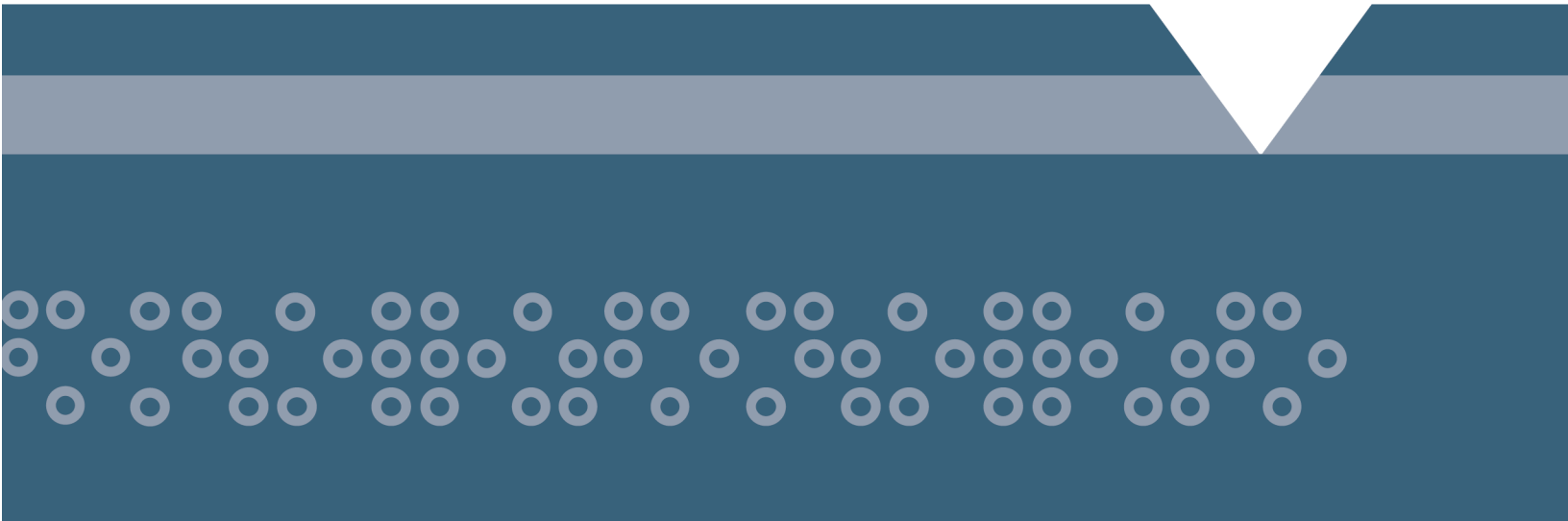


**Goodwill Industries of North Louisiana, Inc.**  
Shreveport, Louisiana

December 31, 2023



**HMV**  
CERTIFIED PUBLIC  
ACCOUNTANTS

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**SHREVEPORT, LOUISIANA**

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**AUDITED FINANCIAL STATEMENTS**



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333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
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The Board of Directors  
Goodwill Industries of North Louisiana, Inc.  
Shreveport, Louisiana

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Goodwill Industries of North Louisiana, Inc. ("Goodwill"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill Industries of North Louisiana, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Goodwill Industries of North Louisiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill Industries of North Louisiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Goodwill Industries of North Louisiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Goodwill Industries of North Louisiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited Goodwill Industries of North Louisiana, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on page 22 is 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 this information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2024, on our consideration of Goodwill Industries of North Louisiana, 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Goodwill Industries of North Louisiana, Inc.'s internal control over financial reporting and compliance.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Louisiana Legislative Auditor we have issued a report dated June 27, 2024 on the results of our statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.

*Heard, McElroy & Vestal, LLC*

Shreveport, Louisiana  
June 27, 2024

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**STATEMENT OF FINANCIAL POSITION**

**AT DECEMBER 31, 2023**

<b>ASSETS</b>	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Summary Total
<b><u>Current assets:</u></b>				
Cash	\$ 944,094	\$ 65,292	\$ 1,009,386	\$ 1,717,424
Investments - Note 4	2,756,395	-	2,756,395	845,163
Contributions receivable	480,328	-	480,328	484,648
Trade accounts receivable - net of allowance for credit losses of \$0 and \$0	175,524	-	175,524	175,083
Accounts receivable - ERTC - Note 17	-	-	-	919,015
Accounts receivable - other	26,752	-	26,752	35,136
Inventory	226,510	-	226,510	224,366
Prepaid expenses and other	162,976	-	162,976	111,218
Total current assets	4,772,579	65,292	4,837,871	4,512,053
<b><u>Fixed assets:</u></b>				
Land, buildings and equipment, at cost less accumulated depreciation - Notes 5 and 9	9,242,175	-	9,242,175	9,189,802
<b><u>Other assets:</u></b>				
Beneficial interest in net assets of foundation-Note 15	-	450,721	450,721	428,336
Investment in partnership	55,347	-	55,347	55,479
Lease right-of-use asset	1,603,854	-	1,603,854	1,885,507
Other assets	40,249	-	40,249	40,249
<b>Total assets</b>	<b><u>\$15,714,204</u></b>	<b><u>\$ 516,013</u></b>	<b><u>\$16,230,217</u></b>	<b><u>\$16,111,426</u></b>

(Continued)

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**STATEMENT OF FINANCIAL POSITION**

**AT DECEMBER 31, 2023**

<b>LIABILITIES AND NET ASSETS</b>	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Summary Total
<b><u>Current liabilities:</u></b>				
Accounts payable	\$ 241,736	\$ -	\$ 241,736	\$ 101,671
Sales tax payable	29,738	-	29,738	27,758
Accrued payroll and withholdings	165,202	-	165,202	127,599
Short-term lease liability-Note 7	536,221	-	536,221	538,433
Other payables	131,322	-	131,322	119,030
Current portion of long-term debt - Note 9	229,909	-	229,909	227,036
Unamortized debt issuance costs-short term	<u>(5,702)</u>	<u>-</u>	<u>(5,702)</u>	<u>(5,702)</u>
Total current liabilities	1,328,426	-	1,328,426	1,135,825
<b><u>Long-term liabilities:</u></b>				
Long-term debt - Note 9	4,253,407	-	4,253,407	4,483,316
Long-term lease liability-Note 7	1,078,037	-	1,078,037	1,351,542
Unamortized debt issuance costs-long term	<u>(42,287)</u>	<u>-</u>	<u>(42,287)</u>	<u>(47,988)</u>
Total long-term liabilities	<u>5,289,157</u>	<u>-</u>	<u>5,289,157</u>	<u>5,786,870</u>
Total liabilities	6,617,583	-	6,617,583	6,922,695
<b><u>Net assets:</u></b>				
Without donor restrictions	9,096,621	-	9,096,621	8,676,853
With donor restrictions	<u>-</u>	<u>516,013</u>	<u>516,013</u>	<u>511,878</u>
Total net assets	<u>9,096,621</u>	<u>516,013</u>	<u>9,612,634</u>	<u>9,188,731</u>
<b>Total liabilities and net assets</b>	<u>\$ 15,714,204</u>	<u>\$ 516,013</u>	<u>\$ 16,230,217</u>	<u>\$ 16,111,426</u>

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



**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Summary Total
<b>Public support and revenues:</b>				
Public support:				
Donated goods - Note 10	\$ 3,156,261	\$ -	\$ 3,156,261	\$ 3,170,690
Workforce Development grants	2,559,634	137,000	2,696,634	2,210,152
Other contributions	135,634	-	135,634	180,060
Total public support	5,851,529	137,000	5,988,529	5,560,902
Revenues:				
Sales:				
Sales of goods purchased	75,291	-	75,291	69,302
Less - cost of purchased goods	62,524	-	62,524	50,812
Gross profit	12,767	-	12,767	18,490
Sales of donated goods	4,872,650	-	4,872,650	4,199,099
Contract services	1,944,907	-	1,944,907	1,521,062
Net investment return - Note 4	260,259	39,403	299,662	(271,541)
Employee Retention Tax Credit - Note 17	-	-	-	919,015
Other miscellaneous net revenue (expense)	(9,312)	-	(9,312)	18,256
Total revenues	7,081,271	39,403	7,120,674	6,404,381
Net assets released from restrictions - Note 3	172,268	(172,268)	-	-
Total public support, revenues, and reclassifications	13,105,068	4,135	13,109,203	11,965,283
<b>Expenses:</b>				
Production and sales	6,400,489	-	6,400,489	5,853,571
Workforce development	3,273,117	-	3,273,117	2,469,520
Contract services	1,598,878	-	1,598,878	1,340,942
Management and general	1,412,816	-	1,412,816	1,253,781
Total expenses	12,685,300	-	12,685,300	10,917,814
<b>Change in net assets</b>	419,768	4,135	423,903	1,047,469
<b>Net assets, beginning of year</b>	8,676,853	511,878	9,188,731	8,141,262
<b>Net assets, end of year</b>	\$ 9,096,621	\$ 516,013	\$ 9,612,634	\$ 9,188,731

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

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Production and Sales	Workforce Development	Contract Services	Management and General	2023 Total	2022 Summary Total
Salaries, taxes and benefits	\$ 3,779,586	\$ 1,890,028	\$ 1,364,754	\$ 711,516	\$ 7,745,884	\$ 6,703,030
Professional fees	61,300	429,726	17,339	458,281	966,646	695,615
Supplies	182,251	103,085	104,843	15,811	405,990	267,239
Telecommunications	63,096	33,562	4,165	7,901	108,724	111,826
Postage and shipping	21,837	1,160	-	981	23,978	2,240
Building leases	444,565	73,773	-	-	518,338	496,058
General and liability insurance	134,279	56,554	3,304	18,501	212,638	177,309
Mortgage interest	157,547	14,166	-	-	171,713	205,633
Other occupancy	689,544	47,042	5,040	19,086	760,712	831,606
Equipment leases and maintenance	67,917	44,460	7,663	21,842	141,882	153,236
Printing, advertising and subscriptions	20,980	14,628	490	6,543	42,641	43,038
Agency vehicles and travel	239,611	59,661	42,544	31,924	373,740	317,644
Conferences, conventions and meetings	-	2,565	-	16,783	19,348	18,845
Specific assistance-community	12,165	405,954	2,500	21,846	442,465	208,525
Membership dues and support payments	70,479	29,186	16,591	5,777	122,033	114,472
Bank service charges	116,334	-	-	11,807	128,141	107,537
Awards and grants	-	-	-	9,568	9,568	7,244
Miscellaneous	(83)	10,448	746	33,008	44,119	56,749
Total other expenses before depreciation	<u>2,281,822</u>	<u>1,325,970</u>	<u>205,225</u>	<u>679,659</u>	<u>4,492,676</u>	<u>3,814,816</u>
Total expenses before depreciation	6,061,408	3,215,998	1,569,979	1,391,175	12,238,560	10,517,846
Depreciation	<u>339,081</u>	<u>57,119</u>	<u>28,899</u>	<u>21,641</u>	<u>446,740</u>	<u>399,968</u>
Total expenses	<u>\$ 6,400,489</u>	<u>\$ 3,273,117</u>	<u>\$ 1,598,878</u>	<u>\$ 1,412,816</u>	<u>\$ 12,685,300</u>	<u>\$ 10,917,814</u>

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

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023 Total	2022 Summary Total
<b><u>Cash flows from operating activities:</u></b>		
Change in net assets	\$ 423,903	\$ 1,047,469
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized (gain) on investments	(4,888)	(11,176)
Net unrealized (gain) loss on investments	(210,805)	289,464
Loss on disposal of fixed assets	17,504	17,334
Depreciation	446,740	399,968
Amortization	5,701	15,837
<i>Change in operating assets and liabilities:</i>		
Receivables	12,263	(172,297)
Accounts receivable - ERTC	919,015	(919,015)
Inventory	(2,144)	(67,215)
Prepaid expenses	(51,758)	(4,387)
Other assets	-	9,169
Accounts payable	140,065	(37,735)
Sales tax payable	1,980	2,856
Accrued payroll and withholdings	37,603	24,443
Other payables	12,292	(98,552)
Operating lease asset and liability	5,936	4,468
Total adjustments	1,329,504	(546,838)
Net cash provided by operating activities	1,753,407	500,631
<b><u>Cash flows from investing activities:</u></b>		
Capital purchases and improvements	(516,617)	(623,776)
Net (purchase) of investments	(1,732,112)	(911)
Change in beneficial interest in assets of foundation	14,188	13,701
Decrease in investment in partnership	132	413
Net cash (used) by investing activities	(2,234,409)	(610,573)
<b><u>Cash flows from financing activities:</u></b>		
Borrowings	-	566,957
Payments on debt	(227,036)	(363,438)
Net cash (used) provided by financing activities	(227,036)	203,519
<b><u>Net (decrease) increase in cash</u></b>	(708,038)	93,577
<b><u>Cash at beginning of the year</u></b>	1,717,424	1,623,847
<b><u>Cash at end of the year</u></b>	\$ 1,009,386	\$ 1,717,424
<b><u>Cash paid during the year for interest</u></b>	\$ 126,083	\$ 314,787

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

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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**1. Nature of Business**

Goodwill Industries of North Louisiana, Inc. ("Goodwill") is a nonprofit, privately supported public service organization. Revenues are derived primarily from the following:

- (a) Sales of used clothing and other household materials donated by the public and refurbished by employees who have disabilities and/or are disadvantaged.
- (b) Salvage sales.
- (c) Sub-contract work for various types of companies by employees who have disabilities and/or are disadvantaged.
- (d) Vocational rehabilitation fees and grant funding through the State of Louisiana and other local government agencies.
- (e) The Community Foundation of North Louisiana.
- (f) Miscellaneous contributions.

Goodwill provides work opportunities and training for people who have disabilities and/or are disadvantaged, utilizing sales of reconditioned goods and contracted services to pay their wages.

**2. Significant Accounting Policies**

Following is a summary of significant policies by Goodwill:

(a) Financial Statement Presentation:

Goodwill reports information regarding its financial position and activities based on the absence or existence of donor-imposed restrictions, as follows:

*Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations. Some net assets without donor restrictions may be designated by the Board for specific purposes.

*Net Assets with Donor Restrictions* - Net assets subject to donor-imposed stipulations that may or will be met by actions of Goodwill, and/or by the passage of time. Also included are net assets subject to donor-imposed stipulations that they be maintained permanently by Goodwill. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

(b) Contributions:

Contributions received are recorded based on the existence and/or nature of any donor restrictions. Contributions consist mainly of donated goods and Workforce Development grants.

(c) Promises to Give:

Contributions are recognized when the donor makes a promise to give to Goodwill that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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donor restrictions are reclassified to net assets without donor restrictions. Conditional contributions, which are those with a measurable performance barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Goodwill uses the allowance method to determine uncollectible unconditional promises receivable when material. The allowance is based on prior years' experience and management's analysis of specific promises made.

(d) Contributed Goods and Services:

During the years ended December 31, 2023 and 2022, the value of contributed services meeting the requirements for recognition in the financial statements was not material. Goods purchased for resale and donated goods are stated at the lower of cost or market on the first-in, first-out basis.

(e) Revenue and Revenue Recognition:

Goodwill recognizes sales of goods at the time the sale is made, which is when control of the goods sold passes to the customer and satisfies Goodwill's performance obligation. Returns are not allowed, but exchanges of equal value occur.

Revenues from contract services, which include both Federal and state-sourced contracts, derive from the provision of specific services that customarily include janitorial, groundskeeping, and switchboard. The contracts generally are for one year, with automatic renewals that allow termination notice by either party without penalty. Performance obligations under these contracts, which consist of a series of distinct promises that generally have the same pattern of transfer on a monthly basis, are satisfied over time as the service is provided.

Certain training and other grants consist of fee for services rendered arrangements that specify performance measures to be met. The performance obligations under these grants are satisfied upon completion of each specific measure, at which point the related revenue is recognized and billed.

(f) 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.

Material estimates that are particularly susceptible to significant change in the near term relate to the valuation of donated goods, estimated fair values of investment securities, and the estimated values of lease obligations and related right of use assets.

(g) Investments:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported in the statement of financial position at their fair values. Fair values for marketable securities are based on quoted market prices. Gains and losses on the sale of marketable securities are determined using the specific identification method. Unrealized gains and losses are included in the change in net assets.

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**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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(h) Trade Accounts Receivable and Allowance for Credit Losses:

Trade receivables are carried at their net realizable value. The Organization extends credit to its customers in the normal course of business and performs ongoing credit evaluation of such customers. On a periodic basis, management evaluates its accounts receivable and determines whether to provide an allowance or if accounts should be written off based on a past history of write-offs and collections, adjusted for current conditions and reasonable, supportable forecasts of future losses. A receivable is considered past due if the Organization has not received payments in accordance with contractual terms. No allowance was needed at December 31, 2023 and 2022.

(i) Land, Buildings and Equipment:

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Goodwill reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Goodwill reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method. Buildings are assigned useful lives of forty years. Furniture and equipment generally are assigned ten-year useful lives and vehicles are assigned three- to five-year useful lives. Goodwill uses a capitalization policy of \$1,000 for fixed asset acquisitions, excluding personal computers and laptops which are expensed, because most are reimbursed under various grants.

(j) Cash and Cash Equivalents:

For purposes of the statement of cash flows, Goodwill considers all cash on hand and demand deposits with financial institutions to be cash equivalents. Certain demand deposits include amounts that are “swept” overnight into daily investments in U.S. Treasury or Agency Securities.

(k) Prior Year Financial Information:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Goodwill’s financial statements for the year ended December 31, 2022. Certain amounts for the prior year may have been reclassified to conform to the current-year presentation.

(l) Advertising Costs:

Advertising costs are expensed as incurred. Such costs amounted to \$25,501 and \$22,461 for 2023 and 2022.

(m) Income Taxes:

As a nonprofit, privately supported organization, Goodwill is generally exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code but must file an annual return

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**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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with the Internal Revenue Service that contains information on its financial operations. Goodwill is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, Goodwill must assess whether it has any tax positions associated with unrelated business income subject to income tax. Goodwill does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in Goodwill's accounting records.

Goodwill is required to file U.S. federal Form 990 for informational purposes. Its federal income tax returns for the tax years 2020 and beyond remain subject to examination by the Internal Revenue Service.

(n) Beneficial Interest in Assets of Foundation:

Any transfers by Goodwill of its own funds to the Community Foundation of North Louisiana, specifying itself as the beneficiary, are accounted for as an asset in accordance with generally accepted accounting principles.

(o) Leases:

Goodwill determines if an arrangement is or contains a lease at inception.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also may include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. Goodwill does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less), if any. Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

(p) Functional Expenses:

Goodwill charges expenses to applicable functions (departments) as incurred. Expenses are allocated to departments based upon square footage occupied. Some allocations, such as dues paid to Goodwill Industries International, are made annually based upon revenue. Goodwill does not allocate the management and general expenses related to accounting, human resources, IT services, and executive leadership.

(q) Liquidity and Availability of Financial Assets:

Goodwill strives to maintain liquid financial assets sufficient to meet its general operating expenditures. At December 31, 2023, Goodwill attempts to retain approximately two months of expenses (less depreciation) in liquid assets. Accounts receivable are primarily from governmental agencies and are managed closely to ensure they are being paid promptly in order to provide for payment of accounts payable.

Goodwill has \$4,383,093 of financial assets available within one year of the balance sheet date, comprised of cash of \$944,094, receivables of \$682,604, and short term investments of \$2,756,395. None of these financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

(r) Recently Adopted Accounting Standards:

On January 1, 2023, Goodwill adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. Topic 326 requires the measurement of all expected credit losses for financial assets held at the reporting date to be based on historical experience, current conditions, and reasonable and supportable forecasts. The adoption of this standard did not have a material impact on Goodwill’s financial statements.

**3. Restrictions on Assets**

Included in net assets with donor restrictions are various grants received by Goodwill with use restrictions. These restrictions will expire as Goodwill utilizes these funds for their intended purposes over the terms of the grants. Also included in net assets with donor restrictions are endowments received by Goodwill. These endowment assets are held by the Community Foundation of North Louisiana, as described in Note 15.

**4. Investments**

Investments at December 31, 2023 and 2022 are summarized as follows:

	2023		
	Cost	Approximate Fair Value	Unrealized Appreciation (Depreciation)
U.S. Treasury and Agency debt securities	\$ 1,474,187	\$ 1,493,989	\$ 19,802
Corporate equity securities & mutual funds	840,019	934,959	94,940
Cash and equivalents	327,447	327,447	-
	\$ 2,641,653	\$ 2,756,395	\$ 114,742
	2022		
	Cost	Approximate Fair Value	Unrealized Appreciation (Depreciation)
U.S. Treasury and Agency debt securities	\$ 73,920	\$ 74,675	\$ 755
Corporate equity securities & mutual funds	823,344	758,210	(65,134)
Cash and equivalents	12,278	12,278	-
	\$ 909,542	\$ 845,163	\$ (64,379)



**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

A summary of investment return for each year follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Net interest income	\$ 81,139	\$ 2,830	\$ 83,969
Net realized gain	-	4,888	4,888
Net unrealized gain	179,120	31,685	210,805
	\$ 260,259	\$ 39,403	\$ 299,662

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Net interest income	\$ 4,110	\$ 2,637	\$ 6,747
Net realized gain	793	10,383	11,176
Net unrealized (loss)	(231,927)	(57,537)	(289,464)
	\$ (227,024)	\$ (44,517)	\$ (271,541)

**5. Land, Building, and Equipment**

Fixed assets and related accumulated depreciation at December 31, 2023 and 2022 are as follows:

	2023	2022
Buildings and improvements	\$ 11,632,226	\$ 11,360,566
Equipment	1,490,514	1,763,794
Vehicles	256,889	147,302
Total depreciable assets	13,379,629	13,271,662
Accumulated depreciation	(7,613,708)	(7,558,114)
Book value of depreciable assets	5,765,921	5,713,548
Land	3,476,254	3,476,254
Book value of fixed assets	\$ 9,242,175	\$ 9,189,802

**6. Employee Benefits Plan**

Goodwill has available to its employees a section 403(b) Thrift defined contribution retirement plan which is administered by Mutual of America. The employees may, at their option, elect to make contributions to the tax deferred plan. Goodwill may elect, but is not obligated, to make additional discretionary contributions to the plan; effective March 1, 2022 it began to match 50% of employee contributions up to 5% of employee wages. Such contributions amounted to \$26,211 for 2023 and \$21,620 for 2022.

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**7. Leases**

Goodwill leases various facilities to serve as retail store outlets for its household goods and for other purposes. It also leases several trucks. None of the leases meets the criteria to be classified as finance leases and therefore all are accounted for as operating leases. Goodwill has lease agreements for store locations in West Monroe, Shreve City, Natchitoches, and Haughton; workforce development locations in Alexandria and Monroe; and a warehouse location in Shreveport. Goodwill maintains eight operating leases for its operations in North Louisiana. The terms of the operating leases range from two years to ten years. Goodwill has made an accounting policy election to use risk free rates in lieu of incremental borrowing rates to discount the future lease payments.

Operating lease expense associated with the facilities leases amounted to \$518,338 and \$496,058 for the years ended December 31, 2023 and 2022, respectively. Operating lease expense associated with the trucks amounted to \$82,978 and \$82,536 for the years ended December 31, 2023 and 2022, respectively.

The following table provides quantitative information concerning Goodwill's leases.

	2023	2022
<b>Total lease expense</b>	<b>\$ 601,316</b>	<b>\$ 578,594</b>
<b>Other information</b>		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 593,379	\$ 574,127
ROU assets obtained in exchange for new operating lease liabilities	\$ 288,554	\$ 2,436,118
Weighted-average remaining lease term in years for operating leases	5.03	5.17
Weighted-average discount rate for operating leases (%)	1.75%	1.34%

Future maturities of lease liabilities for the next five years and in the aggregate are as follows:

	<u>Operating Leases</u>	
2024	\$	559,717
2025		463,226
2026		166,535
2027		109,829
2028		71,890
Thereafter		319,277
Total undiscounted cash flows		1,690,474
Less: present value discount		(76,216)
Total lease liabilities recognized in the balance sheet	<b>\$</b>	<b>1,614,258</b>

**8. Commitments**

Goodwill is obligated to provide annual supplemental medical insurance benefits up to a maximum limit each to its President/CEO Emeritus and his spouse for the remainder of their lives, effective with his retirement on June 30, 2012. Total payments under this commitment amounted to \$9,443 for 2023 and \$8,867 for 2022.

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

**9. Long-Term Debt**

Listed below is a schedule of long-term debt at December 31, 2023 and 2022:

Due To	Terms	2023	2022
Citizens National Bank, N.A.	Loan for \$4,315,816 to refinance debt and fund improvements to properties pledged, payable \$32,406 per month through May 2027 including interest at 4.16%. Additional payments through May 2032 at amount sufficient to amortize principal balance at variable interest rate to be determined at Interest Adjustment Date. Secured by stores in Shreveport, Bossier City, Alexandria, and Pineville, Louisiana.	\$ 3,978,348	\$ 4,194,468
Citizens National Bank, N.A.	Line of credit for \$225,000; interest at Wall Street Journal prime (8.50% at 12-31-23) plus .250 percentage points, due monthly; principal and remaining unpaid amounts due June 2026 or at lender demand; secured by stores in Shreveport, Bossier City, Alexandria, and Pineville, Louisiana.	-	-
Capital One, N.A.	Line of credit for \$225,000; interest at Wall Street Journal prime (8.50% at 12-31-23) due monthly; principal and remaining unpaid items due each June 13 at lender demand; unsecured	-	-
Small Business Administration	Economic Injury Disaster Loan for \$500,000 for working capital; payable \$2,136 per month commencing October 2022 for thirty years; interest at 2.75%; secured by all corporate tangible and intangible personal property.	500,000	500,000
Various	Loans for equipment and vehicles; interest at 5.42%-7.00%; monthly payments varying from \$219 to \$1,466; original maturities vary from 24 to 60 months; secured by the equipment and vehicles financed.	4,968	15,884
Total debt		4,483,316	4,710,352
Less unamortized debt issuance costs		(47,989)	(53,690)
Total debt, net		<u>\$ 4,435,327</u>	<u>\$ 4,656,662</u>
Portion classified as current		\$ 229,909	\$ 227,036
Portion classified as long-term		4,253,407	4,483,316
Total debt		<u>\$ 4,483,316</u>	<u>\$ 4,710,352</u>

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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Maturities of long-term debt at December 31, 2023 for the next five years are as follows:

2024	\$	229,909
2025		241,252
2026		260,285
2027		271,250
2028		282,324
Thereafter		3,198,296
	\$	<u>4,483,316</u>

The approximate book value of collateralized fixed assets at December 31, 2023 was \$8,904,665.

Total interest expense for all debt was \$186,181 and \$225,122 for 2023 and 2022, respectively.

The noncash amount of the refinancing of the Mooring Capital debt to Citizens National Bank in 2022 was \$3,748,859.

**10. Donated Goods**

Effective January 1, 1996, in conformity with generally accepted accounting principles, Goodwill began recognizing donated goods as revenue when received. During 2023 and 2022, contributed merchandise with an approximate fair value of \$3,156,000 and \$3,171,000, respectively, was recognized as contribution revenue. This donated-goods merchandise requires program-related expenses and processes that are accomplished by people with disabilities and other disadvantaging conditions before it reaches the point of sale. The value of donated goods inventory and donated goods revenue is dependent upon the level of sales of donated goods and allocation estimates of processing costs. Such values are estimated using a general calculation model developed by Goodwill Industries International, Inc. These estimates are periodically reviewed and revised by management. Donated goods included in inventory amounted to approximately \$218,128 and \$219,878 at December 31, 2023 and 2022.

**11. Conditional Promises**

Conditional promises consist of the unfunded portions of approved governmental awards, either currently in effect or approved for commencement after December 31, 2023. Future funding of such awards is conditioned upon Goodwill's operation of certain programs, incurrence of certain costs, and possibly meeting certain matching requirements. Because such awards represent conditional promises to Goodwill, they have not been recognized in the financial statements at December 31, 2023. Such conditional promises amounted to approximately \$4,585,000 at December 31, 2023.

**12. Concentrations of Credit Risk**

Financial instruments that potentially subject Goodwill to concentrations of credit risk consist principally of cash, investments, and receivables. Concentrations of credit risk with respect to receivables are limited since most of these amounts are due from governmental agencies and private businesses under grants or fee for service arrangements. Goodwill maintains cash balances at several financial institutions. At December 31, 2023, total cash held at financial institutions was \$915,527, \$418,866 of which is over the FDIC-insured limits. Substantial investment amounts, including certain mutual funds, are invested in securities of the federal government or its agencies.

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**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

However, approximately \$935,000 in corporate debt securities, corporate equity securities, and various equity mutual funds at December 31, 2023, are dependent solely upon the faith and credit of the corporate issuer. Goodwill monitors the credit worthiness of these institutions and believes the credit risk to be minimal.

**13. Fundraising Expenses**

Direct fundraising expenses amounted to approximately \$33,967 for 2023 and \$30,351 for 2022.

**14. Fair Value Measurements**

The following table presents Goodwill's fair value hierarchy for assets measured at fair value on a recurring basis at December 31, 2023 and 2022:

	Quoted Process in Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Value
<u>December 31, 2023:</u>				
<u>Investments:</u>				
U.S Treasury and Agency debt securities	\$ 1,493,989	\$ -	\$ -	\$ 1,493,989
Corporate equity securities	934,959	-	-	934,959
Cash and equivalents	327,447	-	-	327,447
	<u>\$ 2,756,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,756,395</u>
Donated goods inventory	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 218,128</u>	<u>\$ 218,128</u>
	Quoted Process in Active Markets for (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Value
<u>December 31, 2022:</u>				
<u>Investments:</u>				
U.S Treasury and Agency debt securities	\$ 74,675	\$ -	\$ -	\$ 74,675
Corporate equity securities	758,210	-	-	758,210
Cash and equivalents	12,278	-	-	12,278
	<u>\$ 845,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 845,163</u>
Donated goods inventory	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,878</u>	<u>\$ 219,878</u>

Fair values for most investments are determined by reference to quoted market prices generated by market transactions (Level 1). Fair values for other investments are determined by reference to net asset values that are not current. The fair value of donated goods inventory is estimated based on a methodology using annual processing costs and inventory turnover factors applied to the retail sales value of the goods.

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

Nonfinancial assets measured at fair value on a recurring basis, using significant unobservable inputs, changed in value as follows:

<u>Donated Goods Inventory</u>	2023	2022
Beginning balance	\$ 219,878	\$ 149,813
Change in value from sales and donations	(1,750)	70,065
Ending balance	\$ 218,128	\$ 219,878

Unobservable inputs utilized include the sales value of the donated goods applied to an industry-accepted computational model that adjusts the value of those monthly sales, using inventory turnover rates and costs incurred in processing the goods sold.

**15. Beneficial Interest in Assets of Foundation**

Goodwill established an endowment fund, the income distribution of which is designated by Goodwill to help fund the cost of placement programs. Goodwill transferred control of this endowment fund in 2008 to the Community Foundation of North Louisiana. Under the terms of the agreement, variance power and legal ownership of the funds rest with the Foundation, and net investment income and capital appreciation/depreciation accumulate in the endowment fund. The Foundation is obligated to distribute 4% of the average market value of the fund to Goodwill annually, provided the average market value is greater than the amount contributed to the fund.

Activity of this beneficial interest is summarized as follows:

	2023	2022
Beginning balance, endowment fund	\$ 428,336	\$ 489,191
Net interest income	7,179	6,863
Net realized and unrealized gain (loss)	36,573	(47,154)
Administrative fees	(4,349)	(4,226)
Distributions to Goodwill	(17,018)	(16,338)
Ending balance, endowment fund	\$ 450,721	\$ 428,336

GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2023

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**16. Revenue From Contracts and Related Receivables**

Disaggregated revenue from contracts with customers and related receivables follows:

	<u>2023</u>	<u>2022</u>
<u>Revenue from Contracts with Customers</u>		
Sales of goods:		
Purchased new	\$ 75,291	\$ 69,302
Donated	4,872,650	4,199,099
Contract services	1,944,907	1,807,287
<u>Accounts Receivable from Contracts with Customers</u>		
Sales of goods	1,646	691
Contract services	173,878	174,392

**17. Employee Retention Tax Credit (ERTC)**

Management claimed the ERTC during 2022 and recorded the credit in the amount of \$919,015 in other receivables and in other revenue; the ERTC was received in 2023. Laws and regulations concerning the ERTC are complex and subject to varying interpretations; therefore, claims made under the CARES Act may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge Goodwill's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon Goodwill at this time.

**18. Uncertainties**

From time to time, Goodwill may be a defendant in other legal actions arising from normal business activities. Management believes such actions are without merit or that the ultimate liability resulting from them will not materially affect Goodwill's financial position.

**19. Subsequent Events**

Goodwill is required to evaluate events or transactions that may occur after the balance sheet date for potential recognition or disclosure in the financial statements. Goodwill performed such an evaluation through June 27, 2024, the date which the financial statements were available to be issued and noted no such subsequent events.

**SUPPLEMENTARY INFORMATION**



**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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Agency Head: David Tinkis

Salary	\$157,299
Bonus	4,845
Benefits-insurance-health	15,936
Benefits-insurance-life, disability, accidental	1,628
Car allowance	4,426
Travel	7,831
Conferences	11,878

**OTHER REPORTS**



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REGIONS TOWER  
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101  
318.429.1525 (P) | 318.429.2124 (F)

The Board of Directors  
Goodwill Industries of North Louisiana, Inc.  
Shreveport, Louisiana

**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**

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 North Louisiana, Inc., which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Goodwill’s internal control over financial reporting (internal control) as a basis for designing 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’s internal control. Accordingly, we do not express an opinion on the effectiveness of Goodwill’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 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 second paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Goodwill’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 financial statements. 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 of the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana  
June 27, 2024

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**

**SCHEDULE OF FINDINGS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

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**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of Goodwill Industries of North Louisiana, Inc.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported.
3. No instances of noncompliance material to the financial statements of Goodwill Industries of North Louisiana, Inc. were disclosed during the audit.

**B. Findings - Financial Statement Audit**

None

**GOODWILL INDUSTRIES OF NORTH LOUISIANA, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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There were no findings from the prior year.