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March 10, 2020

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

We have reviewed the audit report of Excel Centers, LLC which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding on page 29. Please see the Schedule of Findings and Questioned Costs for further detail.

In our opinion, Greenwalt CPAs, Inc. prepared the audit report in accordance with 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

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**EXCEL CENTERS, LLC**  
FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
JUNE 30, 2019 AND 2018

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GREENWALT<sup>CPAs</sup>

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**EXCEL CENTERS, LLC**

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JUNE 30, 2019 AND 2018

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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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, the statement of functional expenses for the year ended June 30, 2019, 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, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources* and *Guidelines for 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, 2019 and 2018, 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 31, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Excel Centers' 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 Excel Centers' internal control over financial reporting and compliance.

*Greenwald CPAs, Inc.*

December 31, 2019

EXCEL CENTERS, LLC  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2019 AND 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 4,686,241	\$ 5,411,504
Investments	199,944	101,122
Accounts receivable	376,006	369,511
Related party receivable	600,000	-
Prepayments	150,767	217,004
	<hr/>	<hr/>
<i>Total current assets</i>	6,012,958	6,099,141
<b>INVESTMENTS</b>	1,941,433	1,886,916
<b>PROPERTY AND EQUIPMENT, NET</b>	<hr/>	<hr/>
	5,356,424	3,815,470
<b>TOTAL ASSETS</b>	<hr/> <hr/>	<hr/> <hr/>
	\$ 13,310,815	\$ 11,801,527
 <u>LIABILITIES &amp; NET ASSETS</u>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 526,790	\$ 319,996
Accrued liabilities	464,026	390,045
	<hr/>	<hr/>
<i>Total current liabilities</i>	990,816	710,041
 <b>COMMITMENTS AND CONTINGENCIES</b> (NOTES 4 AND 7)		
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	12,109,999	10,919,469
Board Designated	210,000	170,000
	<hr/>	<hr/>
<i>Total net assets without donor restrictions</i>	12,319,999	11,089,469
With donor restrictions	-	2,017
	<hr/>	<hr/>
<i>Total net assets</i>	12,319,999	11,091,486
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<hr/> <hr/>	<hr/> <hr/>
	\$ 13,310,815	\$ 11,801,527

EXCEL CENTERS, LLC

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE</b>						
State and Federal grants	\$ 27,859,045	\$ -	\$ 27,859,045	\$ 24,498,678	\$ -	\$ 24,498,678
Other income	224,294	-	224,294	537,966	-	537,966
<i>Total revenue</i>	28,083,339	-	28,083,339	25,036,644	-	25,036,644
<b>SUPPORT</b>						
Gifts and contributions	124,375	-	124,375	1,100	-	1,100
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	2,017	(2,017)	-	131,247	(131,247)	-
<i>Total revenue and support</i>	28,209,731	(2,017)	28,207,714	25,168,991	(131,247)	25,037,744
<b>EXPENSES</b>						
Wages and benefits	14,923,812	-	14,923,812	13,221,746	-	13,221,746
Professional fees	6,684,120	-	6,684,120	4,976,592	-	4,976,592
Supplies and materials	520,273	-	520,273	882,481	-	882,481
Student transportation	161,406	-	161,406	175,112	-	175,112
Drop-in center	30,974	-	30,974	59,176	-	59,176
Rent	1,903,219	-	1,903,219	1,596,642	-	1,596,642
Other occupancy	1,281,547	-	1,281,547	1,156,842	-	1,156,842
Depreciation	1,131,336	-	1,131,336	1,335,294	-	1,335,294
Other expenses	342,514	-	342,514	312,026	-	312,026
<i>Total expenses</i>	26,979,201	-	26,979,201	23,715,911	-	23,715,911
<b>CHANGE IN NET ASSETS</b>	1,230,530	(2,017)	1,228,513	1,453,080	(131,247)	1,321,833
<b>NET ASSETS, BEGINNING OF YEAR</b>	11,089,469	2,017	11,091,486	9,636,389	133,264	9,769,653
<b>NET ASSETS, END OF YEAR</b>	\$ 12,319,999	\$ -	\$ 12,319,999	\$ 11,089,469	\$ 2,017	\$ 11,091,486

See accompanying notes to financial statements.

EXCEL CENTERS, LLC

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	2019		2018	
	<u>Program</u>	<u>Management and General</u>	<u>Total</u>	<u>Total</u>
Wages and benefits	\$ 12,471,540	\$ 2,452,272	\$ 14,923,812	\$13,221,746
Professional fees	687,276	5,996,844	6,684,120	4,976,592
Supplies and materials	333,461	186,812	520,273	882,481
Student transportation	161,406	-	161,406	175,112
Drop-In center	30,974	-	30,974	59,176
Rent	1,903,219	-	1,903,219	1,596,642
Other occupancy	-	1,281,547	1,281,547	1,156,842
Depreciation	1,131,336	-	1,131,336	1,335,294
Other expenses	151,478	191,036	342,514	312,026
	<u>\$ 16,870,690</u>	<u>\$ 10,108,511</u>	<u>\$ 26,979,201</u>	<u>\$23,715,911</u>
<i>Total functional expenses</i>				

EXCEL CENTERS, LLC  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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INCREASE IN CASH

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,228,513	\$ 1,321,833
Depreciation	1,131,336	1,335,294
Unrealized loss on investments	(67,040)	82,794
<i>(Increase) decrease in operating assets:</i>		
Accounts receivable	(6,495)	288,935
Related party receivable	(600,000)	
Prepayments	66,237	(79,779)
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable	206,794	(704,909)
Accrued liabilities	73,981	41,421
	<u>2,033,326</u>	<u>2,285,589</u>
<i>Net cash provided by operating activities</i>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(86,299)	(136,534)
Capital expenditures	<u>(2,672,290)</u>	<u>(2,479,152)</u>
	<u>(2,758,589)</u>	<u>(2,615,686)</u>
<i>Net cash used in investing activities</i>		
<b>DECREASE IN CASH</b>	(725,263)	(330,097)
<b>CASH, BEGINNING OF YEAR</b>	<u>5,411,504</u>	<u>5,741,601</u>
<b>CASH, END OF YEAR</b>	<u>\$ 4,686,241</u>	<u>\$ 5,411,504</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 (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, Clarksville, Kokomo, Lafayette, Muncie, Noblesville, Richmond, and Shelbyville operate under charters issued by the Indiana Charter School Board. An Excel Center located in Bloomington began serving students in July 2019. 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 fourteen locations throughout Indiana during fiscal year 2019, leasing space at Goodwill’s Indianapolis headquarters building and in thirteen other locations. GEI provides business support services, as further described in Note 6, 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 4,000 students.

Since its inception, Excel Centers has graduated 4,532 students. Demographics of Excel Centers’ students include 56% minorities, and over 80% in poverty, defined as being eligible for free or reduced lunch. Excel Centers’ students range in age from 16 to 79, with the average age of 27 and median age of 23. All students have varying degrees of academic credits and capabilities when they enroll, with most needing significant remediation. Excel Centers’ students connect with a life coach who helps them navigate the barriers that stand in the way of their educational attainment.

**EXCEL CENTER, LLC**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

During fiscal year 2019 Excel Centers reported the following September and February enrollments:

<u>School</u>	<u>Corp #</u>	<u>Enrollment Budget</u>	<u>September 2018</u>	<u>February 2019</u>
The Excel Center – Anderson	9750	305	289	230
The Excel Center – Clarksville	9050	250	282	284
The Excel Center – Kokomo	9355	345	348	309
The Excel Center – Lafayette	9345	320	315	312
Excel Centers for Adult Learners	9910	1150	1187	1156
The Excel Center – Muncie	9160	240	245	229
The Excel Center – Noblesville	9855	185	187	181
The Excel Center – Richmond	9305	290	251	283
The Excel Center – Shelbyville	9995	140	154	153
The Excel Center – University Heights	9840	400	382	389
The Excel Center – West	9335	375	333	360
Total		<u>4,000</u>	<u>3,973</u>	<u>3,886</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 \$11,921 and \$14,786 as of June 30, 2019 and 2018, 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 June 30, 2019 and 2018, Excel Centers held cash in excess of FDIC limits by approximately \$4,387,000 and \$5,760,000, respectively.

EXCEL CENTER, LLC  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019 AND 2018

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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>2019</u>	June 30, <u>2018</u>
Corporate bonds– market value	<u>\$ 2,141,377</u>	<u>\$ 1,988,038</u>
Corporate bonds – cost basis	<u>\$ 2,129,521</u>	<u>\$ 2,058,068</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.

	<u>2019</u>	<u>2018</u>
Furniture	\$ 2,007,994	\$ 1,565,639
Equipment	2,367,337	1,832,652
Computers	2,757,048	2,329,482
Software	1,245,072	1,240,839
Leasehold improvements	5,688,503	3,832,915
Work in process	<u>52,276</u>	<u>644,416</u>
	14,118,230	11,445,943
Accumulated depreciation	<u>(8,761,806)</u>	<u>(7,630,473)</u>
Property and equipment, net	<u>\$ 5,356,424</u>	<u>\$ 3,815,470</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS

The financial statements have been prepared in accordance with Accounting Standards for the Preparation of Financial Statements of Not-for-Profit Organizations. These standards require the financial statements to report information regarding its net assets and its revenue, expenses, and other changes in net assets according to net asset class. Excel Centers maintains the following classifications of net assets:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objections of Excel Centers. 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.

Net Assets without Donor Restrictions – 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 the 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>2019</u>	<u>2018</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	30,000	20,000
The Excel Center - Clarksville	20,000	-
The Excel Center - Muncie	10,000	-
	<u>\$ 210,000</u>	<u>\$ 170,000</u>

Net Assets with Donor Restrictions

These include donations and grant revenues used to meet expenses of current operations in accordance with restrictions specified by the donors or grantors. Net assets of \$2,017 were restricted for technology hardware at June 30, 2018. There were no net assets with donor restrictions as of June 30, 2019.

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 net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ADVERTISING

Advertising and printing expenses totaled \$128,326 and \$167,858 for the years ended June 30, 2019 and 2018, respectively. Excel Centers' policy is to record advertising expenditures in the period in which they are incurred.

EXPENSE ALLOCATION

Expenses have been classified as program and management and general based on the actual direct expenditures and cost allocation based on time and effort.

SUBSEQUENT EVENTS

Subsequent events have been considered through December 31, 2019, which was the date the financial statements were available to be issued. See Note 9.

NEW ACCOUNTING PRONOUNCEMENT

Excel Centers adopted ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* for the year ended June 30, 2019. The update addressed the complexity and understandability of net asset classification by reducing the three categories of unrestricted, temporarily restricted and permanently restricted to two, net assets with and without donor restrictions. In addition, the update requires a new disclosure regarding liquidity and the availability of resources, the presentation of expenses by natural classifications and function and the netting of investment expenses with revenue. Excel Centers has adjusted the presentation of these statements accordingly. With the exception of Note 2 and the statement of functional expenses, the update has been applied retrospectively to all periods presented but had no impact on total net assets as of June 30, 2018.

2. AVAILABLE RESOURCES AND LIQUIDITY

Excel Centers regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Excel Centers has cash and cash equivalents, a fixed income investment portfolio, and the ability to receive cash grants and/or borrow from GEI, Goodwill and the Goodwill Foundation, as required, to meet its obligations. Excel Centers has no debt to third parties.

For purposes of analyzing resources available to meet general expenditures over the next 12 months, Excel Centers considers all expenditures related to its ongoing activities, capital expenditures, and other commitments, to be general expenditures. Excel Centers typically operates with a balanced budget, and anticipates generating sufficient revenue, along with support from related parties, to cover its general expenditures. Excel Centers' charter agreement requires it to hold cash and cash equivalents equal to or greater than 50 days of operating expenses. Excel Centers receives more than 90% of its revenue from state and Federal government sources. Cash distributions from government sources are generally received monthly throughout the year. Excel Centers' cash receipts are highly predictable and its expenditures closely align with receipts.

**EXCEL CENTER, LLC**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

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**2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED**

The table below presents financial assets available for general expenditures within one year at June 30, 2019:

Financial assets at year-end:		
Cash and cash equivalents	\$	4,686,241
Investments		199,944
Accounts receivable		376,006
Related party receivable		<u>600,000</u>
Total financial assets available for use within one year:		5,862,191
Less financial assets not available for use within one year:		
Board designated net assets		<u>210,000</u>
Financial assets available to meet general expenditures within one year	\$	<u><u>5,652,191</u></u>

**3. 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.

**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 June 2031. Aggregate rent expense for fiscal years 2019 and 2018, including common area maintenance charges, totaled \$1,903,219 and \$1,596,642, 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 for rent in fiscal years 2019 and 2018.

GEI leases its Decatur Township Excel Center location for \$1 per year plus a capital recovery fee not to exceed \$20,000 annually. The lease expires June 2021. In-kind revenue and expense have been recorded on the statement of activities at the estimated in-kind contribution and corresponding expense of \$121,000.

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

2020	\$	1,733,445
2021		1,171,089
2022		1,019,474
2023		795,427
2024		252,050
Thereafter		<u>2,815,469</u>
	\$	<u><u>7,786,954</u></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 \$644,660 and \$579,900 to TRF on behalf of its employees for fiscal years 2019 and 2018, 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, 2018 (the latest year reported), TRF was more than 84% funded. A copy of the complete annual report for the year ended June 30, 2018 can be obtained at:

[https://www.in.gov/inprs/files/2018\\_INPRSCAFRBook\\_Financial.pdf](https://www.in.gov/inprs/files/2018_INPRSCAFRBook_Financial.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 2019 and 2018 was \$163,043 and \$106,320, respectively.

**6. RELATED PARTY TRANSACTIONS**

Excel Centers is owned and operated by GEI. GEI provides employees, certain school-specific administrative services, and general management and oversight of the Excel Centers. GEI 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 2019 and 2018, Excel Centers paid \$4,600,045 and \$3,240,000, respectively, to GEI 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 2019 and 2018, Excel Centers paid Goodwill \$3,979,637 and \$5,013,433, respectively.

In 2006, Goodwill issued \$12 million of tax-exempt bonds that financed three retail projects, the relocation of Commercial Services to Tremont, and \$4,685,000 for Michigan Street remodeling related to the Indianapolis Met and GEI (space now occupied by the Indianapolis Met, GEI Admin, and the Michigan Street Excel Center). During 2019, Excel Centers transferred assets of \$850,710 to GCSI as reimbursement for its portion of the bond issuance.

At June 30, 2019 and 2018, Excel Centers owed Goodwill \$371,671 and \$167,424 for reimbursable operating expenses, which are included in accounts payable and accrued expenses 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 \$1,914,984 and \$1,704,573 for fiscal years 2019 and 2018, 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. 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.

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>2019</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	\$ 2,141,377	\$ 2,141,377	\$ -	\$ -

<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	\$ -	\$ -

**9. SUBSEQUENT EVENTS**

Excel Centers opened a new school in Bloomington, Indiana in July 2019, in a leased facility. See Note 4.



Greenwalt CPAs, Inc.  
5342 W. Vermont Street  
Indianapolis, IN 46224  
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## 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, 2019 and 2018, and our report thereon dated December 31, 2019, 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* (Uniform Guidance), 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, 2019 and 2018, 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 schedule of expenditures of federal awards for the year ended June 30, 2019, the statements of financial position and activities by charter as of and for the years ended June 30, 2019 and 2018 are fairly stated, in all material respects, in relation to financial statements as a whole.

*Greenwalt CPAs, Inc.*

December 31, 2019

EXCEL CENTERS, LLC

STATEMENTS OF FINANCIAL POSITION BY CHARTER  
JUNE 30, 2019

Exhibit I

ASSETS	9910													2019 TOTAL
	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	EXCEL CENTERS FOR ADULT LEARNERS	9995 SHELBYVILLE	9050 CLARKSVILLE	9160 MUNCIE	8655 BLOOMINGTON	ELIMINATIONS	
<b>CURRENT ASSETS</b>														
Cash and cash equivalents	\$ 509,918	\$ 690,323	\$ 367,901	\$ 400,509	\$ 606,407	342,754	\$ 496,035	\$ 829,693	\$ 169,530	\$ 216,210	\$ 81,183	\$ (24,222)	\$ -	\$ 4,686,241
Investments	24,993	-	-	24,993	99,972	-	-	49,986	-	-	-	-	-	199,944
Accounts receivable	3,156	3,637	759	6,797	-	1,967	-	700	7,108	-	351,887	-	-	376,006
Related party receivable	399,762	498,002	475,494	427,040	1,012,388	-	525,000	1,155,719	-	-	-	-	(3,893,405)	600,000
Prepayments	12,639	10,500	9,157	12,778	13,351	12,028	26,667	24,099	6,947	-	19,860	2,741	-	150,767
<i>Total current assets</i>	950,468	1,202,462	853,311	872,117	1,732,118	356,744	1,047,702	2,060,197	183,585	216,210	452,930	(21,481)	(3,893,405)	6,012,958
<b>INVESTMENTS</b>	242,679	-	-	242,679	970,717	-	-	485,358	-	-	-	-	-	1,941,433
<b>PROPERTY AND EQUIPMENT, NET</b>	227,290	63,713	147,755	133,943	95,862	178,860	275,164	1,776,375	81,798	1,519,165	825,207	31,292	-	5,356,424
<b>TOTAL ASSETS</b>	<u>\$ 1,420,437</u>	<u>\$ 1,266,175</u>	<u>\$ 1,001,066</u>	<u>\$ 1,248,739</u>	<u>\$ 2,798,697</u>	<u>\$ 535,604</u>	<u>\$ 1,322,866</u>	<u>\$ 4,321,930</u>	<u>\$ 265,383</u>	<u>\$ 1,735,375</u>	<u>\$ 1,278,137</u>	<u>\$ 9,811</u>	<u>\$ (3,893,405)</u>	<u>\$ 13,310,815</u>
<b>LIABILITIES AND NET ASSETS</b>														
<b>CURRENT LIABILITIES</b>														
Accounts payable	\$ 48,663	\$ 31,643	\$ 31,951	\$ 49,716	\$ 87,170	381,173	\$ 28,087	\$ 148,960	\$ 12,094	\$ 2,265,485	\$ 1,281,000	\$ 54,253	\$ (3,893,405)	\$ 526,790
Accrued liabilities	27,093	48,820	39,251	21,383	27,954	17,630	61,561	138,346	11,824	32,500	33,788	3,876	-	464,026
<i>Total liabilities</i>	75,756	80,463	71,202	71,099	115,124	398,803	89,648	287,306	23,918	2,297,985	1,314,788	58,129	(3,893,405)	990,816
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>														
Without donor restrictions														
Undesignated	1,314,681	1,155,712	899,864	1,147,640	2,683,573	106,801	1,233,218	4,034,624	211,465	(582,610)	(46,651)	(48,318)	-	12,109,999
Board Designated	30,000	30,000	30,000	30,000	-	30,000	-	-	30,000	20,000	10,000	-	-	210,000
<i>Total net assets (accumulated deficit)</i>	1,344,681	1,185,712	929,864	1,177,640	2,683,573	136,801	1,233,218	4,034,624	241,465	(562,610)	(36,651)	(48,318)	-	12,319,999
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,420,437</u>	<u>\$ 1,266,175</u>	<u>\$ 1,001,066</u>	<u>\$ 1,248,739</u>	<u>\$ 2,798,697</u>	<u>\$ 535,604</u>	<u>\$ 1,322,866</u>	<u>\$ 4,321,930</u>	<u>\$ 265,383</u>	<u>\$ 1,735,375</u>	<u>\$ 1,278,137</u>	<u>\$ 9,811</u>	<u>\$ (3,893,405)</u>	<u>\$ 13,310,815</u>

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

Exhibit II

ASSETS	9910 EXCEL CENTERS FOR ADULT LEARNERS											2018 TOTAL	
	9750 ANDERSON	9355 KOKOMO	9345 LAFAYETTE	9305 RICHMOND	9335 WEST	9855 NOBLESVILLE	9840 UNIVERSITY HEIGHTS	9995 SHELBYVILLE	9050 CLARKSVILLE	9160 MUNCIE	ELIMINATIONS		
<b>CURRENT ASSETS</b>													
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
<b>INVESTMENTS</b>	237,619	-	-	237,619	936,441	-	-	475,237	-	-	-	-	1,886,916
<b>PROPERTY AND EQUIPMENT, NET</b>	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
<b>TOTAL ASSETS</b>	<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>
<b>LIABILITIES AND NET ASSETS</b>													
<b>CURRENT LIABILITIES</b>													
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
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>													
Without donor restrictions													
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
Board Designated	30,000	30,000	30,000	30,000	-	30,000	-	-	20,000	-	-	-	170,000
<i>Total without donor restrictions</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
With donor restriction	-	-	-	-	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
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<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 ACTIVITIES BY CHARTER  
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit III

	9910													
	EXCEL CENTER													
	9750	9355	9345	9305	9335	9855	9840	9910	9995	9050	9160	8655		2019
	ANDERSON	KOKOMO	LAFAYETTE	RICHMOND	WEST	NOBLESVILLE	UNIVERSITY HEIGHTS	FOR ADULT LEARNERS	SHELBYVILLE	CLARKSVILLE	MUNCIE	BLOOMINGTON	ELIMINATION	TOTAL
<b>REVENUE</b>														
State and Federal grants	\$ 2,000,537	\$ 2,418,612	\$ 2,178,167	\$ 1,748,102	\$ 2,301,381	\$ 1,300,373	\$ 2,607,560	\$ 8,409,828	\$ 1,057,694	\$ 1,925,518	\$ 1,911,273	\$ -	\$ -	\$ 27,859,045
Interfund transfer	250,000	250,000	250,000	200,000	250,000	150,000	350,000	800,000	100,000	200,000	150,000	25,000	(2,975,000)	-
Other income	40,118	26,292	14,454	55,015	73,742	(84)	217	54,940	15,778	(56,178)	-	-	-	224,294
<i>Total revenue</i>	<u>2,290,655</u>	<u>2,694,904</u>	<u>2,442,621</u>	<u>2,003,117</u>	<u>2,625,123</u>	<u>1,450,289</u>	<u>2,957,777</u>	<u>9,264,768</u>	<u>1,173,472</u>	<u>2,069,340</u>	<u>2,061,273</u>	<u>25,000</u>	<u>(2,975,000)</u>	<u>28,083,339</u>
<b>SUPPORT</b>														
Unrestricted gifts and contributions	291	750	350	456	351	354	-	121,649	24	150	-	-	-	124,375
<i>Total revenue and support</i>	<u>2,290,946</u>	<u>2,695,654</u>	<u>2,442,971</u>	<u>2,003,573</u>	<u>2,625,474</u>	<u>1,450,643</u>	<u>2,957,777</u>	<u>9,386,417</u>	<u>1,173,496</u>	<u>2,069,490</u>	<u>2,061,273</u>	<u>25,000</u>	<u>(2,975,000)</u>	<u>28,207,714</u>
<b>EXPENSES</b>														
Wages and benefits	1,050,979	1,264,644	1,263,492	964,937	1,300,296	825,470	1,349,172	4,191,686	622,057	1,005,407	1,041,706	43,966	-	14,923,812
Professional fees	557,524	628,805	500,912	500,450	558,380	199,989	575,024	2,255,604	158,518	362,461	382,827	3,626	-	6,684,120
Supplies and materials	29,214	29,882	50,262	31,564	47,762	27,200	41,180	138,502	27,489	40,067	56,913	238	-	520,273
Student transportation	710	550	10,595	8,550	16,400	1,143	8,123	89,638	2,978	22,017	702	-	-	161,406
Drop-in center	2,339	721	3,853	606	1,284	655	3,086	6,584	1,146	2,261	8,439	-	-	30,974
Rent	139,898	126,000	107,494	123,500	98,280	109,800	320,000	547,024	83,364	36,540	211,219	-	-	1,903,219
Other occupancy	74,721	145,742	179,151	75,578	80,380	3,172	107,768	397,730	32,968	174,182	10,155	-	-	1,281,547
Depreciation	99,273	38,458	61,098	57,153	51,747	102,170	151,883	287,889	41,596	34,459	205,122	488	-	1,131,336
Interfund transfer	250,000	250,000	200,000	200,000	250,000	150,000	350,000	800,000	100,000	200,000	150,000	25,000	(2,975,000)	-
Other expenses	32,796	25,167	31,727	30,017	24,780	16,040	28,109	80,047	10,609	32,083	31,139	-	-	342,514
<i>Total expenses</i>	<u>2,237,454</u>	<u>2,509,969</u>	<u>2,458,584</u>	<u>1,992,355</u>	<u>2,429,309</u>	<u>1,435,639</u>	<u>2,934,345</u>	<u>8,794,704</u>	<u>1,080,725</u>	<u>1,909,577</u>	<u>2,098,222</u>	<u>73,318</u>	<u>(2,975,000)</u>	<u>26,979,201</u>
<b>CHANGE IN NET ASSETS</b>	53,492	185,685	(15,613)	11,218	196,165	15,004	23,432	591,713	92,771	159,913	(36,949)	(48,318)	-	1,228,513
<b>TRANSFER OF NET ASSETS</b>	-	-	-	-	-	-	-	(137,818)	-	-	137,818	-	-	-
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	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
<b>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<u>\$ 1,344,681</u>	<u>\$ 1,185,712</u>	<u>\$ 929,864</u>	<u>\$ 1,177,640</u>	<u>\$ 2,683,573</u>	<u>\$ 136,801</u>	<u>\$ 1,233,218</u>	<u>\$ 4,034,624</u>	<u>\$ 241,465</u>	<u>\$ (562,610)</u>	<u>\$ (36,651)</u>	<u>\$ (48,318)</u>	<u>\$ -</u>	<u>\$ 12,319,999</u>

EXCEL CENTERS, LLC  
 STATEMENTS OF ACTIVITIES BY CHARTER  
 FOR THE YEAR ENDED JUNE 30, 2018

Exhibit IV

	9750	9355	9345	9305	9335	9855	9840	9910	9995	9050	9160	2018
	ANDERSON	KOKOMO	LAFAYETTE	RICHMOND	WEST	NOBLESVILLE	UNIVERSITY HEIGHTS	EXCEL CENTER FOR ADULT LEARNERS	SHELBYVILLE	CLARKSVILLE	MUNCIE	TOTAL
<b>REVENUE</b>												
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>
<b>SUPPORT</b>												
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>
<b>EXPENSES</b>												
Wages/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	415,806	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>
<b>CHANGE IN NET ASSETS</b>	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
<b>TRANSFER OF NET ASSETS</b>	-	-	-	-	-	-	-	(28,238)	28,238	-	-	-
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	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>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<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>

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Indiana Department of Education			
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	14217-554-PN01	\$ 9,544
Special Education - Grants to States (IDEA, Part B)	84.027	18611-554-PN01	36,291
Special Education - Grants to States (IDEA, Part B)	84.027	18611-611-PN01	10,887
Special Education - Grants to States (IDEA, Part B)	84.027	19611-535-PN01	11,131
Special Education - Grants to States (IDEA, Part B)	84.027	14218-568-PN01	20,142
Special Education - Grants to States (IDEA, Part B)	84.027	19611-568-PN01	41,164
Special Education - Grants to States (IDEA, Part B)	84.027	19611-566-PN01	40,359
Special Education - Grants to States (IDEA, Part B)	84.027	14218-535-PN01	6,192
Special Education - Grants to States (IDEA, Part B)	84.027	19611-535-PN01	90,852
Special Education - Grants to States (IDEA, Part B)	84.027	19611-623-DY01	5,362
Special Education - Grants to States (IDEA, Part B)	84.027	19611-593-PN01	30,059
Special Education - Grants to States (IDEA, Part B)	84.027	14218-565-PN01	28,380
Special Education - Grants to States (IDEA, Part B)	84.027	19611-535-PN01	16,707
Special Education - Grants to States (IDEA, Part B)	84.027	19611-596-PN01	14,061
Special Education - Grants to States (IDEA, Part B)	84.027	19611-592-PN01	24,517
Special Education - Grants to States (IDEA, Part B)	84.027	14218-567-PN01	10,863
Special Education - Grants to States (IDEA, Part B)	84.027	19611-567-PN01	25,139
<i>Total for Special Education Cluster (IDEA)</i>			421,650
<i>Supporting Effective Instruction State Grants</i>			
Title II-A Supporting Effective Instruction	84.367	S367A160013	1,497
Title II-A Supporting Effective Instruction	84.367	S367A170013	1,220
Title II-A Supporting Effective Instruction	84.367	S367A180013	448
Title II-A Supporting Effective Instruction	84.367	S367A160013	3,026
Title II-A Supporting Effective Instruction	84.367	S367A170013	3,637
Title II-A Supporting Effective Instruction	84.367	S367A180013	2,626
Title II-A Supporting Effective Instruction	84.367	S367A160013	2,559
Title II-A Supporting Effective Instruction	84.367	S367A170013	3,241
Title II-A Supporting Effective Instruction	84.367	S367A160013	201
Title II-A Supporting Effective Instruction	84.367	S367A170013	837
Title II-A Supporting Effective Instruction	84.367	S367A160013	3,198
Title II-A Supporting Effective Instruction	84.367	S367A170013	3,480
Title II-A Supporting Effective Instruction	84.367	S367A160013	2,452
Title II-A Supporting Effective Instruction	84.367	S367A170013	198
Title II-A Supporting Effective Instruction	84.367	S367A160013	2,471
Title II-A Supporting Effective Instruction	84.367	S367A170013	1,679
Title II-A Supporting Effective Instruction	84.367	S367A180013	1,776
Title II-A Supporting Effective Instruction	84.367	S367A170013	163
Title II-A Supporting Effective Instruction	84.367	S367A180013	189
<i>Total for Supporting Effective Instruction State Grants</i>			34,898

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Indiana Department of Education			
<i>English Language Acquisition State Grants</i>			
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	269
Title III Language Instruction for English Learners and Immigrant Students	84.365	01119-200-PN01	563
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	160
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	3,087
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	5,624
Title III Language Instruction for English Learners and Immigrant Students	84.365	01119-200-PN01	563
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	644
Title III Language Instruction for English Learners and Immigrant Students	84.365	01119-200-PN01	237
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	18
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	59
Title III Language Instruction for English Learners and Immigrant Students	84.365	0117-208-PN01	3,702
Title III Language Instruction for English Learners and Immigrant Students	84.365	01119-200-PN01	563
<i>Total for English Language Acquisition State Grants</i>			15,489
<i>Charter Schools</i>			
Charter Schools Program	84.282A	A58-9-190T-5855	533,136
Charter Schools Program	84.282A	A58-9-190T-5780	42,261
<i>Total for Charter Schools</i>			575,397
<i>Total US Department of Education, Indiana Department of Education, and federal awards expended</i>			\$ 1,047,434

**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, 2019. 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 8-percent de minimis indirect cost rate allowed under the Uniform Guidance.



Greenwalt CPAs, Inc.  
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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 Boards of Directors of Goodwill Education Initiatives, Inc.  
and Excel Centers, LLC:

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 statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2019.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Excel Centers' financial statements are free from 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 Excel Centers' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Excel Centers' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Greenwald CPAs, Inc.*

December 31, 2019



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

INDEPENDENT AUDITORS' REPORT

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

**Report on Compliance for Each Major Federal Program**

We have audited Excel Centers, LLC (Excel Centers) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Excel Centers' major federal programs for the year ended June 30, 2019. Excel Centers' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

## Opinion on Each Major Federal Program

In our opinion, Excel Centers complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompany schedule of findings and questions costs as item 2019-001. Our opinion on each major federal program is not modified with respect to this matter.

Excel Centers' response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Excel Centers' response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## 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, we did identify a certain deficiency in internal control over compliance, described in accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

Excel Centers' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Excel Centers' response was not subjected to the auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on the response.

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 31, 2019

**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

**Federal Awards**

- 4. Internal control over major federal programs:
  - Material weakness(es) identified? \_\_\_\_\_yes \_\_\_X\_\_\_no
  - Significant deficiency(ies) identified? \_\_\_X\_\_\_yes \_\_\_\_\_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
- 7. Identification of major program: CFDA Number Name of Federal Program or Cluster  
 84.282A Charter Schools Program
- 8. The threshold for distinguishing between Type A and B programs was \$750,000.
- 9. Auditee qualified as low-risk auditee? \_\_\_\_\_yes \_\_\_X\_\_\_no

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

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

U.S. DEPARTMENT OF EDUCATION

FINDING 2019-001: Charter Schools Program passed through the Indiana Department of Education, 84.282A

Criteria: 2 CFR 200.318(i) requires non-federal entities to maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. In addition, 2 CFR 200.320 (b) outlines the requirements for small purchases, which are purchases above the micropurchase acquisition threshold, but below the Simplified Acquisition Threshold. If small purchases are used, price or rate quotations must be obtained from an adequate number of qualified sources.

Condition: Excel Centers did not maintain records sufficient to detail the history of procurement related to four purchases tested that met the requirements of small purchases as defined above. In addition, Excel Centers did not obtain price or rate quotations required for two of those four purchases.

Cause: While Excel Centers has adopted procurement policies consistent with the procurement standards outlined in 2 CFR 200.318 - 200.326, P.O. and other approval forms used for authorization of disbursements do not include certain policy elements that would assist those responsible for authorizing disbursements in identifying when policies may have not been met. In addition, Excel Centers did not effectively communicate policy requirements to key individuals involved in procurement processes.

Effect: Purchases were made without obtaining price quotations, when required.

Questioned Costs: None

Context: Two purchases totaling \$65,116 were approved without soliciting price or rate quotations. A total of eight purchases totaling \$101,259 were tested.

Recommendation: Excel Centers should train employees involved with procurement on procurement policies and the procurement standards as outlined in 2 CFR 200.318 - 200.326. In addition, Excel Centers should update P.O.s and other purchase approval forms to include policy requirements.

Views of responsible officials: See attached corrective action plan.

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

None



## Major Federal Award Program Audit

U.S. Department of Education Finding 2019-001: Charter Schools Program passed through the Indiana Department of Education, 84.282A

## Corrective Action Plan

### **Contact Person/Person Responsible for Corrective Action:**

Lynn Greggs, Director of Financial Operations

### **Corrective Action Planned:**

The Excel Centers accepts the audit recommendation of training employees involved with procurement on procurement policies as outlined in 2 CFR 200.318 – 200.326. In the first quarter of 2020 management will hold individual trainings with all departments that procure for federally funded grants. In addition, a reference document will be provided to all procurement personnel to address frequently asked questions surrounding purchasing for federally funded grants.

The Excel Centers are implementing a new procure to pay system in the first half of 2020 which provides earlier visibility and approvals of requisitions. One of the work flows is the review of compliance with procurement policies and source of funding. We believe this system, in addition to the one-on-one training, will result in compliance with procurement guidelines.

### **Anticipated Completion Date:**

All fifteen schools and the Central Office will be fully implemented in both actions by June 30, 2020.

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