

**GOODWILL INDUSTRIES OF  
ACADIANA, INC.**

Financial Report

Years Ended December 31, 2016 and 2015

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E. Larry Sikes, CPA/PFS, CVA, CFP®  
 Danny P. Frederick, CPA  
 Clayton E. Darnall, CPA, CVA  
 Eugene H. Darnall, III, CPA  
 Stephanie M. Higginbotham, CPA  
 John P. Armato, CPA/PFS  
 J. Stephen Gardes, CPA  
 Jennifer S. Ziegler, CPA/PFS, CFP®  
 Chris A. Miller, CPA, CVA  
 Steven G. Moosa, CPA  
 M. Rebecca Gardes, CPA  
 Joan B. Moody, CPA  
 Lauren V. Hebert, CPA/PFS  
 Erich G. Loewer, III, CPA, M.S. Tax  
 Jeremy C. Meaux, CPA  
 Stephen R. Dischler, CPA, MBA  
 Pamela Mayeux Bonin, CPA, CVA  
 Craig C. Babineaux, CPA/PFS, CFP®  
 Adam J. Curry, CPA, CFP®  
 Kyle P. Saltzman, CPA, CFE  
 Blaine M. Crochet, CPA, M.S.  
 Jacob C. Roberie, CPA

Kevin S. Young, CPA  
 Christy S. Dew, CPA, MPA  
 Rachel W. Ashford, CPA  
 Veronica L. LeBleu, CPA, MBA  
 Christine Guidry Berwick CPA, MBA  
 Brandon L. Porter, CPA  
 Brandon R. Dunphy, CPA  
 Robert C. Darnall, CPA, M.S., CVA  
 Tanya S. Nowlin, CPA, CGMA, Ph.D.  
 Nicole B. Bruchez, CPA, MBA  
 Jenifer Z. Marcial, CPA  
 Kai Seah, CPA  
 Katie Debaillon, CPA  
 Nicolaus D. Simon, CPA  
 Emile M. Joseph III, CPA  
 Jeromy T. Bourque, CPA  
 Ben Baudoin, CPA  
 Barrett B. Perry, CPA, MBA  
 Andre J. Huval, CPA  
 Alyssa M. Cart, CPA, M.S.  
 Amy Draughon, CPA, MBA  
 Elizabeth N. Debaillon, CPA  
 Cherie Boudreaux Navarre, CPA, M.S.  
 Brittney C. Guerrero, CPA, MBA



**Darnall, Sikes,  
 Gardes & Frederick**

(A Corporation of Certified Public Accountants)

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
 Goodwill Industries of Acadiana, Inc.  
 Lafayette, Louisiana

We have audited the accompanying financial statements of Goodwill Industries of Acadiana, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

2000 Kaliste Saloom  
 Suite 300  
 Lafayette, LA 70508  
 Phone: 337.232.3312  
 Fax: 337.237.3614

1231 E. Laurel Avenue  
 Eunice, LA 70535  
 Phone: 337.457.4146  
 Fax: 337.457.5060

1201 Brashear Avenue  
 Suite 301  
 Morgan City, LA 70380  
 Phone: 985.384.6264  
 Fax: 985.384.8140

203 S. Jefferson Street  
 Abbeville, LA 70510  
 Phone: 337.893.5470  
 Fax: 337.893.5470

A Member of:  
 American Institute of  
 Certified Public Accountants  
 Society of Louisiana  
 Certified Public Accountants

[www.dsfcpas.com](http://www.dsfcpas.com)

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 Goodwill Industries of Acadiana, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matter*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses by department, schedule of revenues and expenses by department, and schedule of compensation on pages 20-24 are presented for purposes of additional analysis and are not required parts 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.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana

June 28, 2017

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Financial Position  
December 31, 2016 and 2015

|                                    | <u>2016</u>          | <u>2015</u>          |
|------------------------------------|----------------------|----------------------|
| ASSETS                             |                      |                      |
| CURRENT ASSETS                     |                      |                      |
| Cash and cash equivalents          | \$ 653,080           | \$ 651,576           |
| Investment securities, at market   | 261,884              | 262,964              |
| Accounts receivable                | 123,651              | 52,767               |
| Inventory                          | 180,973              | 197,443              |
| Prepaid expenses                   | <u>235,342</u>       | <u>344,930</u>       |
| Total current assets               | <u>1,454,930</u>     | <u>1,509,680</u>     |
| LAND, BUILDING, AND EQUIPMENT, net | <u>11,591,908</u>    | <u>11,840,636</u>    |
| OTHER ASSETS                       |                      |                      |
| Other receivables                  | 497,752              | 457,073              |
| Deposits                           | <u>8,358</u>         | <u>19,858</u>        |
|                                    | <u>506,110</u>       | <u>476,931</u>       |
| TOTAL ASSETS                       | <u>\$ 13,552,948</u> | <u>\$ 13,827,247</u> |

|                                         | <u>2016</u>          | <u>2015</u>          |
|-----------------------------------------|----------------------|----------------------|
| LIABILITIES AND NET ASSETS              |                      |                      |
| CURRENT LIABILITIES                     |                      |                      |
| Accounts payable                        | \$ 162,572           | \$ 129,630           |
| Payroll and related liabilities         | 171,946              | 205,948              |
| Accrued expenses                        | 2,449                | 28,354               |
| Notes payable                           | 139,591              | 191,302              |
| Current maturities of long-term debt    | 366,088              | 345,896              |
| Other liabilities                       | <u>26,618</u>        | <u>22,306</u>        |
| Total current liabilities               | <u>869,264</u>       | <u>923,436</u>       |
| LONG-TERM LIABILITIES                   |                      |                      |
| Long-term debt, less current maturities | <u>5,760,584</u>     | <u>5,972,422</u>     |
|                                         | <u>5,760,584</u>     | <u>5,972,422</u>     |
| NET ASSETS                              |                      |                      |
| Unrestricted                            | <u>6,923,100</u>     | <u>6,931,389</u>     |
| <br>                                    |                      |                      |
| TOTAL LIABILITIES AND NET ASSETS        | <u>\$ 13,552,948</u> | <u>\$ 13,827,247</u> |

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Activities  
Years Ended December 31, 2016 and 2015

|                                        | 2016                | 2015                |
|----------------------------------------|---------------------|---------------------|
| UNRESTRICTED NET ASSETS                |                     |                     |
| Revenue:                               |                     |                     |
| Contributed goods production           | \$ 7,247,050        | \$ 7,852,173        |
| Evaluation and training services       | 128,746             | 94,034              |
| Contracts                              | 223,909             | 74,654              |
| Management services                    | 420,371             | 180,493             |
| Miscellaneous                          | <u>68,015</u>       | <u>70,860</u>       |
| Total unrestricted support and revenue | <u>8,088,091</u>    | <u>8,272,214</u>    |
| Expenses:                              |                     |                     |
| Contributed goods production           | 5,581,721           | 5,707,228           |
| Evaluation and training services       | 825,644             | 820,672             |
| Contracts                              | 202,021             | 119,065             |
| Management services                    | 318,485             | 314,807             |
| Support services:                      |                     |                     |
| Public relations/fundraising           | 328,099             | 309,322             |
| Administration                         | <u>840,410</u>      | <u>720,792</u>      |
|                                        | <u>8,096,380</u>    | <u>7,991,886</u>    |
| Change in unrestricted net assets      | <u>(8,289)</u>      | <u>280,328</u>      |
| Change in net assets                   | (8,289)             | 280,328             |
| NET ASSETS, beginning                  | <u>6,931,389</u>    | <u>6,651,061</u>    |
| NET ASSETS, ending                     | <u>\$ 6,923,100</u> | <u>\$ 6,931,389</u> |

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Cash Flows  
Years Ended December 31, 2016 and 2015

|                                                                                                          | 2016       | 2015         |
|----------------------------------------------------------------------------------------------------------|------------|--------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                              |            |              |
| Increase (decrease) in net assets                                                                        | \$ (8,289) | \$ 280,328   |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities: |            |              |
| Depreciation                                                                                             | 412,156    | 394,592      |
| (Gain) loss on sale of assets                                                                            | 125,080    | (21,897)     |
| Unrealized loss on investment securities                                                                 | 1,772      | 9,435        |
| (Increase) decrease in operating assets:                                                                 |            |              |
| Accounts receivable                                                                                      | (70,884)   | 1,595        |
| Inventory                                                                                                | 16,470     | (5,599)      |
| Prepaid expenses                                                                                         | 249,179    | 114,891      |
| Other receivables                                                                                        | (40,679)   | (39,675)     |
| Deposits                                                                                                 | 11,500     | (13,100)     |
| Increase (decrease) in operating liabilities:                                                            |            |              |
| Accounts payable                                                                                         | 32,942     | 31,594       |
| Payroll and related liabilities                                                                          | (34,002)   | (5,317)      |
| Accrued expenses                                                                                         | (25,905)   | 11,860       |
| Other liabilities                                                                                        | 4,312      | 298          |
| Net cash provided by operating activities                                                                | 673,652    | 759,005      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                              |            |              |
| Purchase of securities                                                                                   | (76,059)   | (8,375)      |
| Proceeds from sales of securities                                                                        | 75,367     | -            |
| Proceeds from sale of assets                                                                             | -          | 28,050       |
| Purchase of fixed assets                                                                                 | (60,508)   | (145,045)    |
| Net cash used by investing activities                                                                    | (61,200)   | (125,370)    |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                                              |            |              |
| Repayment of long-term debt                                                                              | (610,948)  | (581,429)    |
| Net cash used by financing activities                                                                    | (610,948)  | (581,429)    |
| Net change in cash and cash equivalents                                                                  | 1,504      | 52,206       |
| CASH AND CASH EQUIVALENTS, beginning of year                                                             | 651,576    | 599,370      |
| CASH AND CASH EQUIVALENTS, end of year                                                                   | \$ 653,080 | \$ 651,576   |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                                                 |            |              |
| Cash paid during the year for:                                                                           |            |              |
| Interest                                                                                                 | \$ 198,442 | \$ 234,778   |
| <b>NONCASH TRANSACTIONS</b>                                                                              |            |              |
| Refinanced outstanding debt with long-term debt                                                          | \$ -       | \$ 6,325,064 |
| Purchase of fixed assets financed with long-term debt                                                    | 228,000    | 339,461      |
| Finance of liability insurance policy with note payable                                                  | 139,590    | 191,302      |

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



GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Functional Expenses  
Years Ended December 31, 2016 and 2015

|                                           | 2016                | 2015                |
|-------------------------------------------|---------------------|---------------------|
| <b>PAYROLL AND RELATED EXPENSES</b>       |                     |                     |
| Salaries and wages                        | \$ 3,983,032        | \$ 4,097,899        |
| Payroll taxes                             | <u>315,543</u>      | <u>329,399</u>      |
| Total payroll and related expenses        | <u>4,298,575</u>    | <u>4,427,298</u>    |
| <b>OTHER EXPENSES</b>                     |                     |                     |
| Cost of sales                             | 165,572             | 175,942             |
| Repairs and maintenance                   | 170,537             | 140,767             |
| Supplies                                  | 210,155             | 185,263             |
| Professional fees and contracted services | 182,784             | 190,215             |
| Promotion and entertainment               | 3,275               | 4,025               |
| Telephone                                 | 74,421              | 72,193              |
| Utilities                                 | 195,251             | 200,093             |
| Rent                                      | 393,415             | 353,848             |
| Travel and agency                         | 64,698              | 75,361              |
| Janitorial expense                        | 119,051             | 97,518              |
| Dues, subscriptions, and licenses         | 100,996             | 97,414              |
| Conferences and seminars                  | 5,722               | 10,633              |
| Interest                                  | 198,442             | 234,778             |
| Office and miscellaneous                  | 307,694             | 177,343             |
| Insurance                                 | 1,036,454           | 986,020             |
| Advertising                               | 126,297             | 144,323             |
| Bad debts                                 | -                   | 80                  |
| Donation of goods                         | <u>30,885</u>       | <u>24,180</u>       |
| Total other expenses                      | <u>3,385,649</u>    | <u>3,169,996</u>    |
| Total expenses before depreciation        | 7,684,224           | 7,597,294           |
| DEPRECIATION                              | <u>412,156</u>      | <u>394,592</u>      |
| TOTAL EXPENSES                            | <u>\$ 8,096,380</u> | <u>\$ 7,991,886</u> |

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Goodwill Industries of Acadiana, Inc. (Goodwill) is a not-for-profit charitable organization. Goodwill provides rehabilitation services, training and employment for the handicapped, disabled, and disadvantaged located in the Southwest Louisiana area by receiving donated articles of clothing, furnishings, appliances, etc., which are processed for sale through their retail outlets. Directors of Goodwill receive no compensation of any kind.

Basis of Accounting

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

Income Taxes

Goodwill qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore has no provision for federal income taxes. In addition, Goodwill has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

Accounting Standard Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a “more than not” threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Company has evaluated its tax position and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements. The Company’s management believes it is no longer subject to income tax examinations for fiscal years prior to December 31, 2013.

Land, Building, and Equipment

Land, building, and equipment purchased are recorded at cost while donated items are recorded at fair value. Goodwill’s policy is to capitalize expenditures for these items in excess of \$1,500. Items below this threshold are expensed. Assets are depreciated using the straight-line method over their useful lives as follows:

|                                |               |
|--------------------------------|---------------|
| Buildings and improvements     | 25 - 40 years |
| Equipment, furniture and autos | 5 - 7 years   |

Inventories

Goodwill adopted FASB ASC 958-605-25-2 “Accounting for Contributions Received and Contributions Made” thereby recording contributed goods at fair value at the date of receipt and recording related inventories in the Statement of Financial Position. Purchased inventories of saleable goods are stated at cost.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 2016 and 2015 totaled \$43,858 and \$38,154, respectively.

Investments

Goodwill carries investments in mutual fund securities with readily determinable fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities.

Functional Allocation of Expenses

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

Contributions

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

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable is stated at cost, net of any allowance for doubtful accounts. The Company maintains allowances for doubtful accounts for estimated losses resulting from the failure of customers to make required payments. The Company reviews the accounts receivable on a periodic basis and makes allowances where there is doubt as to the collectability of individual balances. In evaluating the collectability of individual receivable balances, the Company considers many factors, including the age of the balance, the customer's payment history, its current credit-worthiness and current economic trends. Based on management's evaluation of each customer, the Company considers all remaining accounts receivable to be fully collectible and, therefore, did not provide an allowance for doubtful accounts. The Company incurred bad debts of \$0 and \$80 for the years ended December 31, 2016 and 2015, respectively.

Estimates

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vacation and Sick Leave

Vacation is earned after one year of employment. Any current unused vacation will be forfeited if not used by the employee's anniversary date. Upon separation, employees will be compensated for any unused vacation generated in the current year.

Sick leave with pay is calculated based on the applicable grant system in place, commencing 90 days after employment. Any unused sick time will be considered extended illness leave if not used by the employee's anniversary date. Upon separation, employees will not be compensated for any unused sick or extended illness leave.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses for the years ended December 31, 2016 and 2015 totaled \$126,298 and \$144,323, respectively.

Subsequent Events

FASB issued *Subsequent Events* (ASC 855) which establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through June 28, 2017, the date the financial statements were available to be issued.

NOTE 2 OTHER RECEIVABLES

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

NOTE 3 LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of the following:

|                                 | <u>2016</u>          | <u>2015</u>          |
|---------------------------------|----------------------|----------------------|
| Land                            | \$ 3,078,283         | \$ 2,993,283         |
| Buildings and improvements      | 11,395,324           | 11,554,067           |
| Equipment, furniture, and autos | <u>1,691,369</u>     | <u>1,597,336</u>     |
|                                 | 16,164,976           | 16,144,686           |
| Less: accumulated depreciation  | <u>4,573,068</u>     | <u>4,304,050</u>     |
|                                 | <u>\$ 11,591,908</u> | <u>\$ 11,840,636</u> |

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 4 INVESTMENT SECURITIES

Investment securities at December 31, 2016 and 2015 consists of mutual funds recorded at fair value as summarized below:

|                         | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|-------------------------|-------------------|------------------------------|-------------------------------|---------------|
| Mutual Funds:           |                   |                              |                               |               |
| As of December 31, 2016 | \$ 276,375        | \$ -                         | \$ 14,491                     | \$ 261,884    |
| As of December 31, 2015 | \$ 285,346        | \$ -                         | \$ 22,382                     | \$ 262,964    |

NOTE 5 FAIR VALUE DISCLOSURES

The provisions of *Fair Value Measurement* (ASC 820-10-05) clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability and establishes a fair value hierarchy that prioritizes the inputs used to develop those assumptions and measure fair value. The hierarchy requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of inputs used to measure fair value are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than quoted process included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing methods, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company has segregated all financial assets and liabilities that are measured at fair value on a recurring basis into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date in the table below.

|                         | Level 1    | Level 2 | Level 3 |
|-------------------------|------------|---------|---------|
| Investment securities:  |            |         |         |
| Mutual Funds -          |            |         |         |
| As of December 31, 2016 | \$ 261,884 | \$ -    | \$ -    |
| As of December 31, 2015 | \$ 262,964 | \$ -    | \$ -    |

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 6 FINANCIAL INSTRUMENTS

The fair values of Goodwill's financial instruments are as follows:

|                           | Carrying<br>Amount | Fair<br>Value |
|---------------------------|--------------------|---------------|
| Cash and cash equivalents | \$ 653,080         | \$ 653,080    |
| Investment securities     | \$ 261,884         | \$ 261,884    |

Cash and cash equivalents – The carrying amount of cash and cash equivalents approximate fair value.

Investment securities – Fair values for investment securities are based on quoted process in active markets for identical assets (level 1). The carrying values of investment securities approximate fair values.

NOTE 7 LINE OF CREDIT

Goodwill has an available line of credit of \$115,000 as of December 31, 2016. The line is secured by cash balances held in accounts at the financial institution. Amounts borrowed under this agreement bear interest at a rate of 3.25%, per annum. There were no outstanding balances on the line as of December 31, 2016 and 2015.

NOTE 8 NOTE PAYABLE

The Company financed the purchase of a liability insurance policy with First Insurance Funding. The original amount financed was \$139,591, dated December 31, 2016 bearing interest at 3.50% per annum, payable in three monthly installments of \$17,649, six monthly installments of \$12,680, and final monthly installment of \$12,681.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 9 LONG-TERM DEBT

|                                                                                                                                                                                                                                                                         | 2016         | 2015         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| Note payable to Ford Motor Credit, due December 29, 2020, payable in 60 monthly installments of \$737, including interest at 3.89% per annum, secured by vehicle.                                                                                                       | 32,729       | 40,061       |
| Note payable to JD Bank, due January 6, 2020, payable in 59 monthly installments of \$46,486 and one final installment of \$4,658,340, including interest at 3.85% per annum, secured by real estate.                                                                   | 5,650,444    | 5,978,857    |
| Multiple advance note payable to JD Bank, due April 2, 2020, payable in 12 monthly consecutive interest payments followed by 48 monthly installments of \$2,916, and one final installment of \$387,448, including interest at 4.00% per annum, secured by real estate. | 443,499      | 299,400      |
| Less: current maturities                                                                                                                                                                                                                                                | 366,088      | 6,320,334    |
| Net long-term portion                                                                                                                                                                                                                                                   | 5,760,584    | 345,896      |
|                                                                                                                                                                                                                                                                         | \$ 6,126,672 | \$ 5,974,438 |

The maturities of long-term debt as of December 31, 2016 are as follows:

|       | Principal    | Interest   |
|-------|--------------|------------|
| 2017  | \$ 366,088   | \$ 235,577 |
| 2018  | 380,663      | 221,003    |
| 2019  | 395,818      | 205,848    |
| 2020  | 4,984,103    | 20,847     |
| 2021  | -            | -          |
| Total | \$ 6,126,672 | \$ 683,275 |

NOTE 10 CONCENTRATION OF CREDIT RISK

The majority of Goodwill's accounts receivable balance at December 31, 2016 and 2015 is comprised of amounts due from various state agencies.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 11 OPERATING LEASES

Goodwill has several operating leases for retail and administrative buildings. Rent expense associated with these operating leases during 2016 and 2015 totaled \$256,683 and \$280,020, respectively

Future minimum lease payments required under these operating leases are as follows:

|      |                   |
|------|-------------------|
| 2017 | \$ 256,683        |
| 2018 | 212,562           |
| 2019 | 127,184           |
| 2020 | 101,680           |
| 2021 | <u>30,000</u>     |
|      | <u>\$ 728,109</u> |



**SUPPLEMENTAL INFORMATION**

**INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS**

E. Larry Sikes, CPA/PFS, CVA, CFP®  
 Danny P. Frederick, CPA  
 Clayton E. Darnall, CPA, CVA  
 Eugene H. Darnall, III, CPA  
 Stephanie M. Higginbotham, CPA  
 John P. Armato, CPA/PFS  
 J. Stephen Gardes, CPA  
 Jennifer S. Ziegler, CPA/PFS, CFP®  
 Chris A. Miller, CPA, CVA  
 Steven G. Moosa, CPA  
 M. Rebecca Gardes, CPA  
 Joan B. Moody, CPA  
 Lauren V. Hebert, CPA/PFS  
 Erich G. Loewer, III, CPA, M.S. Tax  
 Jeremy C. Meaux, CPA  
 Stephen R. Dischler, CPA, MBA  
 Pamela Mayeux Bonin, CPA, CVA  
 Craig C. Babineaux, CPA/PFS, CFP®  
 Adam J. Curry, CPA, CFP®  
 Kyle P. Saltzman, CPA, CFE  
 Blaine M. Crochet, CPA, M.S.  
 Jacob C. Roberie, CPA



**Darnall, Sikes,  
 Gardes & Frederick**

(A Corporation of Certified Public Accountants)

**Independent Auditor's 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***

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

Kevin S. Young, CPA  
 Christy S. Dew, CPA, MPA  
 Rachel W. Ashford, CPA  
 Veronica L. LeBleu, CPA, MBA  
 Christine Guidry Berwick CPA, MBA  
 Brandon L. Porter, CPA  
 Brandon R. Dunphy, CPA  
 Robert C. Darnall, CPA, M.S., CVA  
 Tanya S. Nowlin, CPA, CGMA, Ph.D.  
 Nicole B. Bruchez, CPA, MBA  
 Jenifer Z. Marcial, CPA  
 Kai Seah, CPA  
 Katie Debailion, CPA  
 Nicolaus D. Simon, CPA  
 Emile M. Joseph III, CPA  
 Jeromy T. Bourque, CPA  
 Ben Baudoin, CPA  
 Barrett B. Perry, CPA, MBA  
 Andre J. Huval, CPA  
 Alyssa M. Cart, CPA, M.S.  
 Amy Draughon, CPA, MBA  
 Elizabeth N. Debailion, CPA  
 Cherie Boudreaux Navarre, CPA, M.S.  
 Brittney C. Guerrero, CPA, MBA

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 Acadiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2017.

**Internal Control Over Financial Reporting**

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

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

2000 Kaliste Saloom  
 Suite 300  
 Lafayette, LA 70508  
 Phone: 337.232.3312  
 Fax: 337.237.3614

1231 E. Laurel Avenue  
 Eunice, LA 70535  
 Phone: 337.457.4146  
 Fax: 337.457.5060

1201 Brashear Avenue  
 Suite 301  
 Morgan City, LA 70380  
 Phone: 985.384.6264  
 Fax: 985.384.8140

203 S. Jefferson Street  
 Abbeville, LA 70510  
 Phone: 337.893.5470  
 Fax: 337.893.5470

A Member of:  
 American Institute of  
 Certified Public Accountants  
 Society of Louisiana  
 Certified Public Accountants

[www.dsfcpas.com](http://www.dsfcpas.com)

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

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Goodwill Industries of Acadiana, Inc.'s 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana

June 28, 2017

**OTHER SUPPLEMENTAL INFORMATION**

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Functional Expenses by Department  
Year Ended December 31, 2016

|                                           | Contributed Goods Production |                            |                     |
|-------------------------------------------|------------------------------|----------------------------|---------------------|
|                                           | Retail                       | Salvage/<br>Transportation | Total               |
| <b>PAYROLL AND RELATED EXPENSES</b>       |                              |                            |                     |
| Salaries and wages                        | \$ 1,925,362                 | \$ 449,958                 | \$ 2,375,320        |
| Payroll taxes                             | <u>160,090</u>               | <u>36,340</u>              | <u>196,430</u>      |
| Total payroll and related expenses        | <u>2,085,452</u>             | <u>486,298</u>             | <u>2,571,750</u>    |
| <b>OTHER EXPENSES</b>                     |                              |                            |                     |
| Cost of sales                             | 157,414                      | 8,158                      | 165,572             |
| Repairs and maintenance                   | 104,414                      | 22,931                     | 127,345             |
| Supplies                                  | 82,529                       | 33,283                     | 115,812             |
| Professional fees and contracted services | 125,128                      | 23,245                     | 148,373             |
| Promotion and entertainment               | 3,125                        | 150                        | 3,275               |
| Telephone                                 | 47,214                       | 7,213                      | 54,427              |
| Utilities                                 | 132,578                      | 40,044                     | 172,622             |
| Rent                                      | 313,564                      | 70,829                     | 384,393             |
| Travel and agency                         | 3,211                        | 24,541                     | 27,752              |
| Janitorial expense                        | 48,036                       | 50,835                     | 98,871              |
| Dues, subscriptions, and licenses         | 63,390                       | 16,619                     | 80,009              |
| Conferences and seminars                  | 517                          | 132                        | 649                 |
| Interest                                  | 122,715                      | -                          | 122,715             |
| Office and miscellaneous                  | 146,887                      | 12,810                     | 159,697             |
| Insurance                                 | 622,260                      | 141,715                    | 763,975             |
| Advertising                               | -                            | -                          | -                   |
| Bad debt                                  | -                            | -                          | -                   |
| Donation of goods                         | -                            | -                          | -                   |
| Allocated administrative and other costs  | <u>262,952</u>               | <u>48,899</u>              | <u>311,851</u>      |
| Total other expenses                      | <u>2,235,934</u>             | <u>501,404</u>             | <u>2,737,338</u>    |
| Total expenses before depreciation        | 4,321,386                    | 987,702                    | 5,309,088           |
| DEPRECIATION                              | <u>227,779</u>               | <u>44,846</u>              | <u>272,625</u>      |
| TOTAL EXPENSES                            | <u>\$ 4,549,165</u>          | <u>\$ 1,032,548</u>        | <u>\$ 5,581,713</u> |

| Evaluation,<br>Training and<br>Rehabilitation | Lawn<br>Maintenance<br>Contracts | Management<br>Services | Support Services    |                   | Totals              |
|-----------------------------------------------|----------------------------------|------------------------|---------------------|-------------------|---------------------|
|                                               |                                  |                        | Public<br>Relations | Administration    |                     |
| \$ 558,058                                    | \$ 156,395                       | \$ 279,243             | \$ 139,000          | \$ 475,016        | \$ 3,983,032        |
| <u>44,093</u>                                 | <u>12,814</u>                    | <u>19,609</u>          | <u>9,803</u>        | <u>32,794</u>     | <u>315,543</u>      |
| <u>602,151</u>                                | <u>169,209</u>                   | <u>298,852</u>         | <u>148,803</u>      | <u>507,810</u>    | <u>4,298,575</u>    |
| -                                             | -                                | -                      | -                   | -                 | 165,572             |
| 5,564                                         | 16,634                           | -                      | -                   | 20,994            | 170,537             |
| 18,004                                        | 14,049                           | 91                     | 32,091              | 30,108            | 210,155             |
| 4,906                                         | 4,865                            | -                      | -                   | 24,640            | 182,784             |
| -                                             | -                                | -                      | -                   | -                 | 3,275               |
| 9,864                                         | 912                              | -                      | 645                 | 8,573             | 74,421              |
| 16,815                                        | 2,422                            | -                      | -                   | 3,392             | 195,251             |
| 2,190                                         | 99                               | -                      | -                   | 6,733             | 393,415             |
| 6,651                                         | 11,964                           | -                      | 893                 | 17,438            | 64,698              |
| 4,616                                         | -                                | -                      | -                   | 15,564            | 119,051             |
| 2,638                                         | 2,968                            | 4,204                  | 620                 | 10,557            | 100,996             |
| 1,064                                         | -                                | -                      | -                   | 4,009             | 5,722               |
| -                                             | 4,544                            | -                      | -                   | 71,183            | 198,442             |
| 2,223                                         | 670                              | 2,814                  | -                   | 142,290           | 307,694             |
| 87,849                                        | 31,587                           | 12,524                 | 18,750              | 121,769           | 1,036,454           |
| -                                             | -                                | -                      | 126,297             | -                 | 126,297             |
| -                                             | -                                | -                      | -                   | -                 | -                   |
| 30,685                                        | -                                | -                      | -                   | 200               | 30,885              |
| <u>16,224</u>                                 | <u>(84,019)</u>                  | <u>-</u>               | <u>-</u>            | <u>(244,056)</u>  | <u>-</u>            |
| <u>209,293</u>                                | <u>6,695</u>                     | <u>19,633</u>          | <u>179,296</u>      | <u>233,394</u>    | <u>3,385,649</u>    |
| 811,444                                       | 175,904                          | 318,485                | 328,099             | 741,204           | 7,684,224           |
| <u>14,200</u>                                 | <u>26,117</u>                    | <u>-</u>               | <u>-</u>            | <u>99,214</u>     | <u>412,156</u>      |
| <u>\$ 825,644</u>                             | <u>\$ 202,021</u>                | <u>\$ 318,485</u>      | <u>\$ 328,099</u>   | <u>\$ 840,418</u> | <u>\$ 8,096,380</u> |

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Revenues and Expenses by Department  
Year Ended December 31, 2016

|                                   | Contributed Goods Production |                            |                     |
|-----------------------------------|------------------------------|----------------------------|---------------------|
|                                   | Retail                       | Salvage/<br>Transportation | Total               |
| REVENUES                          | \$ 6,076,032                 | \$ 1,171,018               | 7,247,050           |
| EXPENSES                          | <u>4,321,386</u>             | <u>987,710</u>             | <u>5,309,096</u>    |
| Income (loss) before depreciation | 1,754,646                    | 183,308                    | 1,937,954           |
| DEPRECIATION                      | <u>227,779</u>               | <u>44,846</u>              | <u>272,625</u>      |
| NET INCOME (LOSS)                 | <u>\$ 1,526,867</u>          | <u>\$ 138,462</u>          | <u>\$ 1,665,329</u> |



| Evaluation,<br>Training and<br>Rehabilitation | Lawn<br>Maintenance<br>Contracts | Management<br>Services | Support Services    |                     | Totals            |
|-----------------------------------------------|----------------------------------|------------------------|---------------------|---------------------|-------------------|
|                                               |                                  |                        | Public<br>Relations | Administration      |                   |
| \$ 128,746                                    | \$ 223,909                       | \$ 420,371             | \$ -                | \$ 68,015           | \$ 8,088,091      |
| <u>811,444</u>                                | <u>175,904</u>                   | <u>318,485</u>         | <u>328,099</u>      | <u>741,196</u>      | <u>7,684,224</u>  |
| (682,698)                                     | 48,005                           | 101,886                | (328,099)           | (673,181)           | 403,867           |
| <u>14,200</u>                                 | <u>26,117</u>                    | <u>-</u>               | <u>-</u>            | <u>99,214</u>       | <u>412,156</u>    |
| <u>\$ (696,898)</u>                           | <u>\$ 21,888</u>                 | <u>\$ 101,886</u>      | <u>\$ (328,099)</u> | <u>\$ (772,395)</u> | <u>\$ (8,289)</u> |

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Compensation, Benefits, and Other Payments to Chief Executive Officer  
Year Ended December 31, 2016

Joel Vincent, COO

| <u>Purpose</u>              | <u>Amount</u> |
|-----------------------------|---------------|
| Salary                      | \$ 108,120    |
| Benefits - Health Insurance | 6,402         |
| Car allowance               | 4,800         |
| Reimbursements - Travel     | 12,060        |
| Reimbursements - Other      | 541           |

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Summary of Corrective Action Taken on Prior Year Findings  
Year Ended December 31, 2016

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2016

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on Goodwill Industries of Acadiana, Inc.'s financial statements as of and for the year ended December 31, 2016.

Significant Deficiencies - Financial Reporting

There were no significant deficiencies or material weaknesses in internal control noted during the audit of the financial statements.

Material Noncompliance or Other Matters-Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2016.

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

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

Part III Findings and Questioned Costs Relating to Federal Programs

At December 31, 2016, Goodwill Industries of Acadiana, Inc. did not meet the requirements to have a single audit in accordance with OMB Uniform Guidance; therefore this section is not applicable.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Management's Corrective Action Plan  
Year Ended December 31, 2016

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