

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

Audit of Combined Financial Statements

December 31, 2009

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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, 2009, 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, 2009, 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 11, 2010, 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 "LaPorte, Selit, Koenig & Hand".

A Professional Accounting Corporation

June 11, 2010

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.
Combined Statement of Financial Position
December 31, 2009**

Assets	
Current Assets	
Cash and Cash Equivalents	\$ 4,021,601
Restricted Cash	2,471,670
Accounts Receivable - Trade, Net	5,072,467
Merchandise Inventory	343,747
Prepaid Expenses and Other	<u>748,705</u>
Total Current Assets	<u>12,658,190</u>
 Property and Equipment	
Land	2,082,348
Building and Building Improvements	9,870,209
Machinery and Equipment	871,539
Furniture and Fixtures	997,172
Automobiles and Trucks	377,833
Leasehold Improvements	309,696
Computer Equipment	125,696
Condo - Timeshare	<u>30,000</u>
	14,664,493
Less: Accumulated Depreciation	<u>2,012,580</u>
Property and Equipment, Net	<u>12,651,913</u>
 Other Assets	
Notes Receivable	7,800,000
Deferred Loan Fees	2,265,552
Interest Receivable	666,157
Deposits	<u>134,664</u>
Total Other Assets	<u>10,866,373</u>
Total Assets	<u><u>\$ 36,176,476</u></u>

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

Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 2,142,545
Accrued Expenses and Taxes	980,983
Deferred Revenue	416,873
Notes Payable	<u>82,521</u>
Total Current Liabilities	<u>3,622,922</u>
Long-Term Liabilities	
Notes Payable, Net of Current Maturities	<u>15,814,730</u>
Net Assets	
Unrestricted	16,738,824
Temporarily Restricted	-
Permanently Restricted	<u>-</u>
Total Net Assets	<u>16,738,824</u>
Total Liabilities and Net Assets	<u><u>\$ 36,176,476</u></u>

The accompanying notes are an integral part of these combined 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, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Sales Revenue				
Retail Stores	\$ 8,902,576	\$ -	\$ -	\$ 8,902,576
Contributed Revenue - Donated Goods	3,514,239	-	-	3,514,239
Salvage	527,481	-	-	527,481
Total	12,944,296	-	-	12,944,296
Vocational Training Revenue				
Janitorial Contracts	6,011,433	-	-	6,011,433
Training Fees - United Way	47,500	-	-	47,500
Total	6,058,933	-	-	6,058,933
Other Sources of Income				
Federal Financial Assistance	14,130,077	-	-	14,130,077
Contribution - Goodwill Foundation	5,000	-	-	5,000
Contributions	344,802	-	-	344,802
Grant Income - City of New Orleans	1,671,942	-	-	1,671,942
Interest Income	691,350	-	-	691,350
Gain on Sale of Assets	668,036	-	-	668,036
Miscellaneous	3,748	-	-	3,748
Total	17,514,955	-	-	17,514,955
Total Revenue	36,518,184	-	-	36,518,184
Expenses				
Program Services				
Retail Program - Cost of Goods Sold	3,495,133	-	-	3,495,133
Rehabilitation Services	28,951,167	-	-	28,951,167
Supporting Services				
Management and General	2,214,413	-	-	2,214,413
Total Expenses	34,660,713	-	-	34,660,713
Change in Net Assets	1,857,471	-	-	1,857,471
Net Assets, Beginning of Year	14,881,353	-	-	14,881,353
Net Assets, End of Year	\$ 16,738,824	\$ -	\$ -	\$ 16,738,824

The accompanying notes are an integral part of these combined 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, 2009**

Cash Flows from Operating Activities	
Change in Net Assets	\$ 1,857,471
Adjustment to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation and Amortization	693,130
Gain on Sale of Fixed Assets	(668,036)
Increase in Restricted Cash	(2,471,670)
Decrease in Accounts Receivable - Trade	189,087
Increase in Interest Receivable	(666,157)
Increase in Merchandise Inventory	(19,106)
Increase in Prepaid Expenses and Other	(403,501)
Increase in Deposits	(41,363)
Decrease in Deferred Loan Fees	(36,415)
Increase in Accounts Payable	601,127
Decrease in Accrued Expenses and Taxes	(35,169)
Increase in Deferred Revenue	<u>369,250</u>
Net Cash Used in Operating Activities	<u>(631,352)</u>
Cash Flows from Investing Activities	
Increase in Notes Receivable	(2,633,333)
Purchase of Fixed Assets	<u>(4,357,392)</u>
Net Cash Used in Investing Activities	<u>(6,990,725)</u>
Cash Flows from Financing Activities	
Payments on Notes Payable	(411,318)
Proceeds from Notes Payable	<u>7,009,618</u>
Net Cash Provided by Financing Activities	<u>6,598,300</u>
Net Decrease in Cash and Cash Equivalents	(1,023,777)
Cash and Cash Equivalents, Beginning of Year	<u>5,045,377</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,021,601</u></u>
Supplemental Disclosure of Cash Flow Information	
Cash Paid for Interest	<u><u>\$ 64,713</u></u>

The accompanying notes are an integral part of these combined 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, 2009

	Management and General	Rehabilitation Service	Total
Wages and Pension			
Wages	\$ 1,151,940	\$ 12,810,662	\$ 13,962,602
Pension and Health and Welfare Benefit Plan	-	526,305	526,305
	<u>1,151,940</u>	<u>13,336,967</u>	<u>14,488,907</u>
Occupancy			
Rent	83,490	1,029,411	1,112,901
General Liability Insurance	78,454	490,758	569,212
Utilities	23,741	241,143	264,884
Repairs and Maintenance - General	335	39,610	39,945
All Other	6,709	278,647	285,356
	<u>192,729</u>	<u>2,079,569</u>	<u>2,272,298</u>
Operating			
Janitorial Supplies	235	32,134	32,369
Production Materials	2,604	692,878	695,482
Waste Disposal Fees	8,710	357,105	365,815
Specific Assistance to Individuals	16,087	7,748,241	7,764,328
Travel and Promotion	27,475	168,902	196,377
Rental and Maintenance of Equipment	21,611	143,002	164,613
Supplies and General	49,129	587,741	636,870
Repairs - Company Vehicles	5,764	50,173	55,937
Gas and Oil - Company Vehicles	8,588	73,040	81,628
Insurance - Company Vehicles	9,266	145,872	155,138
Leasing Costs	151	95,129	95,280
	<u>149,620</u>	<u>10,094,217</u>	<u>10,243,837</u>
Administrative			
Payroll Taxes	64,999	1,137,866	1,202,865
Worker's Compensation Insurance	8,644	203,584	212,228
Insurance - Employee Benefits	76,745	308,725	385,470
Subcontracting	2,193	67,915	70,108
Professional Fees	367,382	468,446	835,828
NISH Commissions	13	120,491	120,504
Telephone	33,594	242,887	276,481
Membership Dues	6,429	139,948	146,377
Printing	15,406	48,615	64,021
Postage	5,796	36,181	41,977
Employee Testing	117	59,460	59,577
Other Administrative	207	14,029	14,236
Tax and Licenses	127	1,609	1,736
Bad Debt Expense	36,000	-	36,000
	<u>617,652</u>	<u>2,849,756</u>	<u>3,467,408</u>
Depreciation and Amortization	<u>102,472</u>	<u>590,658</u>	<u>693,130</u>
Total	<u>\$ 2,214,413</u>	<u>\$ 28,951,167</u>	<u>\$ 31,165,580</u>

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

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

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies

Goodwill Industries of Southeastern Louisiana, Inc. (Goodwill), Goodworks, Inc. (Goodworks) and Goodwill Industries Building, Inc. (Goodwill Building) (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. Goodwill Building was formed for the exclusive purpose of acquiring real property for the exclusive use of Goodwill.

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 included in the combined financial statements.

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 \$210,162, as of December 31, 2009.

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, 2009, 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.

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

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

The Financial Accounting Standards Board Codification, *Accounting for Contributions Received and Contributions Made*, requires that contributions be recognized as revenue when received. During 2009, Goodwill recognized contributed merchandise with a fair value of \$3,514,239 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 the Codification; therefore, no amounts have been reflected in the combined financial statements for these donated services.

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

Notes to Combined Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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 thirty years. Furniture and fixtures are depreciated over seven years. Machinery and equipment, automobiles and trucks are depreciated over five years and computer equipment is depreciated over three years. Leasehold improvements are being amortized over the life of the lease. The Organizations capitalize fixed assets with costs of \$1,000 or greater and a useful life of three years or more. Depreciation expense for 2009 was \$315,523.

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

The Financial Accounting Standards Board Codification, *Accounting for Contributions Received and Contributions Made*, 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.

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

Notes to Combined Financial Statements

Note 2. Prepaid Expenses and Other Current Assets

The components of prepaid expenses and other current assets for December 31, 2009, are summarized below:

Prepaid Insurance	\$ 354,086
Prepaid Rent/Other	272,849
Capitalized Interest	<u>121,770</u>
Total Prepaid Expenses and Other Current Assets	<u>\$ 748,705</u>

Note 3. Notes Payable

Details of notes payable for the year ended December 31, 2009, 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.	\$ 897,252
Notes payable to banks with monthly interest payments only, payable in full on December 30, 2015. Eight loans with interest rate of .52%. Secured by building.	12,342,250
Notes payable to banks with monthly interest payments only, payable in full on December 30, 2015. Four loans with interest rate of 4.5%. Secured by building.	<u>2,657,749</u>
	15,897,251
Less: Current Maturities	<u>(82,521)</u>
Long-Term Debt	<u>\$ 15,814,730</u>

The maturities for the next five years are as follows:

<u>Years</u>	<u>Amount</u>
2010	\$ 82,520
2011	87,523
2012	92,829
2013	98,456
2014 and After	<u>15,535,923</u>
Total	<u>\$ 15,897,251</u>

Interest expense totaled \$64,713 for the year ended December 31, 2009.

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

Notes to Combined Financial Statements

Note 4. Lease Agreements

Goodwill has real estate leases as of December 31, 2009, expiring in various years through 2015.

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

Years	Amount
2010	\$ 1,130,504
2011	1,098,554
2012	775,655
2013	743,414
2014 and After	<u>1,658,872</u>
Total	<u>\$ 5,406,999</u>

Rent expense totaled \$1,112,901 in 2009.

Goodwill leases automobiles under operating leases expiring in various years through 2014. The minimum lease payments are as follows:

Years	Amount
2010	\$ 32,091
2011	28,962
2012	12,262
2013	12,262
2014 and After	<u>9,197</u>
Total	<u>\$ 94,774</u>

Note 5. 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 \$526,305 to the plan in 2009.

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

Notes to Combined Financial Statements

Note 6. 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. 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 \$7,800,000 as of December 31, 2009. 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 \$15,000,000 as of December 31, 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 \$2,643,159. 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 Industries Building, Inc. 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, 2009 (and report date of June 11, 2010), 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.,
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**

Notes to Combined Financial Statements

Note 7. Uncertain Tax Positions

On January 1, 2009, the Organization adopted the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the Financial Accounting Standards Board Accounting Standards Codification, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. As a result of this adoption, the Organization believes there was no impact to the combined financial statements and did not record any adjustment to the beginning balance of net assets on the statement of financial position.

All tax returns have been appropriately filed by the Organization. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization's income tax filings are subject to audit by various taxing authorities. The Organization's open audit periods are 2006 to 2008. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Note 8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 11, 2010, and determined that no events occurred that require disclosure, except as follows. In March of 2010, Goodwill Industries Building, Inc. participated in the sale of state tax credits (related to the transaction discussed in Note 6) resulting in a credit of \$348,426 (which is included in 2010 revenue). No subsequent events occurring after June 11, 2010 have been evaluated for inclusion in these combined financial statements.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**
Combining Statement of Financial Position
December 31, 2009
(With Comparative Totals for 2008)

Schedule I

	Goodwill	Goodworks	Goodwill Building	Elimination	Total 2009	2008
Assets						
Current Assets						
Cash and Cash Equivalents	\$ 2,717,959	\$ 1,263,883	\$ 39,759	\$ -	\$ 4,021,601	\$ 5,045,377
Restricted Cash	-	-	2,471,670	-	2,471,670	-
Accounts Receivable - Trade, Net	2,800,139	2,272,328	-	-	5,072,467	5,261,554
Merchandise Inventory	343,747	-	-	-	343,747	324,641
Due from Goodwill	-	497,405	202,472	(699,877)	-	-
Prepaid Expenses and Other	626,935	-	121,770	-	748,705	345,204
Total Current Assets	6,488,780	4,033,616	2,835,671	(699,877)	12,658,190	10,976,776
Property and Equipment						
Land	482,348	-	1,600,000	-	2,082,348	2,714,312
Building and Building Improvements	1,396,024	6,969	8,467,216	-	9,870,209	4,872,266
Machinery and Equipment	113,338	758,201	-	-	871,539	744,638
Furniture and Fixtures	997,172	-	-	-	997,172	767,155
Automobiles and Trucks	334,678	43,155	-	-	377,833	306,167
Leasehold Improvements	309,696	-	-	-	309,696	267,186
Computer Equipment	80,864	44,832	-	-	125,696	82,601
Condo - Timeshare	30,000	-	-	-	30,000	30,000
	3,744,120	853,157	10,067,216	-	14,664,493	9,784,325
Less: Accumulated Depreciation	1,389,066	623,514	-	-	2,012,580	1,842,316
Property and Equipment, Net	2,355,054	229,643	10,067,216	-	12,651,913	7,942,009
Other Assets						
Notes Receivable	7,800,000	-	-	-	7,800,000	5,166,667
Deferred Loan Fees	-	-	2,265,552	-	2,265,552	2,606,744
Interest Receivable	666,157	-	-	-	666,157	-
Deposits	134,664	-	-	-	134,664	93,301
Total Other Assets	8,600,821	-	2,265,552	-	10,866,373	7,866,712
Total Assets	\$ 17,444,655	\$ 4,263,259	\$ 15,168,439	\$ (699,877)	\$ 36,176,476	\$26,785,497
Liabilities and Net Assets						
Current Liabilities						
Accounts Payable	\$ 1,626,879	\$ 97,996	\$ 417,670	\$ -	\$ 2,142,545	\$ 1,541,418
Accrued Expenses and Taxes	926,604	54,379	-	-	980,983	1,016,151
Deferred Revenue	406,907	9,966	-	-	416,873	47,623
Due to Related Parties	699,877	-	-	(699,877)	-	-
Notes Payable	82,521	-	-	-	82,521	56,892
Total Current Liabilities	3,742,788	162,341	417,670	(699,877)	3,622,922	2,662,084
Long-Term Liabilities						
Notes Payable, Net of Current Maturities	814,730	-	15,000,000	-	15,814,730	9,242,060
Net Assets (Deficit)						
Unrestricted	12,887,137	4,100,918	(249,231)	-	16,738,824	14,881,353
Temporarily Restricted	-	-	-	-	-	-
Permanently Restricted	-	-	-	-	-	-
Total Net Assets (Deficit)	12,887,137	4,100,918	(249,231)	-	16,738,824	14,881,353
Total Liabilities and Net Assets	\$ 17,444,655	\$ 4,263,259	\$ 15,168,439	\$ (699,877)	\$ 36,176,476	\$26,785,497

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, 2009
(With Comparative Totals for 2008)

Schedule II

	Goodwill				Goodworks, Inc.				Goodwill Building, Inc.				Elimination	Combined Total 2009	Total 2008
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total			
Sales Revenue															
Retail Stores	\$ 8,902,576	\$ -	\$ -	\$ 8,902,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,902,576	\$ 8,141,177
Contributed Revenue - Donated Goods	3,514,239	-	-	3,514,239	-	-	-	-	-	-	-	-	-	3,514,239	3,369,714
Salvage	527,481	-	-	527,481	-	-	-	-	-	-	-	-	-	527,481	540,840
Total	12,944,296	-	-	12,944,296	-	-	-	-	-	-	-	-	-	12,944,296	12,051,731
Vocational Training Revenue															
Janitorial Contracts	1,461,215	-	-	1,461,215	4,550,218	-	-	4,550,218	-	-	-	-	-	6,011,433	6,561,755
Training Fees - United Way	47,500	-	-	47,500	-	-	-	-	-	-	-	-	-	47,500	97,500
Total	1,508,715	-	-	1,508,715	4,550,218	-	-	4,550,218	-	-	-	-	-	6,058,933	6,659,255
Other Sources of Income															
Federal Financial Assistance	14,130,077	-	-	14,130,077	-	-	-	-	-	-	-	-	-	14,130,077	9,745,386
Contribution - Goodwill Foundation	5,000	-	-	5,000	-	-	-	-	-	-	-	-	-	5,000	1,868,348
Contributions	344,802	-	-	344,802	-	-	-	-	-	-	-	-	-	344,802	675,859
Grant Income - City of New Orleans	1,671,942	-	-	1,671,942	-	-	-	-	-	-	-	-	-	1,671,942	934,488
Interest Income	691,350	-	-	691,350	-	-	-	-	-	-	-	-	-	691,350	17,700
Administrative Fee Income	473,838	-	-	473,838	-	-	-	-	-	-	-	-	(473,838)	-	-
Gain on Sale of Assets	668,036	-	-	668,036	-	-	-	-	-	-	-	-	-	668,036	-
Rental Income	-	-	-	-	-	-	-	-	363,000	-	-	-	363,000	(363,000)	-
Miscellaneous	3,241	-	-	3,241	507	-	-	507	-	-	-	-	-	3,748	34,608
Total	17,988,286	-	-	17,988,286	507	-	-	507	363,000	-	-	363,000	(836,838)	17,514,955	13,278,589
Total Revenue	32,441,297	-	-	32,441,297	4,550,725	-	-	4,550,725	363,000	-	-	363,000	(836,838)	36,518,184	31,989,575
Expenses															
Program Services															
Retail Program - Cost of Goods Sold	3,495,133	-	-	3,495,133	-	-	-	-	-	-	-	-	-	3,495,133	3,337,096
Rehabilitation Services	25,278,172	-	-	25,278,172	3,751,833	-	-	3,751,833	391,215	-	-	391,215	(470,053)	28,951,167	23,395,901
Supporting Services															
Management and General	2,096,615	-	-	2,096,615	367,726	-	-	367,726	116,857	-	-	116,857	(366,785)	2,214,413	1,774,550
Total Expenses	30,869,920	-	-	30,869,920	4,119,559	-	-	4,119,559	508,072	-	-	508,072	(836,838)	34,660,713	28,507,547
Change in Net Assets	1,571,377	-	-	1,571,377	431,166	-	-	431,166	(145,072)	-	-	(145,072)	-	1,857,471	3,483,028
Net Assets (Deficit), Beginning of Year	11,315,760	-	-	11,315,760	3,669,752	-	-	3,669,752	(104,159)	-	-	(104,159)	-	14,881,353	11,398,325
Net Assets (Deficit), End of Year	\$ 12,887,137	\$ -	\$ -	\$ 12,887,137	\$ 4,100,918	\$ -	\$ -	\$ 4,100,918	\$ (249,231)	\$ -	\$ -	\$ (249,231)	\$ -	\$16,738,824	\$ 14,881,353

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, 2009

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 2009
Wages and Pension															
Wages	\$ 1,150,920	\$ 10,749,013	\$ 11,899,933	\$ 1,020	\$ 2,061,649	\$ 2,062,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,151,940	\$ 12,810,662	\$ 13,962,602
Pension and Health and Welfare Benefit Plan	-	-	-	-	526,305	526,305	-	-	-	-	-	-	-	526,305	526,305
	1,150,920	10,749,013	11,899,933	1,020	2,587,954	2,588,974	-	-	-	-	-	-	1,151,940	13,336,967	14,488,907
Occupancy															
Rent	83,490	1,392,411	1,475,901	-	-	-	-	-	-	-	(363,000)	(363,000)	83,490	1,029,411	1,112,901
General Liability Insurance	65,118	378,431	443,549	166	68,238	68,404	13,170	44,089	57,259	-	-	-	78,454	490,758	569,212
Utilities	23,741	241,143	264,884	-	-	-	-	-	-	-	-	-	23,741	241,143	264,884
Repairs and Maintenance - General	335	39,610	39,945	-	-	-	-	-	-	-	-	-	335	39,610	39,945
All Other	6,709	278,647	285,356	-	-	-	-	-	-	-	-	-	6,709	278,647	285,356
	179,393	2,330,242	2,509,635	166	68,238	68,404	13,170	44,089	57,259	-	(363,000)	(363,000)	192,729	2,079,569	2,272,298
Operating															
Janitorial Supplies	235	23,855	24,090	-	8,279	8,279	-	-	-	-	-	-	235	32,134	32,369
Production Materials	2,604	413,065	415,669	-	279,813	279,813	-	-	-	-	-	-	2,604	692,878	695,482
Waste Disposal Fees	8,710	340,958	349,668	-	16,147	16,147	-	-	-	-	-	-	8,710	357,105	365,815
Specific Assistance to Individuals	16,087	7,734,994	7,751,081	-	13,247	13,247	-	-	-	-	-	-	16,087	7,748,241	7,764,328
Travel and Promotion	27,180	164,718	191,898	295	4,184	4,479	-	-	-	-	-	-	27,475	168,902	196,377
Rental and Maintenance of Equipment	21,611	116,759	138,370	-	26,243	26,243	-	-	-	-	-	-	21,611	143,002	164,613
Supplies and General	48,959	540,068	589,027	170	47,673	47,843	-	-	-	-	-	-	49,129	587,741	636,870
Repairs - Company Vehicles	5,764	40,388	46,152	-	9,785	9,785	-	-	-	-	-	-	5,764	50,173	55,937
Gas and Oil - Company Vehicles	8,588	51,998	60,586	-	21,042	21,042	-	-	-	-	-	-	8,588	73,040	81,628
Insurance - Company Vehicles	9,266	102,791	112,057	-	43,081	43,081	-	-	-	-	-	-	9,266	145,872	155,138
Leasing Costs	151	25,964	26,115	-	69,165	69,165	-	-	-	-	-	-	151	95,129	95,280
	149,155	9,555,558	9,704,713	465	538,659	539,124	-	-	-	-	-	-	149,620	10,094,217	10,243,837

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, 2009

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 2009
Administrative															
Payroll Taxes	64,896	934,567	999,463	103	203,299	203,402	-	-	-	-	-	-	64,999	1,137,866	1,202,865
Worker's Compensation Insurance	8,642	187,844	196,486	2	15,740	15,742	-	-	-	-	-	-	8,644	203,584	212,228
Insurance - Employee Benefits	76,745	308,725	385,470	-	-	-	-	-	-	-	-	-	76,745	308,725	385,470
Subcontracting	-	-	-	2,193	67,915	70,108	-	-	-	-	-	-	2,193	67,915	70,108
Professional Fees	355,077	432,962	788,039	-	35,484	35,484	16,630	55,675	72,305	(4,325)	(55,675)	(60,000)	367,382	468,446	835,828
NISH Commissions	-	-	-	13	120,491	120,504	-	-	-	-	-	-	-	13	120,491
Telephone	33,594	207,721	241,315	-	35,166	35,166	-	-	-	-	-	-	33,594	242,887	276,481
Membership Dues	6,429	139,948	146,377	-	-	0	-	-	-	-	-	-	6,429	139,948	146,377
Printing	15,406	47,299	62,705	-	1,316	1,316	-	-	-	-	-	-	15,406	48,615	64,021
Postage	5,796	36,181	41,977	-	-	-	-	-	-	-	-	-	5,796	36,181	41,977
Employee Testing	117	47,414	47,531	-	12,046	12,046	-	-	-	-	-	-	117	59,460	59,577
Other Administrative	-	64,713	64,713	362,460	-	362,460	207	694	901	(362,460)	(51,378)	(413,838)	207	14,029	14,236
Tax and Licenses	127	1,203	1,330	-	406	406	-	-	-	-	-	-	127	1,609	1,736
Bad Debt Expense	36,000	-	36,000	-	-	-	-	-	-	-	-	-	36,000	-	36,000
	602,829	2,408,577	3,011,406	364,771	491,863	856,634	16,837	56,369	73,206	(366,785)	(107,053)	(473,838)	617,652	2,849,756	3,467,408
Depreciation and Amortization	14,318	234,782	249,100	1,304	65,119	66,423	86,850	290,757	377,607	-	-	-	102,472	590,658	693,130
Total	<u>\$ 2,096,615</u>	<u>\$ 25,278,172</u>	<u>\$ 27,374,787</u>	<u>\$ 367,726</u>	<u>\$ 3,751,833</u>	<u>\$ 4,119,559</u>	<u>\$ 116,857</u>	<u>\$ 391,215</u>	<u>\$ 508,072</u>	<u>\$ (366,785)</u>	<u>\$ (470,053)</u>	<u>\$ (836,838)</u>	<u>\$ 2,214,413</u>	<u>\$ 28,951,167</u>	<u>\$ 31,165,580</u>

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, 2009 and 2008

Schedule IV

	Combined Total			Combined Total		
	Management and General	Rehabilitation Service	Total 2009	Management and General	Rehabilitation Service	Total 2008
Wages and Pension						
Wages	\$ 1,151,940	\$ 12,810,662	\$ 13,962,602	\$ 906,672	\$ 11,460,396	\$ 12,367,068
Pension and Health and Welfare Benefit Plan	-	526,305	526,305	-	593,649	593,649
	1,151,940	13,336,967	14,488,907	906,672	12,054,045	12,960,717
Occupancy						
Rent	83,490	1,029,411	1,112,901	-	1,150,521	1,150,521
General Liability Insurance	78,454	490,758	569,212	110,736	352,052	462,788
Utilities	23,741	241,143	264,884	-	275,476	275,476
Repairs and Maintenance - General	335	39,610	39,945	-	317,993	317,993
All Other	6,709	278,647	285,356	63,951	159,664	223,615
	192,729	2,079,569	2,272,298	174,687	2,255,706	2,430,393
Operating						
Janitorial Supplies	235	32,134	32,369	111	134,259	134,370
Production Materials	2,604	692,878	695,482	-	513,521	513,521
Waste Disposal Fees	8,710	357,105	365,815	-	383,437	383,437
Specific Assistance to Individuals	16,087	7,748,241	7,764,328	53,774	4,546,011	4,599,785
Travel and Promotion	27,475	168,902	196,377	32,263	176,859	209,122
Rental and Maintenance of Equipment	21,611	143,002	164,613	44,837	34,153	78,990
Supplies and General	49,129	587,741	636,870	90,026	199,542	289,568
Repairs - Company Vehicles	5,764	50,173	55,937	229	28,844	29,073
Gas and Oil - Company Vehicles	8,588	73,040	81,628	2,604	127,084	129,688
Insurance - Company Vehicles	9,266	145,872	155,138	27,293	106,706	133,999
Leasing Costs	151	95,129	95,280	-	141,054	141,054
	149,620	10,094,217	10,243,837	251,137	6,391,470	6,642,607
Administrative						
Payroll Taxes	64,999	1,137,866	1,202,865	63,080	945,185	1,008,265
Worker's Compensation Insurance	8,644	203,584	212,228	734	65,851	66,585
Insurance - Employee Benefits	76,745	308,725	385,470	55,865	215,828	271,693
Subcontracting	2,193	67,915	70,108	3,889	7,482	11,371
Professional Fees	367,382	468,446	835,828	222,195	404,671	626,866
NISH Commissions	13	120,491	120,504	-	182,195	182,195
Telephone	33,594	242,887	276,481	31,466	217,088	248,554
Membership Dues	6,429	139,948	146,377	4,993	160,209	165,202
Printing	15,406	48,615	64,021	5,007	40,046	45,053
Postage	5,796	36,181	41,977	6,141	34,715	40,856
Employee Testing	117	59,460	59,577	832	51,166	51,998
Other Administrative	207	14,029	14,236	16,103	77,702	93,805
Tax and Licenses	127	1,609	1,736	162	2,320	2,482
Bad Debt Expense	36,000	-	36,000	-	36,087	36,087
	617,652	2,849,756	3,467,408	410,467	2,440,545	2,851,012
Depreciation and Amortization	102,472	590,658	693,130	31,587	254,135	285,722
Total	\$ 2,214,413	\$ 28,951,167	\$ 31,165,580	\$ 1,774,550	\$ 23,395,901	\$ 25,170,451

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, 2009**

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
U.S. Department of Labor					
Passed Through City of New Orleans					
Workforce Investment Act	17.258	05-ECND-17B	\$ 1,364,798	\$ 1,364,798	\$ -
Workforce Investment Act	17.260	05-ECND-17B	389,143	389,143	-
National Emergency Grant	17.260	K07-788 & K07-147	8,790,755	8,790,755	-
ARRA Stimulus - Youth	17.260	05-ECND-17B	1,320,816	1,320,816	-
ARRA Stimulus - Dislocated	17.260	05-ECND-17B	378,647	378,647	-
ARRA Stimulus - Adult	17.260	05-ECND-17B	317,869	317,869	-
ARRA Stimulus - State Funds	17.260	05-ECND-17B	8,444	8,444	-
Workforce Investment Act - STEP	93.558	05-ECND-17B	109,041	109,041	-
Workforce Investment Act	17.259	K08-696	1,091,764	1,091,764	-
Subtotal - U.S. Department of Labor			13,771,277	13,771,277	-
U.S. Department of Housing and Urban Development					
Passed Through Unity for the Homeless					
Kitchen Management	14.235	LA48B650-3019	42,528	42,528	-
Kitchen Management	14.235	LA48B-60-3019	5,070	5,070	-
Employment	14.235	LA48B-50-3026	12,272	12,272	-
Employment	14.235	LA48B-60-3026	25,963	25,963	-
Culinary Arts	14.235	LA48B-50-3027	75,993	75,993	-
Culinary Arts	14.235	LA48B-60-3027	100,615	100,615	-
Subtotal - U.S. Department of Housing and Urban Development			262,441	262,441	-
U.S. Department of Education					
PWI Career Development Retention	84.234R	H234R050131-06/07	96,360	96,360	-
Subtotal - U.S. Department of Education			96,360	96,360	-
Total Federal Assistance			\$ 14,130,078	\$ 14,130,078	\$ -

**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, 2009**

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, 2009, and have issued our report thereon dated June 11, 2010. 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 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 "LaPorte, Selig, Konig & Bond".

A Professional Accounting Corporation

June 11, 2010



**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, 2009. 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, 2009.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance 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 deficiencies, 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 11, 2010

**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, 2009**

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
Workforce Investment Act/ National Emergency Grant/ ARRA Stimulus	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, 2009**

Prior Year Audit Findings

None Noted