

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

Audit of Combined Financial Statements

December 31, 2008

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## Independent Auditor's Report

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

We have audited the accompanying combined statement of financial position of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. (the Organizations) as of December 31, 2008, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. as of December 31, 2008, and the combined changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 25, 2009, on our consideration of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Schedules I through IV are presented for the purpose of additional analysis and are not required parts of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

A handwritten signature in blue ink, appearing to read "Lalorte, Sekit, Konig & Hood".

A Professional Accounting Corporation

June 25, 2009

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Financial Position  
December 31, 2008**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 5,045,377
Accounts Receivable - Trade	5,261,554
Insurance Receivable	-
Merchandise Inventory	324,641
Prepaid Expenses and Other	<u>345,204</u>
<b>Total Current Assets</b>	<u>10,976,776</u>
 <b>Property and Equipment</b>	
Land	2,714,312
Building and Building Improvements	4,872,266
Machinery and Equipment	744,638
Furniture and Fixtures	767,155
Automobiles and Trucks	306,167
Leasehold Improvements	267,186
Computer Equipment	82,601
Condo - Timeshare	<u>30,000</u>
	9,784,325
<b>Less: Accumulated Depreciation</b>	<u>1,842,316</u>
<b>Property and Equipment , Net</b>	<u>7,942,009</u>
 <b>Other Assets</b>	
Notes Receivable	5,166,667
Deferred Loan Fees	2,606,744
Deposits	<u>93,301</u>
<b>Total Other Assets</b>	<u>7,866,712</u>
<b>Total Assets</b>	<u><u>\$ 26,785,497</u></u>

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

<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 1,541,418
Accrued Expenses and Taxes	1,016,151
Deferred Revenue	47,623
Notes Payable	<u>56,892</u>
<b>Total Current Liabilities</b>	<u>2,662,084</u>
<b>Long-Term Liabilities</b>	
Notes Payable (Net of Current Maturities)	<u>9,242,060</u>
<b>Net Assets</b>	
Unrestricted	14,881,353
Temporarily Restricted	-
Permanently Restricted	<u>-</u>
<b>Total Net Assets</b>	<u>14,881,353</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 26,785,497</u></u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Activities  
For the Year Ended December 31, 2008**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Sales Revenue</b>				
Retail Stores	\$ 8,141,177	\$ -	\$ -	\$ 8,141,177
Contributed Revenue - Donated Goods	3,369,714	-	-	3,369,714
Salvage	540,840	-	-	540,840
<b>Total</b>	<b>12,051,731</b>	<b>-</b>	<b>-</b>	<b>12,051,731</b>
<b>Vocational Training Revenue</b>				
Janitorial Contracts	6,561,755	-	-	6,561,755
Training Fees - United Way	97,500	-	-	97,500
<b>Total</b>	<b>6,659,255</b>	<b>-</b>	<b>-</b>	<b>6,659,255</b>
<b>Other Sources of Income</b>				
Federal Financial Assistance	9,745,386	-	-	9,745,386
Contribution - Goodwill Foundation	1,868,348	-	-	1,868,348
Contributions	675,859	-	-	675,859
Grant Income - City of New Orleans	934,488	-	-	934,488
Investment Return	17,700	-	-	17,700
Insurance Proceeds	3,200	-	-	3,200
Net Assets Released from Restriction	650,211	(650,211)	-	-
Miscellaneous	34,608	-	-	34,608
<b>Total</b>	<b>13,929,800</b>	<b>(650,211)</b>	<b>-</b>	<b>13,279,589</b>
<b>Total Revenue</b>	<b>32,640,786</b>	<b>(650,211)</b>	<b>-</b>	<b>31,990,575</b>
<b>Expenses</b>				
Program Services				
Retail Program - Cost of Goods Sold	3,337,096	-	-	3,337,096
Rehabilitation Services	23,395,901	-	-	23,395,901
Supporting Services				
Management and General	1,774,550	-	-	1,774,550
<b>Total Expenses</b>	<b>28,507,547</b>	<b>-</b>	<b>-</b>	<b>28,507,547</b>
<b>Change in Net Assets</b>	<b>4,133,239</b>	<b>(650,211)</b>	<b>-</b>	<b>3,483,028</b>
<b>Net Assets, Beginning of Year</b>	<b>10,748,114</b>	<b>650,211</b>	<b>-</b>	<b>11,398,325</b>
<b>Net Assets, End of Year</b>	<b>\$ 14,881,353</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 14,881,353</b>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Cash Flows  
For the Year Ended December 31, 2008**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 3,483,028
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	285,722
Gain on Sale of Fixed Assets	(3,400)
Increase in Accounts Receivable - Trade	(1,336,861)
Decrease in Insurance Receivable	1,900,000
Increase in Inventory	(32,618)
Increase in Prepaid Expenses	(114,375)
Increase in Deposits	(4,271)
Increase in Deferred Loan Fees	(2,606,744)
Increase in Accounts Payable	885,956
Decrease in Accrued Expenses and Taxes	(8,514)
Increase in Deferred Revenue	20,497
	<u>2,468,420</u>
<b>Net Cash Provided by Operating Activities</b>	
<b>Cash Flows from Investing Activities</b>	
Increase in Notes Receivable	(5,166,667)
Purchase of Fixed Assets	(5,833,471)
	<u>(11,000,138)</u>
<b>Net Cash Used in Investing Activities</b>	
<b>Cash Flows from Financing Activities</b>	
Payments on Notes Payable	(61,940)
Proceeds from Notes Payable	7,982,712
Proceed from Sale of Fixed Assets	3,400
	<u>7,924,172</u>
<b>Net Cash Provided by Financing Activities</b>	
<b>Net Decrease in Cash and Cash Equivalents</b>	(607,546)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>5,652,923</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 5,045,377</u></u>
<b>Supplemental Information</b>	
Cash Paid for Interest	<u><u>\$ 85,825</u></u>

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

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Functional Expenses  
For the Year Ended December 31, 2008**

	<b>Management and General</b>	<b>Rehabilitation Service</b>	<b>Total</b>
<b>Wages and Pension</b>			
Wages	\$ 906,672	\$ 11,460,396	\$ 12,367,068
Pension and Health and Welfare Benefit Plan	-	593,649	593,649
	<u>906,672</u>	<u>12,054,045</u>	<u>12,960,717</u>
<b>Occupancy</b>			
Rent	-	1,150,521	1,150,521
General Liability Insurance	110,736	352,052	462,788
Utilities	-	275,476	275,476
Repairs and Maintenance - General	-	317,993	317,993
All Other	63,951	159,664	223,615
	<u>174,687</u>	<u>2,255,706</u>	<u>2,430,393</u>
<b>Operating</b>			
Janitorial Supplies	111	134,259	134,370
Production Materials	-	513,521	513,521
Waste Disposal Fees	-	383,437	383,437
Specific Assistance to Individuals	53,774	4,546,011	4,599,785
Travel and Promotion	32,263	176,859	209,122
Rental and Maintenance of Equipment	44,837	34,153	78,990
Supplies and General	90,026	199,542	289,568
Repairs - Company Vehicles	229	28,844	29,073
Gas and Oil - Company Vehicles	2,604	127,084	129,688
Insurance - Company Vehicles	27,293	106,706	133,999
Leasing Costs	-	141,054	141,054
	<u>251,137</u>	<u>6,391,470</u>	<u>6,642,607</u>
<b>Administrative</b>			
Payroll Taxes	63,080	945,185	1,008,265
Worker's Compensation Insurance	734	65,851	66,585
Insurance - Employee Benefits	55,865	215,828	271,693
Subcontracting	3,889	7,482	11,371
Professional Fees	222,195	404,671	626,866
NISH Commissions	-	182,195	182,195
Telephone	31,466	217,088	248,554
Membership Dues	4,993	160,209	165,202
Printing	5,007	40,046	45,053
Postage	6,141	34,715	40,856
Employee Testing	832	51,166	51,998
Other Administrative	16,103	77,702	93,805
Tax and Licenses	162	2,320	2,482
Bad Debt Expense	-	36,087	36,087
	<u>410,467</u>	<u>2,440,545</u>	<u>2,851,012</u>
<b>Depreciation</b>	<u>31,587</u>	<u>254,135</u>	<u>285,722</u>
<b>Total</b>	<u>\$ 1,774,550</u>	<u>\$ 23,395,901</u>	<u>\$ 25,170,451</u>

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

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

**Notes to Combined Financial Statements**

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

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

**Combination of Financial Statements**

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

**Trade Receivables**

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. The allowance for bad debts totaled \$187,211, as of December 31, 2008.

**Concentration of Credit Risk**

Goodwill's services are rendered to people with disabilities or other disadvantaging conditions in southeastern Louisiana. All of the training fees and grants are generated from services to rehabilitation clients. Goodwill grants credit to several state offices for the above stated training fees. As of December 31, 2008, Goodwill has an unused line of credit with a bank in the amount of \$750,000, collateralized by accounts receivables.

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

**Contribution Recognition**

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

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

**Notes to Combined Financial Statements**

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

**Contribution Recognition (Continued)**

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

**Financial Statement Presentation**

The Organizations report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Donated Material and Service**

Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, requires that contributions be recognized as revenue when received. During 2008, Goodwill recognized contributed merchandise with a fair value of \$3,369,714 as contribution revenue. This merchandise requires program related expenses/processes accomplished by people with disabilities and other disadvantaging conditions before it reaches its point of sale.

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

A substantial number of volunteers have donated significant amounts of their time in the Organizations' program services. However, these services do not meet all of the applicable requirements of SFAS No. 116; therefore, no amounts have been reflected in the combined financial statements for these donated services.

**Income Taxes**

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

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

**Notes to Combined Financial Statements**

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

**Cash and Cash Equivalents**

The Organizations consider all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

**Property and Equipment**

Property and equipment are stated at cost, with the exception of donated items, which are stated at fair market value at date of donation. Excluding land, the Organizations use the straight-line depreciation method over the useful lives of its property and equipment. Buildings and improvements are depreciated over forty 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 three years or more. Depreciation expense for 2008 was \$285,722.

**Use of Estimates**

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

**Merchandise Inventory**

SFAS No. 116 requires that contributions be recognized as inventory when received and be carried at fair value. Management estimates the fair value of inventory using a gross margin method.

**Accounting for Financial Instruments**

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

**Note 2. Prepaid Expenses and Other Current Assets**

The components of prepaid expenses and other current assets for December 31, 2008, are summarized below:

Prepaid Insurance	\$ 162,492
Prepaid Rent/ Other	<u>182,712</u>
<b>Total Prepaid Expenses and Other Current Assets</b>	<b><u>\$ 345,204</u></b>

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

**Notes to Combined Financial Statements**

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**Note 3. Notes Payable**

Details of notes payable for the year ended December 31, 2008, consists of the following:

Note payable to bank with monthly principal and interest of \$11,142 and one final payment of \$1,015,491, maturing on January 23, 2014. Interest rate of 5.90%. Secured by two properties.	\$ 1,316,240
Notes payable to banks with monthly interest payments only, payable in full on December 30, 2015. Four loans with interest rate of .52% Secured by building.	6,568,308
Notes payable to banks with monthly interest payments only, payable in full on December 30, 2015. Two loans with interest rate of 4.5% Secured by building.	<u>1,414,404</u>
	9,298,952
Less: Current Maturities	<u>56,892</u>
<b>Long-Term Debt</b>	<b><u>\$ 9,242,060</u></b>

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

**Notes to Combined Financial Statements**

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**Note 3. Notes Payable (Continued)**

The maturities for the next five years are as follows:

<b>Years</b>	<b>Amount</b>
2009	\$ 56,892
2010	59,328
2011	62,976
2012	65,653
2013 and After	<u>9,056,203</u>
<b>Total</b>	<b><u>\$ 9,301,052</u></b>

Interest expense totaled \$85,825 for the year ended December 31, 2008.

**Note 4. Lease Agreements**

Goodwill has real estate leases as of December 31, 2008, expiring in various years through 2014.

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

<b>Years</b>	<b>Amount</b>
2009	\$ 1,030,243
2010	983,751
2011	802,214
2012	474,315
2013 and After	<u>1,585,856</u>
<b>Total</b>	<b><u>\$ 4,876,379</u></b>

Rent expense totaled \$1,150,521 in 2008.

Goodwill leases automobiles under operating leases expiring in various years through 2009. The minimum lease payments are as follows:

<b>Years</b>	<b>Amount</b>
2009	<u>\$ 28,321</u>
<b>Total</b>	<b><u>\$ 28,321</u></b>

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

**Notes to Combined Financial Statements**

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**Note 5. United Way Contributions**

Goodwill receives allocations and designations from several United Way Agencies. Allocations are restricted to funded programs, whereas, designations are unrestricted. The allocations and designations received in 2008, are as follows:

	<b>2008</b>		
	<b>Allocations</b>	<b>Designations</b>	<b>Total</b>
United Way for the Greater New Orleans Area	\$ 5,883	\$ -	\$ 5,883
<b>Total</b>	<u>\$ 5,883</u>	<u>\$ -</u>	<u>\$ 5,883</u>

The above amount is included in Contributions on the Combined Statement of Activities.

Fees Paid for Rehabilitation Service from United Way for the Greater New Orleans Area	<u>\$ 97,500</u>
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**Note 6. Reimbursements**

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

**Note 7. Pension Plan and Health and Welfare Benefit Plan**

Goodwill initiated a defined contribution pension plan in 1993 for the employees of its federal contracts. The plan does not have any minimum eligibility requirements to participate. Employer contributions vary based on terms of each Federal contract and regular hours of each employee. When Goodworks was formed in 1998, it assumed responsibility for pension plan contributions from Goodwill. Goodworks contributed \$502,187 to the plan in 2008. In 2007, Goodworks began a separate medical benefit plan for the employees of Goodworks. A total of \$91,462 was contributed to this plan in 2008.

**Note 8. Hurricane Katrina**

In March of 2008, Goodwill reached a final settlement with its insurance company for damages incurred to its facilities as a result of Hurricane Katrina. Goodwill received a net amount after expenses of approximately \$1.9 million. This amount was recognized as income for the year ended December 31, 2007. A receivable in that amount had been set up as of December 31, 2007 as well. With this final settlement, net assets totaling \$650,211, which had been restricted until final settlement, were move into unrestricted net assets.

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

**Notes to Combined Financial Statements**

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**Note 9. Commitments and Contingencies (Building Purchase)**

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

The transfer of the building to Goodwill Industries Building, Inc. is subject to a loan in the amount of \$15 million (as of December 31, 2008 only \$7,982,712 had been drawn on this loan. A total of \$9,624,683 had been drawn on as of the report date June 25, 2009). The loan is secured by the building and its improvements and is guaranteed by Goodwill Industries of Southeastern Louisiana, Inc. The lenders are Community Development Entities (CDEs). The initial loan closing was December 30, 2008, with a second closing on January 2, 2009. The loan is due and payable in 7 years and cannot be prepaid. The following are a result of the transaction mentioned above.

Goodwill Industries of Southeastern Louisiana, Inc. has notes receivable in the amount of \$5,166,667 as of December 31, 2008 and as of January 2, 2009 the amount increases to \$7.75 million. These notes have an interest rate of 8.46%, with a term of seven years. Goodwill will receive quarterly interest payments at .5% and the total final payment will be paid January 2, 2016. At that point the intermediary will owe Goodwill Industries of Southeastern Louisiana, Inc. approximately \$12.3 million made up of principal and accrued interest.

Goodwill Industries Building, Inc. has notes payable totaling \$7,982,712 as of December 31, 2008 (\$9,624,683 as of report date June 25, 2009). These notes have interest rates up to 4.5% (see note 3) and are payable in full in seven years. Interest only payments are due quarterly. Goodwill Industries Building, Inc. has also recorded prepaid loan fees in the amount of \$2,606,744. These loan fees are being amortized on a straight-line basis over the life of the loan. By the end of the seven year term, Goodwill Industries Building, Inc. will owe \$15 million in principal. After Goodwill Building pays off the \$15 million and Goodwill receives its principal and accrued interest mentioned above, there will remain approximately \$2.7 million in outstanding debt. As of December 31, 2008 (and report date of June 25, 2009), the Organizations are in compliance with all loan covenants associated with the agreement mentioned within this note.

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

Goodwill Industries of Southeastern Louisiana, Inc. entered into an agreement with a contractor dated April 1, 2009 to perform building improvements on the property purchased at 3400 Tulane Avenue. The contract is in the amount of \$4,336,000 and work is scheduled for completion in the fourth quarter of 2009.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Financial Position  
December 31, 2008  
(With Comparative Totals for 2007)

Schedule I

	Goodwill	Goodworks	Goodwill Building	Elimination	Total 2008	2007
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 4,656,485	\$ 387,892	\$ 1,000	\$ -	\$ 5,045,377	\$ 5,652,923
Accounts Receivable - Trade, Net	2,068,825	3,192,729	-	-	5,261,554	3,924,693
Insurance Receivable	-	-	-	-	-	1,900,000
Merchandise Inventory	324,641	-	-	-	324,641	292,023
Due from Goodwill	-	143,244	-	(143,244)	-	-
Prepaid Expenses and Other	285,799	59,405	-	-	345,204	230,829
<b>Total Current Assets</b>	<b>7,335,750</b>	<b>3,783,270</b>	<b>1,000</b>	<b>(143,244)</b>	<b>10,976,776</b>	<b>12,000,468</b>
<b>Property and Equipment</b>						
Land	764,312	-	1,950,000	-	2,714,312	764,312
Building and Building Improvements	1,487,506	-	3,384,760	-	4,872,266	1,355,827
Machinery and Equipment	69,141	675,497	-	-	744,638	1,031,452
Furniture and Fixtures	767,155	-	-	-	767,155	793,653
Automobiles and Trucks	263,012	43,155	-	-	306,167	330,144
Leasehold Improvements	267,186	-	-	-	267,186	216,627
Computer Equipment	37,769	44,832	-	-	82,601	17,476
Condo - Timeshare	30,000	-	-	-	30,000	30,000
	3,686,081	763,484	5,334,760	-	9,784,325	4,539,491
<b>Less: Accumulated Depreciation</b>	<b>1,293,516</b>	<b>548,800</b>	<b>-</b>	<b>-</b>	<b>1,842,316</b>	<b>2,145,231</b>
<b>Property and Equipment, Net</b>	<b>2,392,565</b>	<b>214,684</b>	<b>5,334,760</b>	<b>-</b>	<b>7,942,009</b>	<b>2,394,260</b>
<b>Other Assets</b>						
Notes Receivable	5,166,667	-	-	-	5,166,667	-
Deferred Loan Fees	-	-	2,606,744	-	2,606,744	-
Deposits	93,301	-	-	-	93,301	89,030
<b>Total Other Assets</b>	<b>5,259,968</b>	<b>-</b>	<b>2,606,744</b>	<b>-</b>	<b>7,866,712</b>	<b>89,030</b>
<b>Total Assets</b>	<b>\$ 14,988,283</b>	<b>\$ 3,997,954</b>	<b>\$ 7,942,504</b>	<b>\$ (143,244)</b>	<b>\$ 26,785,497</b>	<b>\$ 14,483,758</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 1,325,172	\$ 152,295	\$ 63,951	\$ -	\$ 1,541,418	\$ 655,462
Accrued Expenses and Taxes	850,210	165,941	-	-	1,016,151	1,024,665
Deferred Revenue	37,657	9,966	-	-	47,623	27,126
Due to Goodworks	143,244	-	-	(143,244)	-	-
Notes Payable	56,892	-	-	-	56,892	57,881
<b>Total Current Liabilities</b>	<b>2,413,175</b>	<b>328,202</b>	<b>63,951</b>	<b>(143,244)</b>	<b>2,662,084</b>	<b>1,765,134</b>
<b>Long-Term Liabilities</b>						
Notes Payable (Net of Current Maturities)	1,259,348	-	7,982,712	-	9,242,060	1,320,299
<b>Net Assets</b>						
Unrestricted	11,315,760	3,669,752	(104,159)	-	14,881,353	11,398,325
Temporarily Restricted	-	-	-	-	-	-
Permanently Restricted	-	-	-	-	-	-
<b>Total Net Assets</b>	<b>11,315,760</b>	<b>3,669,752</b>	<b>(104,159)</b>	<b>-</b>	<b>14,881,353</b>	<b>11,398,325</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,988,283</b>	<b>\$ 3,997,954</b>	<b>\$ 7,942,504</b>	<b>\$ (143,244)</b>	<b>\$ 26,785,497</b>	<b>\$ 14,483,758</b>

See accountant's report on supplemental information.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Activities  
For the Year Ended December 31, 2008  
(With Comparative Totals for 2007)

Schedule II

	Goodwill				Goodworks, Inc.				Goodwill Building, Inc.				Elimination	Combined Total 2008	2007
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
<b>Sales Revenue</b>															
Retail Stores	\$ 8,141,177	\$ -	\$ -	\$ 8,141,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,141,177	\$ 7,116,344
Contributed Revenue - Donated Goods	3,369,714	-	-	3,369,714	-	-	-	-	-	-	-	-	-	3,369,714	3,062,175
Salvage	540,840	-	-	540,840	-	-	-	-	-	-	-	-	-	540,840	510,200
<b>Total</b>	<b>12,051,731</b>	<b>-</b>	<b>-</b>	<b>12,051,731</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,051,731</b>	<b>10,688,719</b>
<b>Vocational Training Revenue</b>															
Janitorial Contracts	1,112,669	-	-	1,112,669	5,449,086	-	-	5,449,086	-	-	-	-	-	6,561,755	5,858,819
Training Fees - United Way	97,500	-	-	97,500	-	-	-	-	-	-	-	-	-	97,500	144,378
<b>Total</b>	<b>1,210,169</b>	<b>-</b>	<b>-</b>	<b>1,210,169</b>	<b>5,449,086</b>	<b>-</b>	<b>-</b>	<b>5,449,086</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,659,255</b>	<b>6,003,197</b>
<b>Other Sources of Income</b>															
Federal Financial Assistance	9,745,386	-	-	9,745,386	-	-	-	-	-	-	-	-	-	9,745,386	6,745,668
Contribution - Goodwill Foundation	1,868,348	-	-	1,868,348	-	-	-	-	-	-	-	-	-	1,868,348	-
Contributions	674,859	-	-	674,859	-	-	-	-	1,000	-	-	1,000	-	675,859	267,827
Grant Income - City of New Orleans	934,488	-	-	934,488	-	-	-	-	-	-	-	-	-	934,488	1,034,316
Investment Return	17,700	-	-	17,700	-	-	-	-	-	-	-	-	-	17,700	48,341
Administrative Fee Income	432,743	-	-	432,743	-	-	-	-	-	-	-	-	(432,743)	-	-
Insurance Proceeds	3,200	-	-	3,200	-	-	-	-	-	-	-	-	-	3,200	3,442,133
Net Assets Released From Restriction	650,211	(650,211)	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	14,829	-	-	14,829	19,779	-	-	19,779	-	-	-	-	-	34,608	70,497
<b>Total</b>	<b>14,341,764</b>	<b>(650,211)</b>	<b>-</b>	<b>13,691,553</b>	<b>19,779</b>	<b>-</b>	<b>-</b>	<b>19,779</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(432,743)</b>	<b>13,278,589</b>	<b>11,608,782</b>
<b>Total Revenue</b>	<b>27,603,664</b>	<b>(650,211)</b>	<b>-</b>	<b>26,953,453</b>	<b>5,468,865</b>	<b>-</b>	<b>-</b>	<b>5,468,865</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(432,743)</b>	<b>31,989,575</b>	<b>28,300,698</b>
<b>Expenses</b>															
Program Services															
Retail Program - Cost of Goods Sold	3,337,096	-	-	3,337,096	-	-	-	-	-	-	-	-	-	3,337,096	3,000,091
Rehabilitation Services	18,696,602	-	-	18,696,602	4,699,299	-	-	4,699,299	-	-	-	-	-	23,395,901	19,407,515
Supporting Services															
Management and General	1,654,483	-	-	1,654,483	447,651	-	-	447,651	105,159	-	-	105,159	(432,743)	1,774,550	1,426,853
<b>Total Expenses</b>	<b>23,688,181</b>	<b>-</b>	<b>-</b>	<b>23,688,181</b>	<b>5,146,950</b>	<b>-</b>	<b>-</b>	<b>5,146,950</b>	<b>105,159</b>	<b>-</b>	<b>-</b>	<b>105,159</b>	<b>(432,743)</b>	<b>28,507,547</b>	<b>23,834,459</b>
<b>Change in Net Assets</b>	<b>3,915,483</b>	<b>(650,211)</b>	<b>-</b>	<b>3,265,272</b>	<b>321,915</b>	<b>-</b>	<b>-</b>	<b>321,915</b>	<b>(104,159)</b>	<b>-</b>	<b>-</b>	<b>(104,159)</b>	<b>-</b>	<b>3,483,028</b>	<b>4,466,239</b>
<b>Net Assets, Beginning of Year</b>	<b>7,400,277</b>	<b>650,211</b>	<b>-</b>	<b>8,050,488</b>	<b>3,347,837</b>	<b>-</b>	<b>-</b>	<b>3,347,837</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,398,325</b>	<b>6,932,086</b>
<b>Net Assets, End of Year</b>	<b>\$ 11,315,760</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,315,760</b>	<b>\$ 3,669,752</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,669,752</b>	<b>\$ (104,159)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (104,159)</b>	<b>\$ -</b>	<b>\$14,881,353</b>	<b>\$ 11,398,325</b>

See accountant's report on supplemental information.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
 GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
 Combining Statement of Functional Expenses  
 For the Year Ended December 31, 2008

Schedule III

	Goodwill			Goodworks, Inc.			Goodwill Building, Inc.			Elimination			Combined Total		
	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total 2008
<b>Wages and Pension</b>															
Wages	\$ 903,358	\$ 8,734,971	\$ 9,638,329	\$ 3,314	\$ 2,725,425	\$ 2,728,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 906,672	\$ 11,460,396	\$ 12,367,068
Pension and Health and Welfare Benefit Plan	-	-	-	-	593,649	593,649	-	-	-	-	-	-	-	593,649	593,649
	903,358	8,734,971	9,638,329	3,314	3,319,074	3,322,388	-	-	-	-	-	-	906,672	12,054,045	12,960,717
<b>Occupancy</b>															
Rent	-	1,150,521	1,150,521	-	-	-	-	-	-	-	-	-	-	1,150,521	1,150,521
General Liability Insurance	78,610	281,184	359,794	4,888	70,868	75,756	27,238	-	27,238	-	-	-	110,736	352,052	462,788
Utilities	-	275,476	275,476	-	-	-	-	-	-	-	-	-	-	275,476	275,476
Repairs and Maintenance - General	-	250,852	250,852	-	67,141	67,141	-	-	-	-	-	-	-	317,993	317,993
All Other	-	159,664	159,664	-	-	-	63,951	-	63,951	-	-	-	63,951	159,664	223,615
	78,610	2,117,697	2,196,307	4,888	138,009	142,897	91,189	-	91,189	-	-	-	174,687	2,255,706	2,430,393
<b>Operating</b>															
Janitorial Supplies	-	117,947	117,947	111	16,312	16,423	-	-	-	-	-	-	111	134,259	134,370
Production Materials	-	172,712	172,712	-	340,809	340,809	-	-	-	-	-	-	-	513,521	513,521
Waste Disposal Fees	-	383,437	383,437	-	-	-	-	-	-	-	-	-	-	383,437	383,437
Specific Assistance to Individuals	52,559	4,540,745	4,593,304	1,215	5,266	6,481	-	-	-	-	-	-	53,774	4,546,011	4,599,785
Travel and Promotion	32,010	167,409	199,419	253	9,450	9,703	-	-	-	-	-	-	32,263	176,859	209,122
Rental and Maintenance of Equipment	44,837	34,153	78,990	-	-	-	-	-	-	-	-	-	44,837	34,153	78,990
Supplies and General	90,026	50,785	140,811	-	148,757	148,757	-	-	-	-	-	-	90,026	199,542	289,568
Repairs - Company Vehicles	229	19,330	19,559	-	9,514	9,514	-	-	-	-	-	-	229	28,844	29,073
Gas and Oil - Company Vehicles	2,604	95,585	98,189	-	31,499	31,499	-	-	-	-	-	-	2,604	127,084	129,688
Insurance - Company Vehicles	27,293	64,369	91,662	-	42,337	42,337	-	-	-	-	-	-	27,293	106,706	133,999
Leasing Costs	-	77,232	77,232	-	63,822	63,822	-	-	-	-	-	-	-	141,054	141,054
	249,558	5,723,704	5,973,262	1,579	667,766	669,345	-	-	-	-	-	-	251,137	6,391,470	6,642,607

See accountant's report on supplemental information.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
 GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
 Combining Statement of Functional Expenses (Continued)  
 For the Year Ended December 31, 2008

Schedule III

	Goodwill			Goodworks, Inc.			Goodwill Building, Inc.			Elimination			Combined Total		
	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total	Management and General	Rehabilitation Service	Total 2008
<b>Administrative</b>															
Payroll Taxes	63,051	746,459	809,510	29	198,726	198,755	-	-	-	-	-	-	63,080	945,185	1,008,265
Worker's Compensation Insurance	731	53,210	53,941	3	12,641	12,644	-	-	-	-	-	-	734	65,851	66,585
Insurance - Employee Benefits	55,718	213,629	269,347	147	2,199	2,346	-	-	-	-	-	-	55,865	215,828	271,693
Subcontracting	-	-	-	3,889	7,482	11,371	-	-	-	-	-	-	3,889	7,482	11,371
Professional Fees	207,194	368,236	575,430	1,031	36,435	37,466	13,970	-	13,970	-	-	-	222,195	404,671	626,866
NISH Commissions	-	-	-	-	182,195	182,195	-	-	-	-	-	-	-	182,195	182,195
Telephone	31,438	175,855	207,293	28	41,233	41,261	-	-	-	-	-	-	31,466	217,088	248,554
Membership Dues	4,993	157,159	162,152	-	3,050	3,050	-	-	-	-	-	-	4,993	160,209	165,202
Printing	5,007	40,046	45,053	-	-	-	-	-	-	-	-	-	5,007	40,046	45,053
Postage	6,141	34,715	40,856	-	-	-	-	-	-	-	-	-	6,141	34,715	40,856
Employee Testing	832	39,035	39,867	-	12,131	12,131	-	-	-	-	-	-	832	51,166	51,998
Other Administrative	16,103	77,702	93,805	432,743	-	432,743	-	-	-	(432,743)	-	(432,743)	16,103	77,702	93,805
Tax and Licenses	162	2,124	2,286	-	196	196	-	-	-	-	-	-	162	2,320	2,482
Bad Debt Expense	-	36,087	36,087	-	-	-	-	-	-	-	-	-	-	36,087	36,087
	391,370	1,944,257	2,335,627	437,870	496,288	934,158	13,970	-	13,970	(432,743)	-	(432,743)	410,467	2,440,545	2,851,012
<b>Depreciation</b>	31,587	175,973	207,560	-	78,162	78,162	-	-	-	-	-	-	31,587	254,135	285,722
<b>Total</b>	<b>\$ 1,654,483</b>	<b>\$ 18,696,602</b>	<b>\$ 20,351,085</b>	<b>\$ 447,651</b>	<b>\$ 4,699,299</b>	<b>\$ 5,146,950</b>	<b>\$ 105,159</b>	<b>\$ -</b>	<b>\$ 105,159</b>	<b>\$ (432,743)</b>	<b>\$ -</b>	<b>\$ (432,743)</b>	<b>\$ 1,774,550</b>	<b>\$ 23,395,901</b>	<b>\$ 25,170,451</b>

See accountant's report on supplemental information.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**  
Comparative Statements of Functional Expenses  
For the Years Ended December 31, 2008 and 2007

Schedule IV

	Combined Total			Combined Total		
	Management and General	Rehabilitation Service	Total 2008	Management and General	Rehabilitation Service	Total 2007
<b>Wages and Pension</b>						
Wages	\$ 906,672	\$ 11,460,396	\$ 12,367,068	\$ 842,942	\$ 10,106,990	\$ 10,949,932
Pension and Health and Welfare Benefit Plan	-	593,649	593,649	-	373,768	373,768
	<b>906,672</b>	<b>12,054,045</b>	<b>12,960,717</b>	<b>842,942</b>	<b>10,480,758</b>	<b>11,323,700</b>
<b>Occupancy</b>						
Rent	-	1,150,521	1,150,521	-	986,448	986,448
General Liability Insurance	110,736	352,052	462,788	78,915	532,343	611,258
Utilities	-	275,476	275,476	-	237,027	237,027
Repairs and Maintenance - General	-	317,993	317,993	-	264,157	264,157
All Other	63,951	159,664	223,615	-	133,521	133,521
	<b>174,687</b>	<b>2,255,706</b>	<b>2,430,393</b>	<b>78,915</b>	<b>2,153,496</b>	<b>2,232,411</b>
<b>Operating</b>						
Janitorial Supplies	111	134,259	134,370	-	85,557	85,557
Production Materials	-	513,521	513,521	-	502,173	502,173
Waste Disposal Fees	-	383,437	383,437	-	298,872	298,872
Specific Assistance to Individuals	53,774	4,546,011	4,599,785	48,141	2,205,060	2,253,201
Travel and Promotion	32,263	176,859	209,122	17,122	158,773	175,895
Rental and Maintenance of Equipment	44,837	34,153	78,990	12,436	228,186	240,622
Supplies and General	90,026	199,542	289,568	59,224	222,683	281,907
Repairs - Company Vehicles	229	28,844	29,073	2,672	18,515	21,187
Gas and Oil - Company Vehicles	2,604	127,084	129,688	2,726	100,833	103,559
Insurance - Company Vehicles	27,293	106,706	133,999	16,300	216,160	232,460
Leasing Costs	-	141,054	141,054	189	178,354	178,543
	<b>251,137</b>	<b>6,391,470</b>	<b>6,642,607</b>	<b>158,810</b>	<b>4,215,166</b>	<b>4,373,976</b>
<b>Administrative</b>						
Payroll Taxes	63,080	945,185	1,008,265	59,780	855,104	914,884
Worker's Compensation Insurance	734	65,851	66,585	2,441	214,629	217,070
Insurance - Employee Benefits	55,865	215,828	271,693	66,558	173,161	239,719
Subcontracting	3,889	7,482	11,371	-	29,763	29,763
Professional Fees	222,195	404,671	626,866	125,470	312,325	437,795
NISH Commissions	-	182,195	182,195	-	195,212	195,212
Telephone	31,466	217,088	248,554	20,862	159,796	180,658
Membership Dues	4,993	160,209	165,202	5,344	130,448	135,792
Printing	5,007	40,046	45,053	25,383	36,836	62,219
Postage	6,141	34,715	40,856	8,170	32,749	40,919
Employee Testing	832	51,166	51,998	374.00	31,629	32,003
Other Administrative	16,103	77,702	93,805	202	92,915	93,117
Tax and Licenses	162	2,320	2,482	15	515	530
Bad Debt Expense	-	36,087	36,087	-	36,000	36,000
	<b>410,467</b>	<b>2,440,545</b>	<b>2,851,012</b>	<b>314,599</b>	<b>2,301,082</b>	<b>2,615,681</b>
<b>Depreciation</b>	<b>31,587</b>	<b>254,135</b>	<b>285,722</b>	<b>31,587</b>	<b>257,013</b>	<b>288,600</b>
<b>Total</b>	<b>\$ 1,774,550</b>	<b>\$ 23,395,901</b>	<b>\$ 25,170,451</b>	<b>\$ 1,426,853</b>	<b>\$ 19,407,515</b>	<b>\$ 20,834,368</b>

See accountant's report on supplemental information.

**OMB CIRCULAR A-133 SECTION**

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2008

Federal Grant or Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Revenue/ Expenses Recognized	Federal Revenue/ Expenses Recognized	State Revenue/ Expenses Recognized
<b>U.S. Department of Labor</b>					
Passed Through City of New Orleans					
Workforce Investment Act	17.258	K07-373 & K08-696	\$ 2,108,389	\$ 2,108,389	\$ -
Workforce Investment Act	17.260	K07-373 & K08-696	295,867	295,867	-
National Emergency Grant	17.260	K07-788 & K07-147	5,606,420	5,606,420	-
Workforce Investment Act - STEP	93.558	K07-373 & K08-696	200,868	200,868	-
Workforce Investment Act	17.259	K07-373 & K08-696	1,121,379	1,121,379	-
<b>Subtotal - U.S. Department of Labor</b>			<b>9,332,923</b>	<b>9,332,923</b>	<b>-</b>
<b>U.S. Department of Housing and Urban Development</b>					
Passed Through Unity for the Homeless					
Kitchen Management	14.235	LA48B650-3019	45,497	45,497	-
Kitchen Management	14.235	LA48B-60-3019	21,377	21,377	-
Employment	14.235	LA48B-50-3026	9,052	9,052	-
Employment	14.235	LA48B-60-3026	27,859	27,859	-
Culinary Arts	14.235	LA48B-50-3027	33,147	33,147	-
Culinary Arts	14.235	LA48B-60-3027	139,247	139,247	-
<b>Subtotal - U.S. Department of Housing and Urban Development</b>			<b>276,179</b>	<b>276,179</b>	<b>-</b>
<b>U.S. Department of Education</b>					
PWI Career Development Retention	84.234R	H234R050131-06/07	136,284	136,284	-
<b>Subtotal - U.S. Department of Education</b>			<b>136,284</b>	<b>136,284</b>	<b>-</b>
<b>Total Federal Assistance</b>			<b>\$ 9,745,386</b>	<b>\$ 9,745,386</b>	<b>\$ -</b>

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2008**

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**Note 1. Basis of Presentation**

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



**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**

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

We have audited the combined financial statements of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc., as of and for the year ended December 31, 2008, and have issued our report thereon dated June 25, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit we considered Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organizations' financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s financial statements are free of 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*.

This report is intended solely for the information of the Governance Committee, Boards of Directors, management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in blue ink, appearing to read "Lalorte, Selit, Koenig & Bond".

A Professional Accounting Corporation

June 25, 2009



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

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

**Compliance**

We have audited the compliance of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. with the types of compliance requirements described in the *United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s management. Our responsibility is to express an opinion on Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s compliance with those requirements.

In our opinion, Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

### **Internal Control Over Compliance**

The management of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Goodwill Industries of Southeastern Louisiana, Inc., Goodworks, Inc. and Goodwill Industries Building, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the Governance Committee, Boards of Directors, Management, federal awarding agencies and pass-through entities, and the Legislative Auditor of the State of Louisiana, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



A Professional Accounting Corporation

June 25, 2009

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2007**

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**A. Summary of Audit Results**

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

<u>PROGRAM</u>	<u>CFDA No.</u>
Workforce Investment Act	17.258
Workforce Investment Act	17.259
National Emergency Grant	17.260

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

**B. Findings - Financial Statements Audit**

None

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

None

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC..  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Status of Prior Year Audit Findings  
For the Year Ended December 31, 2008**

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**Prior Year Audit Findings**

None Noted