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December 22, 2016

Charter School Board
Excel Centers Inc.
1635 W. Michigan St.
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, 2015 to June 30, 2016. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Excel Centers Inc., as of June 30, 2016, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

EXCEL CENTERS, LLC
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
JUNE 30, 2016 AND 2015

GREENWALT^{CPAs}

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EXCEL CENTERS, LLC

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Excel Centers, LLC (Indiana public charter schools), a wholly-owned subsidiary of Goodwill Education Initiatives, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Excel Centers, LLC as of June 30, 2016 and 2015, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 on our consideration of the Excel Centers LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Excel Centers LLC's internal control over financial reporting and compliance.

Greenwald CPAs, Inc.

December 5, 2016

EXCEL CENTERS, LLC
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2016 AND 2015

<u>ASSETS</u>		
	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash	\$ 6,014,895	\$ 4,402,053
Accounts receivable	112,489	456,873
Prepayments	218,860	308,808
	<hr/>	<hr/>
<i>Total current assets</i>	6,346,244	5,167,734
 PROPERTY AND EQUIPMENT, NET	 <hr/>	 <hr/>
	2,473,952	2,918,867
 TOTAL ASSETS	 <hr/> <hr/>	 <hr/> <hr/>
	\$ 8,820,196	\$ 8,086,601
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 481,703	\$ 583,675
Accrued liabilities	294,958	469,091
Current portion of notes payable - landlord	158,140	141,039
	<hr/>	<hr/>
<i>Total current liabilities</i>	934,801	1,193,805
 LONG-TERM LIABILITIES		
Notes payable - landlord, net of current portion	<hr/>	<hr/>
	152,170	322,582
<i>Total liabilities</i>	<hr/>	<hr/>
	1,086,971	1,516,387
 COMMITMENTS AND CONTINGENCIES		
(NOTES 4 AND 7)		
 NET ASSETS		
Unrestricted Undesignated	7,479,961	6,185,967
Unrestricted Board Designated	120,000	120,000
	<hr/>	<hr/>
<i>Total unrestricted net assets</i>	7,599,961	6,305,967
Temporarily restricted	133,264	264,247
	<hr/>	<hr/>
<i>Total net assets</i>	7,733,225	6,570,214
 TOTAL LIABILITIES AND NET ASSETS	 <hr/> <hr/>	 <hr/> <hr/>
	\$ 8,820,196	\$ 8,086,601

See accompanying notes to financial statements.

EXCEL CENTERS, LLC
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	2016 TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	2015 TOTAL
REVENUE						
State and Federal grants	\$ 22,236,280	\$ -	\$ 22,236,280	\$ 20,358,298	\$ -	\$ 20,358,298
Other income	3,438	-	3,438	5,307	-	5,307
<i>Total revenue</i>	22,239,718	-	22,239,718	20,363,605	-	20,363,605
SUPPORT						
Gifts and contributions	90,745	-	90,745	2,348	250,000	252,348
NET ASSETS RELEASED FROM RESTRICTIONS	130,983	(130,983)	-	70,252	(70,252)	-
<i>Total revenue and support</i>	22,461,446	(130,983)	22,330,463	20,436,205	179,748	20,615,953
EXPENSES						
Wages/benefits	11,646,558	-	11,646,558	10,800,299	-	10,800,299
Professional fees	4,111,379	-	4,111,379	3,784,476	-	3,784,476
Licensing fees	424,579	-	424,579	385,836	-	385,836
Supplies and materials	485,599	-	485,599	424,522	-	424,522
Student transportation	215,847	-	215,847	200,685	-	200,685
Drop-in center	23,056	-	23,056	28,492	-	28,492
Rent	1,600,511	-	1,600,511	1,184,718	-	1,184,718
Other occupancy	1,024,631	-	1,024,631	992,700	-	992,700
Interest expense	20,610	-	20,610	27,196	-	27,196
Depreciation	1,410,573	-	1,410,573	1,416,489	-	1,416,489
Other expenses	204,109	-	204,109	181,263	-	181,263
<i>Total expenses</i>	21,167,452	-	21,167,452	19,426,676	-	19,426,676
CHANGE IN NET ASSETS	1,293,994	(130,983)	1,163,011	1,009,529	179,748	1,189,277
NET ASSETS, BEGINNING OF YEAR	6,305,967	264,247	6,570,214	5,296,438	84,499	5,380,937
NET ASSETS, END OF YEAR	\$ 7,599,961	\$ 133,264	\$ 7,733,225	\$ 6,305,967	\$ 264,247	\$ 6,570,214

See accompanying notes to financial statements.

EXCEL CENTERS, LLC
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

INCREASE IN CASH

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,163,011	\$ 1,189,277
Depreciation	1,410,573	1,416,489
<i>Increase (decrease) in operating assets:</i>		
Accounts receivable	344,384	(352,216)
Prepayments	89,948	(169,421)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(101,972)	(192,786)
Accrued liabilities	<u>(174,133)</u>	<u>26,139</u>
<i>Net cash provided by operating activities</i>	<u>2,731,811</u>	<u>1,917,482</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(965,658)</u>	<u>(360,077)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	(153,311)	(146,725)
Payments on related party note payable	<u>-</u>	<u>(100,000)</u>
<i>Net cash used in financing activities</i>	<u>(153,311)</u>	<u>(246,725)</u>
INCREASE IN CASH	1,612,842	1,310,680
CASH, BEGINNING OF YEAR	<u>4,402,053</u>	<u>3,091,373</u>
CASH, END OF YEAR	<u>\$ 6,014,895</u>	<u>\$ 4,402,053</u>
SCHEDULE OF NON-CASH OPERATING AND INVESTING ACTIVITIES		
Capital expenditures in accounts payable	<u>\$ -</u>	<u>\$ 62,343</u>
Non-cash student certifications	<u>\$ 71,660</u>	<u>\$ -</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATIONS

Excel Centers, LLC (Excel Centers) operates Indiana public charter high schools under the ownership and control of Goodwill Education Initiatives, Inc. (GEI). GEI, an Indiana non-profit corporation, provides educational opportunities designed to enable young people and adults to prepare for productive adult lives. GEI operates public charter high schools (The Excel Centers and Indianapolis Metropolitan High School, interchangeably referred to herein as “the schools”) in central Indiana under the provisions of the Indiana Charter School laws. Excel Centers located in Anderson, Kokomo, Lafayette, Richmond, and Noblesville operate under charters issued by the Indiana Charter School Board. An Excel Center located in Shelbyville began serving students in August 2016. Excel Centers located in Indianapolis operate under charters issued by the Mayor of Indianapolis. GEI is a wholly-owned subsidiary of Goodwill Industries of Central Indiana, Inc. (Goodwill), also an Indiana non-profit corporation.

Excel Centers operated in eleven locations throughout Indiana during fiscal year 2016, leasing space at Goodwill’s Indianapolis headquarters building and in ten other locations. Excel Centers contracts with Indiana Network of Independent Schools (INI Schools), a division of GEI, for certain business support services, as further described in Note 6.

Excel Centers receives the majority of its funding from the Indiana Department of Education. Its revenues are supplemented with funds from the United States Department of Education, private grants, and gifts. Excel Centers commenced initial operations in September 2010 with an enrollment of 306 adults who previously dropped out of high school and were seeking their high school diplomas rather than a GED. Due to high demand for Excel Center services, enrollment has grown to more than 3,000 students.

Since its inception, Excel Centers has graduated 2,045 students. Demographics of Excel Centers’ students include 61% minorities and over 84% in poverty, defined as being eligible for free or reduced lunch. Excel Centers’ students range in age from 17 to over 60, with the average age of 25 and median age of 22. All students have varying degrees of academic credits and capabilities when they enroll, with most needing significant remediation. Excel Centers’ students connect with a life coach who helps them navigate the barriers that stand in the way of their educational attainment.

EXCEL CENTERS, LLC
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

During fiscal year 2016 Excel Centers reported the following September and February enrollments:

<u>School</u>	<u>Corp #</u>	<u>Enrollment Budget</u>	<u>September 2015</u>	<u>February 2016</u>
The Excel Center - Anderson	9750	340	342	249
The Excel Center - Kokomo	9355	345	345	323
The Excel Center - Lafayette	9345	320	284	329
The Excel Center - Richmond	9305	280	282	275
The Excel Center - West	9335	360	337	358
The Excel Center - Noblesville	9855	250	137	160
The Excel Center - University Heights	9840	325	306	316
Excel Centers for Adult Learners	9910	<u>1,285</u>	<u>1,234</u>	<u>1,043</u>
Total		<u>3,505</u>	<u>3,267</u>	<u>3,053</u>

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. For annual financial reporting purposes, Excel Centers uses a fiscal year that begins on July 1 and ends the following June 30.

CASH

Excel Centers considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2016 and 2015. Excel Centers maintains cash balances at a commercial bank. Accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2016 and 2015 the Excel Centers maintained cash in excess of the FDIC coverage limits.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ACCOUNTS RECEIVABLE

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

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

PROPERTY AND EQUIPMENT

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

	<u>2016</u>	<u>2015</u>
Furniture	\$ 1,144,653	\$ 1,100,461
Equipment	1,610,303	1,218,030
Computers	1,764,410	1,461,710
Software	1,154,665	998,514
Leasehold improvements	<u>1,978,177</u>	<u>1,907,837</u>
	7,652,208	6,686,552
Accumulated depreciation	<u>(5,178,256)</u>	<u>(3,767,685)</u>
Property and equipment, net	<u>\$ 2,473,952</u>	<u>\$ 2,918,867</u>

NET ASSETS

Excel Centers maintain the following classifications of net assets:

Unrestricted - Undesignated

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

EXCEL CENTERS, LLC
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS (CONTINUED)

Unrestricted – Board Designated

Excel Centers operates four schools which received their authorization through the Indiana Charter School Board (ICSB). The ICSB requires that each school establish an account held in escrow of \$30,000 no later than December of third year of operations. The escrow account is designated for any potential dissolution of the school. At June 30, 2016 and 2015 Excel Centers held the following amounts in escrow which have been presented as board designated net assets in the statement of financial position:

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

Temporarily Restricted

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

	<u>2016</u>		<u>2015</u>
Technology hardware	\$ 2,017	\$	19,240
Personnel	-		4,574
Project Lead The Way	107,518		149,000
Staff training	14,500		19,500
Furniture and fixtures	9,229		19,000
Infrastructure	-		51,579
Software	-		1,354
	<u>\$ 133,264</u>	\$	<u>264,247</u>

CONTRIBUTIONS

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

ADVERTISING

Advertising and printing expenses totaled \$107,608 and \$93,214 for the years ended June 30, 2016 and 2015, respectively. Excel Centers' policy is to record advertising expenditures in the period in which they are incurred.

EXCEL CENTERS, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

FUNCTIONAL EXPENSES

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

	<u>2016</u>	<u>2015</u>
Program activities:		
Classroom instruction	\$ 9,963,860	\$ 9,100,087
Student counseling	2,841,895	2,583,891
Special education services	<u>741,274</u>	<u>792,482</u>
Total program activities	13,547,029	12,476,460
Supporting activities:		
Program support	2,538,777	2,404,001
Administrative support	<u>5,081,646</u>	<u>4,546,215</u>
Total support activities	<u>7,620,423</u>	<u>6,950,216</u>
Total functional expenses	<u>\$ 21,167,452</u>	<u>\$ 19,426,676</u>

SUBSEQUENT EVENTS

Subsequent events have been considered through December 5, 2016, which was the date the financial statements were available to be issued. See Note 3.

2. TAX STATUS

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

GEI is an Indiana non-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to GEI's tax-exempt purposes, such income would be subject to taxation as unrelated business income. GEI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code. GEI is no longer subject to examination by taxing authorities for tax years before 2012.

EXCEL CENTERS, LLC
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2016 AND 2015

3. NOTES PAYABLE

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

Excel Center Location	Original Amount	Interest Rate	Expiration Date	Balance as of June 30, 2016	Balance as of June 30, 2015
Lafayette, IN	\$274,554	5%	4/1/2018	\$118,196	\$181,046
Kokomo, IN	\$450,000	5%	7/1/2018	\$192,114	\$282,575

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

2017	\$ 158,140
2018	148,965
2019	3,205
	<u>\$ 310,310</u>

Subsequent to year end, the notes payable associated with the Excel Centers in Lafayette and Kokomo were paid in full.

4. LEASES

Excel Centers lease space from Goodwill and from third parties. The leases are treated as operating leases and have terms that correspond to the duration of Excel Centers' charters. The leases have varying expiration dates through February 2022. Aggregate rent expense for fiscal years 2016 and 2015, including common area maintenance charges, totaled \$1,600,511 and \$1,184,718, respectively. Certain leases contain renewal options that allow the Excel Centers, at its discretion, to extend the leases for additional terms. Excel Centers' management is unable to determine at this time whether it will exercise its lease renewal options. Excel Centers paid Goodwill \$157,000 for rent in each of the fiscal years 2016 and 2015.

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

2017	\$ 1,678,906
2018	963,387
2019	628,918
2020	571,640
2021	251,640
Thereafter	95,550
	<u>\$ 4,190,041</u>

5. RETIREMENT PLAN

Excel Centers' employees are employed and paid by GEI. Certain Excel Centers' employees (licensed teachers, counselors and certain administrative staff) are eligible to participate in the Indiana Teachers Retirement Fund (TRF). By statute, employers are required to contribute 7.5% of an employee's pretax gross income to TRF. Employers may also elect to contribute an additional 3% in lieu of the employee's own contributions. GEI has elected to make the voluntary contribution on behalf of its eligible employees, including employees of Excel Centers. Excel Centers contributed \$524,789 and \$466,991 to TRF on behalf of its employees for fiscal years 2016 and 2015, respectively. Excel Centers' employees not eligible for TRF may elect to participate in Goodwill's discretionary thrift plan. For employees not eligible for TRF, Goodwill matches 100% of eligible employees' pre-tax contributions, up to 6% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions, as well as employer discretionary contributions, vest after three years or in the event of death or disability. Excel Centers' expense relating to contributions to the Goodwill thrift plan for the fiscal years 2016 and 2015 was \$61,659 and \$56,007, respectively.

6. RELATED PARTY TRANSACTIONS

Excel Centers is owned and operated by GEI. GEI, through INI Schools (a division of GEI), provides employees, certain school-specific administrative services, and general management and oversight of the Excel Centers. INI Schools charges Excel Centers for its expenses related to the services provided. No markup is added to the fees charged to the schools. During fiscal years 2016 and 2015, Excel Centers paid \$3,516,178 and \$2,820,836, respectively, to INI Schools for administrative services.

Goodwill also pays certain operating expenses, including certain employee benefits, of Excel Centers, for which Excel Centers fully reimburses Goodwill. No markup is charged. In fiscal years 2016 and 2015, Excel Centers paid Goodwill \$3,011,248 and \$2,867,596, respectively.

At June 30, 2016 and 2015, Excel Centers owed Goodwill \$121,787 and \$206,483 and INI Schools \$0 and \$0, respectively, for reimbursable operating expenses, which are included in accounts payable on the statement of financial position.

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

Excel Centers employees participate in Goodwill's health care benefits plan. Goodwill self-insures for employee and dependent medical benefits up to a per-individual annual maximum of \$100,000, and an aggregate maximum of approximately \$6.6 million. Goodwill purchases reinsurance which pays individual claims that exceed \$100,000 per year. The reinsurer reviews claims annually and upon renewal of the reinsurance policy each year may establish higher specific maximums on selected individuals with high claims risks. Goodwill purchases claims administration services from a third party administrator. Excel Centers paid premiums to the Goodwill health care plan of \$1,507,306 and \$1,711,396 for fiscal years 2016 and 2015, respectively.

7. FUTURE GRANT AUDITS

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

8. LINE OF CREDIT

GEI has committed to a line of credit with a commercial bank, expiring September 2017. This line of credit provides for maximum borrowings of \$1.5 million and bears interest at the one-month LIBOR rate plus 1.75% (2.22% as of June 30, 2016). The line of credit includes a non-use fee of 0.15% on the unused balance. At June 30, 2016 and 2015, Excel Centers had no balance outstanding on the line of credit. Goodwill serves as guarantor on the line of credit.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Excel Centers, LLC as of and for the years ended June 30, 2016 and 2015, and our report thereon dated December 5, 2016, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for the purpose of additional analysis and is not a required part of the financial statements. The statements of financial position and statements of activities by charter as of and for the years ended June 30, 2016 and 2015, in Exhibits I through IV, is presented for purposes of additional analysis, as required by the Indiana State Board of Accounts, rather than to present financial position and results of operations of the charters, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards for the year ended June 30, 2016, and the statements of financial position and activities by charter as of and for the years ended June 30, 2016 and 2015, in Exhibits I – IV, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Greenwalt CPAs, Inc.

December 5, 2016

ASSETS	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	9910 EXCEL CENTERS FOR ADULT LEARNERS	9995 SHELBYVILLE	ELIMINATIONS	2016 TOTAL
CURRENT ASSETS											
Cash	\$ 788,196	\$ 487,652	\$ 527,551	\$ 525,815	\$ 1,218,796	\$ 209,730	\$ 434,701	\$ 1,822,271	\$ 183	\$ -	\$ 6,014,895
Accounts receivable	4,946	4,251	3,601	3,482	4,269	31,224	43,492	897,470	-	(880,246)	112,489
Prepayments	26,550	16,478	14,932	20,684	38,529	13,392	30,909	57,386	-	-	218,860
<i>Total current assets</i>	819,692	508,381	546,084	549,981	1,261,594	254,346	509,102	2,777,127	183	(880,246)	6,346,244
PROPERTY AND EQUIPMENT, NET	174,011	411,413	303,740	307,964	332,326	285,082	431,197	215,907	12,312	-	2,473,952
TOTAL ASSETS	<u>\$ 993,703</u>	<u>\$ 919,794</u>	<u>\$ 849,824</u>	<u>\$ 857,945</u>	<u>\$ 1,593,920</u>	<u>\$ 539,428</u>	<u>\$ 940,299</u>	<u>\$ 2,993,034</u>	<u>\$ 12,495</u>	<u>\$ (880,246)</u>	<u>\$ 8,820,196</u>
LIABILITIES AND NET ASSETS											
CURRENT LIABILITIES											
Accounts payable	\$ 33,627	\$ 49,907	\$ 48,149	\$ 27,481	\$ 78,239	\$ 663,733	\$ 295,848	\$ 161,650	\$ 3,315	\$ (880,246)	\$ 481,703
Accrued liabilities	25,738	32,112	21,260	18,552	33,209	16,302	27,800	119,869	116	-	294,958
Current portion of notes payable - landlord	-	95,422	62,718	-	-	-	-	-	-	-	158,140
<i>Total current liabilities</i>	59,365	177,441	132,127	46,033	111,448	680,035	323,648	281,519	3,431	(880,246)	934,801
LONG-TERM LIABILITIES											
Notes payable - landlord, net of current portion	-	96,692	55,478	-	-	-	-	-	-	-	152,170
<i>Total liabilities</i>	59,365	274,133	187,605	46,033	111,448	680,035	323,648	281,519	3,431	(880,246)	1,086,971
NET ASSETS											
Unrestricted - Undesignated	904,338	615,661	632,219	781,912	1,480,455	(140,607)	485,404	2,711,515	9,064	-	7,479,961
Unrestricted - Board Designated	30,000	30,000	30,000	30,000	-	-	-	-	-	-	120,000
<i>Total unrestricted net assets</i>	934,338	645,661	662,219	811,912	1,480,455	(140,607)	485,404	2,711,515	9,064	-	7,599,961
Temporarily restricted	-	-	-	-	2,017	-	131,247	-	-	-	133,264
<i>Total net assets</i>	934,338	645,661	662,219	811,912	1,482,472	(140,607)	616,651	2,711,515	9,064	-	7,733,225
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 993,703</u>	<u>\$ 919,794</u>	<u>\$ 849,824</u>	<u>\$ 857,945</u>	<u>\$ 1,593,920</u>	<u>\$ 539,428</u>	<u>\$ 940,299</u>	<u>\$ 2,993,034</u>	<u>\$ 12,495</u>	<u>\$ (880,246)</u>	<u>\$ 8,820,196</u>

ASSETS	9750	9355	9345	9305	9335	9855	9840	9910	ELIMINATIONS	2015
	ANDERSON	KOKOMO	LAFAYETTE	RICHMOND	WEST	NOBLESVILLE	UNIVERSITY HEIGHTS	EXCEL CENTERS FOR ADULT LEARNERS		
CURRENT ASSETS										
Cash	\$ 628,812	\$ 229,577	\$ 264,192	\$ 169,761	\$ 750,548	\$ 15,646	\$ 44,033	\$ 2,299,484	\$ -	\$ 4,402,053
Accounts receivable	9,345	44,041	48,700	50,117	29,265	22,491	252,793	160,121	(160,000)	456,873
Prepayments	41,217	24,759	22,623	29,166	62,679	6,494	26,667	95,203	-	308,808
<i>Total current assets</i>	679,374	298,377	335,515	249,044	842,492	44,631	323,493	2,554,808	(160,000)	5,167,734
PROPERTY AND EQUIPMENT, NET	317,738	675,466	503,553	508,328	486,989	42,924	-	383,869	-	2,918,867
TOTAL ASSETS	<u>\$ 997,112</u>	<u>\$ 973,843</u>	<u>\$ 839,068</u>	<u>\$ 757,372</u>	<u>\$ 1,329,481</u>	<u>\$ 87,555</u>	<u>\$ 323,493</u>	<u>\$ 2,938,677</u>	<u>(160,000)</u>	<u>\$ 8,086,601</u>
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES										
Accounts payable	\$ 54,174	\$ 83,540	\$ 63,758	\$ 62,371	\$ 81,821	\$ 88,162	\$ 86,764	\$ 223,085	(160,000)	\$ 583,675
Accrued liabilities	51,314	64,119	57,394	55,184	60,059	2,104	1,898	177,019	-	469,091
Current portion of notes payable - landlord	-	83,429	57,610	-	-	-	-	-	-	141,039
<i>Total current liabilities</i>	105,488	231,088	178,762	117,555	141,880	90,266	88,662	400,104	(160,000)	1,193,805
LONG-TERM LIABILITIES										
Notes payable - landlord, net of current portion	-	199,146	123,436	-	-	-	-	-	-	322,582
<i>Total liabilities</i>	105,488	430,234	302,198	117,555	141,880	90,266	88,662	400,104	(160,000)	1,516,387
NET ASSETS										
Unrestricted	861,624	513,609	506,870	609,817	1,162,428	(2,711)	(4,243)	2,538,573	-	6,185,967
Unrestricted - Board Designated	30,000	30,000	30,000	30,000	-	-	-	-	-	120,000
Temporarily restricted	-	-	-	-	25,173	-	239,074	-	-	264,247
<i>Total net assets</i>	891,624	543,609	536,870	639,817	1,187,601	(2,711)	234,831	2,538,573	-	6,570,214
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 997,112</u>	<u>\$ 973,843</u>	<u>\$ 839,068</u>	<u>\$ 757,372</u>	<u>\$ 1,329,481</u>	<u>\$ 87,555</u>	<u>\$ 323,493</u>	<u>\$ 2,938,677</u>	<u>\$ (160,000)</u>	<u>\$ 8,086,601</u>

EXCEL CENTERS, LLC
STATEMENTS OF ACTIVITIES BY CHARTER
FOR THE YEAR ENDED JUNE 30, 2016

Exhibit III

	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	9910 EXCEL CENTER FOR ADULT LEARNERS	9995 SHELBYVILLE	2016 TOTAL
REVENUE										
State and Federal grants	\$ 2,021,517	\$ 2,259,692	\$ 2,083,055	\$ 1,892,360	\$ 2,346,747	\$ 1,411,669	\$ 2,515,255	\$ 7,692,277	\$ 13,708	\$ 22,236,280
Other income	18	88	-	-	-	-	-	3,332	-	3,438
<i>Total revenue</i>	<u>2,021,535</u>	<u>2,259,780</u>	<u>2,083,055</u>	<u>1,892,360</u>	<u>2,346,747</u>	<u>1,411,669</u>	<u>2,515,255</u>	<u>7,695,609</u>	<u>13,708</u>	<u>22,239,718</u>
SUPPORT										
Unrestricted gifts and contributions	-	-	-	-	15,714	15,335	4,955	54,741	-	90,745
Restricted gifts and contributions, net of amounts released from restriction	-	-	-	-	-	-	-	-	-	-
<i>Total support</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,714</u>	<u>15,335</u>	<u>4,955</u>	<u>54,741</u>	<u>-</u>	<u>90,745</u>
<i>Total revenue and support</i>	<u>2,021,535</u>	<u>2,259,780</u>	<u>2,083,055</u>	<u>1,892,360</u>	<u>2,362,461</u>	<u>1,427,004</u>	<u>2,520,210</u>	<u>7,750,350</u>	<u>13,708</u>	<u>22,330,463</u>
EXPENSES										
Wages/benefits	1,074,511	1,148,465	1,004,322	857,287	1,143,986	864,016	1,039,235	4,514,736	-	11,646,558
Professional fees	393,776	376,636	363,337	371,828	382,512	397,393	418,784	1,403,350	3,763	4,111,379
Licensing fees	39,006	44,088	40,458	36,762	45,870	27,060	41,052	150,283	-	424,579
Supplies and materials	47,270	33,930	40,230	33,243	60,859	41,201	65,670	162,667	529	485,599
Student transportation	4,576	535	11,668	20,765	33,540	500	35,858	108,405	-	215,847
Drop-in center	4,562	398	1,442	2,270	2,197	3,762	5,415	3,010	-	23,056
Rent	150,608	117,000	105,105	149,910	98,280	103,306	313,437	562,865	-	1,600,511
Other occupancy	91,211	138,087	155,636	21,715	84,507	27,694	96,825	408,956	-	1,024,631
Interest expense	-	12,858	7,752	-	-	-	-	-	-	20,610
Depreciation	147,948	267,196	204,160	205,371	201,054	89,325	104,317	190,850	352	1,410,573
Other expenses	25,353	18,535	23,596	21,114	14,785	10,643	17,797	72,286	-	204,109
<i>Total expenses</i>	<u>1,978,821</u>	<u>2,157,728</u>	<u>1,957,706</u>	<u>1,720,265</u>	<u>2,067,590</u>	<u>1,564,900</u>	<u>2,138,390</u>	<u>7,577,408</u>	<u>4,644</u>	<u>21,167,452</u>
CHANGE IN NET ASSETS	42,714	102,052	125,349	172,095	294,871	(137,896)	381,820	172,942	9,064	1,163,011
NET ASSETS, BEGINNING OF YEAR	<u>891,624</u>	<u>543,609</u>	<u>536,870</u>	<u>639,817</u>	<u>1,187,601</u>	<u>(2,711)</u>	<u>234,831</u>	<u>2,538,573</u>	<u>-</u>	<u>6,570,214</u>
NET ASSETS, END OF YEAR	<u>\$ 934,338</u>	<u>\$ 645,661</u>	<u>\$ 662,219</u>	<u>\$ 811,912</u>	<u>\$ 1,482,472</u>	<u>\$ (140,607)</u>	<u>\$ 616,651</u>	<u>\$ 2,711,515</u>	<u>\$ 9,064</u>	<u>\$ 7,733,225</u>

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

Exhibit IV

	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	9910 EXCEL CENTER FOR ADULT LEARNERS	2015 TOTAL
REVENUE									
State and Federal grants	\$ 2,285,874	\$ 2,459,253	\$ 2,205,765	\$ 2,129,677	\$ 2,612,088	\$ 22,491	\$ 2,793	\$ 8,640,357	\$ 20,358,298
Other income	574	-	-	-	-	-	-	4,733	5,307
<i>Total revenue</i>	<u>2,286,448</u>	<u>2,459,253</u>	<u>2,205,765</u>	<u>2,129,677</u>	<u>2,612,088</u>	<u>22,491</u>	<u>2,793</u>	<u>8,645,090</u>	<u>20,363,605</u>
SUPPORT									
Unrestricted gifts and contributions	-	-	-	-	1,798	-	-	550	2,348
Restricted gifts and contributions, net of amounts released from restriction	-	-	-	-	-	-	250,000	-	250,000
<i>Total support</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,798</u>	<u>-</u>	<u>250,000</u>	<u>550</u>	<u>252,348</u>
<i>Total revenue and support</i>	<u>2,286,448</u>	<u>2,459,253</u>	<u>2,205,765</u>	<u>2,129,677</u>	<u>2,613,886</u>	<u>22,491</u>	<u>252,793</u>	<u>8,645,640</u>	<u>20,615,953</u>
EXPENSES									
Wages/benefits	1,197,691	1,261,083	1,081,046	1,009,872	1,257,504	21,659	13,013	4,958,431	10,800,299
Professional fees	474,481	433,764	449,871	479,045	378,506	832	3,098	1,564,879	3,784,476
Licensing fees	44,418	45,408	39,996	38,610	49,302	-	-	168,102	385,836
Supplies and materials	38,850	49,227	42,807	47,303	71,948	2,537	1,783	170,067	424,522
Student transportation	6,173	-	9,269	18,457	30,000	-	-	136,786	200,685
Drop-in center	11,760	1,529	3,132	2,672	3,234	-	-	6,165	28,492
Rent	151,671	117,000	105,105	149,910	98,315	-	-	562,717	1,184,718
Other occupancy	91,675	168,677	126,787	53,403	92,898	-	-	459,260	992,700
Interest expense	-	16,508	10,688	-	-	-	-	-	27,196
Depreciation	209,316	258,851	195,890	191,960	184,733	-	-	375,739	1,416,489
Other expenses	26,077	18,183	24,804	20,719	19,937	174	68	71,301	181,263
<i>Total expenses</i>	<u>2,252,112</u>	<u>2,370,230</u>	<u>2,089,395</u>	<u>2,011,951</u>	<u>2,186,377</u>	<u>25,202</u>	<u>17,962</u>	<u>8,473,447</u>	<u>19,426,676</u>
CHANGE IN NET ASSETS	34,336	89,023	116,370	117,726	427,509	(2,711)	234,831	172,193	1,189,277
NET ASSETS, BEGINNING OF YEAR	<u>857,288</u>	<u>454,586</u>	<u>420,500</u>	<u>522,091</u>	<u>760,092</u>	<u>-</u>	<u>-</u>	<u>2,366,380</u>	<u>5,380,937</u>
NET ASSETS, END OF YEAR	<u>\$ 891,624</u>	<u>\$ 543,609</u>	<u>\$ 536,870</u>	<u>\$ 639,817</u>	<u>\$ 1,187,601</u>	<u>\$ (2,711)</u>	<u>\$ 234,831</u>	<u>\$ 2,538,573</u>	<u>\$ 6,570,214</u>

See independent auditors' report on supplementary information.

EXCEL CENTERS, LLC
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2016

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	14215-535-PN01	\$ 187,603
Special Education - Grants to States	84.027	14215-565-PN01	42,239
Special Education - Grants to States	84.027	14216-554-PN01	27,780
Special Education - Grants to States	84.027	14215-579-PN01	36,411
Special Education - Grants to States	84.027	14216-579-PN01	18,033
Special Education - Grants to States	84.027	14215-578-PN01	52,681
Special Education - Grants to States	84.027	14215-576-PN01	29,022
Special Education - Grants to States	84.027	14216-565-PN01	22,440
Special Education - Grants to States	84.027	14216-536-PN01	43,492
Special Education - Grants to States	84.027	14216-593-PN01	31,224
Special Education - Grants to States	84.027	14215-577-PN01	21,210
Special Education - Grants to States	84.027	14216-566-PN01	<u>37,805</u>
<i>Total for Special Education Cluster</i>			<u>549,940</u>
Indiana Department of Education			
Charter Schools Program			
Planning and Implementation Grant	84.282A	A58-5-150T-3227	116,759
Planning and Implementation Grant	84.282A	A58-5-150T-3228	118,951
Planning and Implementation Grant	84.282A	A58-5-150T-3227	285,649
Planning and Implementation Grant	84.282A	A58-5-150T-3228	<u>300,000</u>
<i>Total for Charter Schools Program</i>			<u>821,359</u>
Indiana Department of Education			
Title III, Part A			
English Acquisition State Grants	84.365A	01115-125-PN01	<u>1,375</u>
<i>Total for Title III, Part A</i>			<u>1,375</u>
Total federal awards expended			<u><u>\$ 1,372,674</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Excel Centers, LLC under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Excel Centers, LLC, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Excel Centers, LLC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

Excel Centers, LLC has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of Excel Centers, LLC (Excel Centers), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 5, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greenwald CPAs, Inc.

December 5, 2016



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

INDEPENDENT AUDITORS' REPORT

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

Report on Compliance for Each Major Federal Program

We have audited Excel Centers, LLC (Excel Centers) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Excel Centers' major federal programs for the year ended June 30, 2016. Excel Centers' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Excel Centers' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Excel Centers' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Excel Centers complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Greenwald CPAs, Inc.

December 5, 2016

EXCEL CENTERS, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no
4. Internal control over major federal programs:
Material weakness(es) identified? yes no
Significant deficiency(ies) identified? yes none reported
5. Type of auditors' report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a) yes no
7. Identification of major program: CFDA Number Name of Federal Program or Cluster
84.282A Charter Schools Program Cluster
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. Auditee qualified as low-risk auditee? yes no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

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

None