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January 9, 2019

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, 2017 to June 30, 2018. 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, 2018 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

EXCEL CENTERS, LLC
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
JUNE 30, 2018 AND 2017

GREENWALT^{CPAs}

We Deliver Peace of Mind

EXCEL CENTERS, LLC

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JUNE 30, 2018 AND 2017

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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
Goodwill Education Initiatives, Inc. and Excel Centers, LLC:

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, 2018 and 2017, 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, *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, 2018 and 2017, 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.

Greenwald CPAs, Inc.

December 3, 2018

EXCEL CENTERS, LLC
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2018 AND 2017

	<u>ASSETS</u>	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,411,504	\$ 5,741,601
Investments	101,122	-
Accounts receivable	369,511	658,446
Prepayments	217,004	137,225
	<u>6,099,141</u>	<u>6,537,272</u>
<i>Total current assets</i>	6,099,141	6,537,272
INVESTMENTS	1,886,916	1,934,298
PROPERTY AND EQUIPMENT, NET	<u>3,815,470</u>	<u>2,361,035</u>
TOTAL ASSETS	<u>\$ 11,801,527</u>	<u>\$ 10,832,605</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	\$ 319,996	\$ 714,328
Accrued liabilities	390,045	348,624
	<u>710,041</u>	<u>1,062,952</u>
<i>Total current liabilities</i>	710,041	1,062,952
COMMITMENTS AND CONTINGENCIES (NOTES 4, 6, AND 7)		
NET ASSETS		
Unrestricted undesignated	10,919,469	9,476,389
Unrestricted board designated	170,000	160,000
<i>Total unrestricted net assets</i>	<u>11,089,469</u>	<u>9,636,389</u>
Temporarily restricted	2,017	133,264
<i>Total net assets</i>	<u>11,091,486</u>	<u>9,769,653</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,801,527</u>	<u>\$ 10,832,605</u>

EXCEL CENTERS, LLC

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2018 TOTAL</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2017 TOTAL</u>
REVENUE						
State and Federal grants	\$ 24,498,678	\$ -	\$ 24,498,678	\$ 21,544,899	\$ -	\$ 21,544,899
Other income	537,966	-	537,966	26,633	-	26,633
<i>Total revenue</i>	25,036,644	-	25,036,644	21,571,532	-	21,571,532
SUPPORT						
Gifts and contributions	1,100	-	1,100	25	-	25
NET ASSETS RELEASED FROM RESTRICTIONS	131,247	(131,247)	-	-	-	-
<i>Total revenue and support</i>	25,168,991	(131,247)	25,037,744	21,571,557	-	21,571,557
EXPENSES						
Wages and benefits	13,221,746	-	13,221,746	10,542,003	-	10,542,003
Professional fees	4,976,592	-	4,976,592	4,328,618	-	4,328,618
Supplies and materials	882,481	-	882,481	370,850	-	370,850
Student transportation	175,112	-	175,112	175,141	-	175,141
Drop-in center	59,176	-	59,176	16,678	-	16,678
Rent	1,596,642	-	1,596,642	1,685,042	-	1,685,042
Other occupancy	1,156,842	-	1,156,842	997,955	-	997,955
Interest expense	-	-	-	6,227	-	6,227
Depreciation	1,335,294	-	1,335,294	1,160,284	-	1,160,284
Other expenses	312,026	-	312,026	252,331	-	252,331
<i>Total expenses</i>	23,715,911	-	23,715,911	19,535,129	-	19,535,129
CHANGE IN NET ASSETS	1,453,080	(131,247)	1,321,833	2,036,428	-	2,036,428
NET ASSETS, BEGINNING OF YEAR	9,636,389	133,264	9,769,653	7,599,961	133,264	7,733,225
NET ASSETS, END OF YEAR	<u>\$ 11,089,469</u>	<u>\$ 2,017</u>	<u>\$ 11,091,486</u>	<u>\$ 9,636,389</u>	<u>\$ 133,264</u>	<u>\$ 9,769,653</u>

See accompanying notes to financial statements.

EXCEL CENTERS, LLC
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

INCREASE IN CASH

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 1,321,833	\$ 2,036,428
Depreciation	1,335,294	1,160,284
Unrealized loss on investments	82,794	-
<i>(Increase) decrease in operating assets:</i>		
Accounts receivable	288,935	(545,957)
Prepayments	(79,779)	81,635
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	(704,909)	(77,952)
Accrued liabilities	41,421	53,666
	<u>2,285,589</u>	<u>2,708,104</u>
<i>Net cash provided by operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(136,534)	(1,934,298)
Capital expenditures	(2,479,152)	(736,790)
	<u>(2,615,686)</u>	<u>(2,671,088)</u>
<i>Net cash used in investing activities</i>		
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	-	(310,310)
	<u>-</u>	<u>(310,310)</u>
INCREASE (DECREASE) IN CASH	(330,097)	(273,294)
CASH, BEGINNING OF YEAR	<u>5,741,601</u>	<u>6,014,895</u>
CASH, END OF YEAR	<u>\$ 5,411,504</u>	<u>\$ 5,741,601</u>
CASH PAID FOR INTEREST	<u>\$ -</u>	<u>\$ 6,227</u>
SCHEDULE OF NON-CASH OPERATING AND INVESTING ACTIVITIES		
Property and equipment additions in accounts payable	<u>\$ -</u>	<u>\$ 310,577</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 and southern Indiana under the provisions of the Indiana Charter School laws. Excel Centers located in Anderson, Kokomo, Lafayette, Noblesville, Richmond, Shelbyville, and Clarksville operate under charters issued by the Indiana Charter School Board. An Excel Center located in Muncie began serving students in July 2018. Excel Centers located in Indianapolis operate under charters issued by the Mayor of Indianapolis. The former Decatur location was moved and began serving students again in July 2018. 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 twelve locations throughout Indiana during fiscal year 2018, leasing space at Goodwill’s Indianapolis headquarters building and in eleven other locations. GEI provides business support services, as further described in Note 5, to all Excel locations.

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 3,520 students. Demographics of Excel Centers’ students include 54% minorities, and over 85% in poverty, defined as being eligible for free or reduced lunch. Excel Centers’ students range in age from 16 to 78, with the average age of 26 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, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

During fiscal year 2018 Excel Centers reported the following September and February enrollments:

<u>School</u>	<u>Corp #</u>	<u>Enrollment Budget</u>	<u>September 2017</u>	<u>February 2018</u>
The Excel Center - Anderson	9750	300	313	273
The Excel Center - Kokomo	9355	340	345	318
The Excel Center - Lafayette	9345	310	315	304
The Excel Center - Richmond	9305	280	280	248
The Excel Center - West	9335	370	371	356
The Excel Center - Noblesville	9855	220	184	148
The Excel Center - University Heights	9840	380	390	397
Excel Centers for Adult Learners	9910	1,025	1,057	998
The Excel Center - Shelbyville	9995	110	124	115
The Excel Center - Clarksville	9050	300	186	192
Total		<u>3,635</u>	<u>3,565</u>	<u>3,349</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. Actual results could differ from those estimates. 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 \$14,786 and \$81,224 for the years ended June 30, 2018 and 2017, respectively. 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 December 31, 2018, Excel Centers held cash in excess of FDIC limits by approximately \$5,760,000.

EXCEL CENTERS, LLC
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017

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.

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 7). Realized and unrealized gains and losses are reported in the Statement of Activities.

Excel Centers held the following investment securities at:

	June 30, <u>2018</u>	June 30, <u>2017</u>
Corporate bonds– market value	<u>\$ 1,988,038</u>	<u>\$ 1,934,298</u>
Corporate bonds – cost basis	<u>\$ 2,058,068</u>	<u>\$ 1,929,067</u>

PROPERTY AND EQUIPMENT

Property and equipment are recorded at historical cost if purchased and fair value if donated. 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>2018</u>	<u>2017</u>
Furniture	\$ 1,565,639	\$ 1,479,572
Equipment	1,832,652	1,761,930
Computers	2,329,482	2,126,648
Software	1,240,839	1,240,839
Leasehold improvements	3,832,915	1,986,710
Work in process	<u>644,416</u>	<u>68,865</u>
	11,445,943	8,664,564
Accumulated depreciation	<u>(7,630,473)</u>	<u>(6,303,529)</u>
Property and equipment, net	<u>\$ 3,815,470</u>	<u>\$ 2,361,035</u>

EXCEL CENTERS, LLC
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 JUNE 30, 2018 AND 2017

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>2018</u>	<u>2017</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	30,000
The Excel Center - Richmond	30,000	30,000
The Excel Center - Shelbyville	20,000	10,000
	<u>\$ 170,000</u>	<u>\$ 160,000</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>2018</u>	<u>2017</u>
Technology hardware	\$ 2,017	\$ 2,017
Project Lead The Way	-	107,518
Staff training	-	14,500
Furniture and fixtures	-	9,229
	<u>\$ 2,017</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, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ADVERTISING

Advertising and printing expenses totaled \$167,858 and \$109,082 for the years ended June 30, 2018 and 2017, 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>2018</u>	<u>2017</u>
Classroom instruction	\$ 10,939,005	\$ 8,959,506
Student counseling	3,486,878	2,646,867
Special education services	<u>722,409</u>	<u>646,203</u>
Total program activities	15,148,292	12,252,576
Supporting activities:		
Program support	3,169,914	2,309,732
Administrative support	<u>5,397,705</u>	<u>4,972,821</u>
Total support activities	<u>8,567,619</u>	<u>7,282,553</u>
Total functional expenses	<u>\$ 23,715,911</u>	<u>\$ 19,535,129</u>

SUBSEQUENT EVENTS

Subsequent events have been considered through December 3, 2018, which was the date the financial statements were available to be issued. See Note 8.

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.

3. 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 June 2031. Aggregate rent expense for fiscal years 2018 and 2017, including common area maintenance charges, totaled \$1,596,642 and \$1,685,042, 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 \$137,384 and \$167,000 for rent in fiscal years 2018 and 2017, respectively.

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

2019	\$ 1,781,447
2020	1,410,659
2021	1,082,504
2022	930,890
2023	696,234
Thereafter	<u>3,456,338</u>
	<u>\$ 9,358,072</u>

4. 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 \$579,900 and \$459,089 to TRF on behalf of its employees for fiscal years 2018 and 2017, respectively. TRF is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Should Excel Centers elect to withdraw from TRF, Excel Centers could be subject to a withdrawal fee. Excel Centers contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2017 (the latest year reported), TRF was more than 85% funded. A copy of the complete annual report for the year ended June 30, 2017 can be obtained at:

www.in.gov/inprs/files/2017INPRSCAFR_Web.pdf

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 2018 and 2017 was \$106,320 and \$86,788, respectively.

5. 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 2018 and 2017, Excel Centers paid \$2,940,000 and \$3,315,355 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 2018 and 2017, Excel Centers paid Goodwill \$5,013,433 and \$2,713,102, respectively.

At June 30, 2018 and 2017, Excel Centers owed Goodwill \$167,424 and \$193,813 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 \$1,704,573 and \$1,430,667 for fiscal years 2018 and 2017, respectively.

6. 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.

7. 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, 2018 AND 2017

7. 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 June 30 are as follows:

<u>2018</u>	<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	\$ 1,988,038	\$ 1,988,038	\$ -	\$ -

<u>2017</u>	<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	\$ 1,934,298	\$ 1,934,298	\$ -	\$ -

8. SUBSEQUENT EVENTS

Excel Centers opened a new school in Muncie, Indiana in July 2018, in a leased facility. See note 3.

9. RECLASSIFICATION

Certain items in the fiscal year 2017 financial statements have been retroactively reclassified to conform to the fiscal year 2018 presentation. These reclassifications had no effect on net assets at June 30, 2017.



INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
Goodwill Education Initiatives, Inc. and Excel Centers, LLC:

We have audited the financial statements of Excel Centers, LLC as of and for the years ended June 30, 2018 and 2017, and our report thereon dated December 3, 2018, 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 statements of financial position and statements of activities by charter as of and for the years ended June 30, 2018 and 2017, 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 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 statements of financial position and activities by charter as of and for the years ended June 30, 2018 and 2017, in Exhibits I – IV, are fairly stated, in all material respects, in relation to financial statements as a whole.

Greenwalt CPAs, Inc.

December 3, 2018

EXCEL CENTERS, LLC
 STATEMENTS OF FINANCIAL POSITION BY CHARTER
 JUNE 30, 2018

Exhibit I

ASSETS	9910 EXCEL CENTERS FOR ADULT												2018 TOTAL
	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	9995 SHELBYVILLE	9050 CLARKSVILLE	9160 MUNCIE	ELIMINATIONS		
CURRENT ASSETS													
Cash and cash equivalents	\$ 543,001	\$ 381,251	\$ 422,974	\$ 755,558	\$ 1,110,606	\$ 317,207	\$ 820,796	\$ 1,053,745	\$ 6,366	\$ -	\$ -	\$ -	\$ 5,411,504
Investments	12,734	-	-	12,734	50,185	-	-	25,469	-	-	-	-	101,122
Accounts receivable	240,833	592,822	508,415	72,904	350,703	11,470	20,293	1,798,001	38,356	77,861	-	(3,342,147)	369,511
Prepayments	17,913	14,220	14,210	16,301	13,737	11,702	32,425	57,499	10,241	6,995	21,761	-	217,004
<i>Total current assets</i>	814,481	988,293	945,599	857,497	1,525,231	340,379	873,514	2,934,714	54,963	84,856	21,761	(3,342,147)	6,099,141
INVESTMENTS	237,619	-	-	237,619	936,441	-	-	475,237	-	-	-	-	1,886,916
PROPERTY AND EQUIPMENT, NET	296,024	69,337	91,684	123,117	66,416	270,983	393,981	374,532	114,237	1,543,855	471,304	-	3,815,470
TOTAL ASSETS	<u>\$ 1,348,124</u>	<u>\$ 1,057,630</u>	<u>\$ 1,037,283</u>	<u>\$ 1,218,233</u>	<u>\$ 2,528,088</u>	<u>\$ 611,362</u>	<u>\$ 1,267,495</u>	<u>\$ 3,784,483</u>	<u>\$ 169,200</u>	<u>\$ 1,628,711</u>	<u>\$ 493,065</u>	<u>\$ (3,342,147)</u>	<u>\$ 11,801,527</u>
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Accounts payable	\$ 17,555	\$ 17,472	\$ 58,146	\$ 31,320	\$ 11,554	\$ 470,980	\$ 19,509	\$ 81,250	\$ 5,554	\$ 2,334,579	\$ 614,224	\$ (3,342,147)	\$ 319,996
Accrued liabilities	39,380	40,131	33,660	20,491	29,126	18,585	38,200	122,504	14,952	16,655	16,361	-	390,045
<i>Total liabilities</i>	56,935	57,603	91,806	51,811	40,680	489,565	57,709	203,754	20,506	2,351,234	630,585	(3,342,147)	710,041
NET ASSETS (ACCUMULATED DEFICIT)													
Unrestricted - Undesignated	1,261,189	970,027	915,477	1,136,422	2,485,391	91,797	1,209,786	3,580,729	128,694	(722,523)	(137,520)	-	10,919,469
Unrestricted - Board Designated	30,000	30,000	30,000	30,000	-	30,000	-	-	20,000	-	-	-	170,000
<i>Total unrestricted net assets</i>	1,291,189	1,000,027	945,477	1,166,422	2,485,391	121,797	1,209,786	3,580,729	148,694	(722,523)	(137,520)	-	11,089,469
Temporarily restricted	-	-	-	-	2,017	-	-	-	-	-	-	-	2,017
<i>Total net assets (accumulated deficit)</i>	1,291,189	1,000,027	945,477	1,166,422	2,487,408	121,797	1,209,786	3,580,729	148,694	(722,523)	(137,520)	-	11,091,486
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,348,124</u>	<u>\$ 1,057,630</u>	<u>\$ 1,037,283</u>	<u>\$ 1,218,233</u>	<u>\$ 2,528,088</u>	<u>\$ 611,362</u>	<u>\$ 1,267,495</u>	<u>\$ 3,784,483</u>	<u>\$ 169,200</u>	<u>\$ 1,628,711</u>	<u>\$ 493,065</u>	<u>\$ (3,342,147)</u>	<u>\$ 11,801,527</u>

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

Exhibit II

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		
CURRENT ASSETS												
Cash and cash equivalents	\$ 782,367	\$ 642,800	\$ 717,440	\$ 543,423	\$ 890,705	\$ 389,475	\$ 646,171	\$ 1,129,220	\$ -	\$ -	\$ -	\$ 5,741,601
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>	822,723	666,071	731,000	573,449	928,194	605,372	900,916	2,149,108	17,945	68,838	(926,344)	6,537,272
INVESTMENTS	241,787	-	-	241,787	967,149	-	-	483,575	-	-	-	1,934,298
PROPERTY AND EQUIPMENT, NET	100,471	220,019	177,810	190,648	199,781	393,134	505,753	255,119	150,916	167,384	-	2,361,035
TOTAL ASSETS	<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>
LIABILITIES AND NET ASSETS												
CURRENT LIABILITIES												
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
LONG-TERM LIABILITIES												
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
NET ASSETS (ACCUMULATED DEFICIT)												
Unrestricted - Undesignated	1,066,965	781,289	816,314	917,857	2,037,745	145,578	1,033,330	2,652,531	114,843	(90,063)	-	9,476,389
Unrestricted - Board Designated	30,000	30,000	30,000	30,000	-	30,000	-	-	10,000	-	-	160,000
<i>Total unrestricted net assets</i> <i>(accumulated deficit)</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
TOTAL LIABILITIES AND NET ASSETS	<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 ACTIVITIES BY CHARTER
 FOR THE YEAR ENDED JUNE 30, 2018

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	9160 MUNCIE	2018 TOTAL
REVENUE												
State and Federal grants	\$ 2,141,267	\$ 2,380,568	\$ 2,172,186	\$ 1,936,730	\$ 2,563,584	\$ 1,275,055	\$ 2,681,198	\$ 7,243,291	\$ 849,299	\$ 1,255,500	\$ -	\$ 24,498,678
Other income	44,939	27,844	47,446	9,096	25,776	14,249	17,502	153,210	86,857	111,047	-	537,966
<i>Total revenue</i>	<u>2,186,206</u>	<u>2,408,412</u>	<u>2,219,632</u>	<u>1,945,826</u>	<u>2,589,360</u>	<u>1,289,304</u>	<u>2,698,700</u>	<u>7,396,501</u>	<u>936,156</u>	<u>1,366,547</u>	<u>-</u>	<u>25,036,644</u>
SUPPORT												
Unrestricted gifts and contributions	-	-	-	-	250	350	-	500	-	-	-	1,100
<i>Total revenue and support</i>	<u>2,186,206</u>	<u>2,408,412</u>	<u>2,219,632</u>	<u>1,945,826</u>	<u>2,589,610</u>	<u>1,289,654</u>	<u>2,698,700</u>	<u>7,397,001</u>	<u>936,156</u>	<u>1,366,547</u>	<u>-</u>	<u>25,037,744</u>
EXPENSES												
Wages and benefits	1,107,213	1,265,909	1,170,661	916,044	1,260,709	791,814	1,378,847	3,673,335	592,430	955,546	109,238	13,221,746
Professional fees	465,336	433,261	425,242	393,775	417,968	259,202	569,717	1,417,285	138,027	435,601	21,178	4,976,592
Supplies and materials	71,537	50,055	90,792	39,605	77,528	41,107	61,878	229,435	42,625	174,484	3,435	882,481
Student transportation	785	1,470	8,015	16,486	34,640	1,595	18,305	75,475	1,036	17,305	-	175,112
Drop-in center	5,060	296	2,782	14,232	1,555	416	10,932	13,369	1,919	8,615	-	59,176
Rent	139,816	117,000	105,105	143,308	98,280	109,800	320,000	439,421	83,364	40,548	-	1,596,642
Other occupancy	92,384	127,931	149,428	33,005	84,473	869	98,108	415,606	26,610	128,387	41	1,156,842
Depreciation	82,148	197,756	138,801	143,926	140,577	120,801	164,427	104,565	43,424	198,869	-	1,335,294
Other expenses	27,703	25,996	29,643	26,880	26,234	17,831	31,277	72,074	11,108	39,652	3,628	312,026
<i>Total expenses</i>	<u>1,991,982</u>	<u>2,219,674</u>	<u>2,120,469</u>	<u>1,727,261</u>	<u>2,141,964</u>	<u>1,343,435</u>	<u>2,653,491</u>	<u>6,440,565</u>	<u>940,543</u>	<u>1,999,007</u>	<u>137,520</u>	<u>23,715,911</u>
CHANGE IN NET ASSETS	194,224	188,738	99,163	218,565	447,646	(53,781)	45,209	956,436	(4,387)	(632,460)	(137,520)	1,321,833
TRANSFER OF NET ASSETS	-	-	-	-	-	-	-	(28,238)	28,238	-	-	-
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	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
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 1,291,189</u>	<u>\$ 1,000,027</u>	<u>\$ 945,477</u>	<u>\$ 1,166,422</u>	<u>\$ 2,487,408</u>	<u>\$ 121,797</u>	<u>\$ 1,209,786</u>	<u>\$ 3,580,729</u>	<u>\$ 148,694</u>	<u>\$ (722,523)</u>	<u>\$ (137,520)</u>	<u>\$ 11,091,486</u>

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

Exhibit IV

	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
REVENUE											
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
Other income	2,111	-	-	2,111	8,445	5,013	3,970	4,883	100	-	26,633
<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>
SUPPORT											
Unrestricted gifts and contributions	-	-	25	-	-	-	-	-	-	-	25
<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>
EXPENSES											
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	434,371	431,567	408,626	406,389	446,853	276,739	457,757	1,288,957	172,237	5,122	4,328,618
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>
CHANGE IN NET ASSETS	162,627	165,628	184,095	135,945	557,290	316,185	547,926	276,174	(219,379)	(90,063)	2,036,428
TRANSFER OF NET ASSETS	-	-	-	-	-	-	-	(335,158)	335,158	-	-
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING 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>-</u>	<u>7,733,225</u>
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	<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>

EXCEL CENTERS, LLC
OTHER REPORT
JUNE 30, 2018

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

Supplemental Audit Report of Excel Centers, LLC