

THE GOOD WORK NETWORK
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Good Work Network
New Orleans, Louisiana

We have audited the accompanying statement of financial position of **The Good Work Network (the Network)** (a non-profit organization) as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of **the Network**. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the Network** as of December 31, 2006, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
The Good Work Network
New Orleans, Louisiana
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In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2007 on our consideration of **the Network's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the report (shown on page 11) is presented for the purpose of additional analysis and is not a required part of the financial statements of **the Network**. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

April 20, 2007

THE GOOD WORK NETWORK
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2006

ASSETS

Cash and cash equivalents (NOTE 2)	\$ 216,778
Other Receivables	4,809
Grant Receivables	68,307
Deposits	500
Office furniture and equipment, net of accumulated depreciation of \$5,053 (NOTES 2 and 4)	22,338
Leasehold improvements, net of accumulated amortization of \$1,507 (NOTES 2 and 4)	<u>6,243</u>
Total assets	\$ <u>318,975</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts Payable	\$ 1,263
Accrued expenses	3,096
Payroll tax liability	4,873
Deferred Revenue	<u>156,634</u>
Total liabilities	<u>165,866</u>
Net Assets (NOTE 2):	
Unrestricted	<u>153,109</u>
Total net assets	<u>153,109</u>
Total liabilities and net assets	\$ <u>318,975</u>

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

THE GOOD WORK NETWORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

<u>Revenues and Other Support</u>	
Grant revenue	\$ 299,363
Program Fees	70,394
Contributions	224
In - Kind Revenue	<u>14,583</u>
Total revenues and other support	<u>384,564</u>
 <u>Expenses</u>	
Program services	148,978
Support services	<u>97,619</u>
Total expenses	<u>246,597</u>
Change in net assets	137,967
Net assets, beginning of year	<u>115,142</u>
Net assets, end of year	\$ <u>153,109</u>

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

THE GOOD WORK NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006

Cash Flows From Operating Activities

Changes in net assets	\$ 137,967
Adjustments to reconcile changes in net assets to net cash provide by operating activities:	
Depreciation	4,887
Increase in Grants Receivables	(68,307)
Increase other receivable	(3,878)
Decrease in other assets	53
Increase in accrued expenses	1,259
Increase in payroll tax liability	(1,299)
Increase in deferred revenue	<u>117,877</u>
Net cash provided by operating activities	<u>188,559</u>

Cash Flows From Investing Activities

Purchase of fixed assets	<u>(27,522)</u>
Net cash used in investing activities	<u>(27,522)</u>
Net increase in cash and cash equivalents	161,037
Cash and cash equivalents, January 1, 2006	<u>55,741</u>
Cash and cash equivalents, December 31, 2006	\$ <u>216,778</u>

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

THE GOOD WORK NETWORK
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Organization:

The Good Work Network (the Network) was organized as a non-profit organization to assist economically disadvantaged persons by:

- Exposing them to programs that assist in overcoming information barriers and internalized attitudes that undermine their sense of self-efficacy and inhibit their economic advancement;
- Assisting them in developing self-employment and micro-enterprise opportunities that can provide them with livable income and allow them to take greater control of their lives; and
- Creating a network of small business owners that support each other's businesses, share information and resources, and join together to pursue benefits, protections, and opportunities that might not be available to them as individual business owners.

NOTE 2 - Summary of Significant Accounting Policies:

Principles of Accounting

The financial statements and the supplemental schedule are prepared in accordance with generally accepted accounting principles and are prepared on the accrual basis. 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 reported period. Actual results could differ from those estimates.

THE GOOD WORK NETWORK
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Basis of Reporting

The Network has adopted SFAS No. 117 which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories (i.e., unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) according to externally (donor) imposed restrictions.

A description of the three (3) net asset categories is as follows:

Unrestricted net assets include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **the Network** are included in this category. **The Network** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the opening cycle of **the Network** and therefore, **the Network's** policy is to record these net assets as unrestricted.

Temporarily restricted net assets include realized gains and losses, investment income and gifts, appropriations and contributions for which donor imposed restrictions have not been met.

Permanently restricted net assets are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At December 31, 2006, **the Network** did not have any temporarily or permanently restricted net assets.

THE GOOD WORK NETWORK
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Summary of Significant Accounting Policies, Continued:

Cash and Cash Equivalents

Cash consist solely of demand deposits and a money market account that is secured by federal deposit insurance. All highly liquid debt instruments purchased with an original maturity of three (3) months or less are considered to be cash equivalents for purposes of the statement of cash flows. All deposits are secured by federal deposit insurance.

Functional Allocation of Expenses

The costs of providing the various programs and 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 benefitted.

NOTE 3 - Income Taxes:

The Network is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

THE GOOD WORK NETWORK
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Fixed Assets and Leasehold Improvements:

Fixed assets and leasehold improvements consists of the following:

	Balance at January 1, <u>2006</u>	Additions (Reductions)	Balance at December 31, <u>2006</u>
Office furniture	\$ 1,673	\$ 1,410	\$ 3,083
Computer equipment	5,946	6,310	12,256
Other equipment	-0-	12,052	12,052
Accumulated Depreciation	<u>(1,673)</u>	<u>(3,380)</u>	<u>(5,053)</u>
Total	<u>\$ 5,946</u>	<u>\$ 16,392</u>	<u>\$ 22,338</u>
 Leasehold Improvements	 \$ -0-	 \$ 7,750	 \$ 7,750
Accumulated Amortization	-0-	(1,507)	(1,507)
Total	<u>\$ -0-</u>	<u>\$ 6,243</u>	<u>\$ 6,243</u>

Depreciation/Amortization expense for the year ended December 31, 2006 totaled \$5,053 and \$1,507 respectively.

THE GOOD WORK NETWORK
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Concentration of Credit Risk:

The Network maintains cash balances at several banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000 each. Balances in excess of FDIC insurance at December 31, 2006 totaled \$91,578.

NOTE 6 - Fair Value of Financial Instruments:

The estimated fair value of all significant financial amounts have been determined by **the Network** using available market information and appropriate valuation methodologies. **The Network** considers the carrying amounts of cash and cash equivalents, and accounts receivable to be the fair value.

NOTE 7 - Economic Dependency:

The primary source of revenue for **the Network** is state and local grants provided through various funding agencies. The continued success of **the Network** is dependent upon the renewal of contracts from current funding sources as well as obtaining new funding.

NOTE 8 - Commitments and Contingencies:

Participation in Grant Programs:

The Network is a recipient of grant funds from certain funding sources. These grants are governed by various federal, state and local guidelines, regulations, and contractual agreements.

The administration of the program and activities funded by the grants are under the control and administration of **the Network** and are subject to audit and/or review by the applicable funding source. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

SUPPLEMENTARY INFORMATION

THE GOOD WORK NETWORK
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>	<u>TOTAL EXPENSES</u>
Salaries and benefits	\$ 112,061	\$ 37,354	\$ 149,415
Marketing	-0-	3,100	3,100
Amortization	-0-	1,507	1,507
Depreciation	-0-	5,053	5,053
Rent	-0-	17,267	17,267
Professional services	25,287	2,374	27,661
Miscellaneous	667	3,762	4,429
Office supplies	5,938	5,779	11,717
Interest	-0-	1,048	1,048
Postage	-0-	530	530
Parking	-0-	1,358	1,358
Printing and copying	-0-	1,880	1,880
Meeting and conferences	5,025	2,924	7,949
Meals and entertainment	-0-	1,393	1,393
Staff training	-0-	1,983	1,983
Dues and fees	-0-	702	702
Insurance	-0-	2,460	2,460
Telephone	-0-	4,438	4,438
Travel	<u>-0-</u>	<u>2,707</u>	<u>2,707</u>
Total	<u>\$ 148,978</u>	<u>\$ 97,619</u>	<u>\$ 246,597</u>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
The Good Work Network
New Orleans, Louisiana

We have audited the financial statements of **The Good Work Network(the Network)** as of and for the year ended December 31, 2006, and have issued our report thereon dated April 20,2007. We conducted our audit in accordance with generally accepted auditing standards 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 **the Network'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*.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **the Network'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 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 operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.

**BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS**

April 20, 2007

THE GOOD WORK NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2006

We have audited the financial statements of **The Good Work Network** as of and for the year ended December 31, 2006, and have issued our report thereon dated April 20, 2007. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2006 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses/Reportable Conditions No

Compliance

Compliance Material to Financial Statements No

b. Federal Awards

Not Applicable

c. Identification of Major Programs

Not Applicable

Section II - Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

NONE

Section III - Findings and Questioned Costs Related to Federal Awards:

N/A

THE GOOD WORK NETWORK, INC.
DECEMBER 31, 2006

EXIT CONFERENCE

An exit conference was held with the following individuals:

THE GOOD WORK NETWORK, INC.

Ms. Phyllis Cassidy – Executive Director

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Michael B. Bruno, CPA – Managing Partner
Mr. Sean M. Bruno, CPA – Manager

The audit report was discussed. This report is intended solely for the information and use of the Board of Directors, management and the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties.