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February 20, 2014

Charter School Board
Goodwill Education Initiatives, Inc. –
The Excel Center
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, 2012 to June 30, 2013. 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 Goodwill Education Initiatives-The Excel Center, as of June 30, 2013, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report. Page 17 contains one current audit finding. Management's corrective action plan is on page 17.

The Financial Statements and Independent Auditors' Report is filed in our office as a matter of public record.

State Board of Accounts

GOODWILL EDUCATION INITIATIVES, INC. - THE EXCEL CENTER

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

JUNE 30, 2013 AND 2012

GREENWALT CPAs

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GREENWALT CPAs

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 Goodwill Education Initiatives, Inc. - The Excel Center (an Indiana public charter school), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America *and 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Goodwill Education Initiatives, Inc. - The Excel Center as of June 30, 2013, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Goodwill Education Initiatives, Inc. - The Excel Center's 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

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 as required by *Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2014, on our consideration of the Goodwill Education Initiatives, Inc. - Excel Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 Goodwill Education Initiatives, Inc. - The Excel Center's internal control over financial reporting and compliance.

Greenwalt CPAs, Inc.

January 17, 2014

GOODWILL EDUCATION INITIATIVES, INC. - THE EXCEL CENTER

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS		
Cash	$ 1,242,952	$ 177,632
Accounts receivable	14,350	2,836,689
Prepayments	47,849	101,898
Total current assets	1,305,151	3,116,219
PROPERTY AND EQUIPMENT		
Equipment	1,879,205	1,522,489
Leasehold improvements	13,614	-
Accumulated depreciation	(832,320)	(319,164)
Net property and equipment	1,060,499	1,203,325
TOTAL ASSETS	$ 2,365,650	$ 4,319,544

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$ 238,555	$ 435,994
Accrued liabilities	65,523	94,604
Current portion of long-term debt	-	88,071
Total current liabilities	304,078	618,669
LONG-TERM LIABILITIES		
Common School Fund Loans	-	2,549,057
Total liabilities	304,078	3,167,726
COMMITMENTS AND CONTINGENCIES (NOTES 4, 7 AND 8)		
NET ASSETS		
Unrestricted	2,042,344	868,332
Temporarily restricted	19,228	283,486
Total net assets	2,061,572	1,151,818
TOTAL LIABILITIES AND NET ASSETS	$ 2,365,650	$ 4,319,544

See accompanying notes to financial statements.

GOODWILL EDUCATION INITIATIVES, INC. - THE EXCEL CENTER

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013 WITH SUMMARIZED COMPARATIVE INFORMATION FOR 2012

	UNRESTRICTED	TEMPORARILY RESTRICTED	2013 TOTAL	2012 TOTAL
REVENUE				
State and Federal grants	$ 10,084,032	$ -	$ 10,084,032	$ 5,828,302
Other income	8,856	-	8,856	20,607
Total revenue	10,092,888	-	10,092,888	5,848,909
SUPPORT				
Gifts and contributions	432,306	19,228	451,534	1,259,515
Gifts in-kind	247,925	-	247,925	52,500
Total support	680,231	19,228	699,459	1,312,015
NET ASSETS RELEASED FROM RESTRICTIONS	283,486	(283,486)	-	-
Total revenue and support	11,056,605	(264,258)	10,792,347	7,160,924
EXPENSES				
High school instruction	1,953,603	-	1,953,603	1,766,638
Counseling services	1,556,945	-	1,556,945	1,149,969
Special education	506,873	-	506,873	303,543
Child care services	298,630	-	298,630	186,273
Staff training and development	65,791	-	65,791	65,440
Office of the Principal and administration	2,241,189	-	2,241,189	1,501,814
Business support services	270,394	-	270,394	346,828
Building and equipment rent	576,368	-	576,368	372,484
Building and equipment maintenance	340,392	-	340,392	118,573
Transportation	188,611	-	188,611	151,393
Food service	106,705	-	106,705	31,920
Non-capital equipment costs	131,962	-	131,962	60,920
Interest expense	82,092	-	82,092	61,502
Depreciation	513,157	-	513,157	269,948
Other expenses	62,914	-	62,914	34,206
Total expenses	8,895,626	-	8,895,626	6,421,451
CHANGE IN NET ASSETS, BEFORE EXTRAORDINARY ITEM	2,160,979	(264,258)	1,896,721	739,473
EXTRAORDINARY ITEM:				
NET LOSS DUE TO CHANGE IN STATE REGULATION (NOTES 1 AND 3)	(986,967)	-	(986,967)	-
CHANGE IN NET ASSETS, AFTER EXTRAORDINARY ITEM	1,174,012	(264,258)	909,754	739,473
NET ASSETS, BEGINNING OF YEAR	868,332	283,486	1,151,818	412,345
NET ASSETS, END OF YEAR	$ 2,042,344	$ 19,228	$ 2,061,572	$ 1,151,818

See accompanying notes to financial statements.

INCREASE IN CASH AND CASH EQUIVALENTS

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 909,754	$ 739,473
Depreciation	513,157	269,948
Forgiveness of Common School Fund Loans and accrued interest	(3,444,507)	-
Write-off of Basic Grant Receivable	4,525,085	-
Decrease (increase) in operating assets:		
Accounts receivable	(1,702,746)	(1,640,484)
Prepayments	54,049	(97,585)
Increase (decrease) in operating liabilities:		
Accounts payable	(197,439)	396,784
Accrued liabilities	(29,081)	94,604
Other long-term liabilities	-	(100,000)
Net cash provided by (used in) operating activities	628,272	(337,260)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(370,331)	(1,303,381)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings on common school loans	807,379	1,761,412
INCREASE IN CASH AND CASH EQUIVALENTS	1,065,320	120,771
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	177,632	56,861
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,242,952	$ 177,632
SCHEDULE OF NON-CASH OPERATING ACTIVITIES		
In-kind business support	$ 247,925	$ 52,500

1. Summary of Significant Accounting Policies

Description of Organizations

Goodwill Education Initiatives, Inc. - The Excel Center (The Excel Center) is an Indiana public charter high school operating 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 Center, the Excel Center-Anderson and the Indianapolis Metropolitan High School, interchangeably referred to herein as "the schools") in central Indiana, under the provisions of the Indiana Charter School laws and the chartering authorities of the Mayor of Indianapolis and the Indiana Charter School Board. The Excel Center operates under a charter 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.

The Excel Center operated in four locations in Indianapolis during fiscal year 2013, leasing space at Goodwill's Indianapolis headquarters building and in three other locations. In addition to leasing space, the Excel Center contracts with Goodwill for certain business support services, as further described in Note 6.

The Excel Center 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. The Excel Center commenced initial operations in September 2010 with an enrollment of 306 adults who previously dropped out of high school and are seeking their high school diplomas rather than a GED. Due to high demand for Excel Center services, it expanded to three additional locations. Enrollment has grown to more than 1,200 students.

Since its inception, the Excel Center has graduated 336 students. Demographics of Excel Center students include 83% minorities and over 80% in poverty, defined as being eligible for free or reduced lunch. Excel Center students range in age from 17 to over 60, with the average age of 27 and median age of 23. All students have varying degrees of academic credits and capabilities when they enroll, with most needing significant remediation. Excel Center students connect with a life coach who helps them navigate the barriers that stand in the way of their educational attainment. Demand for Excel Center services continues to grow, and as a result GEI opened four additional Excel Center facilities in central Indiana in fiscal year 2014 (three under the chartering authority of the Indiana Charter School Board and one through the Indianapolis Mayor's office).

Basis of Accounting

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, the Excel Center uses a fiscal year that begins on July 1 and ends the following June 30.

1. Summary of Significant Accounting Policies

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with The Excel Center's financial statements for the year ended June 30, 2012, from which the summarized information was derived.

Cash

The Excel Center 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, 2013 and 2012. The Excel Center 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, 2013 and at times during the year, the Excel Center maintained cash and cash equivalents in excess of the FDIC coverage limits.

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. Prior to June 30, 2013, the Indiana Department of Education funded charter schools on a six-month arrearage basis. In fiscal year 2013, the State of Indiana amended the manner in which it funds charter schools, eliminating the former six-month lag. Beginning in July, 2013, The Excel Center receives its State funding on a current basis. The effect of this change in funding resulted in the writeoff of the amounts receivable under the prior funding schedule. The amount of the writeoff, which is reflected in the Statement of Activities, was $4,525,085.

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. The Excel Center does not own any real property.

Net Assets

The Excel Center maintains the following classifications of net assets:

Unrestricted

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

1. Summary of Significant Accounting Policies (Continued)

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 are available for the Reading Remediation program and the Harmony Student System program.

Advertising

Advertising and printing expenses totaled $24,081 and $30,414 for the years ended June 30, 2013 and 2012, respectively. The Excel Center's policy is to record advertising expenditures in the period in which they are incurred.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Excel Center and are recorded at their fair values as revenues and assets in the period received. 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 year ended June 30 is as follows:

	2013	2012
Program activities:		
Classroom instruction	$ 3,809,239	$ 2,934,596
Student counseling	1,556,945	1,149,969
Special education services	506,873	303,544
Total program activities	5,873,058	4,388,109
Supporting activities:		
Program support	$ 1,454,537	1,137,920
Administrative support	1,568,031	895,422
Total support activities	3,022,568	2,033,342
Total functional expense	$ 8,895,626	$ 6,421,451

Subsequent Events

Subsequent events have been considered through January 17, 2014, which was the date the financial statements were available to be issued. See Note 10.

2. Tax Status

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.

Accounting Standards for Income Taxes provide detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. GEI's management team regularly evaluates its activities to determine that they are in compliance with its tax-exempt purpose. Currently, GEI's management does not believe it is engaged in any activities that would generate unrelated business income or create an uncertain tax position. GEI is no longer subject to examination by taxing authorities for fiscal years before 2009.

3. Long Term Debt

In fiscal years 2011 and 2012, the Excel Center borrowed from the Indiana Common School Fund to fund its charter school operations and costs associated with enrollment growth. During fiscal year 2013, the Excel Center borrowed an additional $815,413 from the Indiana Common School Fund. The outstanding balance on the loans from the Indiana Common School Fund was $2,637,128 at June 30, 2012. In fiscal year 2013, the Indiana legislature enacted legislation that eliminated all charter school Common School Fund debt, along with associated accrued interest. The amount of the debt forgiveness $3,444,507 and associated interest $93,611 is reflected in the Statement of Activities.

4. Leases

The Excel Center leases space from Goodwill and from third parties. The leases are treated as operating leases and have terms that correspond to the duration of the Excel Centers' charter. Aggregate rent expense for fiscal years 2013 and 2012, including common area maintenance charges, totaled $552,576 and $348,575, respectively. Certain leases contain renewal options that allow the Excel Center, at its discretion, to extend the leases for additional terms. The Excel Center's management is unable to determine at this time whether it will exercise its lease renewal options.

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

2014	$ 739,397
2015	582,397
2016	582,397
2017	585,647
2018	173,469
Thereafter	601,715
	$ 3,265,022

5. Retirement Plan

The Excel Center employees are employed and paid by GEI. Certain Excel Center 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 own contributions. The Excel Center contributed $211,023 and $151,172 to TRF on behalf of its employees as of June 30, 2013 and 2012, respectively. Excel Center employees not eligible for TRF may elect to participate in Goodwill's retirement plan. Goodwill maintains a discretionary thrift plan which allows eligible employees to contribute up to 15% of pre-tax gross income, subject to certain IRS limitations. Goodwill matches 100% of eligible employees' pre-tax contributions up to 3% of gross income, and 50% of the next 3% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions vest after three years or in the event of death or disability. Employer discretionary contributions vest after five years or in the event of death or disability. The Excel Center's expense relating to contributions to the Goodwill thrift plan for the fiscal years 2013 and 2012 was $32,450 and $14,854, respectively.

6. Related Party Transactions

The Excel Center is owned and operated by GEI. GEI provides employees, certain school-specific administrative services, and general management and oversight of the Excel Center. GEI charges the Excel Center for its expenses related to the services provided. No markup is added to the fees charged to the schools. During fiscal years 2013 and 2012, the Excel Center reimbursed $786,651 and $423,220, to GEI for administrative services, respectively.

From time to time, Goodwill provides interest-free loans and cash subsidies directly to the Excel Center. At June 30, 2013 and 2012, the Excel Center had no borrowings from Goodwill. During fiscal years 2013 and 2012, Goodwill provided cash subsidies to the Excel Center totaling $0 and $112,500, respectively. The subsidies are recorded as Gifts and Contributions on the Statement of Activities.

Goodwill also provides business support services (accounting, marketing, human resources, facilities, technology and general management) to the Excel Center. Goodwill charges a portion of these costs to the school without markup. The Excel Center paid $240,000 and $141,808, respectively, to Goodwill for business support services in fiscal years 2013 and 2012. The non-billed portion of the support services is considered an in-kind contribution. In fiscal years 2013 and 2012, the Excel Center received $247,925 and $52,500 from Goodwill as in-kind business support services, respectively. These in-kind transactions are treated as non-cash transactions and are excluded from the accompanying statement of cash flows.

Goodwill also pays certain operating expenses, including certain employee benefits, of the Excel Center, for which the Excel Center fully reimburses Goodwill. In fiscal years 2013 and 2012, the Excel Center paid Goodwill $1,090,564 and $857,875 for these expenses, respectively.

At June 30, 2013 and 2012, the Excel Center owed Goodwill $64,343 and $165,796, respectively, for business support services and reimbursable operating expenses, which is included in Accounts Payable on the Statement of Financial Position. In addition, the Excel Centers owed GEI $174,212 at June 30, 2013 for expenses incurred.

7. Future Grant Audits

Under the terms of state and federal grants awarded to the Excel Center, 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 the Excel Center will be disallowed is remote.

8. Self-Insurance

The Excel Center 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, up to a per-individual maximum of $2 million, and up to $1 million beyond the aggregate self-insured maximum. 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. Self-insured medical expenses and related administrative costs for the Excel Center related to Goodwill's health care plan were $764,997 and $544,063 for the fiscal years 2013 and 2012, respectively.

9. Reclassification

Certain balances in the prior year financial statements have been retroactively reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no impact on net assets.

10. Subsequent Events

Subsequent to June 30, 2013, GEI renegotiated its existing bank line of credit. The new line expires September 30, 2015, provides for maximum borrowings of $2.5 million. At June 30, 2013 the interest rate on the line of credit was at the bank's commercial rate (prime) less 1.00% (2.25%). During January 2014, the agreement was further amended and the line of credit now bears interest at the one-month LIBOR rate plus 1.75% (1.92% at January 17, 2014). After the line was secured, GEI borrowed $840,000 to finance startup costs, working capital and capital expenditures for its four new Excel Centers. The Excel Center's portion of the total amount borrowed was $0. The line of credit includes a non-use fee of 0.15% on the unused balance. Goodwill serves as a guarantor on the line of credit.

Subsequent to June 30, 2013, GEI opened four additional Excel Center locations in Central Indiana, creating a total of nine Excel Centers. This growth brings the total number of students served in Excel Centers to nearly 3,000.

Effective July 1, 2013, the State of Indiana legislated that charter schools primarily serving adults, like The Excel Center and GEI's other Excel Centers, shall be funded from a Special Appropriation in the biennial Indiana state budget. This legislative change provided adequate funding for GEI's nine Excel Centers for fiscal years 2014 and 2015. The change does not currently allow additional growth beyond GEI's nine Excel Centers. GEI's management intends to participate actively with legislators and other interested parties to ensure adequate funding will be provided to sustain the existing Excel Centers and fund additional growth in the next biennial legislative session. Management cannot predict the outcome of such efforts.

GOODWILL EDUCATION INITIATIVES, INC. - THE EXCEL CENTER

SCHEULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Indiana Department of Education			
Special Education Cluster			
Special Education - Grants to States	84.027	SY 2011 - 2013	$ 15,061
Special Education - Grants to States	84.027	SY 2012 - 2014	142,470
Total for Special Education Cluster			157,531
Indiana Department of Education			
Charter Schools Program			
Federal Implementation Grant Year 1	84.282	A58-2-12SS-0233	262,400
Facilities Grant	84.282D	SY 2012 - 2013	411,994
Total for Charter Schools Program			674,394
Total for U.S. Department of Education			831,925
U.S. DEPARTMENT OF LABOR			
Indianapolis Public Industry Council			
Community Based Job Training Grant	17.269	SO509-CB-10	71,500
			$ 903,425

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 The Excel Center 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.

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GREENWALT CPAs

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, the financial statements of Goodwill Education Initiatives, Inc. - The Excel Center (The Excel Center), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 17, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding 2013-01, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Excel Center's 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*.

The Excel Center's Response to Findings

The Excel Center's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Excel Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report is intended 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 17, 2014

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GREENWALT CPAs

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 Goodwill Education Initiatives, Inc. - The Excel Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Excel Center's major federal program for the year ended June 30, 2013. The Excel Center's major federal program is identified in the summary of audit 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 The Excel Center's 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; 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 the Excel Center's 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 The Excel Center's compliance.

Opinion on Each Major Federal Program

In our opinion, The Excel Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on of its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management 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 Center's 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 the Excel Center is 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 17, 2014

A. SUMMARY OF AUDIT RESULTS

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:
   Material weakness(es) identified? _____yes ___X___no
   Significant deficiency(ies) identified? ___X___yes _____none reported

3. Noncompliance material to financial statements noted? _____yes ___X___no

4. Internal control over major programs:
   Material weakness(es) identified? _____yes ___X___no
   Significant deficiency(ies) identified? _____yes ___X___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 ___X___no

7. Identification of major program:

CFDA Number	Name of Federal Program or Cluster
	Charter Schools Program:
84.282	Federal Implementation Grant Year 1
84.282D	Facilities Grant

8. The threshold for distinguishing between Type A and B programs was $300,000.

9. Auditee qualified as low-risk auditee? _____yes ___X___no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2013-01

Condition: The Schedule of Expenditures of Federal Awards (SEFA) which was prepared by the client did not include the Community Based Job Training grant.

Criteria: All grant documents should be reviewed to determine if they have derived from a federal source and require inclusion within the Schedule of Expenditures of Federal Awards.

Cause: The initial SEFA provided by The Excel Center was incomplete.

Effect: A new SEFA was provided by management which included all programs subject to OMB Circular A-133.

Recommendation: We recommend that management review all grant documents to determine if the funding is derived from a federal source.

View of Responsible Officials: As noted above, the oversight involving one grant inadvertently omitted from the original SEFA was corrected and procedures have been established to update the SEFA upon the recognition of any new or renewed Federal grant. Management does not expect this type of omission to recur.

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

None