



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 10, 2023

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 & Co., LLC, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. 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, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC, Inc. prepared the audit report in accordance with guidelines established by the Indiana 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 Indiana State Board of Accounts.

The report is filed with this letter 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, 2022 AND 2021

CPAs / ADVISORS



EXCEL CENTERS, LLC

TABLE OF CONTENTS
JUNE 30, 2022 AND 2021

	Page	
Report of Independent Auditors	1	
Financial Statements		
Statements of Financial Position.....	4	
Statements of Activities and Changes in Net Assets	5	
Statements of Functional Expenses	6	
Statements of Cash Flows.....	7	
Notes to Financial Statements.....	8	
Supplementary Information		
Schedule of Financial Position – by School Level - June 30, 2022.....	17	
Schedule of Activities and Changes in Net Assets – by School Level – Year Ended June 30, 2022	18	
Schedule of Financial Position – by School Level -June 30, 2021.....	19	
Schedule of Activities and Changes in Net Assets – by School Level – Year Ended June 30, 2021	20	
Schedule of Expenditures of Federal Awards – Year Ended June 30, 2022.....	21	
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 <i>Government Auditing Standards</i>		22
Report of Independent Auditors on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>		24
Schedule of Findings and Questioned Costs – Year Ended June 30, 2022	27	
Other Report	28	



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

Report on the Audit of Financial Statements

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

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 and *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Excel Centers and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Excel Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Excel Centers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Excel Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules by school level as listed in the accompanying table of contents is presented for purposes of additional analysis of the financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual schools and is not a required part of the financial statements. The schedule of expenditures of federal awards, 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 presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

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, December 14, 2022, on our consideration of Excel Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Center's 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 Center's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
December 14, 2022

EXCEL CENTERS, LLCSTATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current assets		
Cash	\$ 6,465,464	\$ 8,468,284
Support receivables	317,908	109,256
Prepaid expenses	118,424	106,275
Total current assets	<u>6,901,796</u>	<u>8,683,815</u>
Related party receivables	5,042,457	3,042,457
Property and equipment, net	4,888,759	4,837,970
Total assets	<u>\$ 16,833,012</u>	<u>\$ 16,564,242</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 362,831	\$ 363,050
Accrued expenses	785,283	676,393
Total liabilities	<u>1,148,114</u>	<u>1,039,443</u>
Net assets		
Without donor restrictions		
Undesignated	15,424,898	15,284,799
Board-designated	260,000	240,000
Total net assets	<u>15,684,898</u>	<u>15,524,799</u>
Total liabilities and net assets	<u>\$ 16,833,012</u>	<u>\$ 16,564,242</u>

See accompanying Notes to the Financial Statements.

EXCEL CENTERS, LLCSTATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Revenues and support		
State support	\$ 27,442,122	\$ 28,972,620
Federal support	1,604,567	1,059,667
Contributions	2,015	176,145
Contributions, in-kind	121,000	121,000
Other	185,982	259,843
Investment return, net	-0-	12,627
Total revenues and support	<u>29,355,686</u>	<u>30,601,902</u>
Expenses		
Wages and benefits	16,046,714	15,590,143
Professional fees	7,111,284	9,116,831
Supplies and materials	966,672	304,891
Student transportation	113,468	51,562
Drop-in center	26,064	19,236
Rent	1,881,976	1,871,848
Occupancy	1,296,451	1,408,239
Depreciation	1,291,438	1,271,134
Other	461,520	328,882
Total expenses	<u>29,195,587</u>	<u>29,962,766</u>
Change in net assets without donor restrictions	160,099	639,136
Net assets		
Beginning of year	<u>15,524,799</u>	<u>14,885,663</u>
End of year	<u>\$ 15,684,898</u>	<u>\$ 15,524,799</u>

See accompanying Notes to the Financial Statements.

EXCEL CENTERS, LLCSTATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022		
	Education Services	Management and General	Total Expenses
Wages and benefits	\$ 13,309,548	\$ 2,737,166	\$ 16,046,714
Professional fees	753,273	6,358,011	7,111,284
Supplies and materials	882,427	84,245	966,672
Student transportation	113,468	-0-	113,468
Drop-in center	26,064	-0-	26,064
Rent	1,881,976	-0-	1,881,976
Occupancy	-0-	1,296,451	1,296,451
Depreciation	1,291,438	-0-	1,291,438
Other	314,503	147,017	461,520
	<u>\$ 18,572,697</u>	<u>\$ 10,622,890</u>	<u>\$ 29,195,587</u>

	2021		
	Education Services	Management and General	Total Expenses
Wages and benefits	\$ 13,155,538	\$ 2,434,605	\$ 15,590,143
Professional fees	629,286	8,487,545	9,116,831
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-	1,408,239	1,408,239
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>

See accompanying Notes to the Financial Statements.

EXCEL CENTERS, LLCSTATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ 160,099	\$ 639,136
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,291,438	1,271,134
Realized and unrealized losses on investments	-0-	52,828
Changes in operating assets and liabilities		
Support receivables	(208,652)	167,154
Related party receivables	(2,000,000)	(381,211)
Prepaid expenses	(12,149)	(1,827)
Accounts payable and accrued expenses	(219)	55,579
Accrued salaries, wages and other liabilities	108,890	(94,721)
Net cash flows from operating activities	(660,593)	1,708,072
Investing activities		
Purchases of property and equipment	(1,342,227)	(531,221)
Net cash flows from investing activities	(1,342,227)	(531,221)
Change in cash	(2,002,820)	1,176,851
Cash		
Beginning of year	8,468,284	7,291,433
End of year	<u>\$ 6,465,464</u>	<u>\$ 8,468,284</u>
Supplemental cash flows information		
Property and equipment included in accounts payable	\$ -0-	\$ 13,665
Investments transferred to Goodwill Education Initiatives, Inc.	\$ -0-	\$ 2,236,246

See accompanying Notes to the Financial Statements.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 2022, 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 4, 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 4,000 students.

Since its inception, Excel Centers has graduated 7,114 students. Demographics of Excel Centers’ students include approximately 60% minorities, and over 49% 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 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. During 2022, Excel Centers reported the following September and February enrollments:

<u>School</u>	<u>Corp #</u>	<u>Enrollment Budget</u>	<u>September 2021</u>	<u>February 2022</u>
The Excel Center - Anderson	9750	285	283	298
The Excel Center - Bloomington	8655	160	106	95
The Excel Center - Clarksville	9050	300	304	308
The Excel Center - Kokomo	9355	335	342	352
The Excel Center - Lafayette	9345	330	332	334
Excel Centers for Adult Learners	9910	1,220	1,133	1,131
The Excel Center - Muncie	9160	275	272	282
The Excel Center - Noblesville	9855	185	188	185
The Excel Center - Richmond	9305	200	203	201
The Excel Center - Shelbyville	9995	155	155	158
The Excel Center - University Heights	9840	385	371	415
The Excel Center - West	9335	335	328	340
		<u>4,165</u>	<u>4,017</u>	<u>4,099</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 an 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, 2022 and 2021.

Related Party Receivables

As of June 30, 2022 and 2021, related party receivables represented amounts due from GEI of approximately \$5,042,000 and \$3,042,000, respectively, 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, 2022 AND 2021

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 replacements 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 \$1,291,000 and \$1,271,000 for 2022 and 2021, 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:

	<u>2022</u>	<u>2021</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	30,000
The Excel Center - Clarksville	30,000	30,000
The Excel Center - Muncie	30,000	20,000
The Excel Center - Bloomington	20,000	10,000
	<u>\$ 260,000</u>	<u>\$ 240,000</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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, 2022 and 2021. Amounts due after incurring qualifying expenditures are reported as support receivables in the statements of financial position. Support receivables were approximately \$318,000 and \$109,000 as of June 30, 2022 and 2021.

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 2022 and 2021). 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, 2022 AND 2021

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 \$278,000 and \$200,000 during 2022 and 2021, 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, 2022 and 2021, 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, 2021. 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, 2022 identified no conditions or events raising substantial doubt.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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 December 14, 2022.

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:

	2022	2021
Furniture	\$ 2,016,677	\$ 2,016,698
Equipment	2,427,316	2,427,268
Computers	2,813,221	2,791,251
Software	967,697	967,697
Leasehold improvements	7,850,634	6,958,983
Work in process	495,235	69,210
	16,570,780	15,231,107
Accumulated depreciation	(11,682,021)	(10,393,137)
Property and equipment, net	<u>\$ 4,888,759</u>	<u>\$ 4,837,970</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

3. 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 \$503,000 and \$481,000 to TRF on behalf of its employees for 2022 and 2021, 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, 2021 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 2022 and 2021 was approximately \$178,000 and \$100,000, respectively.

4. 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 2022 and 2021, Excel Centers paid approximately \$4,590,000 and \$6,797,000, 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 2022 and 2021, Excel Centers paid Goodwill approximately \$3,026,000 and \$3,005,000, respectively. At June 30, 2022 and 2021, Excel Centers owed Goodwill \$-0- and \$385,000 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 \$1,752,000 and \$1,852,000 for 2022 and 2021, respectively.

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

5. 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.

6. 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 2022 and 2021, including common area maintenance charges, totaled approximately \$1,882,000 and \$1,872,000, 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 2022 and 2021.

The FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind" (GIK)) received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued.

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 approximately \$121,000 in both 2022 and 2021. The in-kind contributions are treated as non-cash transactions are excluded from the accompanying statements of cash flows. In valuing the contributed rent for the building, which is located in Indianapolis, Indiana, Excel Centers estimated the fair value on the basis of comparable rental properties and related prices for similar organizations in the Indianapolis, Indiana real estate market. There are no restrictions on these contributed nonfinancial assets.

Future minimum lease payments for operating leases are as follows:

Year Ending June 30,	
2023	\$ 1,302,474
2024	1,301,980
2025	1,258,957
2026	1,090,946
2027	1,003,106
Thereafter	<u>2,605,538</u>
	<u>\$ 8,563,001</u>

EXCEL CENTERS, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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.

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

Excel Centers' financial assets available within one year of the June 30, 2022 and 2021 statements of financial position for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash	\$ 6,465,464	\$ 8,468,284
Less board-designated cash	<u>(260,000)</u>	<u>(240,000)</u>
Cash, net	6,205,464	8,228,284
Support receivables	317,908	109,256
Related party receivables	<u>5,042,457</u>	<u>3,042,457</u>
Total financial assets	<u>\$ 11,565,829</u>	<u>\$ 11,379,997</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 is general expenditures, liabilities, and other obligations come due.

SUPPLEMENTARY INFORMATION

EXCEL CENTERS, LLC

**SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL
JUNE 30, 2022**

	9750	9355	9345	9305	9335	9855	9840	9910	9955	9050	9160	8655		
	Anderson	Kokomo	Lafayette	Richmond	West	Noblesville	University Heights	Excel Center for Adult Learners	Shelbyville	Clarksville	Muncie	Bloomington	Eliminations	Total
ASSETS														
Current assets														
Cash	\$ 155,936	\$ 601,318	\$ 609,426	\$ 531,671	\$ 884,944	\$ 302,701	\$ 676,211	\$ 1,462,467	\$ 349,839	\$ 371,194	\$ 369,430	\$ 150,327	\$ -0-	\$ 6,465,464
Support receivables	39,464	12,682	39,181	14,048	2,536	6,173	21,333	115,530	6,409	8,555	45,771	6,226	-0-	317,908
Prepaid expenses	11,657	10,500	9,157	10,292	8,190	9,762	16,159	10,403	7,320	-0-	17,602	7,382	-0-	118,424
Total current assets	207,057	624,500	657,764	556,011	895,670	318,636	713,703	1,588,400	363,568	379,749	432,803	163,935	-0-	6,901,796
Related party receivables	1,005,306	980,775	544,000	630,307	2,272,360	-0-	-0-	2,166,333	-0-	-0-	-0-	-0-	(2,556,624)	5,042,457
Property and equipment, net	511,827	41,831	39,137	43,045	13,051	12,452	771,611	1,554,499	25,172	1,212,393	202,461	461,280	-0-	4,888,759
Total assets	\$ 1,724,190	\$ 1,647,106	\$ 1,240,901	\$ 1,229,363	\$ 3,181,081	\$ 331,088	\$ 1,485,314	\$ 5,309,232	\$ 388,740	\$ 1,592,142	\$ 635,264	\$ 625,215	\$ (2,556,624)	\$ 16,833,012
LIABILITIES AND NET ASSETS														
Current liabilities														
Accounts payable	\$ 32,588	\$ 18,938	\$ 43,040	\$ 18,566	\$ 28,896	\$ 13,998	\$ 37,851	\$ 70,694	\$ 17,006	\$ 21,491	\$ 32,920	\$ 26,843	\$ -0-	\$ 362,831
Accrued expenses	49,408	62,030	63,904	37,730	49,946	35,867	97,706	195,336	29,463	73,019	48,581	42,293	-0-	785,283
Related party payable	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,365,000	281,624	910,000	(2,556,624)	-0-
Total liabilities	81,996	80,968	106,944	56,296	78,842	49,865	135,557	266,030	46,469	1,459,510	363,125	979,136	(2,556,624)	1,148,114
Net assets (deficit)														
Without donor restrictions														
Undesignated	1,612,194	1,536,138	1,103,957	1,143,067	3,102,239	251,223	1,349,757	5,043,202	312,271	102,632	242,139	(373,921)	-0-	15,424,898
Board-designated	30,000	30,000	30,000	30,000	-0-	30,000	-0-	-0-	30,000	30,000	30,000	20,000	-0-	260,000
Total net assets (deficit)	1,642,194	1,566,138	1,133,957	1,173,067	3,102,239	281,223	1,349,757	5,043,202	342,271	132,632	272,139	(353,921)	-0-	15,684,898
Total liabilities and net assets	\$ 1,724,190	\$ 1,647,106	\$ 1,240,901	\$ 1,229,363	\$ 3,181,081	\$ 331,088	\$ 1,485,314	\$ 5,309,232	\$ 388,740	\$ 1,592,142	\$ 635,264	\$ 625,215	\$ (2,556,624)	\$ 16,833,012

See Report of Independent Auditors on pages 1 through 3.

EXCEL CENTERS, LLC

**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS – SCHOOL LEVEL
YEAR ENDED JUNE 30, 2022**

	9750	9355	9345	9305	9335	9855	9840	9910	9955	9050	9160	8655		
	Anderson	Kokomo	Lafayette	Richmond	West	Noblesville	University Heights	Excel Center for Adult Learners	Shelbyville	Clarksville	Muncie	Bloomington	Eliminations	Total
Revenues and support														
State support	\$ 1,990,195	\$ 2,348,409	\$ 2,250,733	\$ 1,363,939	\$ 2,252,081	\$ 1,257,518	\$ 2,651,278	\$ 7,645,802	\$ 1,058,455	\$ 2,073,493	\$ 1,871,401	\$ 678,818	\$ -0-	\$ 27,442,122
Federal support	100,108	146,531	170,157	146,124	73,064	105,966	63,167	339,937	80,682	145,570	168,011	65,250	-0-	1,604,567
Contributions	122	263	299	85	143	79	167	478	66	128	117	68	-0-	2,015
Contributions	-0-	-0-	-0-	-0-	-0-	-0-	-0-	121,000	-0-	-0-	-0-	-0-	-0-	121,000
Other	11,769	12,009	19,165	26,470	9,847	9,247	9,315	28,237	20,740	9,600	17,514	12,069	-0-	185,982
Interfund transfer	650,000	500,000	500,000	400,000	400,000	97,500	900,000	1,825,000	200,000	350,000	300,000	-0-	(6,122,500)	-0-
Total revenues and support	2,752,194	3,007,212	2,940,354	1,936,618	2,735,135	1,470,310	3,623,927	9,960,454	1,359,943	2,578,791	2,357,043	756,205	(6,122,500)	29,355,686
Expenses														
Wages and benefits	1,111,915	1,418,495	1,307,769	963,358	1,246,473	868,775	1,350,480	4,313,252	708,547	1,075,232	1,073,575	608,843	-0-	16,046,714
Professional fees	467,363	670,810	622,322	297,280	686,096	236,554	730,432	2,191,516	217,722	536,309	354,248	100,632	-0-	7,111,284
Supplies and materials	111,163	85,804	86,048	75,590	93,608	25,131	80,450	221,770	35,442	51,378	70,924	29,364	-0-	966,672
Student transportation	40	8,940	16,859	3,040	3,748	96	1,193	19,071	2,060	53,628	1,868	2,925	-0-	113,468
Drop-in center	4,098	1,172	5,517	1,127	1,022	115	2,075	6,059	978	2,595	311	995	-0-	26,064
Rent	151,167	126,000	109,882	123,500	98,280	117,144	194,755	547,721	82,991	36,640	211,219	82,677	-0-	1,881,976
Occupancy	97,893	106,317	175,726	96,359	108,422	1,093	97,023	333,202	56,118	163,660	15,067	45,571	-0-	1,296,451
Depreciation	62,821	12,055	35,700	35,771	25,090	39,730	188,265	328,952	25,709	139,311	194,459	203,575	-0-	1,291,438
Interfund transfer	650,000	500,000	500,000	400,000	400,000	97,500	900,000	1,825,000	200,000	350,000	300,000	-0-	(6,122,500)	-0-
Other	37,896	34,723	42,347	28,641	17,699	56,560	42,014	116,147	11,157	33,907	23,510	16,919	-0-	461,520
Total expenses	2,694,356	2,964,316	2,902,170	2,024,666	2,680,438	1,442,698	3,586,687	9,902,690	1,340,724	2,442,660	2,245,181	1,091,501	(6,122,500)	29,195,587
Change in net assets without donor restrictions	57,838	42,896	38,184	(88,048)	54,697	27,612	37,240	57,764	19,219	136,131	111,862	(335,296)	-0-	160,099
Net assets														
Beginning 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
End of year	\$ 1,642,194	\$ 1,566,138	\$ 1,133,957	\$ 1,173,067	\$ 3,102,239	\$ 281,223	\$ 1,349,757	\$ 5,043,202	\$ 342,271	\$ 132,632	\$ 272,139	\$ (353,921)	\$ -0-	\$ 15,684,898

EXCEL CENTERS, LLC

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

	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	
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
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

EXCEL CENTERS, LLC

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

	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	\$ 2,062,316	\$ 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	171,991	-0-	136	-0-	-0-	-0-	176,145
Contributions, in-kind	-0-	-0-	-0-	-0-	-0-	-0-	-0-	121,000	-0-	-0-	-0-	-0-	-0-	121,000
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	673,431	792,434	632,891	363,039	772,855	301,965	628,558	3,461,232	308,180	479,293	394,373	308,580	-0-	9,116,831
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	111,778	135,697	159,264	54,054	97,827	9,429	140,798	381,791	51,195	181,999	21,520	62,887	-0-	1,408,239
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

EXCEL CENTERS, LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant ID Number	Expenditures
Major programs			
U.S. Department of Education (DOE) through Indiana Department of Education (IDOE) COVID-19 - CARES Act - Elementary and Secondary School Emergency Relief	84.425	S425D200013	\$ 954,124
Non-major programs			
DOE - through IDOE - Special Education Cluster - Grants to States	84.027	H027A190084	503,907
DOE - through IDOE - Supportive Effective Instruction State Grants	84.367	S367A190013	46,879
DOE - through IDOE - Expanding Opportunity through Quality Charter Schools Program	84.282	U282A170017	99,657
Total non-major programs			<u>650,443</u>
Total federal expenditures			<u>\$ 1,604,567</u>

Note A - 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, 2022. 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.

Note B - 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*.

Note C - Sub-Recipient Pass Through

Excel Centers did not pass through any federal awards to subrecipients during 2022.

Note D - Fair Market Value of Donated Personal Protective Equipment (Unaudited)

During 2022, 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

Report on the Financial Statements

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, 2022, 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 December 14, 2022.

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 or significant deficiencies may exist that have not been identified.

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

Report on 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
December 14, 2022



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

Opinion on Each Major Program

We have audited Excel Centers, LLC's (Excel Centers) compliance with the types of compliance requirements identified as subject to audit 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, 2022. Excel Centers' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Excel Centers complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Program

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)*. Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Excel Centers and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Excel Centers' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Excel Centers' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Excel Centers' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Excel Centers' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Uniform Guidance*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Excel Centers' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Excel Centers' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Excel Centers' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
Excel Centers, LLC
Indianapolis, Indiana

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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
December 14, 2022

EXCEL CENTERS, LLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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:

Assistance Listing Number
84.425

Name of Federal Program or Cluster
COVID-19 - CARES Act - Elementary and Secondary School Emergency Relief

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, 2022

The report presented herein was prepared in addition to another official report prepared for Excel Centers, LLC 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*.