

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

Audit of Combined Financial Statements

December 31, 2010

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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, 2010, 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, 2010, 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 21, 2011, 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 21, 2011

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combined Statement of Financial Position  
December 31, 2010**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 5,395,609
Restricted Cash	2,700
Accounts Receivable - Trade, Net	5,945,106
Merchandise Inventory	414,556
Prepaid Expenses and Other	<u>132,706</u>
<b>Total Current Assets</b>	<b><u>11,890,677</u></b>
<b>Property and Equipment</b>	
Land	2,082,348
Building and Building Improvements	10,336,257
Machinery and Equipment	1,094,645
Furniture and Fixtures	1,293,258
Automobiles and Trucks	407,109
Leasehold Improvements	434,074
Computer Equipment	149,803
Condo - Timeshare	34,995
Capitalized Interest	<u>121,770</u>
	15,954,259
<b>Less: Accumulated Depreciation</b>	<b><u>2,818,437</u></b>
<b>Property and Equipment, Net</b>	<b><u>13,135,822</u></b>
<b>Other Assets</b>	
Notes Receivable	7,925,000
Deferred Loan Fees	1,887,960
Interest Receivable	1,396,192
Deposits	<u>140,080</u>
<b>Total Other Assets</b>	<b><u>11,349,232</u></b>
<b>Total Assets</b>	<b><u>\$ 36,375,731</u></b>

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 Financial Position (Continued)  
December 31, 2010**

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<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 986,255
Accrued Expenses and Taxes	1,422,509
Deferred Revenue	406,766
Notes Payable	<u>87,522</u>
<b>Total Current Liabilities</b>	<u>2,903,052</u>
<b>Long-Term Liabilities</b>	
Notes Payable, Net of Current Maturities	<u>15,734,844</u>
<b>Net Assets</b>	
Unrestricted	<u>17,737,835</u>
<b>Total Net Assets</b>	<u>17,737,835</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 36,375,731</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, 2010**

	<b>Unrestricted</b>	<b>Total</b>
<b>Sales Revenue</b>		
Retail Stores	\$ 10,960,850	\$ 10,960,850
Contributed Revenue - Donated Goods	4,319,715	4,319,715
Salvage	751,044	751,044
<b>Total</b>	<b>16,031,609</b>	<b>16,031,609</b>
<b>Vocational Training Revenue</b>		
Janitorial Contracts	5,992,145	5,992,145
<b>Total</b>	<b>5,992,145</b>	<b>5,992,145</b>
<b>Other Sources of Income</b>		
Federal Financial Assistance	6,147,445	6,147,445
Contributions	500,997	500,997
Grant Income - City of New Orleans	960,934	960,934
Interest Income	734,846	734,846
State Tax Credit Revenue	348,426	348,426
Gain on Sale of Assets	4,283	4,283
Miscellaneous	74,520	74,520
<b>Total</b>	<b>8,771,451</b>	<b>8,771,451</b>
<b>Total Revenue</b>	<b>30,795,205</b>	<b>30,795,205</b>
<b>Expenses</b>		
Retail Program - Cost of Goods Sold	4,248,907	4,248,907
Program Services	21,846,484	21,846,484
Management and General	3,700,803	3,700,803
<b>Total Expenses</b>	<b>29,796,194</b>	<b>29,796,194</b>
<b>Change in Net Assets</b>	<b>999,011</b>	<b>999,011</b>
<b>Net Assets, Beginning of Year</b>	<b>16,738,824</b>	<b>16,738,824</b>
<b>Net Assets, End of Year</b>	<b>\$ 17,737,835</b>	<b>\$ 17,737,835</b>

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, 2010**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 999,011
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation and Amortization	1,290,170
Gain on Sale of Fixed Assets	(4,283)
Decrease in Restricted Cash	2,468,970
Increase in Accounts Receivable - Trade	(872,639)
Increase in Interest Receivable	(730,035)
Increase in Merchandise Inventory	(70,809)
Decrease in Prepaid Expenses and Other	615,999
Increase in Deposits	(5,416)
Decrease in Accounts Payable	(1,156,291)
Increase in Accrued Expenses and Taxes	441,525
Decrease in Deferred Revenue	(10,107)
	<u>2,966,096</u>
<b>Net Cash Provided by Operating Activities</b>	
<b>Cash Flows from Investing Activities</b>	
Increase in Notes Receivable	(125,000)
Purchase of Fixed Assets	(1,392,203)
	<u>(1,517,203)</u>
<b>Net Cash Used in Investing Activities</b>	
<b>Cash Flows from Financing Activities</b>	
Payments on Notes Payable	(74,885)
	<u>(74,885)</u>
<b>Net Cash Used in Financing Activities</b>	
<b>Net Increase in Cash and Cash Equivalents</b>	1,374,008
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>4,021,601</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 5,395,609</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash Paid for Interest	<u><u>\$ 246,222</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, 2010**

	<b>Management and General</b>	<b>Program Services</b>	<b>Total</b>
<b>Wages and Pension</b>			
Wages	\$ 1,448,401	\$ 11,388,290	\$ 12,836,691
Pension and Health and Welfare Benefit Plan	-	490,651	490,651
	<u>1,448,401</u>	<u>11,878,941</u>	<u>13,327,342</u>
<b>Occupancy</b>			
Rent	-	1,254,803	1,254,803
General Liability Insurance	119,929	486,259	606,188
Utilities	179	382,953	383,132
Repairs and Maintenance - General	2,007	100,568	102,575
All Other	184,818	184,623	369,441
	<u>306,933</u>	<u>2,409,206</u>	<u>2,716,139</u>
<b>Operating</b>			
Janitorial Supplies	-	48,181	48,181
Production Materials	-	680,674	680,674
Waste Disposal Fees	740	346,533	347,273
Specific Assistance to Individuals	11,695	2,508,302	2,519,997
Travel and Promotion	30,642	167,880	198,522
Rental and Maintenance of Equipment	37,583	215,354	252,937
Supplies and General	55,500	311,821	367,321
Repairs - Company Vehicles	5,412	42,950	48,362
Gas and Oil - Company Vehicles	12,541	100,966	113,507
Insurance - Company Vehicles	11,208	146,581	157,789
Leasing Costs	-	55,539	55,539
	<u>165,321</u>	<u>4,624,781</u>	<u>4,790,102</u>
<b>Administrative</b>			
Payroll Taxes	75,358	1,076,139	1,151,497
Worker's Compensation Insurance	8,899	81,396	90,295
Insurance - Employee Benefits	44,541	346,079	390,620
Subcontracting	-	41,035	41,035
Professional Fees	454,420	273,742	728,162
Landscaping	47,363	-	47,363
NISH Commissions	(4,325)	103,329	99,004
Telephone	42,485	223,296	265,781
Membership Dues	5,839	139,711	145,550
Printing	56,502	37,913	94,415
Postage	9,252	38,240	47,492
Employee Testing	462	53,978	54,440
Other Administrative	190,382	31,073	221,455
Tax and Licenses	470	5,089	5,559
Bad Debt Expense	40,866	-	40,866
	<u>972,514</u>	<u>2,451,020</u>	<u>3,423,534</u>
<b>Depreciation and Amortization</b>	<u>807,634</u>	<u>482,536</u>	<u>1,290,170</u>
<b>Total</b>	<u>\$ 3,700,803</u>	<u>\$ 21,846,484</u>	<u>\$ 25,547,287</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**

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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. (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. Goodwill and Goodworks assist people with disabilities and other special needs in their efforts to participate fully in society by helping them develop occupational capabilities and opportunities through janitorial services, retail stores and a variety of training programs. 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 \$227,645, as of December 31, 2010.

**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, 2010, 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**

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**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. The Organizations have no temporarily restricted or permanently restricted net assets.

**Donated Material and Service**

The Financial Accounting Standards Board Codification (the Codification), *Accounting for Contributions Received and Contributions Made*, requires that contributions be recognized as revenue when received. During 2010, Goodwill recognized contributed merchandise with a fair value of \$4,319,715 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.

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**

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**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 2010 was \$912,578.

**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**

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**Note 2. Notes Payable**

Details of notes payable for the year ended December 31, 2010, 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.	\$ 822,366
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>2,657,750</u>
	15,822,366
Less: Current Maturities	<u>87,522</u>
<b>Long-Term Debt</b>	<b><u>\$ 15,734,844</u></b>

The maturities for the next five years are as follows:

<u>Years</u>	<u>Amount</u>
2011	\$ 87,522
2012	92,829
2013	98,456
2014	543,559
2015	<u>15,000,000</u>
<b>Total</b>	<b><u>\$ 15,822,366</u></b>

Interest expense totaled \$246,222 for the year ended December 31, 2010.

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

**Notes to Combined Financial Statements**

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**Note 3. Lease Agreements**

Goodwill has real estate leases as of December 31, 2010, expiring in various years through 2017.

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

<b>Years</b>	<b>Amount</b>
2011	\$ 1,337,237
2012	1,056,039
2013	1,026,129
2014	831,778
2015	533,154
Thereafter	<u>851,936</u>
<b>Total</b>	<b><u><u>\$ 5,636,273</u></u></b>

Rent expense totaled \$1,254,803 in 2010.

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

<b>Years</b>	<b>Amount</b>
2011	\$ 28,892
2012	13,335
2013	13,335
2014	<u>7,220</u>
<b>Total</b>	<b><u><u>\$ 62,782</u></u></b>

**Note 4. 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 \$490,651 to the plan in 2010.

On March 15, 2011, Goodwill entered into two Retirement Plan Service Agreements. One agreement was for a 403(b)7 ERISA plan and the other was for a 457(b) Top Hat plan. The 403(b)7 plan is for full-time employees except for executive staff. Goodwill will match 50% of the employees' contribution to a maximum of 3%. The executive staff will participate in the 457(b) Top Hat plan which includes a contribution of up to 10% of their annual salary.

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

**Notes to Combined Financial Statements**

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**Note 5. Commitments and Contingencies (Building Purchase)**

Goodwill purchased a 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 Building, along with cash and additional basis in the building for a total of \$7.75 million. In return, Goodwill holds a subordinated leveraged loan to an intermediary investor.

The transfer of the building to Goodwill Building 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. 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 seven years and cannot be prepaid. The following are a result of the transaction mentioned above.

Goodwill has notes receivable in the amount of \$7,925,000 as of December 31, 2010. 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 approximately \$13.4 million made up of principal and accrued interest.

Goodwill Building has notes payable totaling \$15,000,000 as of December 31, 2010. 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 Building 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. Amortization expense for the year ended December 31, 2010 was \$377,592. By the end of the seven year term, Goodwill Building 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 \$1.6 million in outstanding debt. As of December 31, 2010 (and report date of June 21, 2011), 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 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**

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**Note 6. 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 2007 to 2009. 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 7. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 21, 2011, and determined that no events occurred that require disclosure, except as follows and as noted in Note 4.

On January 6, 2011, Goodwill Building entered into a contract with a construction company for the renovation of the second floor of its offices located at 3400 Tulane Avenue. The contract totaled \$1,388,278. Contingent on this contract with the construction company, is a contract with an architect firm totaling 8.5% of the construction contract, or \$118,004. No subsequent events occurring after June 21, 2011 have been evaluated for inclusion in these financial statements.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Financial Position  
December 31, 2010  
(With Comparative Totals for 2009)

Schedule I

	Goodwill	Goodworks	Goodwill Building	Elimination	Total 2010	2009
<b>Assets</b>						
<b>Current Assets</b>						
Cash and Cash Equivalents	\$ 4,108,182	\$ 787,433	\$ 499,994	\$ -	\$ 5,395,609	\$ 4,021,601
Restricted Cash	-	-	2,700	-	2,700	2,471,670
Accounts Receivable - Trade, Net	2,516,940	3,428,166	-	-	5,945,106	5,072,467
Merchandise Inventory	414,556	-	-	-	414,556	343,747
Due from Goodwill	-	115,842	1,693,375	(1,809,217)	-	-
Prepaid Expenses and Other	132,706	-	-	-	132,706	626,935
<b>Total Current Assets</b>	<b>7,172,384</b>	<b>4,331,441</b>	<b>2,196,069</b>	<b>(1,809,217)</b>	<b>11,890,677</b>	<b>12,536,420</b>
<b>Property and Equipment</b>						
Land	482,348	-	1,600,000	-	2,082,348	2,082,348
Building and Building Improvements	1,403,904	-	8,932,353	-	10,336,257	9,870,209
Machinery and Equipment	232,378	862,267	-	-	1,094,645	871,539
Furniture and Fixtures	1,293,258	-	-	-	1,293,258	997,172
Automobiles and Trucks	353,739	53,370	-	-	407,109	377,833
Leasehold Improvements	434,074	-	-	-	434,074	309,696
Computer Equipment	104,971	44,832	-	-	149,803	125,696
Condo - Timeshare	34,995	-	-	-	34,995	30,000
Capitalized Interest	-	-	121,770	-	121,770	121,770
	4,339,667	960,469	10,654,123	-	15,954,259	14,786,263
<b>Less: Accumulated Depreciation</b>	<b>1,735,540</b>	<b>677,822</b>	<b>405,075</b>	<b>-</b>	<b>2,818,437</b>	<b>2,012,580</b>
<b>Property and Equipment, Net</b>	<b>2,604,127</b>	<b>282,647</b>	<b>10,249,048</b>	<b>-</b>	<b>13,135,822</b>	<b>12,773,683</b>
<b>Other Assets</b>						
Notes Receivable	7,925,000	-	-	-	7,925,000	7,800,000
Deferred Loan Fees	-	-	1,887,960	-	1,887,960	2,265,552
Interest Receivable	1,396,192	-	-	-	1,396,192	666,157
Deposits	140,080	-	-	-	140,080	134,664
<b>Total Other Assets</b>	<b>9,461,272</b>	<b>-</b>	<b>1,887,960</b>	<b>-</b>	<b>11,349,232</b>	<b>10,866,373</b>
<b>Total Assets</b>	<b>\$ 19,237,783</b>	<b>\$ 4,614,088</b>	<b>\$ 14,333,077</b>	<b>\$ (1,809,217)</b>	<b>\$ 36,375,731</b>	<b>\$ 36,176,476</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 787,376	\$ 148,825	\$ 50,054	\$ -	\$ 986,255	\$ 2,142,545
Accrued Expenses and Taxes	1,314,693	107,815	-	-	1,422,508	980,983
Deferred Revenue	396,800	9,966	-	-	406,766	416,873
Due to Related Parties	1,809,217	-	-	(1,809,217)	-	-
Notes Payable	87,522	-	-	-	87,522	82,521
<b>Total Current Liabilities</b>	<b>4,395,609</b>	<b>266,606</b>	<b>50,054</b>	<b>(1,809,217)</b>	<b>2,903,052</b>	<b>3,622,922</b>
<b>Long-Term Liabilities</b>						
Notes Payable, Net of Current Maturities	734,844	-	15,000,000	-	15,734,844	15,814,730
<b>Net Assets (Deficit)</b>						
Unrestricted	14,107,330	4,347,482	(716,977)	-	17,737,835	16,738,824
<b>Total Net Assets (Deficit)</b>	<b>14,107,330</b>	<b>4,347,482</b>	<b>(716,977)</b>	<b>-</b>	<b>17,737,835</b>	<b>16,738,824</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 19,237,783</b>	<b>\$ 4,614,088</b>	<b>\$ 14,333,077</b>	<b>\$ (1,809,217)</b>	<b>\$ 36,375,731</b>	<b>\$ 36,176,476</b>

See independent auditor's report.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Activities  
For the Year Ended December 31, 2010  
(With Comparative Totals for 2009)

Schedule II

	Goodwill		Goodworks, Inc.		Goodwill Building, Inc.		Elimination	Combined Total 2010	Total 2009
	Unrestricted	Total	Unrestricted	Total	Unrestricted	Total			
<b>Sales Revenue</b>									
Retail Stores	\$ 10,960,850	\$ 10,960,850	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,960,850	\$ 8,902,576
Contributed Revenue - Donated Goods	4,319,715	4,319,715	-	-	-	-	-	4,319,715	3,514,239
Salvage	751,044	751,044	-	-	-	-	-	751,044	527,481
<b>Total</b>	<b>16,031,609</b>	<b>16,031,609</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,031,609</b>	<b>12,944,296</b>
<b>Vocational Training Revenue</b>									
Janitorial Contracts	1,694,259	1,694,259	4,297,886	4,297,886	-	-	-	5,992,145	6,011,433
Training Fees - United Way	-	-	-	-	-	-	-	-	47,500
<b>Total</b>	<b>1,694,259</b>	<b>1,694,259</b>	<b>4,297,886</b>	<b>4,297,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,992,145</b>	<b>6,058,933</b>
<b>Other Sources of Income</b>									
Federal Financial Assistance	6,147,445	6,147,445	-	-	-	-	-	6,147,445	14,130,077
Contribution - Goodwill Foundation	-	-	-	-	-	-	-	-	5,000
Contributions	500,997	500,997	-	-	-	-	-	500,997	344,802
Grant Income - City of New Orleans	960,934	960,934	-	-	-	-	-	960,934	1,671,942
Interest Income	734,846	734,846	-	-	-	-	-	734,846	691,350
Administrative Fee Income	429,780	429,780	-	-	-	-	(429,780)	-	-
Gain (Loss) on Sale of Assets	7,700	7,700	(3,417)	(3,417)	-	-	-	4,283	668,036
State Tax Credit Revenue	-	-	-	-	348,426	348,426	-	348,426	-
Rental Income	-	-	-	-	363,000	363,000	(363,000)	-	-
Miscellaneous	69,304	69,304	5,216	5,216	-	-	-	74,520	3,748
<b>Total</b>	<b>8,851,006</b>	<b>8,851,006</b>	<b>1,799</b>	<b>1,799</b>	<b>711,426</b>	<b>711,426</b>	<b>(792,780)</b>	<b>8,771,451</b>	<b>17,514,955</b>
<b>Total Revenue</b>	<b>26,576,874</b>	<b>26,576,874</b>	<b>4,299,685</b>	<b>4,299,685</b>	<b>711,426</b>	<b>711,426</b>	<b>(792,780)</b>	<b>30,795,205</b>	<b>36,518,184</b>
<b>Expenses</b>									
Retail Program - Cost of Goods Sold	4,248,907	4,248,907	-	-	-	-	-	4,248,907	3,495,133
Program Services	18,594,379	18,594,379	3,698,523	3,698,523	-	-	(446,418)	21,846,484	28,951,167
Management and General	2,513,395	2,513,395	354,598	354,598	1,179,172	1,179,172	(346,362)	3,700,803	2,214,413
<b>Total Expenses</b>	<b>25,356,681</b>	<b>25,356,681</b>	<b>4,053,121</b>	<b>4,053,121</b>	<b>1,179,172</b>	<b>1,179,172</b>	<b>(792,780)</b>	<b>29,796,194</b>	<b>34,660,713</b>
<b>Change in Net Assets</b>	<b>1,220,193</b>	<b>1,220,193</b>	<b>246,564</b>	<b>246,564</b>	<b>(467,746)</b>	<b>(467,746)</b>	<b>-</b>	<b>999,011</b>	<b>1,857,471</b>
<b>Net Assets (Deficit), Beginning of Year</b>	<b>12,887,137</b>	<b>12,887,137</b>	<b>4,100,918</b>	<b>4,100,918</b>	<b>(249,231)</b>	<b>(249,231)</b>	<b>-</b>	<b>16,738,824</b>	<b>14,881,353</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$ 14,107,330</b>	<b>\$ 14,107,330</b>	<b>\$ 4,347,482</b>	<b>\$ 4,347,482</b>	<b>\$ (716,977)</b>	<b>\$ (716,977)</b>	<b>\$ -</b>	<b>\$ 17,737,835</b>	<b>\$ 16,738,824</b>

See independent auditor's report.

GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Combining Statement of Functional Expenses  
For the Year Ended December 31, 2010

Schedule III

	Goodwill			Goodworks, Inc.			Goodwill Building, Inc.			Elimination			Combined Total		
	Management and General	Program Services	Total	Management and General	Program Services	Total	Management and General	Program Services	Total	Management and General	Program Services	Total	Management and General	Program Services	Total 2010
<b>Wages and Pension</b>															
Wages	\$ 1,448,401	\$ 9,342,331	\$ 10,790,732	\$ -	\$ 2,045,959	\$ 2,045,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,448,401	\$ 11,388,290	\$ 12,836,691
Pension and Health and Welfare Benefit Plan	-	-	-	-	490,651	490,651	-	-	-	-	-	-	-	490,651	490,651
	1,448,401	9,342,331	10,790,732	-	2,536,610	2,536,610	-	-	-	-	-	-	1,448,401	11,878,941	13,327,342
<b>Occupancy</b>															
Rent	-	1,617,803	1,617,803	-	-	-	-	-	-	-	(363,000)	(363,000)	-	1,254,803	1,254,803
General Liability Insurance	48,464	407,259	455,723	2,288	79,000	81,288	69,177	-	69,177	-	-	-	119,929	486,259	606,188
Utilities	179	382,953	383,132	-	-	-	-	-	-	-	-	-	179	382,953	383,132
Repairs and Maintenance - General	2,007	100,568	102,575	-	-	-	-	-	-	-	-	-	2,007	100,568	102,575
All Other	184,818	184,623	369,441	-	-	-	-	-	-	-	-	-	184,818	184,623	369,441
	235,468	2,693,206	2,928,674	2,288	79,000	81,288	69,177	-	69,177	-	(363,000)	(363,000)	306,933	2,409,206	2,716,139
<b>Operating</b>															
Janitorial Supplies	-	45,597	45,597	-	2,584	2,584	-	-	-	-	-	-	-	48,181	48,181
Production Materials	-	470,507	470,507	-	210,167	210,167	-	-	-	-	-	-	-	680,674	680,674
Waste Disposal Fees	740	344,541	345,281	-	1,992	1,992	-	-	-	-	-	-	740	346,533	347,273
Specific Assistance to Individuals	9,269	2,503,145	2,512,414	2,426	5,157	7,583	-	-	-	-	-	-	11,695	2,508,302	2,519,997
Travel and Promotion	30,642	165,532	196,174	-	2,348	2,348	-	-	-	-	-	-	30,642	167,880	198,522
Rental and Maintenance of Equipment	37,583	156,287	193,870	-	59,067	59,067	-	-	-	-	-	-	37,583	215,354	252,937
Supplies and General	55,500	265,298	320,798	-	46,523	46,523	-	-	-	-	-	-	55,500	311,821	367,321
Repairs - Company Vehicles	5,412	26,906	32,318	-	16,044	16,044	-	-	-	-	-	-	5,412	42,950	48,362
Gas and Oil - Company Vehicles	12,541	75,948	88,489	-	25,018	25,018	-	-	-	-	-	-	12,541	100,966	113,507
Insurance - Company Vehicles	11,208	99,584	110,792	-	46,997	46,997	-	-	-	-	-	-	11,208	146,581	157,789
Leasing Costs	-	30,756	30,756	-	24,783	24,783	-	-	-	-	-	-	-	55,539	55,539
	162,895	4,184,101	4,346,996	2,426	440,680	443,106	-	-	-	-	-	-	165,321	4,624,781	4,790,102

See independent auditor's report.

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, 2010

	Goodwill			Goodworks, Inc.			Goodwill Building, Inc.			Elimination			Combined Total		
	Management and General	Program Services	Total	Management and General	Program Services	Total	Management and General	Program Services	Total	Management and General	Program Services	Total	Management and General	Program Services	Total
<b>Administrative</b>															
Payroll Taxes	75,358	855,242	930,600	-	220,897	220,897	-	-	-	-	-	-	75,358	1,076,139	1,151,497
Worker's Compensation Insurance	8,899	81,078	89,977	-	318	318	-	-	-	-	-	-	8,899	81,396	90,295
Insurance - Employee Benefits	44,223	342,603	386,826	318	3,476	3,794	-	-	-	-	-	-	44,541	346,079	390,620
Subcontracting	-	-	-	-	41,035	41,035	-	-	-	-	-	-	-	41,035	41,035
Professional Fees	365,189	218,182	583,371	50	55,560	55,610	89,181	-	89,181	-	-	-	454,420	273,742	728,162
Landscaping	-	-	-	-	-	-	47,363	-	47,363	-	-	-	47,363	-	47,363
NISH Commissions	-	-	-	-	159,004	159,004	-	-	-	(4,325)	(55,675)	(60,000)	(4,325)	103,329	99,004
Telephone	42,450	184,787	227,237	35	38,509	38,544	-	-	-	-	-	-	42,485	223,296	265,781
Membership Dues	5,839	139,711	145,550	-	-	0	-	-	-	-	-	-	5,839	139,711	145,550
Printing	56,502	37,362	93,864	-	551	551	-	-	-	-	-	-	56,502	37,913	94,415
Postage	9,252	38,240	47,492	-	-	-	-	-	-	-	-	-	9,252	38,240	47,492
Employee Testing	462	47,298	47,760	-	6,680	6,680	-	-	-	-	-	-	462	53,978	54,440
Other Administrative	-	58,816	58,816	341,634	-	341,634	190,785	-	190,785	(342,037)	(27,743)	(369,780)	190,382	31,073	221,455
Tax and Licenses	470	4,586	5,056	-	503	503	-	-	-	-	-	-	470	5,089	5,559
Bad Debt Expense	40,866	-	40,866	-	-	-	-	-	-	-	-	-	40,866	-	40,866
	649,510	2,007,905	2,657,415	342,037	526,533	868,570	327,329	-	327,329	(346,362)	(83,418)	(429,780)	972,514	2,451,020	3,423,534
<b>Depreciation and Amortization</b>	17,121	366,836	383,957	7,847	115,700	123,547	782,666	-	782,666	-	-	-	807,634	482,536	1,290,170
<b>Total</b>	\$ 2,513,395	\$ 18,594,379	\$ 21,107,774	\$ 354,598	\$ 3,698,523	\$ 4,053,121	\$ 1,179,172	\$ -	\$ 1,179,172	\$ (346,362)	\$ (446,418)	\$ (792,780)	\$ 3,700,803	\$ 21,846,484	\$ 25,547,287

See independent auditor's report.

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.**  
Comparative Statements of Functional Expenses  
For the Years Ended December 31, 2010 and 2009

Schedule IV

	Combined Total			Combined Total		
	Management and General	Program Services	Total 2010	Management and General	Program Services	Total 2009
<b>Wages and Pension</b>						
Wages	\$ 1,448,401	\$ 11,388,290	\$ 12,836,691	\$ 1,151,940	\$ 12,810,662	\$ 13,962,602
Pension and Health and Welfare Benefit Plan	-	490,651	490,651	-	526,305	526,305
	<u>1,448,401</u>	<u>11,878,941</u>	<u>13,327,342</u>	<u>1,151,940</u>	<u>13,336,967</u>	<u>14,488,907</u>
<b>Occupancy</b>						
Rent	-	1,254,803	1,254,803	83,490	1,029,411	1,112,901
General Liability Insurance	119,929	486,259	606,188	78,454	490,758	569,212
Utilities	179	382,953	383,132	23,741	241,143	264,884
Repairs and Maintenance - General	2,007	100,568	102,575	335	39,610	39,945
All Other	184,818	184,623	369,441	6,709	278,647	285,356
	<u>306,933</u>	<u>2,409,206</u>	<u>2,716,139</u>	<u>192,729</u>	<u>2,079,569</u>	<u>2,272,298</u>
<b>Operating</b>						
Janitorial Supplies	-	48,181	48,181	235	32,134	32,369
Production Materials	-	680,674	680,674	2,604	692,878	695,482
Waste Disposal Fees	740	346,533	347,273	8,710	357,105	365,815
Specific Assistance to Individuals	11,695	2,508,302	2,519,997	16,087	7,748,241	7,764,328
Travel and Promotion	30,642	167,880	198,522	27,475	168,902	196,377
Rental and Maintenance of Equipment	37,583	215,354	252,937	21,611	143,002	164,613
Supplies and General	55,500	311,821	367,321	49,129	587,741	636,870
Repairs - Company Vehicles	5,412	42,950	48,362	5,764	50,173	55,937
Gas and Oil - Company Vehicles	12,541	100,966	113,507	8,588	73,040	81,628
Insurance - Company Vehicles	11,208	146,581	157,789	9,266	145,872	155,138
Leasing Costs	-	55,539	55,539	151	95,129	95,280
	<u>165,321</u>	<u>4,624,781</u>	<u>4,790,102</u>	<u>149,620</u>	<u>10,094,217</u>	<u>10,243,837</u>
<b>Administrative</b>						
Payroll Taxes	75,358	1,076,139	1,151,497	64,999	1,137,866	1,202,865
Worker's Compensation Insurance	8,899	81,396	90,295	8,644	203,584	212,228
Insurance - Employee Benefits	44,541	346,079	390,620	76,745	308,725	385,470
Subcontracting	-	41,035	41,035	2,193	67,915	70,108
Professional Fees	454,420	273,742	728,162	367,382	468,446	835,828
Landscaping	47,363	-	47,363	-	-	-
NISH Commissions	(4,325)	103,329	99,004	13	120,491	120,504
Telephone	42,485	223,296	265,781	33,594	242,887	276,481
Membership Dues	5,839	139,711	145,550	6,429	139,948	146,377
Printing	56,502	37,913	94,415	15,406	48,615	64,021
Postage	9,252	38,240	47,492	5,796	36,181	41,977
Employee Testing	462	53,978	54,440	117	59,460	59,577
Other Administrative	190,382	31,073	221,455	207	14,029	14,236
Tax and Licenses	470	5,089	5,559	127	1,609	1,736
Bad Debt Expense	40,866	-	40,866	36,000	-	36,000
	<u>972,514</u>	<u>2,451,020</u>	<u>3,423,534</u>	<u>617,652</u>	<u>2,849,756</u>	<u>3,467,408</u>
<b>Depreciation and Amortization</b>	<b>807,634</b>	<b>482,536</b>	<b>1,290,170</b>	<b>102,472</b>	<b>590,658</b>	<b>693,130</b>
<b>Total</b>	<b>\$ 3,700,803</b>	<b>\$ 21,846,484</b>	<b>\$ 25,547,287</b>	<b>\$ 2,214,413</b>	<b>\$ 28,951,167</b>	<b>\$ 31,165,580</b>

See independent auditor's report.

**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, 2010**

<b>Federal Grant or Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Total Revenue/ Expenses Recognized</b>	<b>Federal Revenue/ Expenses Recognized</b>	<b>State Revenue/ Expenses Recognized</b>
<b>U.S. Department of Labor</b>					
Passed Through City of New Orleans					
Workforce Investment Act	17.258	05-ECND-17B	\$ 1,118,765	\$ 1,118,765	\$ -
Workforce Investment Act	17.260	05-ECND-17B	472,051	472,051	-
National Emergency Grant	17.260	K07-788 & K07-147	1,553,552	1,553,552	-
ARRA Stimulus - Youth	17.260	05-ECND-17B	234,129	234,129	-
ARRA Stimulus - Youth	17.260	05-ECND-17B	130,635	130,635	-
ARRA Stimulus - Dislocated	17.260	05-ECND-17B	473,165	473,165	-
ARRA Stimulus - Dislocated	17.260	05-ECND-17B	227,382	227,382	-
ARRA Stimulus - Adult	17.260	05-ECND-17B	267,738	267,738	-
ARRA Stimulus - Adult	17.260	05-ECND-17B	55,687	55,687	-
ARRA Stimulus - State Funds	17.260	05-ECND-17B	(3,765)	(3,765)	-
Workforce Investment Act - STEP	93.558	05-ECND-17B	170,201	170,201	-
Workforce Investment Act	17.259	K08-696	1,022,769	1,022,769	-
<b>Subtotal - U.S. Department of Labor</b>			<b>5,722,309</b>	<b>5,722,309</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	13,953	13,953	-
Kitchen Management	14.235	LA48B-60-3019	76,945	76,945	-
Employment	14.235	LA48B-50-3026	48	48	-
Employment	14.235	LA48B-60-3026	21,797	21,797	-
Culinary Arts	14.235	LA48B-50-3027	126,091	126,091	-
Culinary Arts	14.235	LA48B-60-3027	47,719	47,719	-
<b>Subtotal - U.S. Department of Housing and Urban Development</b>			<b>286,553</b>	<b>286,553</b>	<b>-</b>
<b>U.S. Department of Justice</b>					
Good Guides	16.808	2009-sc-b9-0035	136,775	136,775	-
<b>Subtotal - U.S. Department of Justice</b>			<b>136,775</b>	<b>136,775</b>	<b>-</b>
<b>U.S. Department of Commerce</b>					
BTOP	11.557	41-43-B10593	1,808	1,808	-
<b>Subtotal - U.S. Department of Commerce</b>			<b>1,808</b>	<b>1,808</b>	<b>-</b>
<b>Total Federal Assistance</b>			<b>\$ 6,147,445</b>	<b>\$ 6,147,445</b>	<b>\$ -</b>

**GOODWILL INDUSTRIES OF SOUTHEASTERN LOUISIANA, INC.,  
GOODWORKS, INC. AND GOODWILL INDUSTRIES BUILDING, INC.  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended December 31, 2010**

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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, 2010, and have issued our report thereon dated June 21, 2011. 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 "Lalonde, Selit, Koenig & Bond".

A Professional Accounting Corporation

June 21, 2011



**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, 2010. 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, 2010.

### **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 21, 2011

**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, 2010**

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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
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, 2010**

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**Prior Year Audit Findings**

None Noted