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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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February 17, 2025

Charter School Board
Goodwill LEADS, Inc. - The Excel Center
St. Joseph County, Indiana

We have reviewed the audit report of Goodwill LEADS, Inc. - The Excel Center which was opined upon by Kruggel, Lawton & Company LLC, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Goodwill LEADS, Inc. - The Excel Center as of June 30, 2024 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Kruggel, Lawton & Company LLC prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for Goodwill LEADS, Inc. - The Excel Center was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner



**GOODWILL LEADS, INC. - THE EXCEL CENTER
ANNUAL REPORT
June 30, 2024**

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

ANNUAL REPORT

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Goodwill LEADS, Inc. (The Excel Center)
South Bend, Indiana

Opinion

We have audited the accompanying financial statements of Goodwill LEADS, Inc. (The Excel Center) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 LEADS, Inc. (The Excel Center) as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 LEADS, Inc. (The Excel Center) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 LEADS, Inc. (The Excel Center) ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 generally accepted 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 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 generally accepted 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 LEADS, Inc. (The Excel Center)'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 LEADS, Inc. (The Excel Center)'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.

Respectfully submitted,



Certified Public Accountants

South Bend, Indiana
January 16, 2025

GOODWILL LEADS, INC. (THE EXCEL CENTER)South Bend, Indiana

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	213,292	160,240
Accounts receivable	4,281	11,360
Grants receivable	141,315	37,515
Prepaid expenses	14,891	66,892
Total Current Assets	373,779	276,007
PROPERTY AND EQUIPMENT		
Leasehold improvements	2,879,508	2,879,508
Office furniture and equipment	1,277,605	1,144,384
Computers and software	469,030	469,030
Total	4,626,143	4,492,922
Accumulated depreciation	(3,383,868)	(3,009,129)
Net Property and Equipment	1,242,275	1,483,793
OTHER ASSETS		
Escrowed cash	110,000	100,000
Deposits	9,937	9,937
Operating right of use assets, net	457,746	588,255
Operating right of use assets, net - related party	441,282	385,716
Financing right of use assets, net	15,461	26,003
Total Other Assets	1,034,426	1,109,911
TOTAL ASSETS	2,650,480	2,869,711

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)South Bend, Indiana

STATEMENTS OF FINANCIAL POSITION

June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Lines of credit - related party	1,008,000	1,008,000
Current portion of long-term debt - related party	120,007	116,174
Accounts payable	20,282	18,208
Accounts payable - related party, net	528,764	667,999
Accrued payroll, benefits, and related taxes	63,369	60,940
Deferred revenue	0	25,000
Current portion of operating lease liabilities	162,852	170,694
Current portion of operating lease liabilities -related party	103,197	109,078
Current portion of financing lease liabilities	8,722	10,812
Total Current Liabilities	2,015,193	2,186,905
OTHER LIABILITIES		
Long-term debt - related party	807,898	927,905
Long-term operating lease liabilities	441,854	463,001
Long-term operating lease liabilities - related party	224,949	276,638
Long-term financing lease liabilities	7,160	15,882
Total Other Liabilities	1,481,861	1,683,426
TOTAL LIABILITIES	3,497,054	3,870,331
NET ASSETS		
Without donor restrictions	(862,175)	(1,017,496)
With donor restrictions	15,601	16,876
TOTAL NET ASSETS	(846,574)	(1,000,620)
TOTAL LIABILITIES AND NET ASSETS	2,650,480	2,869,711

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)South Bend, Indiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions of financial assets			
Federal grants	376,009	0	376,009
Other grants	15,000	0	15,000
State education support	5,008,500	6,256	5,014,756
Contributions	6,098	0	6,098
Contributions of nonfinancial assets	111,600	0	111,600
Other income	32,014	0	32,014
Total Revenue	5,549,221	6,256	5,555,477
Net assets released from restrictions:			
Satisfaction of restrictions	7,531	(7,531)	0
FUNCTIONAL EXPENSES			
Program	3,980,050	0	3,980,050
Supporting services	1,421,381	0	1,421,381
Total Functional Expenses	5,401,431	0	5,401,431
CHANGE IN NET ASSETS	155,321	(1,275)	154,046
NET ASSETS, BEGINNING OF YEAR	(1,017,496)	16,876	(1,000,620)
NET ASSETS, END OF YEAR	(862,175)	15,601	(846,574)

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)South Bend, Indiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions of financial assets			
Federal grants	150,756	0	150,756
State education support	4,130,999	15,116	4,146,115
Contributions	12,650	0	12,650
Contributions of nonfinancial assets	130,685	0	130,685
Other income	44,100	0	44,100
Total Revenue	4,469,190	15,116	4,484,306
Net assets released from restrictions:			
Satisfaction of restrictions	4,800	(4,800)	0
FUNCTIONAL EXPENSES			
Program	3,713,440	0	3,713,440
Supporting services	1,468,122	0	1,468,122
Total Functional Expenses	5,181,562	0	5,181,562
CHANGE IN NET ASSETS	(707,572)	10,316	(697,256)
NET ASSETS, BEGINNING OF YEAR	(309,924)	6,560	(303,364)
NET ASSETS, END OF YEAR	(1,017,496)	16,876	(1,000,620)

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024

	Program				Total Program Services	Supporting Management and General	Services Total Supporting Services	Total
	Classroom Instruction	Special Education	Student Counseling	Other Activities		Total Program Services	Supporting Management and General	
Advertising expense	0	0	0	43,131	43,131	0	0	43,131
Technology expense	152,541	5,758	28,223	27,569	214,091	28,646	28,646	242,737
Classroom supplies	84,800	1,015	0	4,369	90,184	17,442	17,442	107,626
Dues and subscriptions	0	0	0	0	0	299	299	299
Employee benefits	250,228	9,049	90,105	73,239	422,621	108,052	108,052	530,673
Equipment expense	493	4	245	207	949	224	224	1,173
Salaries and wages	1,151,218	73,996	537,147	385,725	2,148,086	780,183	780,183	2,928,269
Licensing fees	0	0	0	0	0	36,000	36,000	36,000
Meals	0	0	0	0	0	7,737	7,737	7,737
Insurance	32,308	3,564	19,122	20,288	75,282	17,629	17,629	92,911
Interest expense	23,512	3,355	15,092	14,751	56,710	13,834	13,834	70,544
Travel	0	0	0	0	0	124	124	124
Office supplies	6,849	704	3,942	23,736	35,231	21,040	21,040	56,271
Miscellaneous	0	0	0	0	0	77,092	77,092	77,092
Payroll taxes	88,504	5,056	39,113	28,860	161,533	49,528	49,528	211,061
Professional fees	0	0	0	0	0	61,164	61,164	61,164
Property taxes	1,191	0	510	723	2,424	468	468	2,892
Utilities	65,476	6,288	38,351	37,974	148,089	35,155	35,155	183,244
Student transportation	0	0	0	0	0	29,192	29,192	29,192
Rent	101,271	14,703	64,142	67,594	247,710	58,798	58,798	306,508
Repairs and maintenance	8,399	1,554	5,706	6,023	21,682	5,231	5,231	26,913
Depreciation	124,079	17,780	78,137	83,116	303,112	71,626	71,626	374,738
Security expense	154	39	116	175	484	106	106	590
Amortization expense	4,078	157	1,976	2,520	8,731	1,811	1,811	10,542
TOTAL FUNCTIONAL EXPENSES	2,095,101	143,022	921,927	820,000	3,980,050	1,421,381	1,421,381	5,401,431

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2023

	Program				Total Program Services	Supporting	Services	Total
	Classroom Instruction	Special Education	Student Counseling	Other Activities		Management and General	Total Supporting Services	
Advertising expense	0	0	0	22,826	22,826	0	0	22,826
Technology expense	64,661	1,351	9,564	9,832	85,408	105,294	105,294	190,702
Classroom supplies	74,541	74	1,947	33,107	109,669	1,322	1,322	110,991
Dues and subscriptions	0	0	0	0	0	894	894	894
Employee benefits	255,422	2,310	95,344	71,303	424,379	91,170	91,170	515,549
Equipment expense	1,974	78	349	242	2,643	1,098	1,098	3,741
Salaries and wages	1,024,225	110,905	521,597	321,545	1,978,272	756,696	756,696	2,734,968
Licensing fees	0	0	0	0	0	36,000	36,000	36,000
Meals	0	0	0	0	0	8,808	8,808	8,808
Insurance	14,351	1,825	8,974	9,606	34,756	8,326	8,326	43,082
Interest expense	27,380	3,650	16,428	12,524	59,982	15,059	15,059	75,041
Travel	0	747	0	0	747	0	0	747
Office supplies	10,391	1,288	6,293	6,589	24,561	17,962	17,962	42,523
Miscellaneous	0	0	0	0	0	64,824	64,824	64,824
Payroll taxes	76,172	7,784	38,069	42,801	164,826	47,379	47,379	212,205
Professional fees	0	0	0	0	0	66,557	66,557	66,557
Property taxes	3,377	844	2,533	2,744	9,498	2,321	2,321	11,819
Utilities	65,012	6,291	39,205	35,623	146,131	35,938	35,938	182,069
Student transportation	0	0	0	0	0	53,367	53,367	53,367
Rent	124,464	16,965	75,253	71,014	287,696	68,752	68,752	356,448
Repairs and maintenance	9,806	2,207	5,587	3,404	21,004	5,165	5,165	26,169
Depreciation	135,534	19,398	84,831	89,111	328,874	77,949	77,949	406,823
Security expense	1,342	171	787	895	3,195	1,217	1,217	4,412
Amortization expense	3,564	355	2,208	2,846	8,973	2,024	2,024	10,997
TOTAL FUNCTIONAL EXPENSES	1,892,216	176,243	908,969	736,012	3,713,440	1,468,122	1,468,122	5,181,562

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)South Bend, Indiana

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	154,046	(697,256)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	374,738	406,823
Amortization of finance lease	10,542	10,997
Noncash rent expense	(11,616)	46,136
Adjustments for changes in operating assets and liabilities:		
Accounts receivable	7,079	(7,987)
Grants receivable	(103,800)	179,106
Prepaid expenses	52,001	(10,669)
Accounts payable	2,074	195
Accounts payable - related party, net	(139,235)	286,140
Accrued payroll, benefits, and related taxes	2,429	2,868
Deferred revenue	(25,000)	0
Net Cash Flows Provided By Operating Activities	323,258	216,353
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(133,220)	(49,108)
Net Cash Flows Used In Investing Activities	(133,220)	(49,108)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on finance leases	(10,812)	(11,002)
Payments on long-term debt - related party	(116,174)	(112,490)
Net Cash Flows Used In Financing Activities	(126,986)	(123,492)
CHANGE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	63,052	43,753
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT BEGINNING OF YEAR	260,240	216,487
CASH, RESTRICTED CASH AND CASH EQUIVALENTS AT END OF YEAR	323,292	260,240
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS		
Interest paid	70,544	75,041
SUPPLEMENTAL NONCASH DISCLOSURE		
Right of use asset obtained in exchange for lease liability	0	7,222

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NATURE OF BUSINESS

Goodwill LEADS, Inc. (The Excel Center) (the "School"), is a public charter high school headquartered in South Bend, Indiana, operating under the control of Goodwill Industries of Michiana, Inc. Through government grants and private financial support from individuals, foundations, and corporations, the purpose of the School is to provide educational opportunities designed to enable young people and adults to prepare for productive adult lives. The School was incorporated in July 2014 and classes commenced in South Bend, Indiana in September 2015, in Hammond, Indiana in September 2017, in Gary, Indiana in September 2018 and in Elkhart, Indiana in September 2021.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the School have been prepared on the accrual basis.

The School adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School.

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the School considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the respective limits of the FDIC. It is common for the School's cash balance to exceed the insured limit throughout the course of operations.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Restricted cash consists of the following for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Excel Center lobby improvements	513	513
Kids Excel	1,247	1,247
Technology grant	13,841	15,116
Legacy grant	0	25,000
Escrowed cash	110,000	100,000
Total	125,601	141,876

Total Cash, Restricted Cash and Cash Equivalents in the Statements of Cash Flows consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
Cash	213,292	160,240
Escrowed cash	110,000	100,000
Total	323,292	260,240

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable is presented net of the allowance for credit losses (doubtful accounts). Management considers historical and forward-looking factors in its determination of the allowance including historical and anticipated customer performance, an aged analysis of receivables, current economic conditions and reasonable and supportable forecasts of future events and economic conditions. Any customer account with an unpaid balance after the due date on the customer invoice is considered past due and is addressed in accordance with the School's written procedures for past due accounts. Interest is not normally charged on past due accounts. Currently, management has determined the value of an allowance for credit losses (doubtful accounts) is immaterial and the recording of such balance is not considered necessary.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair value 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, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The School did not receive any donor restricted assets during the years ended June 30, 2024 or 2023.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$374,738 and \$406,823 for the years ended June 30, 2024 and 2023, respectively. Property and equipment in the amount of \$133,221 was not yet placed in service at June 30, 2024.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

A summary of the range of lives by asset category follows:

Leasehold improvements	10 - 15 years
Office furniture and equipment	5 years
Computers and software	3 years

CONTRIBUTIONS OF FINANCIAL ASSETS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made. Contributions received are considered to be available for current use unless specifically restricted by the donor.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the year in which the contributions are received.

ADVERTISING COSTS

Various costs relating to advertising are considered period costs and are therefore expensed as incurred. Advertising costs were \$43,131 and \$22,826 for the years ended June 30, 2024 and 2023, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated between program and supporting services benefited. Management and general expense includes expenditures for record keeping, business management, budgeting, and the overall direction of the School and its programs.

Expenses that are allocated include the following:

Expense	Method of Allocation
Technology expense, security expense, employee benefits, utilities, repairs and maintenance, interest expense, depreciation, insurance, equipment expense, rent	Direct labor hours

Other expenses are assigned to the respective functional category by method of direct assignment.

INCOME TAXES

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the School is not a private foundation within the meaning of Section 509(a).

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the School has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The School's evaluation was performed for all federal and state tax periods still subject to examination. The School's 2020 through 2022 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

CHANGE IN ACCOUNTING PRINCIPLE

In June 2016, FASB issued Accounting Standards Update (ASU) 2016-13 "Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments" (Topic 326), which amends certain provisions of ASC 326, "Financial Instruments - Credit Losses." The ASU changes the impairment model for most financial assets, including trade accounts receivable. Entities will be required to use a new forward-looking "current expected credit loss" model that generally will result in the earlier recognition of allowances for losses. The School adopted ASU 2016-13, with a date of initial application of July 1, 2023, by applying the modified retrospective transition approach. No cumulative effect adjustment to net assets as of July 1, 2023 was necessary. Adoption of ASU 2016-13 did not have a material impact on the financial statements for the year ended June 30, 2024.

LEASES

The School accounts for leases in accordance with ASU No. 2016-02, Leases (Topic 842). Leases are evaluated using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. Management determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. Management determines if an arrangement conveys the right to use an identified asset and whether the School obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The School recognizes a lease liability and ROU asset at the commencement date of the lease.

Beginning July 1, 2022, operating lease ROU assets and related current and long-term portions of operating and financing lease liabilities have been presented in the balance sheet.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

Lease liabilities: A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease-term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the School uses its incremental borrowing rate based on the information available at the commencement date of the lease. The incremental borrowing rate for a lease is the rate of interest the School would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. Accordingly, the rate applied in the calculations to determine balances as of June 30, 2024, was provided by the School's lender.

ROU assets: A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

The School has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for low-value leases and short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that is reasonably certain to exercise. The School recognizes lease cost associated with its low-value and short-term leases on a straight-line basis over the lease term.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The School does not have any working capital at June 30, 2024 or 2023. Average days cash on hand including restricted cash is 15 and 12 as of June 30, 2024 and 2023, respectively.

The table below represents financial assets available for general expenditures within one year at June 30:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	213,292	160,240
Accounts receivable, net	4,281	11,360
Grants receivable	141,315	37,515
Less assets limited to use:		
Cash received from grant with expired term	0	(25,000)
Donor restricted cash	(15,601)	(16,876)
Escrowed cash	(110,000)	(100,000)
Total financial assets available to meet general expenditures within one year:	233,287	67,239

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

The School has certain donor restricted assets limited to use which are unavailable for general expenditure within one year in the normal course of operations (Note 5). Accordingly, these assets are excluded from financial assets available to meet general expenditures within one year.

The School is required to escrow cash for each location by the charter agreements and the escrow policy of the Indiana Charter School Board (ICSB). The escrowed funds are required to be separated from general operating funds and cannot be used for operational purposes. The funds are to be used to cover final expenses in the event of liquidation. The School has escrowed \$110,000 and \$100,000 at June 30, 2024 and 2023, respectively.

The School has lines of credit available with a related party as described in Note 3. In addition, the related party makes contributions and extends long-term debt to the School as is deemed necessary.

NOTE 3 - LINES OF CREDIT

The School maintains a revolving line of credit with Goodwill Industries of Michiana, Inc. (a related party), in the amount of \$625,000. The line of credit provides operating funds for the Hammond, Indiana location. Interest is currently charged at the Wall Street Journal Prime Rate as effective on the date of each draw. The last draw occurred on June 30, 2022 at which time the prime rate was 4.75%. Interest on draws previous to that date bear interest at the interest rate effective on each draw date and in accordance with the line of agreement that was effective at the time of each draw. Interest expense on the line of credit was \$14,527 and \$9,677 for the years ended June 30, 2024 and 2023, respectively. The balance on the line of credit was \$305,000 for both years ended June 30, 2024 and 2023. The line of credit was extended subsequent to year end and matures on June 30, 2025.

The School maintains a revolving line of credit agreement with Goodwill Industries of Michiana, Inc. in the amount of \$750,000. The line of credit provides operating funds for the Gary, Indiana location. Interest is currently charged at the Wall Street Journal Prime Rate as effective on the date of each draw. The last draw occurred on May 1, 2021 at which time the prime rate was 3.25%. Interest on draws previous to that date bear interest at the interest rate effective on each draw date and in accordance with the line of agreement that was effective at the time of each draw. Interest expense on the line of credit was \$22,917 and \$23,084 for the years ended June 30, 2024 and 2023, respectively. The balance outstanding on the line of credit was \$703,000 for both years ended June 30, 2024 and 2023. The line of credit was extended subsequent to year end and matures on June 30, 2025.

On July 1, 2022, the School entered into a revolving line of credit agreement with Goodwill Industries of Michiana, Inc. in the amount of \$250,000. The line of credit provides operating funds for the Elkhart, Indiana location and bears interest at the Wall Street Journal Prime Rate published on, and fixed as of, the day of the advance until paid in full. Interest expense was \$0 for both years ended June 30, 2024 and 2023. The balance outstanding on the line of credit was \$0 at both June 30, 2024 and 2023. The line of credit was extended subsequent to year end and matures on June 30, 2025.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 4 - LONG-TERM DEBT - RELATED PARTY

Long-term debt - related party consists of the following at June 30:

	<u>2024</u>	<u>2023</u>
An unsecured term note payable to Goodwill Industries of Michiana, Inc. in the original amount of \$1,474,089, requiring monthly principal and interest payments in the total amount of \$12,366 through June 2026, at which time a balloon payment of \$696,300 will be due. The interest rate is 3.25%.	927,905	1,044,079
Total	927,905	1,044,079
Current portion of long-term debt related party	120,007	116,174
Net long-term debt	807,898	927,905

Long-term debt, less current portion, is scheduled to mature as follows for the years ending June 30:

2026	808,898
Net long-term debt	808,898

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2024</u>	<u>2023</u>
Excel Center lobby improvements	513	513
Kids excel outdoor play area	1,247	1,247
Technology grant	13,841	15,115
Total	15,601	16,875

NOTE 6 - RETIREMENT PLAN

The School maintains a section 403(b) retirement plan for its non-certified employees. The plan provides for individual custodial accounts for participating employees with varied investment options. The School made contributions to this plan in the amount of 3% of wages for full time employees during the year as defined by the plan document, and also matched employee contributions up to an additional 2%. Retirement expense under the 403(b) plan was \$43,755 and \$37,731 for the years ended June 30, 2024 and 2023, respectively.

The School's certified employees are covered by the Indiana Teacher Retirement Fund (TRF). Employees are eligible as of their hire date. By statute, employers were required to contribute 6.0% and 5.5% of an employee's pre-tax gross income to TRF as of June 30, 2023 and 2022, respectively. Employers may also elect to contribute an additional 3% in lieu of the employee's own contributions. The School made contributions of 8.5% of employee gross wages to the fund during the year. Retirement expenses for employees covered by TRF was \$123,323 and \$118,818 for the years ended June 30, 2024 and 2023, respectively.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 7 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

In order to recognize donated services as contributions in the School's financial statements the services must require specialized skills, be provided by individuals who possess those skills, and typically need to be purchased if not contributed. Donated services are valued based on the cost of services provided by those individuals.

Material gift-in-kind items used in the School's programs and donated goods distributed are recorded as income and expense at the time the items are received, which is normally also the time they are placed into service or distributed. The School does not typically accept gift in-kind that will not be consumed for its programs. Advertising and other gift in-kind are valued at the cost that would have been paid to third-party vendors had the advertising and other gifts not been donated. Advertising services create awareness for the School with the intent to increase enrollment.

Contributions of nonfinancial assets are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Management, bookkeeping, administrative services provided by a related party	111,600	112,000
Advertising	0	18,685
Total	111,600	130,685

NOTE 8 - CONCENTRATIONS

The School receives a substantial amount of its support from federal and state governments, as well as Goodwill Industries of Michiana, Inc. Any significant reduction in the level of this support could have a significant effect on the School's programs.

The School has locations in North Central and Northwest Indiana. Accordingly, economic conditions in those areas may affect its operations.

NOTE 9 - LEASE COMMITMENTS

The School leases building space in Hammond, Indiana from an unrelated party under a five year lease agreement effective September 1, 2017, which was renewed for an additional five year term from September 1, 2022 to August 31, 2027. The School is responsible for real estate taxes and common area maintenance ("CAM") as well as monthly rent payments of \$8,838 as of June 30, 2024. The lease includes one optional additional five year term that has not been included in the right of use calculation since the exercise of the option is currently uncertain.

The School entered into a one year building lease with an unrelated party for space in Elkhart, Indiana effective August 12, 2021, which was renewed for two additional one year terms, ending in August 2024. This lease requires monthly rent payments of \$4,000 as of June 30, 2024, and the School is responsible for Internet and phone service. Subsequent to year end, the lease was extended from August 2024 through January 2025 at a monthly rate of \$5,000.

The above leases have been classified as operating leases and are included in the Statements of Financial Position for the years ended June 30, 2024 and 2023, respectively as operating lease ROU assets in the amounts of \$457,746 and \$588,255, net of accumulated amortization of \$812,515 and \$653,438 and have an associated current portion of operating lease liabilities of \$162,852 and \$170,694 and long-term operating lease liabilities of \$441,854 and \$463,001. Rent expense under the lease agreements was \$188,127 for each of the years ended June 30, 2024 and 2023.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

The School leased building space in South Bend, Indiana from an unrelated party under a five year lease agreement effective as of July 1, 2015. The School was responsible for some maintenance and its proportionate share of utilities, insurance and taxes. A related party, Goodwill Industries of Michiana, Inc., subsequently purchased the building from the unrelated party. In July 2021, the School signed a new three year lease agreement with the related party, requiring annual lease payments of \$60,000 paid in monthly installments of \$5,000. During the year, the agreement was extended for another three year term, through in June 2027, with payments at the same rate.

The School also leases building space in Gary, Indiana from related party, Goodwill Ventures, Inc. Goodwill Industries of Michiana, Inc. entered into a master lease arrangement with Goodwill Ventures, Inc. Goodwill Industries of Michiana, Inc., as the sub-landlord, then subleased the building owned by Goodwill Ventures, Inc. to the School under a sublease agreement effective July 1, 2019. The sublease agreement requires annual lease payments of \$60,000, paid in monthly installments of \$5,000. The lease term is five years and renews automatically for annual periods ending on June 30 unless either party notifies the other party at least 90 days in advance of June 30. The current lease extension ends June 30, 2029. The School is not responsible for operating expenses or real estate taxes.

The above leases have been classified as operating leases with related parties and are included in the Statements of Financial Position for the years ended June 30, 2024 and 2023, respectively as operating lease ROU assets with related parties in the amounts of \$441,282 and \$385,716, net of accumulated amortization of \$405,529 and \$296,451 and have an associated current portion of operating lease liabilities with related parties of \$103,197 and \$109,078 and long-term operating lease liabilities with related parties of \$224,949 and \$276,638. Rent expense under the lease agreements was \$120,000 for each of the years ended June 30, 2024 and 2023.

The School has entered into five-year leases for copiers and printers at each location, requiring monthly payments ranging from \$136 to \$489. The leases have been classified as financing leases and are included in the Statements of Financial Position for the years ended June 30, 2024 and 2023, respectively as financing lease ROU assets in the amounts of \$15,461 and \$26,003, net of accumulated amortization of \$33,029 and \$32,074 and have an associated current portion of financing lease liabilities of \$8,722 and \$10,812 and long-term financing lease liabilities of \$7,160 and \$15,882. Rent expense under the lease agreements was \$10,664 and \$12,251 for the years ended June 30, 2024 and 2023, respectively.

Management has elected not to separate nonlease components from lease components in leases. The components of lease cost are as follows for the years ended June 30:

	<u>2024</u>	<u>2023</u>
<u>Lease cost</u>		
Finance lease cost:		
Amortization of right-of-use assets	10,542	10,997
Interest on lease liabilities	852	1,113
Operating lease cost	188,127	308,127
<u>Total lease cost</u>	<u>199,521</u>	<u>320,237</u>

Other information

Weighted-average remaining lease term - finance leases	2.2 years	2.9 years
Weighted-average remaining lease term - operating leases	3.6 years	4.4 years
Weighted-average discount rate - finance leases	4.3%	4.1%
Weighted-average discount rate - operating leases	5.1%	4.6%

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

The following table represents supplemental balance sheet classification information related to finance leases as of June 30:

	2024	2023
<u>Assets</u>		
Finance lease right-of-use asset	48,490	58,077
Related accumulated amortization	(33,029)	(32,074)

Maturities of operating and finance lease liabilities, by fiscal year, are as follows:

	<u>Operating leases</u>	<u>Finance leases</u>
2025	196,392	5,335
2026	276,945	6,266
2027	280,273	3,479
2028	198,330	1,629
2029	60,000	0
Total lease payments	1,011,940	16,709
Present value adjustment	(79,088)	(827)
Present value of lease liabilities	932,852	15,882

NOTE 10 - COMMITMENTS

In March 2020, the School renewed its membership agreement with Goodwill Education Initiatives, Inc. The agreement provides for licensing of the "The Excel Center" name and Marks, and membership in the Excel Center Network for a 3 year term. The agreement may be renewed for an additional three year term. The agreement was renewed for the second three year term in March 2023. The monthly payment of \$3,000 is due within thirty days of the first day of the month. The School paid Goodwill Education Initiatives, Inc. \$36,000 relative to this agreement for each of the years ended June 30, 2024 and 2023.

In March 2022, the School renewed its agreement with Milestone Accounting & Bookkeeping Services, Inc. The agreement provides for review of the general ledger, preparation of State Board of Accounts Form 9, and IRS forms 1099 and 1096 for a term of one year. The monthly payment of \$1,500 is due within thirty days of the first day of the month. The School paid approximately \$18,000 for this agreement for the years ended June 30, 2024 and 2023, respectively.

The School maintains an agreement with a cleaning service. The agreement provides for general cleaning and janitorial services, and may be terminated with 30 days written notice. The monthly payment is \$2,700 plus the cost of supplies and is due within 15 days of the first day of the month. The School paid approximately \$32,400 relative to this agreement during the years ended June 30, 2024 and 2023.

The charter school agreements require the School to establish escrow accounts of no less than \$30,000 in accordance with the escrow policy of the ICSB. The escrow accounts for the South Bend, Hammond, and Gary schools were fully funded in the required amount of \$30,000 each at June 30, 2024. The Elkhart escrow account was fully funded at its required balance of \$20,000 at June 30, 2024.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

NOTES TO FINANCIAL STATEMENTS

June 30, 2024 and 2023

NOTE 11 - RELATED PARTY TRANSACTIONS

The School is controlled by Goodwill Industries of Michiana, Inc. ("Goodwill"). Goodwill provides employees, certain school-specific administrative services, and general management and oversight of the School.

Goodwill also provided interest-free or below market rate interest loans. See Notes 2 and 3.

Goodwill has also provided contributed goods and services to the School as disclosed in Note 7.

The School has accounts payable of \$528,764 and \$667,999 due to Goodwill as of June 30, 2024 and 2023, respectively.

The School paid \$60,000 to Goodwill Industries of Michiana, Inc., for the lease of the school's South Bend location as discussed in Note 9. The School paid \$60,000 to Goodwill Ventures, Inc. for the lease of the School's Gary location as disclosed in Note 9.

NOTE 12 - SUBSEQUENT EVENTS

The School has evaluated subsequent events through January 16, 2025, the date the financial statements were available to be issued. As discussed in Note 3, the School's lines of credit with the Hammond, Gary, and Elkhart locations were extended to June 30, 2025. As discussed in Note 9, the lease for the Elkhart location with Goodwill Industries of Michiana, Inc. (a related party) was extended subsequent to year end. No other events or transactions occurred during this period which require recognition or disclosure in the financial statements.

NOTE 13 - CHARTER SCHOOL COMPLIANCE REQUIREMENTS

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

Supplemental Audit Report of Goodwill Leads, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Goodwill LEADS, Inc. (The Excel Center)
South Bend, Indiana

We have audited the financial statements of Goodwill LEADS, Inc. (The Excel Center) as of and for the years ended June 30, 2024 and 2023, and our report thereon dated January 16, 2025, which expressed an unmodified opinion on those financial statements appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information, including the statements of financial position, activities, and expenses by location, 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, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Kruggel, Lawton & Company LLC'.

Certified Public Accountants

South Bend, Indiana
January 16, 2025

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FINANCIAL POSITION BY LOCATION

June 30, 2024

(See Independent Auditor's Report on Supplementary Information)

	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Elimination</u>	<u>Total</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and cash equivalents	(5,922)	31,289	(11,997)	199,922	0	213,292
Accounts receivable	1,070	1,070	1,070	1,071	0	4,281
Accounts receivable - related party, net	1,648,999	824,043	345,783	831,875	(3,650,700)	0
Grants receivable	55,338	16,290	26,687	43,000	0	141,315
Prepaid expenses	3,072	3,826	3,441	4,552	0	14,891
Total Current Assets	1,702,557	876,518	364,984	1,080,420	(3,650,700)	373,779
PROPERTY AND EQUIPMENT						
Leasehold improvements	1,328,007	1,497,118	46,943	7,440	0	2,879,508
Office furniture and equipment	354,118	305,999	297,158	320,330	0	1,277,605
Computers and software	312,828	60,058	35,675	60,469	0	469,030
Total	1,994,953	1,863,175	379,776	388,239	0	4,626,143
Accumulated depreciation	1,855,991	1,022,304	362,810	142,763	0	3,383,868
Net Property and Equipment	138,962	840,871	16,966	245,476	0	1,242,275
OTHER ASSETS						
Escrowed cash	30,000	30,000	30,000	20,000	0	110,000
Deposits	0	6,937	0	3,000	0	9,937
Operating right of use assets, net	0	425,755	0	31,991	0	457,746
Operating right of use assets, net - related party	164,644	0	276,638	0	0	441,282
Financing right of use assets, net	4,443	0	0	11,018	0	15,461
Total Other Assets	199,087	462,692	306,638	66,009	0	1,034,426
TOTAL ASSETS	2,040,606	2,180,081	688,588	1,391,905	(3,650,700)	2,650,480

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FINANCIAL POSITION BY LOCATION (CONTINUED)

June 30, 2024

(See Independent Auditor's Report on Supplementary Information)

<u>LIABILITIES AND NET ASSETS</u>	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Elimination</u>	<u>Total</u>
CURRENT LIABILITIES						
Lines of credit - related party	0	305,000	703,000	0	0	1,008,000
Current portion of long-term debt - related party	0	120,007	0	0	0	120,007
Accounts payable	1,847	7,350	3,532	7,553	0	20,282
Accounts payable - related party, net	181,287	106,486	101,193	139,798	0	528,764
Accounts payable - school charter	592,813	1,440,098	1,001,060	616,729	(3,650,700)	0
Accrued payroll, benefits, and related taxes	4,694	19,190	22,630	16,855	0	63,369
Current portion of operating lease liabilities	0	134,283	0	28,569	0	162,852
Current portion of operating lease liabilities -related party	51,508	0	51,689	0	0	103,197
Current portion of financing lease liabilities	4,355	0	0	4,367	0	8,722
Total Current Liabilities	836,504	2,132,414	1,883,104	813,871	(3,650,700)	2,015,193
LONG-TERM LIABILITIES						
Long-term debt - related party	0	807,898	0	0	0	807,898
Long-term operating lease liabilities	113,136	328,718	0	0	0	441,854
Long-term operating lease liabilities - related party	0	0	224,949	0	0	224,949
Long-term financing lease liabilities	0	0	0	7,160	0	7,160
Total Long-Term Liabilities	113,136	1,136,616	224,949	7,160	0	1,481,861
TOTAL LIABILITIES	949,640	3,269,030	2,108,053	821,031	(3,650,700)	3,497,054
NET ASSETS						
Without donor restrictions	1,085,972	(1,091,203)	(1,421,350)	564,406	0	(862,175)
With donor restrictions	4,994	2,254	1,885	6,468	0	15,601
Total Net Assets	1,090,966	(1,088,949)	(1,419,465)	570,874	0	(846,574)
TOTAL LIABILITIES AND NET ASSETS	2,040,606	2,180,081	688,588	1,391,905	(3,650,700)	2,650,480

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FINANCIAL POSITION BY LOCATION

June 30, 2023

(See Independent Auditor's Report on Supplementary Information)

	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Elimination</u>	<u>Total</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash and cash equivalents	(4,070)	33,692	33,706	96,912	0	160,240
Accounts receivable	11,360	0	0	0	0	11,360
Accounts receivable - related party, net	1,204,441	404,218	284,149	182,534	(2,075,342)	0
Grants receivable	0	12,750	5,615	19,150	0	37,515
Prepaid expenses	12,296	27,290	9,254	18,052	0	66,892
Total Current Assets	1,224,027	477,950	332,724	316,648	(2,075,342)	276,007
PROPERTY AND EQUIPMENT						
Leasehold improvements	1,328,007	1,497,118	46,943	7,440	0	2,879,508
Office furniture and equipment	354,118	305,999	297,158	187,109	0	1,144,384
Computers and software	312,828	60,058	35,675	60,469	0	469,030
Total	1,994,953	1,863,175	379,776	255,018	0	4,492,922
Accumulated depreciation	1,717,867	911,502	294,227	85,533	0	3,009,129
Net Property and Equipment	277,086	951,673	85,549	169,485	0	1,483,793
OTHER ASSETS						
Escrowed cash	30,000	30,000	30,000	10,000	0	100,000
Deposits	0	6,937	0	3,000	0	9,937
Operating right of use assets, net	0	544,825	0	43,430	0	588,255
Operating right of use assets, net - related party	59,090	0	326,626	0	0	385,716
Financing right of use assets, net	9,774	0	913	15,316	0	26,003
Total Other Assets	98,864	581,762	357,539	71,746	0	1,109,911
TOTAL ASSETS	1,599,977	2,011,385	775,812	557,879	(2,075,342)	2,869,711

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FINANCIAL POSITION BY LOCATION (CONTINUED)

June 30, 2023

(See Independent Auditor's Report on Supplementary Information)

<u>LIABILITIES AND NET ASSETS</u>	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Elimination</u>	<u>Total</u>
CURRENT LIABILITIES						
Lines of credit - related party	0	305,000	703,000	0	0	1,008,000
Current portion of long-term debt - related party	0	116,174	0	0	0	116,174
Accounts payable	0	2,647	(441)	16,002	0	18,208
Accounts payable - related party, net	0	241,809	105,719	126,703	0	667,999
Accounts payable - school charter	297,814	736,901	654,734	385,893	(2,075,342)	0
Accrued payroll, benefits, and related taxes	(14,652)	22,559	34,956	18,077	0	60,940
Deferred revenue	0	12,500	12,500	0	0	25,000
Accrued interest	193,768	0	0	0	0	0
Current portion of operating lease liabilities	0	124,153	0	46,541	0	170,694
Current portion of operating lease liabilities -related party	59,090	0	49,988	0	0	109,078
Current portion of financing lease liabilities	5,639	0	987	4,186	0	10,812
Total Current Liabilities	541,659	1,561,743	1,561,443	597,402	(2,075,342)	2,186,905
LONG-TERM LIABILITIES						
Long-term debt - related party	0	927,905	0	0	0	927,905
Long-term operating lease liabilities	0	463,001	0	0	0	463,001
Long-term operating lease liabilities - related party	0	0	276,638	0	0	276,638
Long-term financing lease liabilities	4,355	0	0	11,527	0	15,882
Total Long-Term Liabilities	4,355	1,390,906	276,638	11,527	0	1,683,426
TOTAL LIABILITIES	546,014	2,952,649	1,838,081	608,929	(2,075,342)	3,870,331
NET ASSETS						
Net assets without donor restrictions	1,050,054	(944,657)	(1,066,408)	(56,485)	0	(1,017,496)
Net assets with donor restrictions	3,909	3,393	4,139	5,435	0	16,876
Total Net Assets	1,053,963	(941,264)	(1,062,269)	(51,050)	0	(1,000,620)
TOTAL LIABILITIES AND NET ASSETS	1,599,977	2,011,385	775,812	557,879	(2,075,342)	2,869,711

GOODWILL LEADS, INC. (THE EXCEL CENTER)South Bend, Indiana

STATEMENT OF ACTIVITIES BY LOCATION

For the Year Ended June 30, 2024

(See Independent Auditor's Report on Supplementary Information)

	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Total</u>
REVENUES:					
Contributions of financial assets					
Federal grants	79,638	34,049	105,250	157,072	376,009
Other grants	0	0	0	15,000	15,000
State education support	1,293,710	1,186,510	790,782	1,743,754	5,014,756
Contributions	2,302	1,387	1,281	1,128	6,098
Contributions of nonfinancial assets	27,900	27,900	27,900	27,900	111,600
Other income	6,700	8,280	8,080	8,954	32,014
Total Revenues	1,410,250	1,258,126	933,293	1,953,808	5,555,477
EXPENSES	1,373,247	1,405,811	1,290,489	1,331,884	5,401,431
CHANGE IN NET ASSETS	37,003	(147,685)	(357,196)	621,924	154,046
NET ASSETS, BEGINNING OF YEAR	1,053,963	(941,264)	(1,062,269)	(51,050)	(1,000,620)
NET ASSETS, END OF YEAR	1,090,966	(1,088,949)	(1,419,465)	570,874	(846,574)

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF ACTIVITIES BY LOCATION

For the Year Ended June 30, 2023

(See Independent Auditor's Report on Supplementary Information)

	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Total</u>
REVENUES:					
Contributions of financial assets					
Federal grants	7,067	29,371	11,410	102,908	150,756
State education support	1,055,149	1,138,138	852,560	1,100,268	4,146,115
Contributions	2,892	3,686	2,880	3,192	12,650
Contributions of nonfinancial assets	36,858	35,718	29,798	28,311	130,685
Other income	5,439	25,009	11,916	1,736	44,100
Total Revenues	1,107,405	1,231,922	908,564	1,236,415	4,484,306
EXPENSES	1,269,857	1,561,372	1,154,258	1,196,075	5,181,562
CHANGE IN NET ASSETS	(162,452)	(329,450)	(245,694)	40,340	(697,256)
NET ASSETS, BEGINNING OF YEAR	1,216,415	(611,814)	(816,575)	(91,390)	(303,364)
NET ASSETS, END OF YEAR	1,053,963	(941,264)	(1,062,269)	(51,050)	(1,000,620)

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF EXPENSES BY LOCATION

For the Year Ended June 30, 2024

(See Independent Auditor's Report on Supplementary Information)

	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Total</u>
Advertising expense	887	50	41,034	1,160	43,131
Technology expense	100,720	40,661	56,354	45,002	242,737
Classroom supplies	35,833	35,754	26,923	9,116	107,626
Dues and subscriptions	0	223	0	76	299
Employee benefits	154,087	100,854	109,367	166,365	530,673
Equipment expense	49	0	956	168	1,173
Salaries and wages	703,963	704,930	697,340	822,036	2,928,269
Licensing fees	9,000	9,000	9,000	9,000	36,000
Meals	2,826	2,084	1,387	1,440	7,737
Insurance	25,062	24,881	22,697	20,271	92,911
Interest expense	232	46,739	22,917	656	70,544
Travel	0	124	0	0	124
Office supplies	9,360	12,075	4,637	30,199	56,271
Miscellaneous	21,421	19,413	16,519	19,739	77,092
Payroll taxes	54,858	50,404	48,767	57,032	211,061
Professional fees	15,438	15,342	15,192	15,192	61,164
Property taxes	0	0	0	2,892	2,892
Utilities	22,188	65,951	72,106	22,999	183,244
Student transportation	5,537	9,800	12,304	1,551	29,192
Rent	60,000	145,841	60,000	40,667	306,508
Repairs and maintenance	10,921	10,833	3,551	1,608	26,913
Depreciation	138,123	110,802	68,583	57,230	374,738
Security expense	540	50	0	0	590
Amortization expense	2,202	0	855	7,485	10,542
Total Expenses	1,373,247	1,405,811	1,290,489	1,331,884	5,401,431

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF EXPENSES BY LOCATION

For the Year Ended June 30, 2023

(See Independent Auditor's Report on Supplementary Information)

	<u>South Bend</u>	<u>Hammond</u>	<u>Gary</u>	<u>Elkhart</u>	<u>Total</u>
Advertising expense	5,162	9,244	6,338	2,082	22,826
Technology expense	49,689	43,063	40,340	57,610	190,702
Classroom supplies	31,313	25,108	18,764	35,806	110,991
Dues and subscriptions	0	395	474	25	894
Employee benefits	158,348	118,790	101,905	136,506	515,549
Equipment expense	698	1,205	1,838	0	3,741
Salaries and wages	647,715	728,844	639,708	718,701	2,734,968
Licensing fees	11,250	8,250	8,250	8,250	36,000
Meals	2,771	2,838	1,314	1,885	8,808
Insurance	15,352	11,274	9,782	6,674	43,082
Interest expense	761	50,384	23,084	812	75,041
Travel	747	0	0	0	747
Office supplies	13,070	14,120	6,549	8,784	42,523
Miscellaneous	16,259	17,384	16,936	14,245	64,824
Payroll taxes	58,372	52,849	44,254	56,730	212,205
Professional fees	18,612	16,015	16,442	15,488	66,557
Property taxes	0	10,742	0	1,077	11,819
Utilities	25,797	63,998	70,031	22,243	182,069
Student transportation	3,182	34,711	13,740	1,734	53,367
Rent	60,000	191,337	60,000	45,111	356,448
Repairs and maintenance	3,979	18,406	2,662	1,122	26,169
Depreciation	140,160	140,757	70,021	55,885	406,823
Security expense	1,289	1,658	0	1,465	4,412
Amortization expense	5,331	0	1,826	3,840	10,997
Total Expenses	1,269,857	1,561,372	1,154,258	1,196,075	5,181,562