

**GOODWILL INDUSTRIES OF  
ACADIANA, INC.**

**Financial Report**

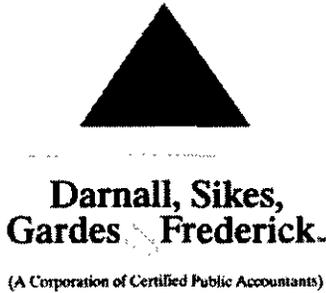
**Years Ended December 31, 2004 and 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7/20/05

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Goodwill Industries of Acadiana, Inc. (a nonprofit organization), as of December 31, 2004 and 2003, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Goodwill's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Acadiana, Inc. as of December 31, 2004 and 2003, and the changes in its net assets and cash flows for the years 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 April 25, 2005, on our consideration of Goodwill Industries of Acadiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 audits.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements of Goodwill Industries of Acadiana, Inc. taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Dannall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 25, 2005

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Financial Position  
December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 153,555	\$ 129,032
Accounts receivable	84,351	155,908
Prepaid expenses	455,402	323,516
Other receivables	<u>2,965</u>	<u>3,674</u>
Total current assets	<u>696,273</u>	<u>612,130</u>
LAND, BUILDING, AND EQUIPMENT, net	<u>5,093,669</u>	<u>5,202,600</u>
OTHER ASSETS		
Other receivables	125,907	105,557
Deposits	<u>8,348</u>	<u>8,348</u>
	<u>134,255</u>	<u>113,905</u>
 TOTAL ASSETS	 <u>\$ 5,924,197</u>	 <u>\$ 5,928,635</u>

	<u>2004</u>	<u>2003</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,918	\$ 14,379
Payroll and related liabilities	130,498	116,040
Accrued expenses	237,532	293,383
Current portion of capital lease obligations	1,705	35,183
Current maturities of long-term debt	128,135	72,923
Other liabilities	<u>28,478</u>	<u>40,917</u>
Total current liabilities	<u>548,266</u>	<u>572,825</u>
LONG-TERM LIABILITIES		
Capital lease obligations, less current portion	305	1,198,914
Long-term debt, less current maturities	<u>1,877,469</u>	<u>633,175</u>
	<u>1,877,774</u>	<u>1,832,089</u>
NET ASSETS		
Unrestricted	<u>3,498,157</u>	<u>3,523,721</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,924,197</u>	<u>\$ 5,928,635</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Activities  
Years Ended December 31, 2004 and 2003

	2004	2003
<b>UNRESTRICTED NET ASSETS</b>		
Revenue:		
Contributed goods production	\$ 3,118,730	\$ 2,833,015
Evaluation and training services	352,320	530,633
Contracts	124,333	138,241
Interest	232	218
In-kind	-	22,899
Miscellaneous	<u>120,987</u>	<u>107,020</u>
Total unrestricted support and revenue	<u>3,716,602</u>	<u>3,632,026</u>
Expenses:		
Contributed goods production	2,306,672	2,116,170
Evaluation and training services	649,754	806,380
Contracts	99,103	104,683
Support services:		
Administration	<u>686,637</u>	<u>644,800</u>
	<u>3,742,166</u>	<u>3,672,033</u>
Decrease in unrestricted net assets	<u>(25,564)</u>	<u>(40,007)</u>
Decrease in net assets	(25,564)	(40,007)
NET ASSETS, beginning	<u>3,523,721</u>	<u>3,563,728</u>
NET ASSETS, ending	<u>\$ 3,498,157</u>	<u>\$ 3,523,721</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Cash Flows  
Years Ended December 31, 2004 and 2003

	2004	2003
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (25,564)	\$ (40,007)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	203,629	206,268
Loss on sale of assets	1,461	-
(Increase) decrease in operating assets:		
Accounts receivable	71,557	92,539
Prepaid expenses	(131,886)	(85,344)
Other receivables	(19,641)	(22,933)
Deposits	-	(1,900)
Increase (decrease) in operating liabilities:		
Accounts payable	7,539	(56,336)
Payroll and related liabilities	14,458	26,655
Accrued expenses	(55,851)	78,582
Other liabilities	(12,439)	(36,935)
Net cash provided by operating activities	53,263	160,589
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(96,159)	(162,617)
Net cash used by investing activities	(96,159)	(162,617)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net proceeds (repayment) of short-term borrowings	-	(26,558)
Repayment of long-term debt	(98,368)	(71,167)
Repayment of capital lease obligations	(1,232,087)	(19,434)
Proceeds from long-term debt	1,397,874	-
Proceeds from capital lease obligations	-	4,253
Net cash provided (used) by financing activities	67,419	(112,906)
Net increase (decrease) in cash and cash equivalents	24,523	(114,934)
CASH AND CASH EQUIVALENTS, beginning of year	129,032	243,966
CASH AND CASH EQUIVALENTS, end of year	\$ 153,555	\$ 129,032
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ 299,110	\$ 186,726

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Functional Expenses  
Years Ended December 31, 2004 and 2003

	Contributed Goods Production		
	Retail	Salvage/ Transportation	Total
<b>PAYROLL AND RELATED EXPENSES</b>			
Salaries and wages	\$ 1,004,464	\$ 127,933	\$ 1,132,397
Payroll taxes and insurance	<u>76,526</u>	<u>8,682</u>	<u>85,208</u>
Total payroll and related expenses	<u>1,080,990</u>	<u>136,615</u>	<u>1,217,605</u>
<b>OTHER EXPENSES</b>			
Material purchases	62,209	-	62,209
Repairs and maintenance	56,141	23,255	79,396
Supplies	54,608	8,615	63,223
Professional fees and contracted services	79,075	8,328	87,403
Promotion and entertainment	1,853	-	1,853
Telephone	37,992	1,079	39,071
Utilities	61,667	6,670	68,337
Rent	62,077	1,916	63,993
Travel and agency	8,190	11,118	19,308
Janitorial expense	3,681	-	3,681
Dues, subscriptions, and licenses	40,042	3,006	43,048
Conferences and seminars	779	110	889
Interest	108,632	16,805	125,437
Office and miscellaneous	49,549	287	49,836
Insurance	196,968	34,630	231,598
Advertising	278	-	278
Donation of goods	13,300	-	13,300
In-kind expense	-	-	-
Total other expenses	<u>837,041</u>	<u>115,819</u>	<u>952,860</u>
Total expenses before depreciation and amortization	1,918,031	252,434	2,170,465
<b>DEPRECIATION AND AMORTIZATION</b>	<u>116,857</u>	<u>19,350</u>	<u>136,207</u>
<b>TOTAL EXPENSES</b>	<u>\$ 2,034,888</u>	<u>\$ 271,784</u>	<u>\$ 2,306,672</u>

Evaluation, Training and Rehabilitation	Lawn Maintenance Contract	Administration	Totals	
			2004	2003
\$ 379,445	\$ 65,978	\$ 362,682	\$ 1,940,502	\$ 1,891,983
<u>28,450</u>	<u>5,063</u>	<u>27,883</u>	<u>146,604</u>	<u>152,692</u>
<u>407,895</u>	<u>71,041</u>	<u>390,565</u>	<u>2,087,106</u>	<u>2,044,675</u>
-	-	-	62,209	43,423
20,592	(20,949)	10,452	89,491	90,782
10,158	10,328	18,953	102,662	111,996
5,000	5,915	29,408	127,726	127,650
-	-	-	1,853	1,250
23,209	643	18,708	81,631	88,649
21,971	973	4,252	95,533	88,823
10,252	75	628	74,948	77,643
22,085	3,978	17,752	63,123	53,394
1,363	-	-	5,044	21,095
4,694	1,738	6,000	55,480	61,286
3,147	100	3,713	7,849	5,595
21,532	892	22,053	169,914	186,726
5,598	203	39,496	95,133	80,629
48,859	17,035	87,620	385,112	315,553
1,124	-	18,371	19,773	27,819
-	-	650	13,950	15,878
-	-	-	-	22,899
<u>199,584</u>	<u>20,931</u>	<u>278,056</u>	<u>1,451,431</u>	<u>1,421,090</u>
607,479	91,972	668,621	3,538,537	3,465,765
<u>42,275</u>	<u>7,131</u>	<u>18,016</u>	<u>203,629</u>	<u>206,268</u>
<u>\$ 649,754</u>	<u>\$ 99,103</u>	<u>\$ 686,637</u>	<u>\$ 3,742,166</u>	<u>\$ 3,672,033</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Inventories

Purchased inventories of saleable goods are stated at cost. It is management's practice not to inventory contributed items.

Land, Building, and Equipment

Land, building, and equipment is recorded at cost. Assets are depreciated by the straight-line method over their useful lives as follows:

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

Income Taxes

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

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2004 and 2003.

Functional Allocation of Expenses

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

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

Bad Debts

Goodwill accounts for bad debts using the direct write-off method. Expense is recognized during the period in which a specific account is determined to be uncollectable. The effects of using this method approximates those of the allowance method.

Estimates

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

Vacation and Sick Leave

Vacation is earned after one year of employment and is calculated based on a calendar year. Any current unused vacation can be carried over for use in the case of an extended illness. Upon separation, employees will be compensated for any unused vacation generated in the current year. However, extended illness leave will not be paid.

Sick leave with pay is earned at a rate of 40 hours per calendar year, commencing 90 days after employment. Sick leave may be accumulated only for use in an extended illness. No sick leave is payable to an employee upon separation.

Accordingly, no accruals have been made for vacation or sick leave.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses for the years ended December 31, 2004 and 2003 totaled \$19,773 and \$27,421, respectively.

NOTE 2 OTHER RECEIVABLES

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 3 LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of the following:

	2004	2003
Land	\$ 1,461,514	\$ 1,261,514
Buildings and improvements	3,934,403	2,795,729
Equipment, furniture, and autos	1,106,409	1,041,767
Equipment held under capital lease	4,253	4,253
Buildings and improvements and land held under capital lease	-	1,311,560
	6,506,579	6,414,823
Less: Accumulated depreciation and amortization	1,412,910	1,212,223
	\$ 5,093,669	\$ 5,202,600

NOTE 4 LONG-TERM DEBT

	2004	2003
Note payable to Hibernia National Bank, due June 29, 2013, payable in 180 monthly installments of \$8,104, including interest at 7.25% per annum, secured by a collateral mortgage note in the amount of \$800,000.	\$ 612,409	\$ 662,499
Note payable to Hibernia National Bank, due January 26, 2006, payable in 60 monthly installments of \$1,003, including interest at 6.25% per annum, secured by a vehicle.	10,253	21,255
Note payable to Hibernia National Bank, due May 22, 2004, payable in 36 monthly installments of \$412, including interest at 7.6% per annum, secured by equipment.	-	2,022
Note payable to Hibernia National Bank, due December 9, 2005, payable in 36 monthly installments of \$888, including interest at 4.35% per annum, secured by a vehicle.	10,368	20,322
Note payable to Regions Bank, due June 15, 2009, payable in 60 monthly installments of \$10,843 and one final payment of \$1,029,697, including interest at 5.0% per annum, secured by a building.	1,337,809	-
Subtotals carried forward	\$ 1,970,839	\$ 706,098

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 4 LONG-TERM DEBT (Continued)

	2004	2003
Subtotals brought forward	\$ 1,970,839	\$ 706,098
Note payable to Toyota Financial Services, due December 26, 2009, payable in 60 monthly installments of \$579, including interest at 0% per annum, secured by a vehicle.	34,765	-
	2,005,604	706,098
Less: Current maturities	128,135	72,923
Total	\$ 1,877,469	\$ 633,175

Maturities of long-term debt are as follows:

2005	\$ 128,135
2006	114,669
2007	122,336
2008	130,245
2009	1,211,425
Thereafter	298,794
Total	\$ 2,005,604

NOTE 5 CAPITAL LEASES

Goodwill has entered into capital leases for certain equipment. Obligations under these capital leases have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at interest rates between 12% and 13%. Amortization of these capital leases included in depreciation expense amounted to \$851 and \$24,373, for the years ended December 31, 2004 and 2003, respectively.

Future minimum lease payments under these capital leases are as follows:

2005	\$ 1,856
2006	310
Total minimum lease payments	2,166
Less: amount representing interest	156
Present value of future minimum lease payments	2,010
Less: current maturities	1,705
	\$ 305

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 6 OPERATING LEASES

Goodwill entered into a noncancelable operating lease on January 23, 2002 for property associated with one of its drop off locations which commences on February 1, 2002 and expires on December 31, 2007. Goodwill also leases a building related to one of its retail stores which was renewed for an additional year on February 16, 2004 and expires on February 15, 2005. Rent expense associated with these operating leases during 2004 and 2003 totaled \$60,179 and \$57,934, respectively.

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

2005	\$ 18,023
2006	9,600
2007	<u>9,600</u>
	<u>\$ 37,223</u>

NOTE 7 SELF-INSURED EMPLOYEE HEALTH BENEFITS

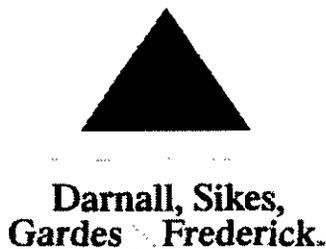
Goodwill provides health benefit coverage to full-time participants and to their beneficiaries and covered dependents. Funding is provided monthly by contributions from Goodwill and employees for basic coverage.

NOTE 8 CONCENTRATION OF CREDIT RISK

The majority of Goodwill's accounts receivable balance at December 31, 2004 and 2003 is comprised of amounts due from various state agencies.

**SUPPLEMENTAL INFORMATION**

**INTERNAL CONTROL AND COMPLIANCE**



(A Corporation of Certified Public Accountants)

Independent Auditor's Report on Compliance and  
On Internal Control over Financial  
Reporting Based on an Audit of  
Financial Statements Performed in  
Accordance with *Government Auditing Standards*

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

We have audited the financial statements of Goodwill Industries of Acadiana, Inc. (a nonprofit organization), as of and for the year ended December 31, 2004, and have issued our report thereon dated April 25, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether Goodwill Industries of Acadiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Goodwill Industries of Acadiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on

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Certified Public Accountants

the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level, the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than those specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document, therefore its distribution is not limited.

*Dannall, Sikes, Gaudes & Frederick*

A Corporation of Certified Public Accountants

Lafayette, Louisiana

April 25, 2005

**OTHER SUPPLEMENTAL INFORMATION**

GOODWILL INDUSTRIES OF ACADIANA, INC.

Departmental Schedule of Revenues and Expenses  
Year Ended December 31, 2004

	Contributed Goods Production		
	Retail	Salvage/ Transportation	Total
REVENUES	\$ 2,825,500	\$ 293,230	\$ 3,118,730
EXPENSES	<u>1,918,031</u>	<u>252,434</u>	<u>2,170,465</u>
Income (loss) before depreciation and amortization	907,469	40,796	948,265
DEPRECIATION AND AMORTIZATION	<u>116,857</u>	<u>19,350</u>	<u>136,207</u>
NET INCOME (LOSS)	<u>\$ 790,612</u>	<u>\$ 21,446</u>	<u>\$ 812,058</u>

<u>Evaluation, Training and Rehabilitation</u>	<u>Lawn Maintenance Contract</u>	<u>Administration</u>	<u>Totals</u>
\$ 352,320	\$ 124,333	\$ 121,219	\$ 3,716,602
<u>607,479</u>	<u>91,972</u>	<u>668,621</u>	<u>3,538,537</u>
(255,159)	32,361	(547,402)	178,065
<u>42,275</u>	<u>7,131</u>	<u>18,016</u>	<u>203,629</u>
<u>\$ (297,434)</u>	<u>\$ 25,230</u>	<u>\$ (565,418)</u>	<u>\$ (25,564)</u>

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Summary of Corrective Action Taken on Prior Year Findings  
Year Ended December 31, 2004

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2004

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unqualified opinion has been issued on Goodwill Industries of Acadiana, Inc.'s financial statements as of and for the year ended December 31, 2004.

Reportable Conditions - Financial Reporting

There were no reportable conditions in internal control noted during the audit of the financial statements.

Material Noncompliance-Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2004.

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

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

Part III Findings and Questioned Costs Relating to Federal Programs

At December 31, 2004, Goodwill Industries of Acadiana, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133; therefore this section is not applicable.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Management's Corrective Action Plan  
Year Ended December 31, 2004

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