



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B45769

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

February 5, 2016

Charter School Board
Excel Centers, LLC
1635 W. Michigan Street
Indianapolis, IN 46222

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Excel Centers, LLC as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In addition to the report presented herein, a Supplemental Audit Report for Excel Centers, LLC was prepared in accordance with the guidelines established by the State Board of Accounts.

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

EXCEL CENTERS, LLC
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
JUNE 30, 2015 AND 2014

GREENWALT CPAs
We Deliver Peace of Mind

EXCEL CENTERS, LLC

TABLE OF CONTENTS

JUNE 30, 2015 AND 2014

Independent Auditors' Report	2
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7
Independent Auditors' Report on Supplementary Information	15
Statements of Financial Position by School	16
Statements of Activities by School	18
Schedule of Expenditures of Federal Awards.....	20
Note to the Schedule of Expenditures of Federal Awards.....	20
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21
Report on Compliance for Each Major Program and on Internal Control over Compliance.....	23
Schedule of Findings and Questioned Costs	25
Schedule of Prior Findings and Questioned Costs.....	25
Other Report.....	26



Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodwill Education Initiatives, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Excel Centers, LLC (Indiana public charter schools), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources* and *Guidelines of Audits of Charter Schools performed by Private Examiners* established by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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.

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 the Excel Centers, LLC as of June 30, 2015 and 2014, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2016 on our consideration of the Excel Centers LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Excel Centers LLC's internal control over financial reporting and compliance.

Greenwald CPAs, Inc.

January 7, 2016

EXCEL CENTERS, LLC

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>ASSETS</u>	
	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 4,402,053	\$ 3,091,373
Accounts receivable	456,873	104,657
Prepayments	<u>308,808</u>	<u>139,387</u>
<i>Total current assets</i>	5,167,734	3,335,417
PROPERTY AND EQUIPMENT, NET	<u>2,918,867</u>	<u>3,912,936</u>
TOTAL ASSETS	<u>\$ 8,086,601</u>	<u>\$ 7,248,353</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 583,675	\$ 714,118
Accrued liabilities	469,091	442,952
Related party note payable	-	100,000
Current portion of notes payable - landlord	<u>141,039</u>	<u>134,199</u>
<i>Total current liabilities</i>	1,193,805	1,391,269
LONG-TERM LIABILITIES		
Notes payable - landlord, net of current portion	<u>322,582</u>	<u>476,147</u>
<i>Total liabilities</i>	<u>1,516,387</u>	<u>1,867,416</u>
COMMITMENTS AND CONTINGENCIES		
(NOTES 4 AND 7)		
NET ASSETS		
Unrestricted Undesignated	6,185,967	5,296,438
Unrestricted Board Designated	<u>120,000</u>	<u>-</u>
<i>Total unrestricted net assets</i>	<u>6,305,967</u>	<u>5,296,438</u>
Temporarily restricted	<u>264,247</u>	<u>84,499</u>
<i>Total net assets</i>	<u>6,570,214</u>	<u>5,380,937</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,086,601</u>	<u>\$ 7,248,353</u>

EXCEL CENTERS, LLC

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	UNRESTRICTED	TEMPORARILY RESTRICTED	2015 TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	2014 TOTAL
REVENUE						
State and Federal grants	\$ 20,358,298	\$ -	\$ 20,358,298	\$ 21,387,612	\$ -	\$ 21,387,612
Other income	5,307	-	5,307	29,562	-	29,562
<i>Total revenue</i>	<u>20,363,605</u>	<u>-</u>	<u>20,363,605</u>	<u>21,417,174</u>	<u>-</u>	<u>21,417,174</u>
SUPPORT						
Gifts and contributions	2,348	250,000	252,348	239,674	84,499	324,173
NET ASSETS RELEASED FROM RESTRICTIONS	<u>70,252</u>	<u>(70,252)</u>	<u>-</u>	<u>19,228</u>	<u>(19,228)</u>	<u>-</u>
<i>Total revenue and support</i>	<u>20,436,205</u>	<u>179,748</u>	<u>20,615,953</u>	<u>21,676,076</u>	<u>65,271</u>	<u>21,741,347</u>
EXPENSES						
Wages/benefits	10,800,299	-	10,800,299	10,297,934	-	10,297,934
Professional fees	3,784,476	-	3,784,476	3,598,935	-	3,598,935
Licensing fees	385,836	-	385,836	830,802	-	830,802
Supplies and materials	424,522	-	424,522	526,266	-	526,266
Student transportation	200,685	-	200,685	216,900	-	216,900
Drop-in center	28,492	-	28,492	27,770	-	27,770
Rent	1,184,718	-	1,184,718	1,223,029	-	1,223,029
Other occupancy	992,700	-	992,700	898,831	-	898,831
Interest expense	27,196	-	27,196	42,733	-	42,733
Depreciation	1,416,489	-	1,416,489	1,371,742	-	1,371,742
Other expenses	181,263	-	181,263	195,587	-	195,587
<i>Total expenses</i>	<u>19,426,676</u>	<u>-</u>	<u>19,426,676</u>	<u>19,230,529</u>	<u>-</u>	<u>19,230,529</u>
CHANGE IN NET ASSETS	<u>1,009,529</u>	<u>179,748</u>	<u>1,189,277</u>	<u>2,445,547</u>	<u>65,271</u>	<u>2,510,818</u>
NET ASSETS, BEGINNING OF YEAR	<u>5,296,438</u>	<u>84,499</u>	<u>5,380,937</u>	<u>2,850,891</u>	<u>19,228</u>	<u>2,870,119</u>
NET ASSETS, END OF YEAR	<u>\$ 6,305,967</u>	<u>\$ 264,247</u>	<u>\$ 6,570,214</u>	<u>\$ 5,296,438</u>	<u>\$ 84,499</u>	<u>\$ 5,380,937</u>

See accompanying notes to financial statements.

EXCEL CENTERS, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

INCREASE IN CASH

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,189,277	\$ 2,510,818
Depreciation	1,416,489	1,371,742
<i>Increase (decrease) in operating assets:</i>		
Accounts receivable	(352,216)	603,473
Prepayments	(169,421)	(52,553)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(192,786)	(85,253)
Accrued liabilities	<u>26,139</u>	<u>329,812</u>
<i>Net cash provided by operating activities</i>	<u>1,917,482</u>	<u>4,678,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(360,077)</u>	<u>(3,505,319)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on line of credit	-	(425,000)
Proceeds from (payments on) notes payable	(146,725)	610,346
Proceeds from (payments on) related party note payable	<u>(100,000)</u>	<u>100,000</u>
<i>Net cash provided by (used in) financing activities</i>	<u>(246,725)</u>	<u>285,346</u>
INCREASE IN CASH	1,310,680	1,458,066
CASH, BEGINNING OF YEAR	<u>3,091,373</u>	<u>1,633,307</u>
CASH, END OF YEAR	<u>\$ 4,402,053</u>	<u>\$ 3,091,373</u>
SCHEDULE OF NON-CASH INVESTING ACTIVITIES		
Property and equipment in accounts payable	<u>\$ 62,343</u>	<u>\$ 62,226</u>

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATIONS

Excel Centers, LLC (Excel Centers) operates Indiana public charter high schools under the ownership and control of Goodwill Education Initiatives, Inc. (GEI). GEI, an Indiana non-profit corporation, provides educational opportunities designed to enable young people and adults to prepare for productive adult lives. GEI operates public charter high schools (The Excel Centers and Indianapolis Metropolitan High School, interchangeably referred to herein as "the schools") in central Indiana under the provisions of the Indiana Charter School laws. Excel Centers located in Anderson, Kokomo, Lafayette, and Richmond operate under charters issued by the Indiana Charter School Board. Excel Centers located in Indianapolis operate under charters issued by the Mayor of Indianapolis. GEI is a wholly-owned subsidiary of Goodwill Industries of Central Indiana, Inc. (Goodwill), also an Indiana non-profit corporation.

Excel Centers operated in nine locations throughout Indiana during fiscal year 2015, leasing space at Goodwill's Indianapolis headquarters building and in eight other locations. Excel Centers contracts with Indiana Network of Independent Schools (INI Schools), a division of GEI, for certain business support services, as further described in Note 6.

Excel Centers receives the majority of its funding from the Indiana Department of Education. Its revenues are supplemented with funds from the United States Department of Education, private grants, and gifts. Excel Centers commenced initial operations in September 2010 with an enrollment of 306 adults who previously dropped out of high school and were seeking their high school diplomas rather than a GED. Due to high demand for Excel Center services, enrollment has grown to more than 2,800 students.

Since its inception, Excel Centers has graduated 1,356 students. Demographics of Excel Centers' students include 63% minorities and over 77% in poverty, defined as being eligible for free or reduced lunch. Excel Centers' students range in age from 17 to over 60, with the average age of 27 and median age of 24. All students have varying degrees of academic credits and capabilities when they enroll, with most needing significant remediation. Excel Centers' students connect with a life coach who helps them navigate the barriers that stand in the way of their educational attainment.

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

During fiscal year 2015 Excel Centers reported the following September and February enrollments:

<u>School</u>	<u>Enrollment Budget</u>	<u>September 2014</u>	<u>February 2015</u>
The Excel Center - Anderson	345	338	335
The Excel Center - Kokomo	330	333	355
The Excel Center - Lafayette	320	286	320
The Excel Center - Richmond	305	296	289
The Excel Center - West	340	375	372
Excel Centers for Adult Learners	<u>1,310</u>	<u>1,322</u>	<u>1,225</u>
Total	<u>2,950</u>	<u>2,950</u>	<u>2,896</u>

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. 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 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 support, revenues and expenses during the reporting period. For annual financial reporting purposes, Excel Centers uses a fiscal year that begins on July 1 and ends the following June 30.

CASH

Excel Centers considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2015 and 2014. Excel Centers maintains cash balances at a commercial bank. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2015 and 2014 the Excel Centers maintained cash in excess of the FDIC coverage limits.

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and are due from Indiana governmental entities and private funders over periods of time up to thirty days from the statement of financial position date.

Accounts receivable are stated at the amount determined by public statute or by the underlying private funding agreements. Generally, there is not significant risk of loss of these amounts due since they are statutorily determined and obligated. However, there is some risk that public funding from the State of Indiana could be reduced from amounts previously determined during periods of prolonged economic downturn. Management is unable to determine the likelihood of reduced funding, and has not recorded a reserve related to such risk.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at historical cost. Depreciation is computed on the straight-line method over estimated useful lives ranging from 3 to 10 years for equipment. Leasehold additions and improvements are depreciated over the remaining life of the related lease. Leasehold additions and improvements are capitalized and expenditures for normal maintenance and repairs are expensed as incurred. Excel Centers does not own any real property.

	<u>2015</u>	<u>2014</u>
Furniture	\$ 1,100,461	\$ 1,009,869
Equipment	1,218,030	1,105,142
Computers	1,461,710	1,301,257
Software	998,514	986,304
Leasehold improvements	<u>1,907,837</u>	<u>1,861,557</u>
	6,686,552	6,264,129
Accumulated depreciation	<u>(3,767,685)</u>	<u>(2,351,193)</u>
Property and equipment, net	<u>\$ 2,918,867</u>	<u>\$ 3,912,936</u>

NET ASSETS

Excel Centers maintain the following classifications of net assets:

Unrestricted - Undesignated

These include revenue and expenses from the regular operations of Excel Centers, which are at the discretion of management and the GEI Board of Directors.

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS (CONTINUED)

Unrestricted – Board Designated

Excel Centers operates four schools which received their authorization through the Indiana Charter School Board (ICSB). The ICSB requires that each school establish an account held in escrow of \$30,000 no later than December of third year of operations. The escrow account is designated for any potential dissolution of the school. At June 30, 2015 Excel Centers held the following amounts in escrow which have been presented as board designated net assets in the statement of financial position:

The Excel Center - Anderson	\$ 30,000
The Excel Center - Kokomo	30,000
The Excel Center - Lafayette	30,000
The Excel Center - Richmond	<u>30,000</u>
	<u>\$ 120,000</u>

Temporarily Restricted

These include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors. Temporarily restricted net assets at June 30, 2015 and 2014 were available for the following purposes:

	<u>2015</u>	<u>2014</u>
Technology hardware	\$ 19,240	\$ 23,930
Personnel	4,574	-
Project Lead The Way	149,000	-
Staff training	19,500	-
Furniture and fixtures	19,000	-
Infrastructure	51,579	4,746
Software	<u>1,354</u>	<u>55,823</u>
	<u>\$ 264,247</u>	<u>\$ 84,499</u>

ADVERTISING

Advertising and printing expenses totaled \$93,214 and \$112,559 for the years ended June 30, 2015 and 2014, respectively. Excel Centers' policy is to record advertising expenditures in the period in which they are incurred.

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONTRIBUTIONS

Contributions are recognized when the donor makes an unconditional promise to give to Excel Centers and are recorded at their fair values as revenues and assets in the period promised. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

FUNCTIONAL EXPENSES

A summary of expenses by functional classification for the years ended June 30 are as follows:

	<u>2015</u>	<u>2014</u>
Program activities:		
Classroom instruction	\$ 9,100,087	\$ 8,765,929
Student counseling	2,583,891	2,673,326
Special education services	<u>792,482</u>	<u>761,437</u>
Total program activities	12,479,460	12,200,692
Supporting activities:		
Program support	2,404,001	2,302,341
Administrative support	<u>4,546,215</u>	<u>4,727,496</u>
Total support activities	<u>6,950,216</u>	<u>7,029,837</u>
Total functional expenses	<u><u>\$ 19,426,676</u></u>	<u><u>\$ 19,230,529</u></u>

SUBSEQUENT EVENTS

Subsequent events have been considered through January 7, 2016, which was the date the financial statements were available to be issued. See Notes 4, 8 and 9.

2. TAX STATUS

Excel Centers is a wholly-owned LLC of GEI, and as a result, the IRS disregards Excel Centers as a separate taxable entity and considers Excel Centers as part of GEI for tax reporting purposes.

GEI is an Indiana non-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to GEI tax-exempt purposes, such income would be subject to taxation as unrelated business income. GEI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

GEI is no longer subject to examination by taxing authorities for tax years before 2011.

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

3. NOTES PAYABLE

In 2013, Excel Centers in Lafayette and Kokomo entered into operating leases that included a note payable to the landlord for tenant improvements. The notes require monthly principal and interest payments for five years, through 2018. The duration of the notes matches the length of the respective Excel Center leases. The notes are guaranteed by Goodwill.

Excel Center Location	Original Amount	Interest Rate	Expiration Date	Balance as of June 30, 2015	Balance as of June 30, 2014
Lafayette, IN	\$274,554	5%	4/1/2018	\$181,046	\$240,960
Kokomo, IN	\$450,000	5%	7/1/2018	\$282,575	\$369,386

Future minimum payments are as follows for the years ending June 30:

2016	\$ 141,039
2017	161,454
2018	157,923
2019	3,205
	<hr/>
	\$ 463,621

4. LEASES

Excel Centers lease space from Goodwill and from third parties. The leases are treated as operating leases and have terms that correspond to the duration of Excel Centers' charters. The leases have varying expiration dates through February 2022. Aggregate rent expense for fiscal years 2015 and 2014, including common area maintenance charges, totaled \$1,184,718 and \$1,223,029, respectively. Certain leases contain renewal options that allow the Excel Centers, at its discretion, to extend the leases for additional terms. Excel Centers' management is unable to determine at this time whether it will exercise its lease renewal options. Excel Centers paid Goodwill \$157,000 for rent in each of the fiscal years 2015 and 2014.

Future minimum lease commitments are as follows for the years ending June 30:

2016	\$ 1,444,878
2017	1,447,716
2018	885,216
2019	541,078
2020	483,800
Thereafter	245,700
	<hr/>
	\$ 5,048,388

5. RETIREMENT PLAN

Excel Centers' employees are employed and paid by GEI. Certain Excel Centers' employees [licensed teachers, counselors and certain administrative staff] are eligible to participate in the Indiana Teachers Retirement Fund (TRF). By statute, employers are required to contribute 7.5% of an employee's pretax gross income to TRF. Employers may also elect to contribute an additional 3% in lieu of the employee's

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

5. RETIREMENT PLAN, CONTINUED

own contributions. GEI has elected to make the voluntary contribution on behalf of its eligible employees, including employees of Excel Centers. Excel Centers contributed \$466,991 and \$412,012 to TRF on behalf of its employees for fiscal years 2015 and 2014, respectively. Excel Centers' employees not eligible for TRF may elect to participate in Goodwill's retirement plan. Employees may elect to participate in Goodwill's employee retirement savings account which allows employees to contribute pre-tax gross income, subject to IRS limitations. Goodwill also maintains a discretionary thrift plan for eligible employees. For employees not eligible for TRF, Goodwill matches 100% of eligible employees' pre-tax contributions, up to 6% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions, as well as employer discretionary contributions, vest after three years or in the event of death or disability. Excel Centers' expense relating to contributions to the Goodwill thrift plan for the fiscal years 2015 and 2014 was \$56,007 and \$29,481, respectively.

6. RELATED PARTY TRANSACTIONS

Excel Centers is owned and operated by GEI. GEI, through INI Schools, provides employees, certain school-specific administrative services, and general management and oversight of the Excel Centers. INI Schools charges Excel Centers for its expenses related to the services provided. No markup is added to the fees charged to the schools. During fiscal years 2015 and 2014, Excel Centers paid \$2,820,836 and \$3,135,774, respectively, to INI Schools for administrative services.

Goodwill also pays certain operating expenses, including certain employee benefits, of Excel Centers, for which Excel Centers fully reimburse Goodwill. In fiscal years 2015 and 2014, Excel Centers paid Goodwill \$2,867,596 and \$2,616,594, respectively.

At June 30, 2015 and 2014, Excel Centers owed Goodwill \$206,483 and \$199,341 and INI Schools \$0 and \$150,000, respectively, for reimbursable operating expenses, which are included in accounts payable on the statement of financial position.

During fiscal year 2014, Excel Center-Richmond received an interest-free operating loan from INI Schools in the amount of \$100,000. The loan was paid in full during fiscal year 2015.

Excel Centers employees participate in Goodwill's health care benefits plan. Goodwill self-insures for employee and dependent medical benefits up to a per-individual annual maximum of \$100,000, and an aggregate maximum of approximately \$6.6 million. Goodwill purchases reinsurance which pays individual claims that exceed \$100,000 per year. The reinsurer reviews claims annually and upon renewal of the reinsurance policy each year may establish higher specific maximums on selected individuals with high claims risks. Goodwill purchases claims administration services from a third party administrator. Excel Centers paid premiums to the Goodwill health care plan of \$1,711,396 and \$1,346,098 for fiscal years 2015 and 2014, respectively.

7. FUTURE GRANT AUDITS

Under the terms of state and federal grants awarded to Excel Centers, periodic audits are required and certain costs may be challenged as to whether they are allowable under the terms of the grants. Such audits could lead to reimbursement to the grantor. Management believes the likelihood that material costs incurred by Excel Centers will be disallowed is remote.

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

8. LINE OF CREDIT

GEI has committed to a line of credit with a commercial bank, expiring September 2015. This line of credit provides for maximum borrowings of \$2.5 million and bears interest at the one-month LIBOR rate plus 2.5% (2.69% as of June 30, 2015). The line of credit includes a non-use fee of 0.15% on the unused balance. At June 30, 2015 and 2014, Excel Centers had no balance outstanding on the line of credit. Goodwill serves as guarantor on the line of credit.

Subsequent to year end, the line of credit was extended through September 2017. The amended agreement provides for maximum borrowings of \$1.5 million and bears interest at the one-month LIBOR rate plus 1.75%.

9. SUBSEQUENT EVENTS

During August 2015, Excel Centers opened two additional schools within Central Indiana, The Excel Center – University Heights and The Excel Center - Noblesville. The preopening activity of schools has been included in the financial statements for the year ended June 30, 2015.

During July 2015, Excel Centers executed a building lease which will commence on or before July 1, 2016. The building will house the operations of an Excel Center within Shelbyville, Indiana. See Note 4.



Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Goodwill Education Initiatives, Inc.:

We have audited the financial statements of Excel Centers, LLC as of and for the years ended June 30, 2015 and 2014, and our report thereon dated January 7, 2016, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The statements of financial position and statements of activities by school as of and for the years ended June 30, 2015 and 2014, in Exhibits I through IV, is presented for purposes of additional analysis as required by the Indiana State Board of Accounts, 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 schedule of expenditures of federal awards and the statements of financial position and activities by school as of and for the years ended June 30, 2015 and 2014, in Exhibits I – IV, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Greenwalt CPAs, Inc.

January 7, 2016

EXCEL CENTERS, LLC
 STATEMENTS OF FINANCIAL POSITION BY SCHOOL
 JUNE 30, 2015

Exhibit I

ASSETS	OTHER									2015 TOTAL
	ANDERSON	KOKOMO	LAFAYETTE	RICHMOND	WEST	NOBLESVILLE	UNIVERSITY HEIGHTS	MARION COUNTY EXCEL CENTERS	ELIMINATIONS	
CURRENT ASSETS										
Cash	\$ 628,812	\$ 229,577	\$ 264,192	\$ 169,761	\$ 750,548	\$ 15,646	\$ 44,033	\$ 2,299,484	\$ -	\$ 4,402,053
Accounts receivable	9,345	44,041	48,700	50,117	29,265	22,491	252,793	160,121	(160,000)	456,873
Prepayments	41,217	24,759	22,623	29,166	62,679	6,494	26,667	95,203	-	308,808
<i>Total current assets</i>	679,374	298,377	335,515	249,044	842,492	44,631	323,493	2,554,808	(160,000)	5,167,734
PROPERTY AND EQUIPMENT, NET										
	317,738	675,466	503,553	508,328	486,989	42,924	-	383,869	-	2,918,867
TOTAL ASSETS	\$ 997,112	\$ 973,843	\$ 839,068	\$ 757,372	\$ 1,329,481	\$ 87,555	\$ 323,493	\$ 2,938,677	\$ (160,000)	\$ 8,086,601
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts payable	\$ 54,174	\$ 83,540	\$ 63,758	\$ 62,371	\$ 81,821	\$ 88,162	\$ 86,764	\$ 223,085	\$ (160,000)	\$ 583,675
Accrued liabilities	51,314	64,119	57,394	55,184	60,059	2,104	1,898	177,019	-	469,091
Current portion of notes payable - landlord	-	83,429	57,610	-	-	-	-	-	-	141,039
<i>Total current liabilities</i>	105,488	231,088	178,762	117,555	141,880	90,266	88,662	400,104	(160,000)	1,193,805
LONG-TERM LIABILITIES										
Notes payable - landlord, net of current portion	-	199,146	123,436	-	-	-	-	-	-	322,582
<i>Total liabilities</i>	105,488	430,234	302,198	117,555	141,880	90,266	88,662	400,104	(160,000)	1,516,387
NET ASSETS										
Unrestricted - Undesignated	861,624	513,609	506,870	609,817	1,162,428	(2,711)	(4,243)	2,538,573	-	6,185,967
Unrestricted - Board Designated	30,000	30,000	30,000	30,000	-	-	-	-	-	120,000
<i>Total unrestricted net assets</i>	891,624	543,609	536,870	639,817	1,162,428	(2,711)	(4,243)	2,538,573	-	6,305,967
Temporarily restricted	-	-	-	-	25,173	-	239,074	-	-	264,247
<i>Total net assets</i>	891,624	543,609	536,870	639,817	1,187,601	(2,711)	234,831	2,538,573	-	6,570,214
TOTAL LIABILITIES AND NET ASSETS	\$ 997,112	\$ 973,843	\$ 839,068	\$ 757,372	\$ 1,329,481	\$ 87,555	\$ 323,493	\$ 2,938,677	\$ (160,000)	\$ 8,086,601

EXCEL CENTERS, LLC
 STATEMENTS OF FINANCIAL POSITION BY SCHOOL
 JUNE 30, 2014

Exhibit II

ASSETS						OTHER MARION COUNTY EXCEL CENTERS	2014 TOTAL
	ANDERSON	KOKOMO	LAFAYETTE	RICHMOND	WEST		
CURRENT ASSETS							
Cash	\$ 347,759	\$ 88,601	\$ 161,766	\$ 109,821	\$ 236,551	\$ 2,146,875	\$ 3,091,373
Accounts receivable	65,707	3,470	2,618	2,755	27,223	2,884	104,657
Prepayments	<u>37,398</u>	<u>10,255</u>	<u>9,264</u>	<u>12,998</u>	<u>27,996</u>	<u>41,476</u>	<u>139,387</u>
<i>Total current assets</i>	450,864	102,326	173,648	125,574	291,770	2,191,235	3,335,417
PROPERTY AND EQUIPMENT, NET							
	<u>504,284</u>	<u>875,076</u>	<u>629,259</u>	<u>640,202</u>	<u>588,303</u>	<u>675,812</u>	<u>3,912,936</u>
TOTAL ASSETS	<u>\$ 955,148</u>	<u>\$ 977,402</u>	<u>\$ 802,907</u>	<u>\$ 765,776</u>	<u>\$ 880,073</u>	<u>\$ 2,867,047</u>	<u>\$ 7,248,353</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 61,029	\$ 115,131	\$ 100,121	\$ 102,862	\$ 72,637	\$ 262,338	\$ 714,118
Accrued liabilities	36,831	38,299	41,326	40,823	47,344	238,329	442,952
Related party note payable	-	-	-	100,000	-	-	100,000
Current portion of notes payable - landlord	-	79,393	54,806	-	-	-	134,199
<i>Total current liabilities</i>	97,860	232,823	196,253	243,685	119,981	500,667	1,391,269
LONG-TERM LIABILITIES							
Notes payable - landlord, net of current portion	-	289,993	186,154	-	-	-	476,147
<i>Total liabilities</i>	97,860	522,816	382,407	243,685	119,981	500,667	1,867,416
NET ASSETS							
Unrestricted	857,288	454,586	420,500	522,091	675,593	2,366,380	5,296,438
Temporarily restricted	-	-	-	-	84,499	-	84,499
<i>Total net assets</i>	857,288	454,586	420,500	522,091	760,092	2,366,380	5,380,937
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 955,148</u>	<u>\$ 977,402</u>	<u>\$ 802,907</u>	<u>\$ 765,776</u>	<u>\$ 880,073</u>	<u>\$ 2,867,047</u>	<u>\$ 7,248,353</u>

EXCEL CENTERS, LLC
 STATEMENTS OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2015

Exhibit III

	ANDERSON	KOKOMO	LAFAYETTE	RICHMOND	WEST	NOBLESVILLE	UNIVERSITY HEIGHTS	OTHER MARION COUNTY EXCEL CENTERS	2015 TOTAL
REVENUE									
State and Federal grants	\$ 2,285,874	\$ 2,459,253	\$ 2,205,765	\$ 2,129,677	\$ 2,612,088	\$ 22,491	\$ 2,793	\$ 8,640,357	\$ 20,358,298
Other income	574	-	-	-	-	-	-	4,733	5,307
<i>Total revenue</i>	<i>2,286,448</i>	<i>2,459,253</i>	<i>2,205,765</i>	<i>2,129,677</i>	<i>2,612,088</i>	<i>22,491</i>	<i>2,793</i>	<i>8,645,090</i>	<i>20,363,605</i>
SUPPORT									
Unrestricted gifts and contributions	-	-	-	-	1,798	-	10,926	550	13,274
Restricted gifts and contributions, net of amounts released from restriction	-	-	-	-	-	-	239,074	-	239,074
<i>Total support</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,798</i>	<i>-</i>	<i>250,000</i>	<i>550</i>	<i>252,348</i>
<i>Total revenue and support</i>	<i>2,286,448</i>	<i>2,459,253</i>	<i>2,205,765</i>	<i>2,129,677</i>	<i>2,613,886</i>	<i>22,491</i>	<i>252,793</i>	<i>8,645,640</i>	<i>20,615,953</i>
EXPENSES									
Wages/benefits	1,197,691	1,261,083	1,081,046	1,009,872	1,257,504	21,659	13,013	4,958,431	10,800,299
Professional fees	474,481	433,764	449,871	479,045	378,506	832	3,098	1,564,879	3,784,476
Licensing fees	44,418	45,408	39,996	38,610	49,302	-	-	168,102	385,836
Supplies and materials	38,850	49,227	42,807	47,303	71,948	2,537	1,783	170,067	424,522
Student transportation	6,173	-	9,269	18,457	30,000	-	-	136,786	200,685
Drop-in center	11,760	1,529	3,132	2,672	3,234	-	-	6,165	28,492
Rent	151,671	117,000	105,105	149,910	98,315	-	-	562,717	1,184,718
Other occupancy	91,675	168,677	126,787	53,403	92,898	-	-	459,260	992,700
Interest expense	-	16,508	10,688	-	-	-	-	-	27,196
Depreciation	209,316	258,851	195,890	191,960	184,733	-	-	375,739	1,416,489
Other expenses	26,077	18,183	24,804	20,719	19,937	174	68	71,301	181,263
<i>Total expenses</i>	<i>2,252,112</i>	<i>2,370,230</i>	<i>2,089,395</i>	<i>2,011,951</i>	<i>2,186,377</i>	<i>25,202</i>	<i>17,962</i>	<i>8,473,447</i>	<i>19,426,676</i>
CHANGE IN NET ASSETS									
34,336	89,023	116,370	117,726	427,509	(2,711)	234,831	172,193	1,189,277	
NET ASSETS, BEGINNING OF YEAR	857,288	454,586	420,500	522,091	760,092	-	-	2,366,380	5,380,937
NET ASSETS, END OF YEAR	\$ 891,624	\$ 543,609	\$ 536,870	\$ 639,817	\$ 1,187,601	\$ (2,711)	\$ 234,831	\$ 2,538,573	\$ 6,570,214

EXCEL CENTERS, LLC
 STATEMENTS OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2014

Exhibit IV

	<u>ANDERSON</u>	<u>KOKOMO</u>	<u>LAFAYETTE</u>	<u>RICHMOND</u>	<u>WEST</u>	<u>OTHER MARION COUNTY EXCEL CENTERS</u>	<u>2014 TOTAL</u>
REVENUE							
State and Federal grants	\$ 2,416,125	\$ 2,559,334	\$ 2,360,481	\$ 2,447,536	\$ 2,582,836	\$ 9,021,300	\$ 21,387,612
Other income	<u>4,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,807</u>	<u>29,562</u>
<i>Total revenue</i>	<u>2,420,880</u>	<u>2,559,334</u>	<u>2,360,481</u>	<u>2,447,536</u>	<u>2,582,836</u>	<u>9,046,107</u>	<u>21,417,174</u>
SUPPORT							
Unrestricted gifts and contributions	19,428	-	600	110	234,450	4,314	258,902
Restricted gifts and contributions, net of amounts released from restriction	<u>(19,228)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,499</u>	<u>-</u>	<u>65,271</u>
<i>Total support</i>	<u>200</u>	<u>-</u>	<u>600</u>	<u>110</u>	<u>318,949</u>	<u>4,314</u>	<u>324,173</u>
<i>Total revenue and support</i>	<u>2,421,080</u>	<u>2,559,334</u>	<u>2,361,081</u>	<u>2,447,646</u>	<u>2,901,785</u>	<u>9,050,421</u>	<u>21,741,347</u>
EXPENSES							
Wages/benefits	1,294,287	1,076,752	975,449	996,830	1,093,388	4,861,228	10,297,934
Professional fees	512,138	350,438	376,554	385,017	394,723	1,580,065	3,598,935
Licensing fees	93,608	92,372	89,270	90,458	94,088	371,006	830,802
Supplies and materials	72,729	48,792	49,435	42,828	87,585	224,897	526,266
Student transportation	10,235	100	11,975	8,719	30,185	155,686	216,900
Drop-in center	5,644	4,722	3,062	5,356	3,469	5,517	27,770
Rent	151,671	107,250	100,025	135,402	165,964	562,717	1,223,029
Other occupancy	92,817	126,408	116,082	57,200	99,626	406,698	898,831
Interest expense	279	20,777	13,374	5,899	2,404	-	42,733
Depreciation	190,224	229,862	151,840	161,788	125,864	512,164	1,371,742
Other expenses	<u>23,166</u>	<u>25,107</u>	<u>32,504</u>	<u>25,588</u>	<u>23,586</u>	<u>65,636</u>	<u>195,587</u>
<i>Total expenses</i>	<u>2,446,798</u>	<u>2,082,580</u>	<u>1,919,570</u>	<u>1,915,085</u>	<u>2,120,882</u>	<u>8,745,614</u>	<u>19,230,529</u>
CHANGE IN NET ASSETS							
NET ASSETS, BEGINNING OF YEAR	<u>883,006</u>	<u>(22,168)</u>	<u>(21,011)</u>	<u>(10,470)</u>	<u>(20,811)</u>	<u>2,061,573</u>	<u>2,870,119</u>
NET ASSETS, END OF YEAR	<u>\$ 857,288</u>	<u>\$ 454,586</u>	<u>\$ 420,500</u>	<u>\$ 522,091</u>	<u>\$ 760,092</u>	<u>\$ 2,366,380</u>	<u>\$ 5,380,937</u>

See independent auditors' report on supplementary information.

EXCEL CENTERS, LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2015

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION			
Indiana Department of Education			
Special Education Cluster			
Special Education - Grants to States	84.027	14215-542-PN01	\$ 233,233
Special Education - Grants to States	84.027	14215-565-PN01	30,087
Special Education - Grants to States	84.027	14214-565-PN01	34,842
Special Education - Grants to States	84.027	14214-579-PN01	26,446
Special Education - Grants to States	84.027	14215-579-PN01	22,857
Special Education - Grants to States	84.027	14215-577-PN01	36,184
Special Education - Grants to States	84.027	14214-578-PN01	18,205
Special Education - Grants to States	84.027	14214-576-PN01	33,065
Special Education - Grants to States	84.027	14214-576-PN01	35,102
Special Education - Grants to States	84.027	14214-577-PN01	<u>27,468</u>
<i>Total for Special Education Cluster</i>			497,489
Indiana Department of Education			
Charter Schools Program			
Planning and Implementation Grant	84.282A	A58-5-150T-3227	22,491
Planning and Implementation Grant	84.282A	A58-5-150T-3228	2,793
Planning and Implementation Grant	84.282A	A58-3-13SS-1599	139,458
Planning and Implementation Grant	84.282A	A58-3-13SS-1600	142,184
Planning and Implementation Grant	84.282A	A58-4-14SS-1659	130,898
Planning and Implementation Grant	84.282A	A58-3-13SS-1609	<u>128,714</u>
<i>Total for Charter Schools Program</i>			566,538
Total federal awards expended			<u>\$ 1,064,027</u>

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes federal grant activity of Excel Centers, LLC and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.



Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

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*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodwill Education Initiatives, Inc.:

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 of America, the financial statements of Excel Centers, LLC (Excel Centers), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Excel Centers' 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 Excel Centers' internal control. Accordingly, we do not express an opinion on the effectiveness of Excel Centers' 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.

Compliance and Other Matters

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

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 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.

Greenwalt CPAs, Inc.

January 7, 2016



Greenwalt CPAs, Inc.
5342 W. Vermont Street
Indianapolis, IN 46224
www.greenwaltcpas.com

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Goodwill Education Initiatives, Inc.:

Report on Compliance for Each Major Federal Program

We have audited Excel Centers, LLC (Excel Centers) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Excel Centers' major federal programs for the year ended June 30, 2015. Excel Centers' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Excel Centers' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Excel Centers' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Excel Centers' compliance.

Opinion on Each Major Federal Program

In our opinion, Excel Centers complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Excel Centers is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Excel Centers' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Excel Centers' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Greenwalt CPAs, Inc.

January 7, 2016

EXCEL CENTERS, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no
4. Internal control over major programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
5. Type of auditors' report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no
7. Identification of major program: CFDA Number Name of Federal Program or Cluster
84.027 Special Education Cluster
8. The threshold for distinguishing between Type A and B programs was \$300,000.
9. Auditee qualified as low-risk auditee? yes no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. PRIOR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

EXCEL CENTERS, LLC

OTHER REPORT

JUNE 30, 2015

The reports presented herein were prepared in addition to another report prepared for the School as listed below:

Supplemental Audit Report of Excel Centers, LLC