



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 19, 2022

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 Blue and Co., LLC, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Excel Centers, LLC as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue and Co., LLC, 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 Report of Independent Auditors and the Supplemental Audit Report are filed in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

JUNE 30, 2021 AND 2020

CPAs / ADVISORS



EXCEL CENTERS, LLC

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JUNE 30, 2021 AND 2020

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Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

We have audited the accompanying financial statements of Excel Centers, LLC (Excel Centers), a wholly-owned subsidiary of Goodwill Education Initiatives, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's 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.

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as mentioned within the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as mentioned within the table of contents, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of Excel Centers' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Excel Centers' internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
November 22, 2021

EXCEL CENTERS, LLCSTATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current assets		
Cash	\$ 8,468,284	\$ 7,291,433
Support receivables	109,256	276,410
Related party receivables	-0-	425,000
Prepaid expenses	106,275	104,448
Total current assets	<u>8,683,815</u>	<u>8,097,291</u>
Related party receivables	3,042,457	-0-
Investments	-0-	2,289,074
Property and equipment, net	4,837,970	5,591,548
Total assets	<u><u>\$ 16,564,242</u></u>	<u><u>\$ 15,977,913</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 363,050	\$ 321,136
Accrued expenses	676,393	771,114
Total liabilities	<u>1,039,443</u>	<u>1,092,250</u>
Net assets		
Without donor restrictions		
Undesignated	15,284,799	14,655,663
Board-designated	240,000	230,000
Total net assets	<u>15,524,799</u>	<u>14,885,663</u>
Total liabilities and net assets	<u><u>\$ 16,564,242</u></u>	<u><u>\$ 15,977,913</u></u>

See accompanying notes to the financial statements.

EXCEL CENTERS, LLCSTATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Revenues and support		
State support	\$ 28,972,620	\$ 28,956,875
Federal support	1,059,667	1,182,937
Contributions	297,145	157,967
Other	259,843	242,943
Investment return, net	12,627	154,089
Total revenues and support	30,601,902	30,694,811
Expenses		
Wages and benefits	15,590,143	15,723,171
Professional fees	9,378,043	7,068,810
Supplies and materials	304,891	477,350
Student transportation	51,562	154,600
Drop-in center	19,236	35,669
Rent	1,871,848	1,894,864
Occupancy	1,147,027	1,080,574
Depreciation	1,271,134	1,311,836
Other	328,882	382,273
Total expenses	29,962,766	28,129,147
Change in net assets without donor restrictions	639,136	2,565,664
Net assets		
Beginning of year	14,885,663	12,319,999
End of year	<u>\$ 15,524,799</u>	<u>\$ 14,885,663</u>

See accompanying notes to the financial statements.

EXCEL CENTERS, LLCSTATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	Education Services	Management and General	Total Expenses
Wages and benefits	\$ 13,155,538	\$ 2,434,605	\$ 15,590,143
Professional fees	629,286	8,748,757	9,378,043
Supplies and materials	223,255	81,636	304,891
Student transportation	51,562	-0-	51,562
Drop-in center	19,236	-0-	19,236
Rent	1,871,848	-0-	1,871,848
Occupancy	-0-	1,147,027	1,147,027
Depreciation	1,271,134	-0-	1,271,134
Other	197,504	131,378	328,882
	<u>\$ 17,419,363</u>	<u>\$ 12,543,403</u>	<u>\$ 29,962,766</u>

	2020		
	Education Services	Management and General	Total Expenses
Wages and benefits	\$ 13,200,091	\$ 2,523,080	\$ 15,723,171
Professional fees	857,417	6,211,393	7,068,810
Supplies and materials	346,077	131,273	477,350
Student transportation	154,600	-0-	154,600
Drop-in center	35,669	-0-	35,669
Rent	1,894,864	-0-	1,894,864
Occupancy	-0-	1,080,574	1,080,574
Depreciation	1,311,836	-0-	1,311,836
Other	248,522	133,751	382,273
	<u>\$ 18,049,076</u>	<u>\$ 10,080,071</u>	<u>\$ 28,129,147</u>

See accompanying notes to the financial statements.

EXCEL CENTERS, LLCSTATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating activities		
Change in net assets	\$ 639,136	\$ 2,565,664
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,271,134	1,311,836
Loss on disposal of property and equipment	-0-	13,494
Realized and unrealized (gains) losses on investments	52,828	(69,616)
Changes in operating assets and liabilities		
Support receivables	167,154	99,596
Related party receivables	(381,211)	175,000
Prepaid expenses	(1,827)	46,319
Accounts payable and accrued expenses	55,579	(205,654)
Accrued salaries, wages and other liabilities	(94,721)	307,088
Net cash flows from operating activities	1,708,072	4,243,727
Investing activities		
Purchases of property and equipment	(531,221)	(1,560,454)
Purchases of investments	-0-	(78,081)
Net cash flows from investing activities	(531,221)	(1,638,535)
Change in cash	1,176,851	2,605,192
Cash		
Beginning of year	7,291,433	4,686,241
End of year	\$ 8,468,284	\$ 7,291,433
Supplemental cash flows information		
Property and equipment included in accounts payable	\$ 13,665	\$ -0-
Investments transferred to Goodwill Education Initiatives, Inc.	\$ 2,236,246	\$ -0-

See accompanying notes to the financial statements.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

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 (Indianapolis Met), 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, Bloomington, Clarksville, Kokomo, Lafayette, Muncie, Noblesville, Richmond, and Shelbyville operate under charters issued by the Indiana Charter School Board. 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 fifteen locations throughout Indiana during 2021, leasing space at Goodwill’s Indianapolis headquarters building and in fourteen other locations. In the Schedules of Financial Position – by School Level and Schedules of Activities and Changes in Net Assets – by School Level, each column represents one location with the exception that Excel Center for Adult Learners consists of accounts of four locations. GEI provides business support services, as further described in Note 6, to all Excel Centers’ 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 Centers services, enrollment has grown to more than 4,200 students.

Since its inception, Excel Centers has graduated 6,244 students. Demographics of Excel Centers’ students include approximately 56% minorities, and over 74% in poverty, defined as being eligible for free or reduced lunch. Excel Centers’ students range in age from 16 to 77, with the average age of 27 and median age of 24. 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. During 2021, Excel Centers reported the following September and February enrollments:

School	Corp #	Enrollment Budget	September 2020	February 2021
The Excel Center - Anderson	9750	285	305	305
The Excel Center - Bloomington	8655	155	156	172
The Excel Center - Clarksville	9050	300	306	316
The Excel Center - Kokomo	9355	340	366	348
The Excel Center - Lafayette	9345	330	325	342
Excel Centers for Adult Learners	9910	1,240	1,289	1,276
The Excel Center - Muncie	9160	255	274	244
The Excel Center - Noblesville	9855	185	187	188
The Excel Center - Richmond	9305	230	219	202
The Excel Center - Shelbyville	9995	150	163	176
The Excel Center - University Heights	9840	390	353	353
The Excel Center - West	9335	340	345	344
		<u>4,200</u>	<u>4,288</u>	<u>4,266</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Basis of Accounting

Excel Centers prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Excel Centers maintains its cash in accounts, which at times, may exceed federally insured limits. Excel Centers has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments

Investments consist of corporate bonds and fixed income securities recorded at fair value. In May 2021, all investments were transferred to GEI to keep reserves at the network level. This allows GEI to grant funds back to the schools and help eliminate interschool receivables and payables.

Support Receivables

Support receivables are amounts due from federal, state, or local government agencies or other organizations for amounts billed for services and not yet paid. The government agencies or other organizations are billed in the period in which services are rendered. Support receivables are reported at the net realizable amount due from the government agencies or other organizations.

Support receivables are recognized at the net amount Excel Centers expects to collect based on established collection history. Excel Centers recognizes a separate allowance only when it determines there has been an unforeseeable change in the organization's ability to pay subsequent to the delivery of goods and services resulting in an impairment loss. Such account balances are charged off against the allowance after all means of collection have been exhausted and the potential recovery is considered remote. Excel Centers did not record an allowance for doubtful accounts as of June 30, 2021 and 2020.

Related Party Receivables

As of June 30, 2020, the related party receivable represented amounts due from Indianapolis Met for cash advances provided to maintain minimum cash balances. During 2021, these amounts were paid in full to Excel Centers. As of June 30, 2021, related party receivables represented amounts due from GEI of approximately \$3,042,000 that will be paid back to Excel Centers, as needed, to maintain minimum cash balances. These items are included in related party receivables in the statements of financial position.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Prepaid Expenses

Prepaid expenses relate to advance payments on products or services that will be used for future programs or activities.

Property, Equipment and Depreciation

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation, and include expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance repairs and minor renewals are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss for the period is recognized. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from 3-10 years, and is computed on the straight-line method. Depreciation expense was approximately \$1,271,000 and \$1,312,000 for 2021 and 2020, respectively.

Net Assets

Net assets, support, revenues, gains, and losses are classified based on the absence or existence of donor restrictions. Accordingly, the net assets of Excel Centers are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

Board-Designated Net Assets

Excel Centers operates eight 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:

	2021	2020
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	30,000
The Excel Center - Clarksville	30,000	30,000
The Excel Center - Muncie	20,000	20,000
The Excel Center - Bloomington	10,000	-0-
	<u>\$ 240,000</u>	<u>\$ 230,000</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

State and Federal Support

Excel Centers' revenue is primarily derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Receipt of these funds is subject to the fulfillment of certain obligations by Excel Centers as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. Amounts received are recognized as revenue when Excel Centers has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2021 and 2020. Amounts due after incurring qualifying expenditures are reported as support receivables in the statements of financial position. Support receivables were approximately \$109,000 and \$276,000 as of June 30, 2021 and 2020.

Excel Centers receives state funds that have been designated for charter schools from the Indiana Department of Education. The State of Indiana uses a formula based on the number of students enrolled in the school during the year to determine the amount of funds Excel Centers receives. Excel Centers also receives federal support through a variety of programs administered by the Indiana Department of Education.

Excel Centers derives a significant portion of its revenues and support from state and federal funding programs (approximately 98% in 2021 and 2020). The receipt of future revenues by Excel Centers is subject to among other factors, state and federal policies affecting education, economic conditions, and other conditions which are impossible to predict.

Contributions

Contributions, including unconditional promises to give, are recognized when received. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If a restriction is fulfilled in the same reporting period in which the contribution is received, the contribution is reported as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, applicable net assets with restriction are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due unless the contribution is clearly intended to support activities of the current year or is received with restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Excel Centers also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Advertising

Excel Centers uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense totaled approximately \$200,000 and \$296,000 during 2021 and 2020, respectively, and is included within professional fees expenses within the statements of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a natural basis in the statements of activities and changes in net assets and have been summarized on a functional basis in the statements of functional expenses. Expenses have been classified as education services and management and general based on actual direct expenditures incurred and cost allocations. Certain costs have been allocated among education services and management and general categories based on an estimate of time and effort spent by Excel Centers' personnel. These expenses include wages and benefits. Although the methods used were appropriate, alternative methods may provide different results.

Income Taxes

Excel Centers is a wholly owned LLC of GEI, and as a result, the Internal Revenue Service 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.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Excel Centers and recognize a tax liability if Excel Centers has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by Excel Centers, and has concluded that as of June 30, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. GEI is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

GEI filed its federal and state income tax returns for periods through June 30, 2020. The income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about Excel Centers' ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued. Management's evaluation as of June 30, 2021 identified no conditions or events raising substantial doubt.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

Subsequent Events

Excel Centers has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued which is November 22, 2021.

Recently Issued Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which Excel Centers is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

Excel Centers is presently evaluating the effects that this ASU will have on its future financial statements, including related disclosures.

2. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture	\$ 2,016,698	\$ 1,974,326
Equipment	2,427,268	2,392,594
Computers	2,791,251	2,576,990
Software	967,697	967,697
Leasehold improvements	6,958,983	6,369,142
Work in process	<u>69,210</u>	<u>432,130</u>
	15,231,107	14,712,879
Accumulated depreciation	<u>(10,393,137)</u>	<u>(9,121,331)</u>
Property and equipment, net	<u>\$ 4,837,970</u>	<u>\$ 5,591,548</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

3. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Excel Centers has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during 2021 and 2020:

- *Corporate bonds*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- *Fixed income securities*: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

All assets were transferred to GEI as of June 30, 2021. Assets measured at fair value on a recurring basis as of June 30, 2020 and are as follows:

	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Corporate bonds				
Consumer services	\$ 80,641	\$ -0-	\$ 80,641	\$ -0-
Financial services	51,974	-0-	51,974	-0-
Healthcare	55,724	-0-	55,724	-0-
Real estate	105,855	-0-	105,855	-0-
Technology	56,217	-0-	56,217	-0-
Fixed income securities				
Basic materials	48,177	-0-	48,177	-0-
Communication services	92,701	-0-	92,701	-0-
Consumer products	206,659	-0-	206,659	-0-
Financial services	384,929	-0-	384,929	-0-
Healthcare	259,887	-0-	259,887	-0-
Industrials	498,570	-0-	498,570	-0-
Real estate	56,929	-0-	56,929	-0-
Technology	172,357	-0-	172,357	-0-
Utilities	209,805	-0-	209,805	-0-
		\$ -0-	\$ 2,280,425	\$ -0-
Cash	8,649			
Total investments at fair value	\$ 2,289,074			

Realized gains and losses are reported in the statements of activities and changes in net assets as a component of investment return. Realized gains recorded were \$-0- during both 2021 and 2020. Differences between market value and cost of investments are classified as unrealized gains or losses. Unrealized gains or losses are included in earnings for the period attributable to the change in unrealized gains relating to assets held as of June 30, 2021 and 2020 and are reported in the statements of activities and changes in net assets in investment return. Unrealized losses approximated \$53,000 during 2021 and unrealized gains approximated \$70,000 during 2020.

Excel Centers hold investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

4. RETIREMENT PLANS

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) Defined Benefit Plan (TRF DB) and TRF Defined Contribution Plan (TRF DC). TRF DB 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. TRF DC is a cost-sharing multiple-employer defined contribution plan governed by the State of Indiana and administered by the INPRS Board. By statute, employers are required to contribute 7.5% of an employee's pretax gross income to TRF DB. Employers may also elect to contribute an additional 3% to TRF DC in lieu of the employee's own contributions. GEI has elected to make the voluntary contribution to TRF DC on behalf of its eligible employees, including employees of Excel Centers. Excel Centers contributed approximately \$481,000 and \$470,000 to TRF on behalf of its employees for 2021 and 2020, respectively. 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. A copy of the complete annual report for the year ended June 30, 2020 can be obtained at: www.in.gov/inprs.

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 2021 and 2020 was approximately \$100,000 and \$166,000, respectively.

5. 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 2021 and 2020, Excel Centers paid approximately \$6,797,000 and \$4,769,000, respectively, to GEI for administrative services and capital recovery charges, which are included in professional fees within the statements of activities and changes in net assets.

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 2021 and 2020, Excel Centers paid Goodwill approximately \$3,005,000 and \$3,166,000, respectively. At June 30, 2021 and 2020, Excel Centers owed Goodwill \$385,000 and \$376,000 for reimbursable operating expenses, which are included in accounts payable and accrued expenses on the statements 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 \$500,000, and no aggregate maximum. Goodwill purchases reinsurance which pays individual claims that exceed \$500,000 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 approximately \$1,852,000 and \$1,956,000 for 2021 and 2020, respectively.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

6. RISKS AND UNCERTAINTIES

The majority of revenues relate to legislation enacted by the State of Indiana. Changes in state legislation could significantly affect Excel Centers. Additionally, Excel Centers is subject to monitoring and audit by state agencies. Those examinations may result in additional liabilities to be imposed on Excel Centers.

7. COMMITMENTS AND CONTINGENCIES

Operating 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. Rent expense for 2021 and 2020, including common area maintenance charges, totaled approximately \$1,872,000 and \$1,895,000, 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 approximately \$137,000 for rent in 2021 and 2020.

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 2024. In-kind revenue and expense have been recorded within the statements of activities and changes in net assets at the estimated in-kind contribution and corresponding expense of \$123,000 in 2021 and \$121,000 2020. Future minimum lease payments for operating leases are as follows:

Year Ending June 30,	
2021	\$ 1,740,044
2022	1,302,474
2023	1,301,980
2024	1,258,957
2025	1,090,946
Thereafter	<u>3,779,869</u>
	<u>\$ 10,474,270</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

COVID-19

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may continue to adversely impact the local, regional, national and global economies. The extent to which COVID-19 continues to impact Excel Centers' operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Impacts include, but are not limited to, additional costs for responding to COVID-19, potential shortages of personnel, potential shortages of supplies, loss of, or reduction to, revenue, and investment portfolio declines. Management believes Excel Centers is taking appropriate actions to respond to the pandemic. However, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

Excel Centers' financial assets available within one year of the June 30, 2021 and 2020 statements of financial position for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 8,468,284	\$ 7,291,433
Less board-designated cash	(240,000)	(230,000)
Cash, net	8,228,284	7,061,433
Support receivables	109,256	276,410
Related party receivables	3,042,457	425,000
Total financial assets	<u>\$ 11,379,997</u>	<u>\$ 7,762,843</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Support receivables are subject to implied time restrictions but are expected to be collected within one year. Excel Centers has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUPPLEMENTARY INFORMATION

EXCEL CENTERS, LLC

**SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL
JUNE 30, 2021**

	9750 Anderson	9355 Kokomo	9345 Lafayette	9305 Richmond	9335 West	9855 Noblesville	9840 University Heights	9910 Excel Center for Adult Learners	9955 Shelbyville	9050 Clarksville	9160 Muncie	8655 Bloomington	Eliminations	Total
ASSETS														
Current assets														
Cash	\$ 595,498	\$ 665,984	\$ 838,203	\$ 707,541	\$ 1,140,946	\$ 269,782	\$ 833,736	\$ 2,193,630	\$ 317,770	\$ 349,710	\$ 297,588	\$ 257,896	\$ -0-	\$ 8,468,284
Support receivables	1,563	4,356	7,645	-0-	22,716	7,702	6,096	39,917	1,561	5,141	632	11,927	-0-	109,256
Prepaid expenses	11,034	11,125	9,157	10,292	8,190	9,762	-0-	11,099	6,947	2,935	18,352	7,382	-0-	106,275
Total current assets	608,095	681,465	855,005	717,833	1,171,852	287,246	839,832	2,244,646	326,278	357,786	316,572	277,205	-0-	8,683,815
Related party receivables	955,306	872,509	244,000	538,573	1,922,360	-0-	-0-	1,566,333	-0-	-0-	-0-	-0-	(3,056,624)	3,042,457
Investments	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Property and equipment, net	78,815	36,812	74,838	79,250	38,220	30,338	573,011	1,463,353	50,268	1,351,704	396,920	664,441	-0-	4,837,970
Total assets	\$ 1,642,216	\$ 1,590,786	\$ 1,173,843	\$ 1,335,656	\$ 3,132,432	\$ 317,584	\$ 1,412,843	\$ 5,274,332	\$ 376,546	\$ 1,709,490	\$ 713,492	\$ 941,646	\$ (3,056,624)	\$ 16,564,242
LIABILITIES AND NET ASSETS														
Current liabilities														
Accounts payable	\$ 23,366	\$ 26,865	\$ 30,270	\$ 16,849	\$ 35,046	\$ 35,727	\$ 19,275	\$ 96,298	\$ 25,095	\$ 26,417	\$ 19,698	\$ 8,144	\$ -0-	\$ 363,050
Accrued expenses	34,494	40,679	47,800	57,692	49,844	28,246	81,051	192,596	28,399	46,572	26,893	42,127	-0-	676,393
Related party payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,640,000	506,624	910,000	(3,056,624)	-0-
Total liabilities	57,860	67,544	78,070	74,541	84,890	63,973	100,326	288,894	53,494	1,712,989	553,215	960,271	(3,056,624)	1,039,443
Net assets (deficit)														
Without donor restrictions														
Undesignated	1,554,356	1,493,242	1,065,773	1,231,115	3,047,542	223,611	1,312,517	4,985,438	293,052	(33,499)	140,277	(28,625)	-0-	15,284,799
Board-designated	30,000	30,000	30,000	30,000	-0-	30,000	-0-	-0-	30,000	30,000	20,000	10,000	-0-	240,000
Total net assets (deficit)	1,584,356	1,523,242	1,095,773	1,261,115	3,047,542	253,611	1,312,517	4,985,438	323,052	(3,499)	160,277	(18,625)	-0-	15,524,799
Total liabilities and net assets	\$ 1,642,216	\$ 1,590,786	\$ 1,173,843	\$ 1,335,656	\$ 3,132,432	\$ 317,584	\$ 1,412,843	\$ 5,274,332	\$ 376,546	\$ 1,709,490	\$ 713,492	\$ 941,646	\$ (3,056,624)	\$ 16,564,242

See report of independent auditors on pages 1 and 2.

EXCEL CENTERS, LLC

**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS – SCHOOL LEVEL
YEAR ENDED JUNE 30, 2021**

	9750 Anderson	9355 Kokomo	9345 Lafayette	9305 Richmond	9335 West	9855 Noblesville	9840 University Heights	9910 Excel Center for Adult Learners	9955 Shelbyville	9050 Clarksville	9160 Muncie	8655 Bloomington	Eliminations	Total
Revenues and support														
State support	\$ 2,062,316	\$ 2,414,795	\$ 2,258,336	\$ 1,420,761	\$ 2,343,236	\$ 1,280,950	\$ 2,390,267	\$ 8,691,312	\$ 1,146,872	\$ 2,105,277	\$ 1,750,870	\$ 1,107,628	\$ -0-	\$ 28,972,620
Federal support	50,090	48,141	68,991	52,555	33,168	33,909	35,007	334,292	54,113	92,674	68,446	188,281	-0-	1,059,667
Contributions	-0-	-0-	-0-	-0-	2,009	-0-	2,009	292,991	-0-	136	-0-	-0-	-0-	297,145
Other	21,448	21,448	11,086	27,743	7,725	19,204	19,344	44,088	15,606	19,204	20,658	32,289	-0-	259,843
Investment return, net	1,578	-0-	-0-	1,578	6,314	-0-	-0-	3,157	-0-	-0-	-0-	-0-	-0-	12,627
Interfund transfer	775,000	485,000	360,000	140,000	95,000	-0-	790,000	917,000	140,000	210,000	260,000	-0-	(4,172,000)	-0-
Total revenues and support	2,910,432	2,969,384	2,698,413	1,642,637	2,487,452	1,334,063	3,236,627	10,282,840	1,356,591	2,427,291	2,099,974	1,328,198	(4,172,000)	30,601,902
Expenses														
Wages and benefits	1,021,633	1,314,495	1,296,840	920,277	1,300,480	827,355	1,314,401	4,222,841	669,428	1,067,178	1,050,099	585,116	-0-	15,590,143
Professional fees	699,604	829,642	662,528	378,231	792,440	302,111	657,102	3,518,866	309,097	502,969	409,730	315,723	-0-	9,378,043
Supplies and materials	29,028	17,887	25,431	7,335	23,931	17,991	17,826	72,707	24,367	33,963	8,081	26,344	-0-	304,891
Student transportation	637	2,250	4,533	-0-	50	180	-0-	29,024	673	9,440	-0-	4,775	-0-	51,562
Drop-in center	2,581	1,434	2,566	487	2,123	515	1,391	2,765	1,158	3,094	120	1,002	-0-	19,236
Rent	141,860	126,000	109,883	124,500	98,245	116,532	193,903	547,025	83,364	36,640	211,219	82,677	-0-	1,871,848
Occupancy	85,605	98,489	129,627	38,862	78,242	9,283	112,254	324,157	50,278	158,323	6,163	55,744	-0-	1,147,027
Depreciation	78,518	18,527	36,773	33,820	29,147	45,085	120,883	309,754	40,567	132,763	221,603	203,694	-0-	1,271,134
Interfund transfer	775,000	485,000	360,000	140,000	95,000	-0-	790,000	917,000	140,000	210,000	260,000	-0-	(4,172,000)	-0-
Other	28,068	25,977	20,934	21,377	19,010	15,818	33,070	98,694	8,106	18,427	20,448	18,953	-0-	328,882
Total expenses	2,862,534	2,919,701	2,649,115	1,664,889	2,438,668	1,334,870	3,240,830	10,042,833	1,327,038	2,172,797	2,187,463	1,294,028	(4,172,000)	29,962,766
Change in net assets without donor restrictions	47,898	49,683	49,298	(22,252)	48,784	(807)	(4,203)	240,007	29,553	254,494	(87,489)	34,170	-0-	639,136
Net assets														
Beginning of year	1,536,458	1,473,559	1,046,475	1,283,367	2,998,758	254,418	1,316,720	4,745,431	293,499	(257,993)	247,766	(52,795)	-0-	14,885,663
End of year	\$ 1,584,356	\$ 1,523,242	\$ 1,095,773	\$ 1,261,115	\$ 3,047,542	\$ 253,611	\$ 1,312,517	\$ 4,985,438	\$ 323,052	\$ (3,499)	\$ 160,277	\$ (18,625)	\$ -0-	\$ 15,524,799

See report of independent auditors on pages 1 and 2.

EXCEL CENTERS, LLC

**SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL
JUNE 30, 2020**

	9750 Anderson	9355 Kokomo	9345 Lafayette	9305 Richmond	9335 West	9855 Noblesville	9840 University Heights	9910 Excel Center for Adult Learners	9955 Shelbyville	9050 Clarksville	9160 Muncie	8655 Bloomington	Eliminations	Total
ASSETS														
Current assets														
Cash	\$ 498,321	\$ 519,945	\$ 570,649	\$ 615,306	\$ 1,274,078	\$ 198,593	\$ 696,396	\$ 2,005,223	\$ 270,538	\$ 288,174	\$ 216,702	\$ 137,508	\$ -0-	\$ 7,291,433
Support receivables	3,582	-0-	3,708	11,959	-0-	3,750	4,536	48,399	77	-0-	56,815	143,584	-0-	276,410
Related party receivables	674,762	973,002	425,305	327,039	576,432	-0-	325,000	805,719	-0-	-0-	-0-	-0-	(3,682,259)	425,000
Prepaid expenses	12,729	10,500	9,157	10,292	8,155	9,150	-0-	11,099	6,947	1,435	17,602	7,382	-0-	104,448
Total current assets	1,189,394	1,503,447	1,008,819	964,596	1,858,665	211,493	1,025,932	2,870,440	277,562	289,609	291,119	288,474	(3,682,259)	8,097,291
Investments	286,133	-0-	-0-	286,134	1,144,538	-0-	-0-	572,269	-0-	-0-	-0-	-0-	-0-	2,289,074
Property and equipment, net	149,466	44,490	111,612	87,089	62,628	87,029	508,923	1,586,123	51,133	1,431,490	618,521	853,044	-0-	5,591,548
Total assets	\$ 1,624,993	\$ 1,547,937	\$ 1,120,431	\$ 1,337,819	\$ 3,065,831	\$ 298,522	\$ 1,534,855	\$ 5,028,832	\$ 328,695	\$ 1,721,099	\$ 909,640	\$ 1,141,518	\$ (3,682,259)	\$ 15,977,913
LIABILITIES AND NET ASSETS														
Current liabilities														
Accounts payable	\$ 31,450	\$ 27,309	\$ 27,811	\$ 17,962	\$ 26,954	\$ 18,889	\$ 24,641	\$ 88,778	\$ 12,113	\$ 16,979	\$ 25,725	\$ 2,525	\$ -0-	\$ 321,136
Accrued expenses	57,085	47,069	46,145	36,490	40,119	25,215	193,494	194,623	23,083	46,382	29,763	31,646	-0-	771,114
Related party payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,915,731	606,386	1,160,142	(3,682,259)	-0-
Total liabilities	88,535	74,378	73,956	54,452	67,073	44,104	218,135	283,401	35,196	1,979,092	661,874	1,194,313	(3,682,259)	1,092,250
Net assets (deficit)														
Without donor restrictions														
Undesignated	1,506,458	1,443,559	1,016,475	1,253,367	2,998,758	224,418	1,316,720	4,745,431	263,499	(287,993)	227,766	(52,795)	-0-	14,655,663
Board-designated	30,000	30,000	30,000	30,000	-0-	30,000	-0-	-0-	30,000	30,000	20,000	-0-	-0-	230,000
Total net assets (deficit)	1,536,458	1,473,559	1,046,475	1,283,367	2,998,758	254,418	1,316,720	4,745,431	293,499	(257,993)	247,766	(52,795)	-0-	14,885,663
Total liabilities and net assets	\$ 1,624,993	\$ 1,547,937	\$ 1,120,431	\$ 1,337,819	\$ 3,065,831	\$ 298,522	\$ 1,534,855	\$ 5,028,832	\$ 328,695	\$ 1,721,099	\$ 909,640	\$ 1,141,518	\$ (3,682,259)	\$ 15,977,913

See report of independent auditors on pages 1 and 2.

EXCEL CENTERS, LLC

**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS – SCHOOL LEVEL
YEAR ENDED JUNE 30, 2020**

	9750	9355	9345	9305	9335	9855	9840	9910	9955	9050	9160	8655		Total
	Anderson	Kokomo	Lafayette	Richmond	West	Noblesville	University Heights	Excel Center for Adult Learners	Shelbyville	Clarksville	Muncie	Bloomington	Eliminations	
Revenues and support														
State support	\$ 2,071,394	\$ 2,398,135	\$ 2,256,647	\$ 1,689,882	\$ 2,342,543	\$ 1,318,502	\$ 2,671,876	\$ 8,338,590	\$ 1,086,826	\$ 2,210,185	\$ 1,743,496	\$ 828,799	\$ -0-	\$ 28,956,875
Federal support	45,029	48,478	39,871	46,486	25,707	29,963	24,329	129,490	16,926	28,204	283,567	464,887	-0-	1,182,937
Contributions	2,500	150	-0-	176	-0-	-0-	4,536	121,000	77	-0-	-0-	29,528	-0-	157,967
Other	19,297	21,908	16,399	34,521	6,832	19,288	18,400	40,431	15,874	23,324	26,645	24	-0-	242,943
Investment return, net	19,260	-0-	-0-	19,261	77,045	-0-	-0-	38,523	-0-	-0-	-0-	-0-	-0-	154,089
Interfund transfer	1,310,000	1,290,000	1,220,000	1,130,000	1,127,500	570,000	1,195,000	4,261,000	595,000	2,190,000	1,275,000	1,335,000	(17,498,500)	-0-
Total revenues and support	3,467,480	3,758,671	3,532,917	2,920,326	3,579,627	1,937,753	3,914,141	12,929,034	1,714,703	4,451,713	3,328,708	2,658,238	(17,498,500)	30,694,811
Expenses														
Wages and benefits	1,009,014	1,292,594	1,279,932	966,774	1,294,326	800,029	1,361,771	4,335,089	677,183	1,056,037	1,052,652	597,770	-0-	15,723,171
Professional fees	564,641	572,786	504,019	472,136	559,608	205,768	630,335	2,159,791	191,814	486,611	359,493	361,808	-0-	7,068,810
Supplies and materials	40,245	32,961	35,836	11,603	41,035	17,482	37,780	247,194	20,268	43,130	(104,493)	54,309	-0-	477,350
Student transportation	1,431	1,850	9,307	4,300	11,633	835	13,171	79,214	3,222	21,227	600	7,810	-0-	154,600
Drop-in center	3,977	1,113	2,891	346	853	265	4,125	5,882	551	3,154	1,345	11,167	-0-	35,669
Rent	139,898	126,000	110,281	110,263	98,280	109,800	320,000	464,475	83,364	36,640	211,219	84,644	-0-	1,894,864
Occupancy	84,491	100,885	179,344	47,850	68,771	2,026	80,089	265,001	41,236	160,173	4,395	46,313	-0-	1,080,574
Depreciation	90,893	26,620	46,499	46,853	37,857	99,229	153,330	300,613	36,589	117,876	217,082	138,395	-0-	1,311,836
Interfund transfer	1,310,000	1,290,000	1,220,000	1,130,000	1,127,500	570,000	1,195,000	4,261,000	595,000	2,190,000	1,275,000	1,335,000	(17,498,500)	-0-
Other	31,113	26,015	28,197	24,474	24,579	14,702	35,038	99,968	13,442	32,248	26,998	25,499	-0-	382,273
Total expenses	3,275,703	3,470,824	3,416,306	2,814,599	3,264,442	1,820,136	3,830,639	12,218,227	1,662,669	4,147,096	3,044,291	2,662,715	(17,498,500)	28,129,147
Change in net assets														
without donor restrictions	191,777	287,847	116,611	105,727	315,185	117,617	83,502	710,807	52,034	304,617	284,417	(4,477)	-0-	2,565,664
Transfer of net assets	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Change in net assets	191,777	287,847	116,611	105,727	315,185	117,617	83,502	710,807	52,034	304,617	284,417	(4,477)	-0-	2,565,664
Net assets														
Beginning of year	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)	-0-	12,319,999
End of year	\$ 1,536,458	\$ 1,473,559	\$ 1,046,475	\$ 1,283,367	\$ 2,998,758	\$ 254,418	\$ 1,316,720	\$ 4,745,431	\$ 293,499	\$ (257,993)	\$ 247,766	\$ (52,795)	\$ -0-	\$ 14,885,663

See report of independent auditors on pages 1 and 2.

EXCEL CENTERS, LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant ID Number	Expenditures
Major programs			
U.S. Department of Education (DOE) through Indiana Department of Education (IDOE) Expanding Opportunity through Quality Charter Schools Program	84.282	U282A170017	\$ 422,564
Non-major programs			
DOE - through IDOE - Special Education Cluster - Grants to States	84.027	H027A190084	475,178
DOE - through IDOE - Supportive Effective Instruction State Grants	84.367	S367A190013	1,873
DOE - through IDOE - CARES Act - Elementary and Secondary School Emergency Relief Fund - COVID-19	84.425	S425D200013	<u>160,052</u>
Total non-major programs			<u>637,103</u>
Total federal expenditures			<u>\$ 1,059,667</u>

Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Excel Centers, LLC (Excel Centers) under programs of the federal government for the year ended June 30, 2021. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this SEFA may differ from amounts presented in or used in the preparation of the basic financial statements. The basic financial statement classifications may include other financial activity for reporting purposes.

Summary of Significant Accounting Policies

Expenditures reported on this SEFA 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. Excel Centers has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Sub-Recipient Pass Through

Excel Centers did not pass through any federal awards to subrecipients during 2021.

Fair Market Value of Donated Personal Protective Equipment (Unaudited)

During 2021, Excel Centers did not receive donated personal protected equipment from federal sources.



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

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

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Excel Centers, LLC (Excel Centers) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, 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 November 22, 2021.

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) as a basis for designing 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 Excel Centers' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Blue & Co., LLC

Indianapolis, Indiana
November 22, 2021



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

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

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Excel Centers, LLC's (Excel Centers) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Excel Centers' major federal programs for the year ended June 30, 2021. Excel Centers' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's 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; 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.

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

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, 2021.

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 their 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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

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

Blue & Co., LLC

Indianapolis, Indiana
November 22, 2021

EXCEL CENTERS, LLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes none reported

Significant deficiency(ies) identified that are not considered to be material weakness(es) noted? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal controls over major programs:

Material weakness(es) identified? yes none reported

Significant deficiency(ies) identified that are not considered to be material weakness(es) noted? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes no

Identification of major programs:

CFDA Number
84.282

Name of Federal Program or Cluster
Expanding Opportunity through
Quality Charter Schools Program

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II – Findings related to financial statements reported in accordance with Government Auditing Standards:

None reported.

Section III – Findings and questioned costs relating to Federal awards:

None reported.

Section IV – Summary schedule of prior audit findings:

None reported.

EXCEL CENTERS, LLC

OTHER REPORT
YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of Excel Centers, LLC

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.