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January 24, 2018

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

We have reviewed the report prepared by Excel Centers, LLC and opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Excel Centers, LLC as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Greenwalt CPAs, Inc. prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

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

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

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**EXCEL CENTERS, LLC**  
FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
JUNE 30, 2017 AND 2016

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**GREENWALT** CPAs  
We Deliver Peace of Mind

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**EXCEL CENTERS, LLC**  
**TABLE OF CONTENTS**  
**JUNE 30, 2017 AND 2016**

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Independent Auditors' Report .....	2
Statements of Financial Position .....	4
Statements of Activities .....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7
Independent Auditors' Report on Supplementary Information .....	15
Statements of Financial Position by Charter.....	16
Statements of Activities by Charter.....	18
Schedule of Expenditures of Federal Awards.....	20
Notes to the Schedule of Expenditures of Federal Awards .....	21
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	22
Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by Uniform Guidance .....	24
Schedule of Findings and Questioned Costs .....	26
Schedule of Prior Findings and Questioned Costs .....	26
Other Report.....	27

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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, Excel Centers), a wholly-owned subsidiary of Goodwill Education Initiatives, Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, 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 Excel Centers as of June 30, 2017 and 2016, 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 4, 2017 on our consideration of Excel Centers' 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 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 4, 2017

EXCEL CENTERS, LLC  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2017 AND 2016

<u>ASSETS</u>		
	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,741,601	\$ 6,014,895
Investments	1,934,298	-
Accounts receivable	658,446	112,489
Prepayments	<u>137,225</u>	<u>218,860</u>
<i>Total current assets</i>	8,471,570	6,346,244
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>2,361,035</u>	<u>2,473,952</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 10,832,605</u></u>	<u><u>\$ 8,820,196</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 714,328	\$ 481,703
Accrued liabilities	348,624	294,958
Current portion of notes payable - landlord	<u>-</u>	<u>158,140</u>
<i>Total current liabilities</i>	1,062,952	934,801
<b>LONG-TERM LIABILITIES</b>		
Notes payable - landlord, net of current portion	<u>-</u>	<u>152,170</u>
<i>Total liabilities</i>	<u>1,062,952</u>	<u>1,086,971</u>
<b>COMMITMENTS AND CONTINGENCIES (NOTES 4 AND 7)</b>		
<b>NET ASSETS</b>		
Unrestricted undesignated	9,486,389	7,479,961
Unrestricted board designated	<u>150,000</u>	<u>120,000</u>
<i>Total unrestricted net assets</i>	9,636,389	7,599,961
Temporarily restricted	<u>133,264</u>	<u>133,264</u>
<i>Total net assets</i>	<u>9,769,653</u>	<u>7,733,225</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 10,832,605</u></u>	<u><u>\$ 8,820,196</u></u>

See accompanying notes to financial statements.

EXCEL CENTERS, LLC  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

	UNRESTRICTED	TEMPORARILY RESTRICTED	2017 TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	2016 TOTAL
<b>REVENUE</b>						
State and Federal grants	\$ 21,544,899	\$ -	\$ 21,544,899	\$ 22,236,280	\$ -	\$ 22,236,280
Interest	16,890	-	16,890	-	-	-
Other income	9,743	-	9,743	3,438	-	3,438
<i>Total revenue</i>	21,571,532	-	21,571,532	22,239,718	-	22,239,718
<b>SUPPORT</b>						
Gifts and contributions	25	-	25	90,745	-	90,745
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	-	-	-	130,983	(130,983)	-
<i>Total revenue and support</i>	21,571,557	-	21,571,557	22,461,446	(130,983)	22,330,463
<b>EXPENSES</b>						
Wages/benefits	10,542,003	-	10,542,003	11,646,558	-	11,646,558
Professional fees	3,908,263	-	3,908,263	4,111,379	-	4,111,379
Licensing fees	420,355	-	420,355	424,579	-	424,579
Supplies and materials	370,850	-	370,850	485,599	-	485,599
Student transportation	175,141	-	175,141	215,847	-	215,847
Drop-in center	16,678	-	16,678	23,056	-	23,056
Rent	1,685,042	-	1,685,042	1,600,511	-	1,600,511
Other occupancy	997,955	-	997,955	1,024,631	-	1,024,631
Interest expense	6,227	-	6,227	20,610	-	20,610
Depreciation	1,160,284	-	1,160,284	1,410,573	-	1,410,573
Other expenses	252,331	-	252,331	204,109	-	204,109
<i>Total expenses</i>	19,535,129	-	19,535,129	21,167,452	-	21,167,452
<b>CHANGE IN NET ASSETS</b>	2,036,428	-	2,036,428	1,293,994	(130,983)	1,163,011
<b>NET ASSETS, BEGINNING OF YEAR</b>	7,599,961	133,264	7,733,225	6,305,967	264,247	6,570,214
<b>NET ASSETS, END OF YEAR</b>	\$ 9,636,389	\$ 133,264	\$ 9,769,653	\$ 7,599,961	\$ 133,264	\$ 7,733,225

See accompanying notes to financial statements.

EXCEL CENTERS, LLC  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

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INCREASE IN CASH

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 2,036,428	\$ 1,163,011
Depreciation	1,160,284	1,410,573
<i>(Increase) decrease in operating assets:</i>		
Accounts receivable	(545,957)	344,384
Prepayments	81,635	89,948
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(77,952)	(101,972)
Accrued liabilities	53,666	(174,133)
	<u>2,708,104</u>	<u>2,731,811</u>
<i>Net cash provided by operating activities</i>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(1,934,298)	-
Capital expenditures	(736,790)	(965,658)
	<u>(2,671,088)</u>	<u>(965,658)</u>
<i>Net cash used in investing activities</i>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on notes payable	(310,310)	(153,311)
	<u>(310,310)</u>	<u>(153,311)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(273,294)	1,612,842
<b>CASH, BEGINNING OF YEAR</b>	<u>6,014,895</u>	<u>4,402,053</u>
<b>CASH, END OF YEAR</b>	<u>\$ 5,741,601</u>	<u>\$ 6,014,895</u>
<b>SCHEDULE OF NON-CASH OPERATING AND INVESTING ACTIVITIES</b>		
Non-cash student certifications	\$ -	\$ 71,660
Property and equipment additions in accounts payable	\$ 310,577	\$ -

EXCEL CENTERS, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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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 and southern Indiana under the provisions of the Indiana Charter School laws. Excel Centers located in Anderson, Kokomo, Lafayette, Noblesville, Richmond and Shelbyville operate under charters issued by the Indiana Charter School Board. An Excel Center located in Clarksville began serving students in July 2017. Excel Centers located in Indianapolis operate under charters issued by the Mayor of Indianapolis. GEI is a wholly-owned subsidiary of Goodwill of Central and Southern Indiana, Inc. (Goodwill), also an Indiana non-profit corporation.

Excel Centers operated in eleven locations throughout Indiana during fiscal year 2017, 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 2,805 students. Demographics of Excel Centers' students include 57% minorities, and over 82% in poverty, defined as being eligible for free or reduced lunch. Excel Centers' students range in age from 17 to 78, with the average age of 24 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, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

During fiscal year 2017 Excel Centers reported the following September and February enrollments:

<u>School</u>	<u>Corp #</u>	<u>Enrollment Budget</u>	<u>September 2016</u>	<u>February 2017</u>
The Excel Center - Anderson	9750	300	296	263
The Excel Center - Kokomo	9355	340	330	335
The Excel Center - Lafayette	9345	305	296	304
The Excel Center - Richmond	9305	280	267	236
The Excel Center - West	9335	356	378	363
The Excel Center - Noblesville	9855	200	195	186
The Excel Center - University Heights	9840	340	373	382
Excel Centers for Adult Learners	9910	1,023	994	897
The Excel Center - Shelbyville	9995	115	82	82
Total		<u>3,259</u>	<u>3,211</u>	<u>3,048</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 AND CASH EQUIVALENTS

Excel Centers considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$2,015,522 at June 30, 2017 and there were no cash equivalents at June 30, 2016. 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, 2017 the Excel Centers maintained cash in excess of the FDIC coverage limits.

EXCEL CENTERS, LLC  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS

Excel Centers' investments in fixed income securities with readily determinable fair values and all investments in debt securities are stated at fair value in the Statements of Financial Position (see Note xx). Realized and unrealized gains and losses are reported in the Statement of Activities.

Excel Centers held the following investment securities at:

	June 30, <u>2017</u>	June 30, <u>2016</u>
Corporate bonds- market value	\$ 1,934,299	\$ 0
Corporate bonds - cost basis	\$ 1,821,402	\$ 0

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>2017</u>	<u>2016</u>
Furniture	\$ 1,479,572	\$ 1,144,653
Equipment	1,761,930	1,610,303
Computers	2,126,648	1,764,410
Software	1,240,839	1,154,665
Leasehold improvements	1,986,710	1,978,177
Work in process	68,865	-
	<u>8,664,564</u>	<u>7,652,208</u>
Accumulated depreciation	<u>(6,303,529)</u>	<u>(5,178,256)</u>
Property and equipment, net	<u>\$ 2,361,035</u>	<u>\$ 2,473,952</u>

EXCEL CENTERS, LLC  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 June 30, 2017 and 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS

Excel Centers maintains 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.

Unrestricted – Board Designated

Excel Centers operates six 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. The Excel Centers held the following amounts in escrow which have been presented as board designated net assets in the statement of financial position at June 30:

	<u>2017</u>	<u>2016</u>
The Excel Center - Anderson	\$ 30,000	\$ 30,000
The Excel Center - Kokomo	30,000	30,000
The Excel Center - Lafayette	30,000	30,000
The Excel Center - Noblesville	30,000	-
The Excel Center - Richmond	30,000	30,000
	<u>\$ 150,000</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>2017</u>	<u>2016</u>
Technology hardware	\$ 2,017	\$ 2,017
Project Lead The Way	107,518	107,518
Staff training	14,500	14,500
Furniture and fixtures	9,229	9,229
	<u>\$ 133,264</u>	<u>\$ 133,264</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.

EXCEL CENTERS, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ADVERTISING

Advertising and printing expenses totaled \$109,082 and \$107,608 for the years ended June 30, 2017 and 2016, respectively. Excel Centers' policy is to record advertising expenditures in the period in which they are incurred.

FUNCTIONAL EXPENSES

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

Program activities:		<u>2017</u>		<u>2016</u>
Classroom instruction	\$	8,959,506	\$	9,963,860
Student counseling		2,646,867		2,841,895
Special education services		<u>646,203</u>		<u>741,274</u>
Total program activities		12,252,576		13,547,029
Supporting activities:				
Program support		2,309,732		2,538,777
Administrative support		<u>4,972,821</u>		<u>5,081,646</u>
Total support activities		<u>7,282,553</u>		<u>7,620,423</u>
Total functional expenses	\$	<u>19,535,129</u>	\$	<u>21,167,452</u>

SUBSEQUENT EVENTS

Subsequent events have been considered through December 4, 2017, which was the date the financial statements were available to be issued. See Notes 3 and 9.

2. TAX STATUS

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

GEI is an Indiana non-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to GEI'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 2013.

EXCEL CENTERS, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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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 required monthly principal and interest payments for five years, through 2018. The duration of the notes matched the length of the respective Excel Center leases. The notes are guaranteed by Goodwill.

The balances for the Lafayette and Kokomo notes as of June 30, 2016 were \$118,196 and \$192,114, respectively. Both notes were paid off in fiscal year 2017.

4. LEASES

Excel Centers leases 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 2017 and 2016, including common area maintenance charges, totaled \$1,685,042 and \$1,600,511, 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 \$167,000 and \$157,000 for rent in fiscal years 2017 and 2016, respectively.

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

2018	\$ 1,777,381
2019	886,771
2020	711,538
2021	391,538
2022	235,448
	<u>\$ 4,002,676</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 \$459,089 and \$524,789 to TRF on behalf of its employees for fiscal years 2017 and 2016, 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 vest immediately, and 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 2017 and 2016 was \$86,788 and \$61,659, 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 2017 and 2016, Excel Centers paid \$3,315,355 and \$3,516,178, 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 2017 and 2016, Excel Centers paid Goodwill \$2,713,102 and \$3,011,248, respectively.

At June 30, 2017 and 2016, Excel Centers owed Goodwill \$193,813 and \$121,787 for reimbursable operating expenses, which are included in accounts payable on the statement of financial position.

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 \$1,430,667 and \$1,507,306 for fiscal years 2017 and 2016, 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 had committed to a line of credit with a commercial bank, that expired September 2017. This line of credit provided for maximum borrowings of \$1.5 million and bore interest at the one-month LIBOR rate plus 1.75% (2.98% as of June 30, 2017). The line of credit included a non-use fee of 0.15% on the unused balance. At June 30, 2017 and 2016, Excel Centers had no balance outstanding on the line of credit. Goodwill served as guarantor on the line of credit. The line of credit was not renewed.

9. FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement define fair value as the price that would be received for an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy for disclosure that prioritizes valuations based on whether the significant inputs used to estimate fair value are observable, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to valuations primarily based on unobservable inputs (level 3 measurements). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

EXCEL CENTERS, LLC  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 June 30, 2017 and 2016

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9. FAIR VALUE MEASUREMENTS, CONTINUED

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Fair values measured on a recurring basis at December 31, 2016 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Corporate bonds	\$ 1,934,299	\$ 1,934,299	\$ -	\$ -

10. SUBSEQUENT EVENTS

In 2017, Excel Centers was granted four additional charters by the Indiana Charter School Board, which will be used for future expansion. Excel Centers opened a new school in Clarksville, Indiana in July 2017, in a facility owned and operated by Goodwill.

PH 317 241 2999

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



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the financial statements of Excel Centers, LLC as of and for the years ended June 30, 2017 and 2016, and our report thereon dated December 4, 2017, which expressed an unmodified opinion on those financial statements, appears on page two. 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, 2017 and 2016, in Exhibits I through IV, are 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 are 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, 2017, and the statements of financial position and activities by charter as of and for the years ended June 30, 2017 and 2016, in Exhibits I – IV, are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Greenwalt CPAs, Inc.*

December 4, 2017

EXCEL CENTERS, LLC  
STATEMENTS OF FINANCIAL POSITION BY CHARTER  
JUNE 30, 2017

Exhibit I

ASSETS	9910 EXCEL CENTERS FOR ADULT LEARNERS											2017 TOTAL
	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	9995 SHELBYVILLE	9050 CLARKSVILLE	ELIMINATIONS		
<b>CURRENT ASSETS</b>												
Cash and cash equivalents	\$ 782,367	\$ 642,800	\$ 717,440	\$ 543,423	\$ 890,705	\$ 389,475	\$ 646,171	\$ 1,129,220	\$ -	\$ -	\$ -	\$ 5,741,601
Investments	241,787	-	-	241,787	967,149	-	-	483,575	-	-	-	1,934,298
Accounts receivable	27,717	12,429	3,709	15,896	18,412	206,747	228,078	991,966	10,998	68,838	(926,344)	658,446
Prepayments	12,639	10,842	9,851	14,130	19,077	9,150	26,667	27,922	6,947	-	-	137,225
<i>Total current assets</i>	1,064,510	666,071	731,000	815,236	1,895,343	605,372	900,916	2,632,683	17,945	68,838	(926,344)	8,471,570
<b>PROPERTY AND EQUIPMENT, NET</b>	100,471	220,019	177,810	190,648	199,781	393,134	505,753	255,119	150,916	167,384	-	2,361,035
<b>TOTAL ASSETS</b>	<u>\$ 1,164,981</u>	<u>\$ 886,090</u>	<u>\$ 908,810</u>	<u>\$ 1,005,884</u>	<u>\$ 2,095,124</u>	<u>\$ 998,506</u>	<u>\$ 1,406,669</u>	<u>\$ 2,887,802</u>	<u>\$ 168,861</u>	<u>\$ 236,222</u>	<u>\$ (926,344)</u>	<u>\$ 10,832,605</u>
<b>LIABILITIES AND NET ASSETS</b>												
<b>CURRENT LIABILITIES</b>												
Accounts payable	\$ 40,007	\$ 31,264	\$ 29,405	\$ 35,633	\$ 25,287	\$ 802,298	\$ 206,303	\$ 135,702	\$ 30,229	304,544	\$ (926,344)	\$ 714,328
Accrued liabilities	28,009	43,537	33,091	22,394	30,075	20,630	35,789	99,569	13,789	21,741	-	348,624
<i>Total current liabilities</i>	68,016	74,801	62,496	58,027	55,362	822,928	242,092	235,271	44,018	326,285	(926,344)	1,062,952
<b>LONG-TERM LIABILITIES</b>												
Notes payable - landlord, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-
<i>Total liabilities</i>	68,016	74,801	62,496	58,027	55,362	822,928	242,092	235,271	44,018	326,285	(926,344)	1,062,952
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>												
Unrestricted - Undesignated	1,066,965	781,289	816,314	917,857	2,037,745	145,578	1,033,330	2,652,531	124,843	(90,063)	-	9,486,389
Unrestricted - Board Designated	30,000	30,000	30,000	30,000	-	30,000	-	-	-	-	-	150,000
<i>Total unrestricted net assets</i>	1,096,965	811,289	846,314	947,857	2,037,745	175,578	1,033,330	2,652,531	124,843	(90,063)	-	9,636,389
Temporarily restricted	-	-	-	-	2,017	-	131,247	-	-	-	-	133,264
<i>Total net assets (accumulated deficit)</i>	1,096,965	811,289	846,314	947,857	2,039,762	175,578	1,164,577	2,652,531	124,843	(90,063)	-	9,769,653
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,164,981</u>	<u>\$ 886,090</u>	<u>\$ 908,810</u>	<u>\$ 1,005,884</u>	<u>\$ 2,095,124</u>	<u>\$ 998,506</u>	<u>\$ 1,406,669</u>	<u>\$ 2,887,802</u>	<u>\$ 168,861</u>	<u>\$ 236,222</u>	<u>\$ (926,344)</u>	<u>\$ 10,832,605</u>

EXCEL CENTERS, LLC  
 STATEMENTS OF FINANCIAL POSITION BY CHARTER  
 JUNE 30, 2016

Exhibit I

ASSETS	9910 EXCEL CENTERS FOR ADULT LEARNERS										2016 TOTAL
	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	9995 SHELBYVILLE	ELIMINATIONS		
<b>CURRENT ASSETS</b>											
Cash and cash equivalents	\$ 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
<b>PROPERTY AND EQUIPMENT, NET</b>	174,011	411,413	303,740	307,964	332,326	285,082	431,197	215,907	12,312	-	2,473,952
<b>TOTAL ASSETS</b>	<b>\$ 993,703</b>	<b>\$ 919,794</b>	<b>\$ 849,824</b>	<b>\$ 857,945</b>	<b>\$ 1,593,920</b>	<b>\$ 539,428</b>	<b>\$ 940,299</b>	<b>\$ 2,993,034</b>	<b>\$ 12,495</b>	<b>\$ (880,246)</b>	<b>\$ 8,820,196</b>
<b>LIABILITIES AND NET ASSETS</b>											
<b>CURRENT LIABILITIES</b>											
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	27,600	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
<b>LONG-TERM LIABILITIES</b>											
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
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>											
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 (accumulated deficit)</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 (accumulated deficit)</i>	934,338	645,661	662,219	811,912	1,482,472	(140,607)	616,651	2,711,515	9,064	-	7,733,225
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 993,703</b>	<b>\$ 919,794</b>	<b>\$ 849,824</b>	<b>\$ 857,945</b>	<b>\$ 1,593,920</b>	<b>\$ 539,428</b>	<b>\$ 940,299</b>	<b>\$ 2,993,034</b>	<b>\$ 12,495</b>	<b>\$ (880,246)</b>	<b>\$ 8,820,196</b>

See independent auditors' report on supplementary information.

EXCEL CENTERS, LLC  
 STATEMENTS OF ACTIVITIES BY CHARTER  
 FOR THE YEAR ENDED JUNE 30, 2017

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	9050 CLARKSVILLE	2017 TOTAL
<b>REVENUE</b>											
State and Federal grants	\$ 1,902,409	\$ 2,243,110	\$ 2,030,549	\$ 1,712,521	\$ 2,500,474	\$ 1,491,396	\$ 2,764,049	\$ 6,396,858	\$ 503,533	\$ -	\$ 21,544,899
Interest	2,111	-	-	2,111	8,445	-	-	4,223	-	-	16,890
Other income	-	-	-	-	-	5,013	3,970	660	100	-	9,743
<i>Total revenue</i>	<u>1,904,520</u>	<u>2,243,110</u>	<u>2,030,549</u>	<u>1,714,632</u>	<u>2,508,919</u>	<u>1,496,409</u>	<u>2,768,019</u>	<u>6,401,741</u>	<u>503,633</u>	<u>-</u>	<u>21,571,532</u>
<b>SUPPORT</b>											
Unrestricted gifts and contributions	-	-	25	-	-	-	-	-	-	-	25
Restricted gifts and contributions, net of amounts released from restriction	-	-	-	-	-	-	-	-	-	-	-
<i>Total support</i>	<u>-</u>	<u>-</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25</u>
<i>Total revenue and support</i>	<u>1,904,520</u>	<u>2,243,110</u>	<u>2,030,574</u>	<u>1,714,632</u>	<u>2,508,919</u>	<u>1,496,409</u>	<u>2,768,019</u>	<u>6,401,741</u>	<u>503,633</u>	<u>-</u>	<u>21,571,557</u>
<b>EXPENSES</b>											
Wages/benefits	897,599	1,132,972	979,887	781,465	1,083,413	665,596	1,089,490	3,465,145	385,127	61,309	10,542,003
Professional fees	395,157	386,489	368,432	372,201	397,881	251,263	407,135	1,162,302	161,281	5,122	3,908,263
Licensing fees	38,214	45,078	40,194	34,188	48,972	25,476	50,622	126,655	10,956	-	420,355
Supplies and materials	16,586	28,791	35,091	26,718	47,735	21,749	72,831	80,933	25,532	14,884	370,850
Student transportation	2,853	753	6,908	19,974	12,480	483	19,656	111,524	486	24	175,141
Drop-in center	1,501	892	2,005	576	2,190	140	2,790	3,434	3,150	-	16,678
Rent	150,608	117,000	105,105	149,910	98,280	109,800	320,000	572,822	61,517	-	1,685,042
Other occupancy	83,273	133,399	142,379	24,909	81,399	3,423	107,020	394,737	23,682	3,734	997,955
Interest expense	-	5,865	362	-	-	-	-	-	-	-	6,227
Depreciation	128,734	202,053	142,041	145,478	159,233	85,506	123,396	131,737	41,051	1,055	1,160,284
Other expenses	26,368	24,190	24,075	23,268	20,046	16,788	27,153	76,278	10,230	3,935	252,331
<i>Total expenses</i>	<u>1,741,893</u>	<u>2,077,482</u>	<u>1,846,479</u>	<u>1,578,687</u>	<u>1,951,629</u>	<u>1,180,224</u>	<u>2,220,093</u>	<u>6,125,567</u>	<u>723,012</u>	<u>90,063</u>	<u>19,535,129</u>
<b>CHANGE IN NET ASSETS</b>	162,627	165,628	184,095	135,945	557,290	316,185	547,926	276,174	(219,379)	(90,063)	2,036,428
<b>TRANSFER OF NET ASSETS</b>	-	-	-	-	-	-	-	(335,158)	335,158	-	-
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	934,338	645,661	662,219	811,912	1,482,472	(140,607)	616,651	2,711,515	9,064	-	7,733,225
<b>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<u>\$ 1,096,965</u>	<u>\$ 811,289</u>	<u>\$ 846,314</u>	<u>\$ 947,857</u>	<u>\$ 2,039,762</u>	<u>\$ 175,578</u>	<u>\$ 1,164,577</u>	<u>\$ 2,652,531</u>	<u>\$ 124,843</u>	<u>\$ (90,063)</u>	<u>\$ 9,769,653</u>

See independent auditors' report on supplementary information.

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
<b>REVENUE</b>										
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>
<b>SUPPORT</b>										
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>
<b>EXPENSES</b>										
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>
<b>CHANGE IN NET ASSETS</b>	42,714	102,052	125,349	172,095	294,871	(137,896)	381,820	172,942	9,064	1,163,011
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	891,624	543,609	536,870	639,817	1,187,601	(2,711)	234,831	2,538,573	-	6,570,214
<b>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<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>

See independent auditors' report on supplementary information.

EXCEL CENTERS, LLC  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Indiana Department of Education			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	14215-578-PN01	2,746
Special Education - Grants to States	84.027	14216-535-PN01	42,215
Special Education - Grants to States	84.027	14216-536-PN01	12,019
Special Education - Grants to States	84.027	14216-554-PN01	43,723
Special Education - Grants to States	84.027	14216-565-PN01	37,019
Special Education - Grants to States	84.027	14216-566-PN01	13,060
Special Education - Grants to States	84.027	14216-567-PN01	51,940
Special Education - Grants to States	84.027	14216-568-PN01	44,428
Special Education - Grants to States	84.027	14217-535-PN01	100,734
Special Education - Grants to States	84.027	14217-554-PN01	8,524
Special Education - Grants to States	84.027	14217-565-PN01	14,216
Special Education - Grants to States	84.027	14217-566-PN01	35,857
Special Education - Grants to States	84.027	14217-568-PN01	3,020
Special Education - Grants to States	84.027	14217-592-PN01	25,842
Special Education - Grants to States	84.027	14217-593-PN01	20,295
Special Education - Grants to States	84.027	14217-596-PN01	11,669
<i>Total for Special Education Cluster</i>			<u>467,307</u>
Charter Schools Program			
Charter Schools - PCSP Implementation Grant	84.282A	A58-5-150T-3227	212,717
Charter Schools - PCSP Implementation Grant	84.282A	A58-5-150T-3228	233,867
<i>Total for Charter Schools Program</i>			<u>446,584</u>
Total US Department of Education, Indiana Department of Education, and federal awards expended			<u>\$ 913,891</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, 2017. 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.

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**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.

**3. INDIRECT COST RATE**

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



Greenwalt CPAs, Inc.  
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Indianapolis, IN 46224  
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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, 2017 and 2016, 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 4, 2017.

**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 Excel Centers' 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 Excel Centers' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Greenwald CPAs, Inc.*

December 4, 2017



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE

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's (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 Excel Centers' major federal programs for the year ended June 30, 2017. Excel Centers' major federal program is 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 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, 2017.

### 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 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 4, 2017

**EXCEL CENTERS, LLC**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**A. SUMMARY OF AUDIT RESULTS**

**Financial Statements**

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified
  
2. Internal control over financial reporting:
 

Material weakness(es) identified?	_____yes	__X__no
Significant deficiency(ies) identified?	_____yes	__X__none reported
  
3. Noncompliance material to financial statements noted?
 

	_____yes	__X__no
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**Federal Awards**

4. Internal control over major federal 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 federal programs: Unmodified
  
6. Any audit findings disclosed that are required to be reported in accordance with 2CFR200.516(a)
 

	_____yes	__X__no
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7. Identification of major program:
 

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster (IDEA)
  
8. The threshold for distinguishing between Type A and B programs was \$750,000.
  
9. Auditee qualified as low-risk auditee?
 

	__x__yes	_____no
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**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

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

None

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

None

**EXCEL CENTERS, LLC**  
**OTHER REPORT**  
**JUNE 30, 2017**

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

Supplemental Audit Report of Excel Centers, LLC