

**THE GOOD WORK NETWORK**

Audit of Consolidated Financial Statements

December 31, 2017



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## **Independent Auditor's Report**

To the Board of Directors  
The Good Work Network  
New Orleans, Louisiana

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

We have audited the accompanying consolidated financial statements of The Good Work Network and subsidiaries (the Network) which comprise the consolidated statement of financial position as of December 31, 2017 and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, (collectively, financial statements).

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Good Work Network and subsidiaries as of December 31, 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter***Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses and the schedule of compensation, benefits, and other payments to agency heads, as required by Louisiana Revised Statute (LRS) 24:513(A) are presented for purposes of additional analysis and are 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 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 28, 2018, on our consideration of the Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Network's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Metairie, LA  
June 28, 2018

**THE GOOD WORK NETWORK**  
**Consolidated Statement of Financial Position**  
**December 31, 2017**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 799,730
Grants Receivable	95,355
Accounts Receivable, Net of Allowance for Doubtful Accounts	28,441
Due from Related Parties	340
Prepaid Expense	31,467
Other Current Assets	5,257
	<hr/>
<b>Total Current Assets</b>	<b>960,590</b>
<b>Non Current Assets</b>	
Loans Receivable	2,128
Fixed Assets and Leasehold Improvements, Net of Accumulated Depreciation of \$587,956	2,277,462
	<hr/>
<b>Total Non Current Assets</b>	<b>2,279,590</b>
	<hr/>
<b>Total Assets</b>	<b>\$ 3,240,180</b>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 61,754
Payroll Liabilities	17,462
Deferred Revenue	319,388
Sales Tax Payable	2,631
Other Current Liabilities	3,000
Note Payable, Current	181,849
	<hr/>
<b>Total Current Liabilities</b>	<b>586,084</b>
<b>Long-Term Liabilities</b>	
Federal Loan Pool Liability	34,656
Notes Payable Long-Term, Net of Current Portion	441,920
	<hr/>
<b>Total Long-Term Liabilities</b>	<b>476,576</b>
	<hr/>
<b>Total Liabilities</b>	<b>1,062,660</b>
<b>Net Assets</b>	
Unrestricted	2,177,520
	<hr/>
<b>Total Net Assets</b>	<b>2,177,520</b>
	<hr/>
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,240,180</b>
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The accompanying notes are an integral part of these consolidated financial statements.

**THE GOOD WORK NETWORK**  
**Consolidated Statement of Activities**  
**For the Year Ended December 31, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>Revenues and Other Support</b>			
Grants and Contracts	\$ 1,173,147	\$ -	\$ 1,173,147
Program Fees Income	111,831	-	111,831
Donations	18,379	-	18,379
Interest Income - Other	1,846	-	1,846
Other Income	79,090	-	79,090
<b>Total Revenues and Other Support</b>	<b>1,384,293</b>	<b>-</b>	<b>1,384,293</b>
<b>Expenses</b>			
Program Services	1,311,314	-	1,311,314
Support Services	372,159	-	372,159
<b>Total Expenses</b>	<b>1,683,473</b>	<b>-</b>	<b>1,683,473</b>
<b>Change in Net Assets</b>	<b>(299,180)</b>	<b>-</b>	<b>(299,180)</b>
<b>Acquisition of Franz Building LLC</b>	<b>1,381</b>	<b>-</b>	<b>1,381</b>
<b>Change in Net Assets After Acquisition</b>	<b>(297,799)</b>	<b>-</b>	<b>(297,799)</b>
<b>Net Assets, Beginning of Year</b>	<b>2,475,319</b>	<b>-</b>	<b>2,475,319</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,177,520</b>	<b>\$ -</b>	<b>\$ 2,177,520</b>

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

**THE GOOD WORK NETWORK**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2017**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ (299,180)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation Expense	80,774
(Increase) Decrease in Operating Assets	
Grant Receivables	193,254
Accounts Receivables	15,129
Due from Related Parties	1,484
Loans Receivable	1,993
Prepaid Expense	(4,943)
Note Receivable from Related Party	17,692
Increase (Decrease) in Operating Liabilities	
Accounts Payable	(10,590)
Due to Related Party	10,011
Payroll Liabilities	(33,510)
Deferred Revenue	(38,865)
Sales Tax Payable	983
Other Current Liabilities	(3,530)
Due to Others	(2,890)
	<u>(72,188)</u>
<b>Net Cash Used in Operating Activities</b>	<u>(72,188)</u>
<b>Cash Flow from Investing Activities</b>	
Purchase of Fixed Assets	(9,919)
Cash Acquired From Franz Buliding LLC	22,973
	<u>13,054</u>
<b>Net Cash Provided by Investing Activities</b>	<u>13,054</u>
<b>Cash Flow from Financing Activities</b>	
Payments on Note Payable	(10,793)
	<u>(10,793)</u>
<b>Net Cash Used in Financing Activities</b>	<u>(10,793)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(69,927)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>869,657</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 799,730</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash Paid During the Year for Interest	<u><u>\$ 17,090</u></u>

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

# THE GOOD WORK NETWORK

## Notes to Consolidated Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### Nature of Activities

The Good Work Network (the Network) is a Louisiana 501(c)(3) organization established in 2001. The Network is the primary provider of business development services for the small community-based businesses that support families and sustain communities. The Network educates, coaches and supports these smaller businesses to help them improve their skills, realize their full potential and become active participants in the local economy. Through its programs and services, the Network works to expand the local economy by building minority and women owned businesses. It envisions a community where the economy is diverse and inclusive and where all dedicated and competent entrepreneurs have access to the resources they need to succeed.

During 2013 operations began for Shared Solutions, L3C (the Company), whose sole member is Good Work Network. The Company is incorporated as a low profit limited liability company with a perpetual term. The Company offers accounting services to small business and non-profit organizations in accordance with the Network's mission. The Company's financials are consolidated with the Network. In accordance with U.S. generally accepted accounting principles, all intercompany transactions have been eliminated.

During 2015 operations began for Roux Carre, L3C (the Food Court), whose sole member is Good Work Network. The Food Court is incorporated as a low profit limited liability company with a perpetual term. The Food Court provides a low-cost, low-overhead means of market entry for aspiring food services businesses, in accordance with the Network's mission. The Food Court's financials are consolidated with the Network. In accordance with U.S. generally accepted accounting principles, all intercompany transactions have been eliminated.

As of December 31, 2017 the Good Work Network became 100% member of the Franz Building, LLC (the Building). The purpose of the Building is to own and manage the property and building located at 2028 Oretha Castle Haley Blvd, which the Good Work Network is the sole occupant. The Building's financials are consolidated with the Network. In accordance with U.S. generally accepted accounting principles, all intercompany transactions have been eliminated.

#### Basis of Accounting

The Network prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, involving the application of accrual accounting; accordingly, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

#### Basis of Presentation

The Network follows the provisions of *Financial Statements of Not-for-Profit Organizations* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

# THE GOOD WORK NETWORK

## Notes to Consolidated Financial Statements

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

#### **Basis of Presentation (Continued)**

The Network is required to report information regarding its financial position and activities according to three classes of net assets, which are the following:

*Unrestricted Net Assets* - include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Network are included in this category. The Network has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the Network and therefore, the Network's policy is to record these net assets as unrestricted.

*Temporarily Restricted Net Assets* - include realized gains and losses, investment income and gifts, appropriations, and contributions for which donor imposed restrictions have not yet been met.

*Permanently Restricted Net Assets* - are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income may be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions.

At December 31, 2017, the Network had no temporarily restricted net assets. All temporarily restricted contributions made during the 2017 year were used for the restricted purpose of the Good Work Network food court development and thus classified as unrestricted as per the policy noted above. No temporarily restricted net assets were released from restrictions during the 2017 year. The Network has no permanently restricted net assets.

#### **Contribution Recognition**

The Network records contributions as restricted if they are received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period, are reported as unrestricted.

#### **Use of Estimates**

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

# THE GOOD WORK NETWORK

## Notes to Consolidated Financial Statements

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

#### Fixed Assets and Leasehold Improvements

Fixed assets and leasehold improvements are presented in the consolidated statement of financial position on the basis of cost, less allowances for depreciation. The Network capitalizes fixed assets with costs of \$500 or greater. Depreciation is computed using the straight-line method over the following estimated useful lives:

Computer Equipment	3 Years
Other Equipment	3 - 5 Years
Leasehold Improvements	3 Years

Maintenance, repairs, and renewals that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Upon retirement or disposal of an asset, the asset cost and related accumulated depreciation is removed, and any gain or loss on such transaction is recorded as other income or expense on the consolidated statement of activities.

#### Accounts Receivable

The Network determines its allowance for doubtful accounts based on management's analysis of possible bad debts. The Network normally does not require collateral. Accounts receivable is stated net of the allowance for doubtful accounts. The allowance for doubtful accounts at December 31, 2017 was \$-0-.

#### Loans Receivable

Loans receivable are carried at outstanding principal balance 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 using historical experience applied to an aging of late payments. Loans are deemed collectible and no allowance has been recorded. Loans receivable are written off when deemed uncollectible. Recoveries of loans receivable previously written off are recorded when received. The term of loans receivable varies based on the purpose of funds, loan amount (minimum \$1,000 / maximum \$25,000), and the borrower's ability to repay from income or cash flow and conversion of short-term assets. Interest rates are fixed and set by the loan committee. In most cases, sources of funds for the Network loans expect that rates be concessionary and below market rates for similar loans. The annual percentage rate shall not exceed 8.0%.

#### Revenue and Expenses

Support for the Network is provided primarily by grants funded by private foundations and by Louisiana State and federal agencies. Grant revenue is recognized as expenditures, for allowable grant purpose, are incurred. Grant funding received in advance of expenditures for allowable grant purpose is recognized as deferred revenue. Expenditures are to be made in accordance with grant budgets that have been adopted.

#### Functional Allocation of Expenses

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

# THE GOOD WORK NETWORK

## Notes to Consolidated Financial Statements

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

#### Concentration of Credit Risk

At certain times throughout the year, the Network maintains cash and cash equivalents in excess of FDIC insured limits. As of December 31, 2017 the Network had \$273,217 in unsecured cash at two different financial institutions. They have not incurred losses on any of these accounts and do not believe that they will incur any losses.

#### Cash and Cash Equivalents

Cash consists solely of demand deposits and money market accounts. All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents for purposes of the consolidated statement of cash flows.

#### Advertising

Advertising costs are expensed as incurred. Advertising expenses for the year ended December 31, 2017 totaled \$7,347.

#### Federal Income Taxes

The Network is exempt from federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code.

#### Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. ASU 2014-09 will be effective for the Network beginning in the year ending December 31, 2019, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. The Network is currently evaluating the impact of adopting the new revenue standard on its consolidated financial statements.

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 statement of financial position 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. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2019. The Network is currently evaluating the impact ASU 2016-02 will have on the consolidated financial statements.

## THE GOOD WORK NETWORK

### Notes to Consolidated Financial Statements

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

##### Recent Accounting Pronouncements (Continued)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-05 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Network is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

#### Note 2. Fixed Assets and Leasehold Improvements

Fixed assets and leasehold improvements consist of the following:

	Balance January 1, 2017	Additions	Reductions	Acquisition of Franz Building LLC	Balance at December 31, 2017
Computer Equipment	\$ 133,349	\$ 2,367	\$ -	\$ -	\$ 135,716
Computer Software	55,000	-	-	-	55,000
Building and Improvements	822,591	-	-	1,563,788	2,386,379
Roux Carre Equipment	175,849	7,552	-	-	183,401
Furniture and Fixtures	-	-	-	2,267	2,267
Land	41,276	-	-	61,379	102,655
<b>Total Fixed Assets</b>	<b>\$ 1,228,065</b>	<b>\$ 9,919</b>	<b>\$ -</b>	<b>\$ 1,627,434</b>	<b>\$ 2,865,418</b>
Accumulated Depreciation	\$ (187,722)	\$ (80,774)	\$ -	\$ (319,460)	\$ (587,956)
<b>Total Accumulated Depreciation Expense</b>	<b>\$ (187,722)</b>	<b>\$ (80,774)</b>	<b>\$ -</b>	<b>\$ (319,460)</b>	<b>\$ (587,956)</b>
<b>Total Net Fixed Assets</b>	<b>\$ 1,040,343</b>	<b>\$ (70,855)</b>	<b>\$ -</b>	<b>\$ 1,307,974</b>	<b>\$ 2,277,462</b>

Depreciation expense for the year ended December 31, 2017 totaled \$80,774.

#### Note 3. Commitments and Contingencies

##### Leases

The Network leases an office facility under a commercial lease with an unrelated party. The lease term became effective on July 15, 2017 and expires on July 15, 2018. Rent under this lease is \$595 per month.

# THE GOOD WORK NETWORK

## Notes to Consolidated Financial Statements

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### Note 3. Commitments and Contingencies (Continued)

#### Leases (Continued)

Future minimum rental payments under this lease follow for the year ending December 31<sup>st</sup>:

<b>Year</b>	<b>Amount</b>
2018	\$ 3,868
<b>Total</b>	<b>\$ 3,868</b>

Rent expense relating to commercial leases totaled \$70,133 in 2017.

### Note 4. Notes Payable

The Network has a \$350,000 note payable with Whitney Bank, secured by real estate. The note bears interest of 5.0% per annum and requires monthly payments of \$2,324. The note matures on April 3, 2021. The balance of this note was \$330,936 as of December 31, 2017.

The Network has a \$200,000 note payable with Chase Bank, secured by real estate. The note has an interest rate of 5.0%. The note requires monthly payments of \$1,589 and matures on October 14, 2018. The balance of this note was \$158,657 as of December 31, 2017.

The Network has a \$186,000 note payable with New Orleans Redevelopment Authority (NORA), secured by real estate. The note bears interest of 2.5% per annum and requires monthly payments of \$1,243. The note matures on March 31, 2028. The balance of this note was \$134,176 as of December 31, 2017.

Current maturities of long-term debt are as follows at December 31<sup>st</sup>:

<b>Year</b>	<b>Amount</b>
2018	\$ 181,849
2019	24,082
2020	25,001
2021	307,060
2022	12,887
Thereafter	72,890
<b>Total</b>	<b>\$ 623,769</b>

## THE GOOD WORK NETWORK

### Notes to Consolidated Financial Statements

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#### **Note 5. Economic Dependency**

Support for the Network is provided primarily by grants from private foundations and through agencies of the State of Louisiana and the federal government. The continued operations of the Network are dependent upon the renewal of current grants and/or the procurement of additional funding sources. Approximately 33% of total grant and contract revenue are from state and federal grants.

#### **Note 6. 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 Network believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

#### **Note 7. Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, June 28, 2018, and determined that no additional events occurred that require disclosure. No subsequent occurring after this date have been evaluated for inclusion in these consolidated financial statements.

**SUPPLEMENTARY INFORMATION**

**THE GOOD WORK NETWORK**  
**Supplementary Information**  
**Schedule of Functional Expenses**  
**For the Year Ended December 31, 2017**

	<b>Program Services</b>	<b>Support Services</b>	<b>Total Expenses</b>
Salaries and Benefits	\$ 734,879	\$ 220,209	\$ 955,088
GDTB Grant Expense	211,895	-	211,895
Program Expenses	128,216	5,218	133,434
Occupancy Expense	75,192	21,549	96,741
Depreciation and Amortization	66,188	14,586	80,774
Professional Services	16,418	24,995	41,413
Insurance	-	24,218	24,218
Repairs and Maintenance	7,545	14,562	22,107
Accounting and Legal Fees	-	17,118	17,118
Interest Expense	17,090	-	17,090
Telephone	4,048	10,227	14,275
Software	2,540	10,906	13,446
Cost of Food Sold	10,175	-	10,175
Printing and Copying	8,456	893	9,349
Dues and Fees	3,557	5,231	8,788
Marketing	6,973	374	7,347
Travel	7,129	149	7,278
Office Supplies	3,893	279	4,172
Miscellaneous	-	4,168	4,168
Staff Training	1,758	1,515	3,273
Meetings and Conferences	3,232	-	3,232
Meals and Entertainment	1,006	1,583	2,589
Bank Charge	20	2,431	2,451
Postage	1,059	54	1,113
Casual Labor	45	-	45
Bad Debt Recovery	-	(8,106)	(8,106)
<b>Total Expenses</b>	<b>\$ 1,311,314</b>	<b>\$ 372,159</b>	<b>\$ 1,683,473</b>

See independent auditor's report.

**THE GOOD WORK NETWORK**  
**Supplementary Information**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended December 31, 2017**

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Louisiana Revised Statute 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**

Hermione Malone, Executive Director

Salary	\$135,000
Benefits - Insurance	\$5,126
Benefits - Retirement	\$0
Car Allowance	\$0
Per Diem	\$0
Reimbursements	\$352
Travel	\$0
Registration Fees	\$432
Conference Travel	\$560
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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  
The Good Work Network  
New Orleans, Louisiana

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 consolidated financial statements of The Good Work Network and subsidiaries (the Network), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated 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.

**LOUISIANA • TEXAS**

### **Compliance and Other Matters**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Network'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 Network'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 Legislative Auditor as a public document.

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

A Professional Accounting Corporation

Metairie, LA  
June 28, 2018

# THE GOOD WORK NETWORK

## Schedule of Findings and Responses For the Year Ended December 31, 2017

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

#### Financial Statements

- |  |               |
|--|---------------|
| 1. Type of auditors' report issued:                          | Unmodified    |
| 2. Internal control over financial reporting:                |               |
| a. Material weaknesses identified?                           | No            |
| b. Significant deficiencies identified?                      | None Reported |
| 3. Noncompliance material to the financial statements noted? | No            |

#### Federal Awards – Not Applicable

### Part II - Financial Statement Findings

None noted.

**THE GOOD WORK NETWORK**

**Schedule of Prior Audit Findings  
For the Year Ended December 31, 2017**

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None noted.