

**GOODWILL INDUSTRIES OF
ACADIANA, INC.**

Financial Report

Years Ended December 31, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

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

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Kevin S. Young, CPA
Christy S. Dew, CPA, MPA
Rachel W. Ashford, CPA
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Robert C. Darnall, CPA, M.S.
Elizabeth H. Olinde, CPA

We have audited the accompanying financial statements of Goodwill Industries of Acadiana, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of Acadiana, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses by department and schedule of revenues and expenses by department on pages 23-26 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dunnall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

April 14, 2014

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Financial Position
December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 546,398	\$ 602,528
Investment securities, at market	257,333	262,838
Accounts receivable	68,820	41,299
Inventory	167,491	173,189
Prepaid expenses	<u>262,271</u>	<u>239,462</u>
Total current assets	<u>1,302,313</u>	<u>1,319,316</u>
LAND, BUILDING, AND EQUIPMENT, net	<u>11,780,382</u>	<u>10,149,970</u>
OTHER ASSETS		
Other receivables	374,909	331,584
Deposits	<u>6,758</u>	<u>8,883</u>
	<u>381,667</u>	<u>340,467</u>
 TOTAL ASSETS	 <u>\$ 13,464,362</u>	 <u>\$ 11,809,753</u>

	<u>2013</u>	<u>2012</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 69,305	\$ 85,077
Payroll and related liabilities	200,506	195,389
Accrued expenses	16,776	17,504
Notes payable	172,906	156,078
Current maturities of long-term debt	854,505	307,281
Other liabilities	<u>20,770</u>	<u>20,471</u>
Total current liabilities	<u>1,334,768</u>	<u>781,800</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	<u>5,911,366</u>	<u>5,296,182</u>
	<u>5,911,366</u>	<u>5,296,182</u>
NET ASSETS		
Unrestricted	<u>6,218,228</u>	<u>5,731,771</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 13,464,362</u>	<u>\$ 11,809,753</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Activities
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
UNRESTRICTED NET ASSETS		
Revenue:		
Contributed goods production	\$ 7,490,749	\$ 6,661,886
Evaluation and training services	78,887	79,660
Contracts	107,278	149,268
Special event revenue	52,190	70,456
Management services	158,334	157,374
Miscellaneous	<u>59,767</u>	<u>67,325</u>
Total unrestricted support and revenue	<u>7,947,205</u>	<u>7,185,969</u>
Expenses:		
Contributed goods production	5,466,507	4,785,783
Evaluation and training services	435,604	380,732
Contracts	103,221	152,836
Management services	372,920	344,829
Support services:		
Public relations/fundraising	260,255	234,297
Administration	<u>822,241</u>	<u>744,057</u>
	<u>7,460,748</u>	<u>6,642,534</u>
Change in unrestricted net assets	<u>486,457</u>	<u>543,435</u>
Change in net assets	486,457	543,435
NET ASSETS, beginning	<u>5,731,771</u>	<u>5,188,336</u>
NET ASSETS, ending	<u>\$ 6,218,228</u>	<u>\$ 5,731,771</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, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 486,457	\$ 543,435
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	405,277	324,450
Gain on sale of assets	(700)	-
Unrealized loss on investment securities	11,678	98
(Increase) decrease in operating assets:		
Accounts receivable	(27,521)	25,016
Inventory	5,698	18,860
Prepaid expenses	(22,809)	(26,602)
Other receivables	(43,325)	(31,088)
Deposits	2,125	5,771
Increase (decrease) in operating liabilities:		
Accounts payable	(15,772)	45,700
Payroll and related liabilities	5,117	41,418
Accrued expenses	(728)	(134,052)
Other liabilities	299	(7,320)
Net cash provided by operating activities	<u>805,796</u>	<u>805,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of securities	(6,173)	(77,730)
Proceeds from sale of assets	700	-
Purchase of fixed assets	<u>(2,035,689)</u>	<u>(3,257,844)</u>
Net cash used by investing activities	<u>(2,041,162)</u>	<u>(3,335,574)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(327,939)	(914,256)
Proceeds from issuance of long-term debt	<u>1,507,175</u>	<u>3,669,341</u>
Net cash provided by financing activities	<u>1,179,236</u>	<u>2,755,085</u>
Net change in cash and cash equivalents	(56,130)	225,197
CASH AND CASH EQUIVALENTS, beginning of year	<u>602,528</u>	<u>377,331</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 546,398</u>	<u>\$ 602,528</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	<u>\$ 286,691</u>	<u>\$ 187,616</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Statements of Functional Expenses
Years Ended December 31, 2013 and 2012

	Totals	
	<u>2013</u>	<u>2012</u>
PAYROLL AND RELATED EXPENSES		
Salaries and wages	\$ 4,018,410	\$ 3,675,469
Payroll taxes	<u>328,223</u>	<u>299,290</u>
Total payroll and related expenses	<u>4,346,633</u>	<u>3,974,759</u>
OTHER EXPENSES		
Repairs and maintenance	194,573	202,602
Supplies	197,989	207,263
Professional fees and contracted services	247,640	294,039
Promotion and entertainment	2,575	2,950
Telephone	70,940	64,583
Utilities	209,493	163,387
Rent	213,659	207,883
Travel and agency	118,208	107,062
Janitorial expense	51,170	13,199
Dues, subscriptions, and licenses	97,092	86,233
Conferences and seminars	8,324	10,958
Interest	286,691	187,617
Office and miscellaneous	165,813	133,216
Insurance	789,670	611,646
Advertising	36,722	33,927
Bad debts	861	-
Donation of goods	<u>17,418</u>	<u>16,760</u>
Total other expenses	<u>2,708,838</u>	<u>2,343,325</u>
Total expenses before depreciation and amortization	7,055,471	6,318,084
DEPRECIATION AND AMORTIZATION	<u>405,277</u>	<u>324,450</u>
TOTAL EXPENSES	<u>\$ 7,460,748</u>	<u>\$ 6,642,534</u>

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Income Taxes

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

Accounting Standard Codification 740 (ASC 740) requires that a tax position be recognized or derecognized based on a “more than not” threshold. This applies to positions taken or expected to be taken in a tax return where there is uncertainty about whether a tax position will ultimately be sustained upon examination. The Company has evaluated its tax position and determined that it does not have any uncertain tax positions that meet the criteria under ASC 740. Accordingly, implementation of ASC 740 did not have any impact on the accompanying financial statements.

The Company’s management believes it is no longer subject to income tax examinations for fiscal years prior to December 31, 2010.

Land, Building, and Equipment

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

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

Inventories

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories (Continued)

inventories of saleable goods are stated at cost. Inventories are sold on a first-in, first-out (FIFO) basis.

Reclassifications

Certain amounts in the prior period presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on the previously presented change in net assets.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 2013 and 2012 totaled \$38,060 and \$38,008, respectively.

Investments

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

Functional Allocation of Expenses

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

Contributions

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

Accounts Receivable and Allowance for Doubtful Accounts

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Doubtful Accounts (Continued)

doubtful accounts. The Company incurred bad debts of \$861 and \$0 for the years ended December 31, 2013 and 2012, respectively.

Estimates

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

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, 2013 and 2012 totaled \$36,723 and \$33,927, respectively.

Subsequent Events

FASB issued *Subsequent Events* (ASC 855) which establishes general standards for accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. We have evaluated events subsequent to the balance sheet through April 14, 2014, the date the financial statements were available to be issued.

NOTE 2 OTHER RECEIVABLES

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 3 LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consist of the following:

	2013	2012
Land	\$ 2,358,514	\$ 2,358,514
Buildings and improvements	11,522,822	9,719,558
Equipment, furniture, and autos	1,672,424	1,475,483
	15,553,760	13,553,555
Less: accumulated depreciation	3,773,378	3,403,585
	\$ 11,780,382	\$ 10,149,970

NOTE 4 INVESTMENT SECURITIES

Investment securities at December 31, 2013 consists of mutual funds recorded at fair value as summarized below:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual Funds	\$ 262,838	\$ -	\$ 5,505	\$ 257,333

NOTE 5 FAIR VALUE DISCLOSURES

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

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

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 5 FAIR VALUE DISCLOSURES (Continued)

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

	Fair Value	Quoted Prices In Active Markets for Identical Assets/Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Observable Inputs Level 3
<u>As of December 31, 2013</u>				
Investment securities:				
Mutual Funds	<u>\$ 257,333</u>	<u>\$ 257,333</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 6 FINANCIAL INSTRUMENTS

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

	Carrying Amount	Fair Value
Cash and cash equivalents	<u>\$ 546,398</u>	<u>\$ 546,398</u>
Investment securities	<u>\$ 257,333</u>	<u>\$ 257,333</u>

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

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

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 7 LONG-TERM DEBT

	2013	2012
Note payable to Ford Motor Credit., due September 20, 2018, payable in 60 monthly installments of \$793, including interest a 4.74% per annum, secured by vehicle.	\$ 40,401	\$ -
Note payable to Teche Federal Bank, due July 2014, payable in 59 monthly installments of \$5,434, including interest at 6.25% per annum, secured by a building. The final installment will be \$487,322, due July 20, 2014.	501,612	533,948
Note payable to Teche Federal Bank, due December 18, 2017, payable in 59 monthly installments of \$8,057 and one final installment of \$1,083,486, including interest at 4.13% per annum, secured by real estate.	1,265,240	1,308,000
Multi-advance note payable to Iberia Bank, due July 9, 2018, payable in 10 monthly interest-only installments including interest at 4.15% per annum, 60 monthly installments of \$13,902, with a final installment of \$1,866,602. Maximum borrowing limit of \$2,252,500, secured by real estate.	2,219,860	804,439
Subtotals carried forward	\$ 4,027,113	\$ 2,646,387

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 7 LONG-TERM DEBT (Continued)

Long-term debt consists of the following as of December 31:

	2013	2012
Subtotals brought forward	\$ 4,027,113	\$ 2,646,387
Note payable to Ford Motor Credit, due October, 11, 2014, payable in 48 monthly installments of \$1,813, including interest at 4.89% per annum, secured by vehicle.	\$ 17,681	\$ 38,016
Note payable to Ford Motor Credit, due May 22, 2016, payable in 60 monthly installments of \$705, including interest at 2.90% per annum, secured by vehicle.	19,045	26,822
Note payable to Teche Federal Bank, due January 19, 2017, payable in 59 monthly installments of \$9,015, including interest at 5.75% per annum, and one final payment of \$477,297, secured by real estate.	695,816	761,414
Note payable to Teche Federal Bank, due October 29, 2017, payable in 59 monthly installments of \$9,240, including interest at 4.13% per annum, and one final payment of \$1,242,531, secured by real estate.	1,442,608	1,492,000
Note payable to AmSouth Leasing Corp., due June 2015, payable in 110 monthly installments of \$8,729, including interest at 4.84% per annum, and one final payment of \$6,881 secured by a building.	563,608	638,824
	6,765,871	5,603,463
Less: current maturities	854,505	307,281
Net long-term portion	\$ 5,911,366	\$ 5,296,182

GOODWILL INDUSTRIES OF ACADIANA, INC.

Notes to Financial Statements

NOTE 7 LONG-TERM DEBT (Continued)

The maturities of long-term debt as of December 31, 2013 are as follows:

	Principal	Interest
2014	\$ 854,504	\$ 313,073
2015	752,466	263,939
2016	274,395	222,251
2017	2,976,159	172,744
2018	1,908,346	46,135
Thereafter	-	-
Total	<u>\$ 6,765,870</u>	<u>\$ 1,018,142</u>

NOTE 8 NONCASH INVESTING AND FINANCING TRANSACTIONS

Noncash financing transactions consist of the following:

Prepaid insurance totaling \$172,906 and \$156,078 as of December 31, 2013 and December 31, 2012, respectively, was financed.

NOTE 9 CONCENTRATION OF CREDIT RISK

The majority of Goodwill's accounts receivable balance at December 31, 2013 and 2012 is comprised of amounts due from various state agencies.

NOTE 10 OPERATING LEASES

Goodwill has several operating leases for retail and administrative buildings. Rent expense associated with these operating leases during 2013 and 2012 totaled \$197,636 and \$162,024, respectively.

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

2014	\$ 203,804
2015	173,204
2016	120,004
2017	94,171
2018	14,168
	<u>\$ 605,351</u>

NOTE 11 LINE OF CREDIT

Goodwill has an available line of credit of \$115,000 as of December 31, 2013. The line is secured by cash balances held in accounts at the financial institution. Amounts borrowed under this agreement bear interest at a rate of 3.25%, per annum. There were no outstanding balances on the line as of December 31, 2013 and 2012.

SUPPLEMENTAL INFORMATION

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS



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

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Brandon L. Porter, CPA
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Barry J. Dufrene, CPA
Tanya S. Nowlin, Ph.D., CPA
Nicole B. Bruchez, CPA, MBA
Brandon R. Dunphy, CPA
Seth C. Norris, CPA
Ryan Earles, CPA
Jenifer Zaunbrecher, CPA
Robert C. Damall, CPA, M.S.
Elizabeth H. Olinde, CPA

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Goodwill Industries of Acadiana, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 14, 2014.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Goodwill Industries of Acadiana, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dawall, Sikes, Gaudes & Frederick

A Corporation of Certified Public Accountants

Eunice, Louisiana

April 14, 2014

OTHER SUPPLEMENTAL INFORMATION

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Functional Expenses by Department
Year Ended December 31, 2013

	Contributed Goods Production		
	Retail	Salvage/ Transportation	Total
PAYROLL AND RELATED EXPENSES			
Salaries and wages	\$ 2,080,911	\$ 422,752	\$ 2,503,663
Payroll taxes	<u>179,377</u>	<u>35,389</u>	<u>214,766</u>
Total payroll and related expenses	<u>2,260,288</u>	<u>458,141</u>	<u>2,718,429</u>
OTHER EXPENSES			
Repairs and maintenance	106,161	34,330	140,491
Supplies	105,639	20,783	126,422
Professional fees and contracted services	168,326	26,533	194,859
Promotion and entertainment	2,425	150	2,575
Telephone	44,594	7,506	52,100
Utilities	138,834	38,564	177,398
Rent	208,319	293	208,612
Travel and agency	9,229	40,992	50,221
Janitorial expense	35,419	3,438	38,857
Dues, subscriptions, and licenses	68,256	15,732	83,988
Conferences and seminars	2,321	179	2,500
Interest	160,542	62,919	223,461
Office and miscellaneous	106,929	10,304	117,233
Insurance	487,811	115,169	602,980
Advertising	2,271	-	2,271
Bad debt	-	-	-
Donation of goods	17,418	-	17,418
Allocated administrative and other costs	<u>322,171</u>	<u>76,089</u>	<u>398,260</u>
Total other expenses	<u>1,986,665</u>	<u>452,981</u>	<u>2,439,646</u>
Total expenses before depreciation and amortization	4,246,953	911,122	5,158,075
DEPRECIATION AND AMORTIZATION	<u>241,024</u>	<u>67,408</u>	<u>308,432</u>
TOTAL EXPENSES	<u>\$ 4,487,977</u>	<u>\$ 978,530</u>	<u>\$ 5,466,507</u>

Evaluation, Training and Rehabilitation	Lawn Maintenance Contracts	Management Services	Support Services		Totals
			Public Relations	Administration	
\$ 270,936	\$ 75,843	\$ 332,324	\$ 157,784	677,860	\$ 4,018,410
<u>23,095</u>	<u>6,703</u>	<u>23,059</u>	<u>12,283</u>	<u>48,317</u>	<u>328,223</u>
<u>294,031</u>	<u>82,546</u>	<u>355,383</u>	<u>170,067</u>	<u>726,177</u>	<u>4,346,633</u>
13,950	11,122	-	-	29,010	194,573
12,009	8,184	-	14,058	37,316	197,989
12,220	6,667	-	950	32,944	247,640
-	-	-	-	-	2,575
5,583	1,165	-	1,913	10,179	70,940
8,656	2,527	-	-	20,912	209,493
-	-	-	3,675	1,372	213,659
11,020	7,229	19	9,767	39,952	118,208
1,621	-	-	-	10,692	51,170
896	1,534	1,574	175	8,925	97,092
1,248	-	-	495	4,081	8,324
-	5,707	-	-	57,523	286,691
9,186	852	-	1,335	37,207	165,813
41,503	20,980	15,944	21,391	86,872	789,670
-	-	-	34,062	389	36,722
-	-	-	-	861	861
-	-	-	-	-	17,418
<u>10,474</u>	<u>(62,925)</u>	<u>-</u>	<u>2,367</u>	<u>(348,176)</u>	<u>-</u>
<u>128,366</u>	<u>3,042</u>	<u>17,537</u>	<u>90,188</u>	<u>30,059</u>	<u>2,708,838</u>
422,397	85,588	372,920	260,255	756,236	7,055,471
<u>13,207</u>	<u>17,633</u>	<u>-</u>	<u>-</u>	<u>66,005</u>	<u>405,277</u>
<u>\$ 435,604</u>	<u>\$ 103,221</u>	<u>\$ 372,920</u>	<u>\$ 260,255</u>	<u>\$ 822,241</u>	<u>\$ 7,460,748</u>

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Schedule of Revenues and Expenses by Department
Year Ended December 31, 2013

	Contributed Goods Production		
	Retail	Salvage/ Transportation	Total
REVENUES	\$ 6,060,275	\$ 1,430,474	7,490,749
EXPENSES	<u>4,246,953</u>	<u>911,122</u>	<u>5,158,075</u>
Income (loss) before depreciation and amortization	1,813,322	519,352	2,332,674
DEPRECIATION AND AMORTIZATION	<u>241,024</u>	<u>67,408</u>	<u>308,432</u>
NET INCOME (LOSS)	<u>\$ 1,572,298</u>	<u>\$ 451,944</u>	<u>\$ 2,024,242</u>

Evaluation, Training and Rehabilitation	Lawn Maintenance Contracts	Management Services	Support Services		Totals
			Public Relations	Administration	
\$ 78,887	\$ 107,278	\$ 158,334	\$ 52,190	\$ 59,767	\$ 7,947,205
<u>422,397</u>	<u>85,588</u>	<u>372,920</u>	<u>260,255</u>	<u>756,236</u>	<u>7,055,471</u>
(343,510)	21,690	(214,586)	(208,065)	(696,469)	891,734
<u>13,207</u>	<u>17,633</u>	<u>-</u>	<u>-</u>	<u>66,005</u>	<u>405,277</u>
<u>\$ (356,717)</u>	<u>\$ 4,057</u>	<u>\$ (214,586)</u>	<u>\$ (208,065)</u>	<u>\$ (762,474)</u>	<u>\$ 486,457</u>

See independent auditor's report.

GOODWILL INDUSTRIES OF ACADIANA, INC.

Summary of Corrective Action Taken on Prior Year Findings
Year Ended December 31, 2013

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, 2013

Part I Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on Goodwill Industries of Acadiana, Inc.'s financial statements as of and for the year ended December 31, 2013.

Significant Deficiencies - Financial Reporting

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

Material Noncompliance or Other Matters-Financial Reporting

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

FEDERAL AWARDS

This section is not applicable for the fiscal year ended December 31, 2013.

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, 2013, 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, 2013

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