<u>AL Number</u>
Re-Integration of Ex-Offenders	17.270

Dollar Threshold used to Determine Type A Programs:	\$750,000
Auditee Qualified as Low-Risk Auditee?	Yes

**Part II - Schedule of Financial Statement Findings Section**

No findings were noted.

**Part III - Federal Awards Findings and Questioned Costs Section**

No findings were noted.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.  
AND GOODWORKS, INC.**  
Schedule of Prior Audit Findings  
For the Year Ended December 31, 2021

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None Noted.

## **AGREED-UPON PROCEDURES REPORT**

Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period January 1, 2021 - December 31, 2021**

To the Board Members of  
Goodwill Industries of Southeastern  
Louisiana, Inc. and Goodworks, Inc.  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2021 through December 31, 2021. Goodwill Industries of Southeastern Louisiana, Inc.'s and Goodworks, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc. (the Organizations) have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2021 through December 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
- c) **Disbursements**, including processing, reviewing, and approving.
- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** We reviewed the Organizations' policies and procedures and noted that because the Organizations are not governmental entities, not all of the preceding attributes are applicable. For each attribute that was applicable, the required elements were included.

### ***Board or Finance Committee***

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2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Collections (excluding electronic funds transfers)***

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4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** No exceptions were identified as a result of performing these procedures.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

**Results:** No exceptions were identified as a result of performing these procedures.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

e) Trace the actual deposit per the bank statement to the general ledger.

**Results:** No exceptions were identified as a result of performing these procedures.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

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8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); should not be reported.]]

**Results:** No exceptions were identified as a result of performing these procedures.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
  - a) Observe that the disbursement matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.  
  
[Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - b) Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** No exceptions were identified as a result of performing these procedures.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).
  - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Payroll and Personnel***

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16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Not applicable.**

### ***Debt Service***

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21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Not applicable.**

### ***Fraud Notice***

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23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** No exceptions were identified as a result of performing these procedures.

### ***Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
  - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

**Results:** We performed the procedure and discussed the results with management.

## ***Sexual Harassment***

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26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that it includes the applicable requirements of R.S. 42:344:
  - a. Number and percentage of public servants in the agency who have completed the training requirements;
  - b. Number of sexual harassment complaints received by the agency;
  - c. Number of complaints which resulted in a finding that sexual harassment occurred;
  - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e. Amount of time it took to resolve each complaint.

### **Not applicable.**

We were engaged by Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc. to perform this agreed-upon procedures engagement, and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Goodwill Industries of Southeastern Louisiana, Inc. and Goodworks, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



A Professional Accounting Corporation

Metairie, LA  
June 27, 2022