GOODWILL LEADS, INC. - THE EXCEL CENTER
ANNUAL REPORT
June 30, 2020

KRUGGEL LAWTON CPA

Elkhart, Indiana

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

ANNUAL REPORT

June 30, 2020

C O N T E N T S

	PAGE
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 18
INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION	19
SUPPLEMENTARY INFORMATION	
Statements of Financial Position by Location	20 - 21
Statements of Activities by Location	22
Statements of Expenses by Location	23

KRUGGEL LAWTON CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Goodwill LEADS, Inc. (The Excel Center)
South Bend, Indiana

We have audited the accompanying financial statements of Goodwill LEADS, Inc. (The Excel Center) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Goodwill LEADS, Inc. (The Excel Center) as of June 30, 2020 and 2019, 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.

Respectfully submitted,

Kruggel, Lawton & Company LLC

Certified Public Accountants

Elkhart, Indiana
January 21, 2021

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENTS OF FINANCIAL POSITION

June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	1,118,082	1,164,215
Accounts receivable	20,098	75
Grants receivable	0	107,830
Prepaid expenses	32,470	195,610
Total Current Assets	1,170,650	1,467,730
PROPERTY AND EQUIPMENT		
Leasehold improvements	2,858,638	2,820,445
Office furniture and equipment	925,219	656,747
Computers and software	385,418	373,552
Total	4,169,275	3,850,744
Accumulated depreciation	(1,772,426)	(1,299,876)
Net Property and Equipment	2,396,849	2,550,868
OTHER ASSETS		
Deposits	14,297	14,297
Total Other Assets	14,297	14,297
TOTAL ASSETS	**3,581,796**	**4,032,895**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lines of credit - related party	1,003,000	960,000
Current portion of long-term debt	1,303,264	221,517
Accounts payable	9,061	14,608
Accounts payable - related party, net	38,681	44,507
Accrued payroll, benefits, and related taxes	128,845	105,539
Deferred revenue	30,000	0
Other accrued expenses	2,012	2,990
Total Current Liabilities	2,514,863	1,349,161
OTHER LIABILITIES		
Long-term debt	536,000	1,777,578
Total Other Liabilities	536,000	1,777,578
TOTAL LIABILITIES	**3,050,863**	**3,126,739**
NET ASSETS		
Without donor restrictions	477,667	601,155
With donor restrictions	53,266	305,001
TOTAL NET ASSETS	**530,933**	**906,156**
TOTAL LIABILITIES AND NET ASSETS	**3,581,796**	**4,032,895**

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Federal grants	179,173	0	179,173
State education support	4,066,403	0	4,066,403
Contributions	164,015	0	164,015
In-kind donations	149,928	0	149,928
Other income	16,296	0	16,296
Total Revenue	4,575,815	0	4,575,815
Net assets released from restrictions:			
Satisfaction of restrictions	251,735	(251,735)	0
FUNCTIONAL EXPENSES			
Program	3,699,776	0	3,699,776
Management and general	1,240,514	0	1,240,514
Fundraising	10,748	0	10,748
Total Functional Expenses	4,951,038	0	4,951,038
CHANGE IN NET ASSETS	**(123,488)**	**(251,735)**	**(375,223)**
NET ASSETS, BEGINNING OF YEAR	**601,155**	**305,001**	**906,156**
NET ASSETS, END OF YEAR	**477,667**	**53,266**	**530,933**

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Federal grants	300,571	0	300,571
State education support	3,564,000	0	3,564,000
Contributions	76,184	63,404	139,588
Contributions - other	118,962	0	118,962
In-kind donations	157,712	0	157,712
Other income	29,402	0	29,402
Total Revenue	4,246,831	63,404	4,310,235
Net assets released from restrictions:			
Satisfaction of restrictions	51,798	(51,798)	0
FUNCTIONAL EXPENSES			
Program	3,211,231	0	3,211,231
Management and general	1,175,750	0	1,175,750
Fundraising	8,671	0	8,671
Total Functional Expenses	4,395,652	0	4,395,652
CHANGE IN NET ASSETS	**(97,023)**	**11,606**	**(85,417)**
NET ASSETS, BEGINNING OF YEAR	**698,178**	**293,395**	**991,573**
NET ASSETS, END OF YEAR	**601,155**	**305,001**	**906,156**

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Program					Supporting Services			
	Classroom Instruction	Special Education	Student Counseling	Other Activities	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total
Advertising expense	0	0	0	227,129	227,129	0	0	0	227,129
Technology expense	30,108	1,382	8,182	8,381	48,053	89,759	0	89,759	137,812
Classroom supplies	33,853	0	652	9,557	44,062	14,797	0	14,797	58,859
Dues and subscriptions	0	0	0	0	0	1,360	0	1,360	1,360
Employee benefits	160,997	42,206	53,458	62,245	318,906	134,547	767	135,314	454,220
Equipment expense	3,502	368	1,870	1,899	7,639	4,045	0	4,045	11,684
Salaries and wages	979,149	121,628	449,911	290,531	1,841,219	604,234	9,272	613,506	2,454,725
Licensing fees	0	0	0	0	0	27,000	0	27,000	27,000
Meals	0	0	0	0	0	6,961	0	6,961	6,961
Insurance	12,920	1,434	6,971	7,284	28,609	5,735	0	5,735	34,344
Interest expense	97,393	13,388	55,128	58,755	224,664	41,726	0	41,726	266,390
Travel	0	711	0	0	711	0	0	0	711
Office supplies	9,673	1,080	5,224	5,243	21,220	14,864	0	14,864	36,084
Miscellaneous	0	0	0	5,680	5,680	29,971	0	29,971	35,651
Payroll taxes	71,125	8,478	32,883	20,056	132,542	44,001	709	44,710	177,252
Professional fees	0	2,079	0	0	2,079	36,189	0	36,189	38,268
Property taxes	5,580	797	3,188	3,986	13,551	2,390	0	2,390	15,941
Utilities	59,353	5,060	30,497	30,019	124,929	25,429	0	25,429	150,358
Student transportation	0	0	0	0	0	29,225	0	29,225	29,225
Rent	79,920	6,950	41,202	41,279	169,351	34,240	0	34,240	203,591
Repairs and maintenance	22,500	2,956	12,599	14,489	52,544	9,640	0	9,640	62,184
Depreciation	177,686	20,892	97,043	101,375	396,996	76,126	0	76,126	473,122
Security expense	18,436	1,864	9,766	9,826	39,892	8,275	0	8,275	48,167
TOTAL FUNCTIONAL EXPENSES	1,762,195	231,273	808,574	897,734	3,699,776	1,240,514	10,748	1,251,262	4,951,038

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2019

	Program					Supporting Service			
	Classroom Instruction	Special Education	Student Counseling	Other Activities	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total
Advertising expense	0	0	0	226,681	226,681	0	0	0	226,681
Technology expense	19,585	5,456	1,364	10,509	36,914	34,021	0	34,021	70,935
Classroom supplies	33,172	2,118	849	18,674	54,813	30,195	0	30,195	85,008
Dues and subscriptions	0	0	0	0	0	3,338	0	3,338	3,338
Employee benefits	165,364	73,416	42,202	54,686	335,668	109,264	701	109,965	445,633
Equipment expense	1,598	1,150	320	2,982	6,050	4,103	0	4,103	10,153
Salaries and wages	824,423	432,526	128,753	272,539	1,658,241	503,132	7,404	510,536	2,168,777
Licensing fees	0	0	0	0	0	36,037	0	36,037	36,037
Meals	0	0	0	0	0	8,361	0	8,361	8,361
Insurance	6,971	4,812	1,394	11,129	24,306	10,937	0	10,937	35,243
Interest expense	27,462	21,775	5,492	47,009	101,738	28,565	0	28,565	130,303
Travel	0	0	503	0	503	2,247	0	2,247	2,750
Office supplies	2,796	2,027	559	11,182	16,564	20,447	0	20,447	37,011
Miscellaneous	441	304	88	8,391	9,224	18,895	0	18,895	28,119
Payroll taxes	61,182	32,128	9,190	19,790	122,290	37,327	566	37,893	160,183
Professional fees	0	0	0	0	0	57,400	0	57,400	57,400
Property taxes	5,027	4,021	1,005	5,027	15,080	2,011	0	2,011	17,091
Utilities	18,907	15,126	3,781	48,280	86,094	33,479	0	33,479	119,573
Student transportation	0	0	0	0	0	34,564	0	34,564	34,564
Rent	48,004	33,903	9,601	63,057	154,565	40,413	0	40,413	194,978
Repairs and maintenance	11,179	8,943	2,236	22,360	44,718	14,348	0	14,348	59,066
Depreciation	54,852	43,175	10,970	181,213	290,210	134,615	0	134,615	424,825
Security expense	5,460	4,368	1,092	16,652	27,572	12,051	0	12,051	39,623
TOTAL FUNCTIONAL EXPENSES	1,286,423	685,248	219,399	1,020,161	3,211,231	1,175,750	8,671	1,184,421	4,395,652

The Notes to Financial Statements are an integral part of this statement.

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(375,223)	(85,417)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	473,122	424,825
Non-cash contribution	0	(118,962)
Non-cash interest expense	213,623	69,899
Loss on disposal of equipment	2,862	(10,187)
Adjustments for changes in operating assets and liabilities:		
Accounts receivable	(20,023)	1,640
Grants receivable	107,830	(102,894)
Prepaid expenses	163,140	(150,673)
Accounts payable	(5,547)	4,408
Accounts payable - related party, net	(5,826)	15,648
Accrued payroll, benefits, and related taxes	23,306	(2,990)
Deferred revenue	30,000	(978)
Other accrued expenses	(978)	1,630
Net Cash Flows provided by Operating Activities	606,286	45,949
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(321,965)	(51,977)
Net Cash Flows used in Investing Activities	(321,965)	(51,977)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net change in line of credit	43,000	335,000
Proceeds from borrowings on long-term debt	536,000	0
Payments on long term debt	(909,454)	(177,213)
Net Cash Flows provided by (used in) Financing Activities	(330,454)	157,787
INCREASE (DECREASE) IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	(46,133)	151,759
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,164,215	1,012,456
CASH, RESTRICTED CASH AND CASH EQUIVALENTS AT END OF YEAR	**1,118,082**	**1,164,215**
SUPPLEMENTARY DISCLOSURE OF CASH FLOWS		
Interest paid	52,767	60,404

The Notes to Financial Statements are an integral part of this statement.

NATURE OF BUSINESS

Goodwill LEADS, Inc. (The Excel Center) (the "School"), is a public charter high school headquartered in South Bend, Indiana, operating under the control of Goodwill Industries of Michiana, Inc. Through government grants and private financial support from individuals, foundations, and corporations, the purpose of the School is to provide educational opportunities designed to enable young people and adults to prepare for productive adult lives. The School was incorporated in July 2014 and classes commenced in South Bend, Indiana in September 2015, in Hammond, Indiana in September 2017, and in Gary, Indiana in September 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the School have been prepared on the accrual basis.

The School adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School.

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the School considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the respective limits of the FDIC. It is common for the School's cash balance to exceed the insured limit throughout the course of operations.

Restricted cash consists of the following for the years ended June 30:

	2020	2019
Excel Center lobby improvements	4,283	5,699
Computer lab improvements	0	19,717
Career training	5,243	10,000
Post-secondary scholarships	0	3,650
Certificate programs	0	3,573
Plato course software	0	5,000
Kids excel outdoor play area	1,247	1,247
Total	10,773	48,886

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances and is presented net of allowance for doubtful accounts. Management has determined that no allowance is necessary at June 30, 2020 or 2019. Factors considered in determining the collectibility include past collection history, an aged analysis of receivables, economic conditions, as well as historical trends. Interest is not typically charged on past due accounts.

GRANTS RECEIVABLE

Support received under governmental grants is recorded based on expenses incurred or based on a fixed rate. Grants receivable represent amounts due for expenses incurred prior to year end and are considered fully collectible by management.

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The School received donated assets in the amounts of $0 and $10,187 for the years ended June 30, 2020 and June 30, 2019, respectively.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was $473,122 and $424,825 for the years ended June 30, 2020 and 2019, respectively.

A summary of the range of lives by asset category follows:

Leasehold improvements	10 - 15 years
Office furniture and equipment	5 years
Computers and software	3 years

DONATED SERVICES AND MATERIALS

In order to recognize donated services as contributions in the School's financial statements the services must require specialized skills, be provided by individuals who possess those skills, and typically need to be purchased if not contributed.

Material gift-in-kind items used in the School's programs and donated goods distributed are recorded as income and expense at the time the items are received, which is normally also the time they are placed into service or distributed. Donated services and materials are recorded in the Statements of Activities as In-kind donations revenue for the years ended June 30, 2020 and 2019.

Donated services and materials are as follows for the years ended June 30:

	2020	2019
Services provided by a related party	148,673	133,174
Other gift in-kind	1,255	14,351
Total	149,928	147,525

CONTRIBUTIONS

The School records contributions, including promises to give, when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the year in which the contributions are received.

ADVERTISING COSTS

Various costs relating to advertising are considered period costs and are therefore expensed as incurred. Advertising costs were $227,129 and $226,681 for the years ended June 30, 2020 and 2019, respectively.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated between program and supporting services. Management and general expense includes expenditures for record keeping, business management, budgeting, and the overall direction of the School and its programs.

Expenses are assigned to functional categories by method of direct assignment or estimated actual usage.

INCOME TAXES

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the School is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the School has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The School's evaluation was performed for all federal and state tax periods still subject to examination. The School's 2016 through 2018 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

On November 17, 2016, the FASB issued Accounting Standards Update (ASU) 2016-18, *Restricted Cash (Topic 230)*, which addresses classification and presentation of changes in restricted cash on the Statements of Cash Flows. ASU 2016-18 requires an entity’s reconciliation of the beginning-of-period and end-of-period total amounts shown on the statement of cash flows to include in cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents. ASU 2016-18 is effective for public business entities for annual periods beginning after December 15, 2017 and interim periods within those fiscal years. It is effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019 for all other entities. The School adopted ASU 2016-18 for the fiscal year ended June 30, 2020 using a retrospective transition method for each period presented.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard was intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. ASU 2018-08 is effective for resource recipients for annual periods beginning after December 15, 2018. The School adopted ASU 2018-08 for the fiscal year ended June 30, 2020. The adoption of this ASU did not result in any material changes in the accounting for contributions received.

RECENT ACCOUNTING PRONOUNCEMENT

On August 18, 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School adopted the ASU and adjusted the presentation of these statements to comply with this ASU in the year ended June 30, 2019.

FUTURE ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

On May 28, 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and later, various subsequent amendments (collectively "ASC 606"). This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition, including industry-specific guidance. ASC 606 requires that revenue is recognized when a customer obtains control of a good or service, which is when a customer has the ability to direct the use of and obtain benefits of the good or service. ASC 606 was scheduled to be effective for fiscal years beginning after December 15, 2018. However, on May 20, 2020, the FASB delayed the effective date of ASC 606 to annual reporting periods beginning after December 15, 2020 if an entity's financial statements for 2019 were not yet issued as of that date. The School has not adopted ASC 606 for the fiscal year ended June 30, 2020.

ASU 2016-02, *Leases (Topic 842)* was issued by FASB in February 2016. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Lessor accounting will not fundamentally change. Operating lease income will be recognized on a straight-line basis over the lease term. The amendments in this ASU are effective for fiscal years beginning after December 15, 2020. The School is in the process of assessing the effect of this ASU on these financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization has working capital of $0 and $118,569 and average days cash on hand of 94 and 111 as of June 30, 2020 and 2019, respectively.

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

Financial assets at year end:

	2020	2019
Cash and cash equivalents	1,107,309	1,115,329
Accounts receivable, net	20,098	75
Grants receivable	0	107,830
Deposits	14,297	14,297
Assets limited to use:		
Cash designated for escrow	90,000	0
Donor restricted cash	10,773	48,886
Total financial assets available to meet general expenditures within one year:	1,242,477	1,286,417

The School has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations (Note 5). Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year.

Cash designated for escrow represents cash required to be held in escrow by the charter agreements and the escrow policy of the Indiana Charter School Board. The escrowed funds are required to be separated from general operating funds and cannot be used for operational purposes. The funds are to be used to cover final expenses in the event of liquidation.

The School has lines of credit available with a related party as described in Note 3. In addition, the related party makes contributions and extends long-term debt to the School as is deemed necessary.

NOTE 3 - LINES OF CREDIT

The School maintains a revolving line of credit with Goodwill Industries of Michiana, Inc. (a related party), in the amount of $625,000. The line of credit provides operating funds for the Hammond, Indiana location. The line of credit bears interest at the Libor 1 month rate plus 150 basis points resulting in a rate of 1.66% at June 30, 2020. Interest expense on the line of credit was $15,239 and $24,072 for the years ended June 30, 2020 and 2019, respectively. The balance on the line of credit was $365,000 and $625,000 at June 30, 2020 and 2019. The line of credit was extended subsequent to year end and matures on June 30, 2021.

On July 1, 2018, the School entered into a revolving line of credit agreement with Goodwill Industries of Michiana, Inc. in the amount of $550,000. On June 11, 2019, the amount was increased to $750,000. The line of credit provides operating funds for the Gary, Indiana location and bears interest at the Libor 1 month rate, resulting in a rate of 0.16% at June 30, 2020. Interest expense was $7,880 and $2,718 for the years ended June 30, 2020 and 2019, respectively. The balance outstanding on the line of credit was $638,000 and $335,000 for the years ended June 30, 2020 and 2019, respectively. The line of credit was extended subsequent to year end and matures on June 30, 2021.

NOTE 4 - LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	2020	2019
An unsecured term note payable to Goodwill Industries of Michiana, Inc. in the original amount of $1,281,365, requiring payments of $11,612 including interest at 0.5%, through June 2025. The note was paid in full during the year ended June 30, 2020.	0	649,453
In April 2020, the School applied for and received an unsecured Payment Protection Program (PPP) loan made available through the CARES Act in the amount of $536,000. Payments are due monthly in the amount of $30,164 including interest at 1% starting November 8, 2020. The note matures April 8, 2022. The note was forgiven in full in January 2021.	536,000	0
An unsecured term note payable to Goodwill Industries of Michiana, Inc. in the original amount of $1,474,089, requiring interest only monthly payments at 4.95% from November 2017 through May 2018, at 5.09% for the month of June 2018, and at 2% thereafter through June 2021 at which time a balloon payment of $1,265,417 is due.	1,303,264	1,349,642
Total	1,839,264	1,999,095
Current portion	1,303,264	221,517
Net long-term debt	536,000	1,777,578

Long-term debt, less current portion, is scheduled to mature as follows for the years ending June 30:

2022	536,000
Net long-term debt	536,000

Goodwill Industries of Michiana, Inc. extended a below market interest rate long-term debt to the School to assist with operating costs, capital asset acquisitions, and other necessary expenditures associated with the South Bend school. Because the purpose of the School is to further the tax exempt objectives of Goodwill Industries of Michiana, Inc. and because income production is not a significant purpose of the School, the below market rate loan is deemed to be a programmatic investment. As such, long-term debt is reported at the present value of the loan instead of the stated loan amount. The difference of $304,455 was recorded as a contribution in the initial year of the loan and is amortized over the life of the loan. The note was paid off early in full during the year ended June 30, 2020 resulting in recognition of the remaining unamortized contribution expense in full during the year ended June 30, 2020.

In accordance with accounting principles governing programmatic investments, the School has imputed interest at a rate of 2.75% resulting in the recognition of contribution income and interest expense in the amount of $174,021 and $33,032 for the years ended June 30, 2020 and 2019, respectively. The School paid interest of $1,437 and $4,484 for the years ended June 30, 2020 and 2019, respectively.

During the previous fiscal year, Goodwill Industries of Michiana, Inc. extended an additional loan in the amount of approximately $1,475,000 to the School to assist with operating costs, capital asset acquisitions, and other necessary expenditures associated with the Hammond school. The loan terms result in the recognition of a programmatic investment as of July 2018, at which time the present value of the loan was adjusted for the resulting contribution revenue of $118,862. The contribution is amortized over the life of the loan. The note requires a balloon payment due June 30, 2021. In accordance with accounting principles governing programmatic investments, the School has imputed interest at a rate of 2% resulting in the recognition of contribution income and interest expense in the amounts of $39,602 and $36,867 for the years ended June 30, 2020 and 2019, respectively. The School paid interest of $27,849 and $28,916 for the years ended June 30, 2020 and 2019, respectively.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30:

	2020	2019
Excel Center lobby improvements	4,283	5,699
Contribution related to programmatic investment by related party - South Bend	0	174,020
Contribution related to programmatic investment by related party - Hammond	42,493	82,095
Computer lab improvements	0	19,717
Career training	5,243	10,000
Post-secondary scholarships	0	3,650
Certificate programs	0	3,573
Plato course software	0	5,000
Kids excel outdoor play area	1,247	1,247
Total	53,266	305,001

NOTE 6 - RETIREMENT PLAN

The School maintains a section 403(b) retirement plan for its non-certified employees. The plan provides for individual custodial accounts for participating employees with varied investment options. The School made contributions to this plan in the amount of 3% of wages for full time employees during the year as defined by the plan document, and also matched employee contributions up to an additional 2%. Retirement expense under the 403(b) plan was $41,428 and $29,057 for the years ended June 30, 2020 and 2019, respectively.

The School's certified employees are covered by the Indiana Teacher Retirement Fund (TRF). Employees are eligible as of their hire date. By statute, employers are required to contribute 7.5% of an employee's pre-tax gross income to TRF. Employers may also elect to contribute an additional 3% in lieu of the employee's own contributions. The School made contributions of 10.5% of employee gross wages to the fund during the year. Retirement expenses for employees covered by TRF was $96,203 and $104,172 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 - CONCENTRATIONS

The School receives a substantial amount of its support from federal and state governments, as well as, Goodwill Industries of Michiana, Inc. Any significant reduction in the level of this support could have a significant effect on the School's programs.

The School has locations in North Central and Northwest Indiana. Accordingly, economic conditions in those areas may affect its operations.

NOTE 8 - LEASE COMMITMENTS

The School leases building space in South Bend, Indiana under a five year lease agreement effective as of July 1, 2015. The School is responsible for some maintenance and its proportionate share of utilities, insurance and taxes. The lease is currently month-to-month. The School also leases building space in Hammond, Indiana under a five year lease agreement effective September 1, 2017. The School is responsible for real estate taxes and common area maintenance ("CAM") of $3,885 per month. The lease includes two optional additional five year terms.

The School also leases building space in Gary, Indiana. The original lease commenced on in August 2018 and terminated in June 2019. It required monthly payments of $7,000. In May 2019, the School entered into a one month lease effective July 10, 2019. The lease terminated on August 12, 2019 and the School subsequently moved to a newly constructed building in Gary owned by a related party, Goodwill Ventures, Inc. Goodwill Industries of Michiana, Inc. entered into a master lease arrangement with Goodwill Ventures, Inc. Goodwill Industries of Michiana, Inc., as the sub-landlord, then subleased the building owned by Goodwill Ventures, Inc. to the School under a sublease agreement effective July 1, 2019. The sublease agreement requires annual lease payments of $60,000, paid in monthly installments of $5,000. The lease term is five years and renews automatically for annual periods ending on June 30 unless either party notifies the other party at least 90 days in advance of June 30. The School is not responsible for operating expenses or real estate taxes.

The lease agreements require monthly rent payments as follows. Period one for South Bend is related to the year ended June 30, 2021 whereas period one for Hammond is related to June 30, 2019 and for Gary is June 30, 2020:

	South Bend		Hammond		Gary	
Period	Base Rent per Year	Base Rent per Month	Base Rent per Year	Base Rent per Month	Base Rent per Year	Base Rent per Month
Period 1	0	3,864	133,331	11,111	67,000	12,000
Period 2	0	3,883	137,493	11,458	60,000	5,000
Period 3	0	3,922	141,655	11,805	60,000	5,000
Period 4	0	3,961	145,818	12,152	60,000	5,000
Period 5	0	4,001	24,419	2,035	60,000	5,000

In addition, the School has entered into five year leases for equipment at the South Bend, Hammond, and Gary locations. These agreements require monthly payments of $574, $271, and $160 respectively. Total base rent expense under the agreements was $212,729 and $203,114 for the years ended June 30, 2020 and 2019, respectively.

The future minimum lease payments under the leases are as follows:

2021	213,724
2022	217,886
2023	94,044
2024	67,852
2025	5,743
Total future minimum lease payments	599,249

NOTE 9 - COMMITMENTS

On September 1, 2017, the School entered into a membership agreement with Goodwill Education Initiatives, Inc. The agreement provides for licensing of the "The Excel Center" name and Marks, and membership in the Excel Center Network for a term of 31 months. The agreement may be renewed for two additional three year terms, if notice for renewal is given within three months prior to the end of the initial term. The agreement was renewed for the second three year term in March 2020. The monthly payment of $3,000 is due within thirty days of the first day of the month. The School paid Goodwill Education Initiatives, Inc. $36,000 relative to this agreement for each of the years ended June 30, 2020 and 2019.

On October 6, 2017, the School entered into an agreement with Milestone Accounting & Bookkeeping Services, Inc. The agreement provides for review of the general ledger, preparation of State Board of Accounts Form 9, and IRS forms 1099 and 1096 for a term of one year. The monthly payment of $1,000 is due within thirty days of the first day of the month. On June 18, 2020, a new agreement was signed which added the provision of training on Blackbaud accounting software and increased the monthly payment to $1,250. The new contract is effective starting July 1, 2020, for a term of one year. The School paid $12,100 relative to this agreement for each of the years ended June 30, 2020 and 2019.

On July 10, 2019, the School entered into an agreement with a cleaning service. The agreement provides for general cleaning and janitorial services, and may be terminated with 30 days written notice. The monthly payment is $2,700 plus the cost of supplies and is due within 15 days of the first day of the month. The School paid approximately $26,000 relative to this agreement during the year ended June 30, 2020.

The charter school agreements require the School to establish escrow accounts of no less than $30,000 in accordance with the escrow policy of the Indiana Charter School Board. The School established these escrow accounts for each school location during the fiscal year ending June 30, 2021.

NOTE 10 - RELATED PARTY TRANSACTIONS

The School is controlled by Goodwill Industries of Michiana, Inc. ("Goodwill"). Goodwill provides employees, certain school-specific administrative services, and general management and oversight of the School.

Goodwill also provided interest-free or below market rate interest loans. See Notes 2 and 3. Goodwill also provided cash subsidies to the School of approximately $75,000 and $130,000 during the fiscal years ended June 30, 2020 and 2019, respectively. The subsidies are recorded in Contributions on the Statements of Activities.

Goodwill also provides contributed goods and services to the School as disclosed in Note 1.

The School has accounts payable of $38,681 and $44,507 due to Goodwill as of June 30, 2020 and 2019, respectively.

NOTE 11 - COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of the COVID-19 outbreak, the School remained open and operating, but implemented several safety measures put in place to protect staff and clients. These measures include the purchase of personal protection equipment (PPE) and procedural controls implemented to prevent client and staff infection. The school operated on a completely virtual basis for the latter part of the 2019-2020 school year and has since implemented a hybrid of virtual and in-person instruction depending on the local status of the pandemic. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School has limited ability to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the fiscal year ending June 30, 2021.

Although the School cannot estimate the full length or gravity of the impact of the COVID-19 outbreak at this time, the pandemic may have an adverse effect on the School's results of future operations, financial position, and liquidity for the fiscal year ending June 30, 2021.

NOTE 12 - SUBSEQUENT EVENTS

The School has evaluated subsequent events through January 21, 2021, the date the financial statements were available to be issued. As discussed in Note 3, the School's lines of credit with a related party were extended to June 30, 2021. As discussed in Note 4, the PPP loan was forgiven in January 2021. No other events or transactions occurred during this period which require recognition or disclosure in the financial statements.

KRUGGEL LAWTON CPA

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Goodwill LEADS, Inc. (The Excel Center)
South Bend, Indiana

We have audited the financial statements of Goodwill LEADS, Inc. (The Excel Center) as of and for the years ended June 30, 2020 and 2019, and our report thereon dated January 21, 2021, which contained an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The following supplementary information, including the statements of financial position, activities, and expenses by location, 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. 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.

Respectfully submitted,

Kruggel, Lawton & Company LLC
Certified Public Accountants

South Bend, Indiana
January 21, 2021

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FINANCIAL POSITION BY LOCATION

June 30, 2020 (with comparative totals at June 30, 2019)

(See Independent Auditor's Report on Supplementary Information)

ASSETS	South Bend	Hammond	Gary	2020	2019
CURRENT ASSETS					
Cash and cash equivalents	608,768	292,153	217,161	1,118,082	1,164,215
Accounts receivable	6,480	1,295	12,323	20,098	75
Grants receivable	0	0	0	0	107,830
Prepaid expenses	12,541	11,189	8,740	32,470	195,610
Total Current Assets	627,789	304,637	238,224	1,170,650	1,467,730
PROPERTY AND EQUIPMENT					
Leasehold improvements	1,328,007	1,492,438	38,193	2,858,638	2,820,445
Office furniture and equipment	354,118	298,037	273,064	925,219	656,747
Computers and software	312,828	41,711	30,879	385,418	373,552
Total	1,994,953	1,832,186	342,136	4,169,275	3,850,744
Accumulated depreciation	1,258,928	436,258	77,240	1,772,426	1,299,876
Net Property and Equipment	736,025	1,395,928	264,896	2,396,849	2,550,868
OTHER ASSETS					
Deposits	7,360	6,937	0	14,297	14,297
Total Other Assets	7,360	6,937	0	14,297	14,297
TOTAL ASSETS	**1,371,174**	**1,707,502**	**503,120**	**3,581,796**	**4,032,895**

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF FINANCIAL POSITION BY LOCATION

June 30, 2020 (with comparative totals at June 30, 2019)

(See Independent Auditor's Report on Supplementary Information)

LIABILITIES AND NET ASSETS	South Bend	Hammond	Gary	2020	2019
CURRENT LIABILITIES					
Line of credit	0	365,000	638,000	1,003,000	960,000
Current portion of long-term debt	0	1,303,264	0	1,303,264	221,517
Accounts payable	1,176	6,601	1,284	9,061	14,608
Accounts payable - related party, net	12,143	15,908	10,630	38,681	44,507
Accrued payroll, benefits, and related taxes	52,743	41,439	34,663	128,845	105,539
Deferred revenue	0	5,000	12,500	17,500	0
Other accrued expenses	345	362	1,305	2,012	2,990
Total Current Liabilities	66,407	1,737,574	698,382	2,502,363	1,349,161
LONG-TERM LIABILITIES					
Long-term debt	172,353	181,103	182,544	536,000	1,777,578
Total Long-Term Liabilities	172,353	181,103	182,544	536,000	1,777,578
TOTAL LIABILITIES	238,760	1,918,677	880,926	3,038,363	3,126,739
NET ASSETS					
Net assets without donor restrictions	1,121,641	(282,993)	(389,931)	448,717	601,155
Net assets with donor restrictions	10,773	59,318	12,125	82,216	305,001
Total Net Assets	1,132,414	(223,675)	(377,806)	530,933	906,156
TOTAL LIABILITIES AND NET ASSETS	**1,371,174**	**1,695,002**	**503,120**	**3,569,296**	**4,032,895**

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF ACTIVITIES BY LOCATION

For the Year Ended June 30, 2020 (with comparative totals for the Year Ended June 30, 2019)
(See Independent Auditor's Report on Supplementary Information)

	South Bend	Hammond	Gary	2020 Amount	2019 Amount
REVENUES:					
Federal grants	0	0	179,173	179,173	300,571
State education support	1,674,574	1,630,564	761,265	4,066,403	3,564,000
Contributions	32,338	31,886	99,791	164,015	139,588
Contributions - other	0	0	0	0	118,962
In-kind donations	46,824	46,452	56,652	149,928	157,712
Other income	5,069	14,090	(2,863)	16,296	29,402
Total Revenues	1,758,805	1,722,992	1,094,018	4,575,815	4,310,235
EXPENSES	1,898,363	1,757,327	1,295,348	4,951,038	4,395,652
CHANGE IN NET ASSETS	(139,558)	(34,335)	(201,330)	(375,223)	(85,417)
NET ASSETS, BEGINNING OF YEAR	1,271,972	(189,340)	(176,476)	906,156	991,573
NET ASSETS, END OF YEAR	1,132,414	(223,675)	(377,806)	530,933	906,156

GOODWILL LEADS, INC. (THE EXCEL CENTER)

South Bend, Indiana

STATEMENT OF EXPENSES BY LOCATION

For the Year Ended June 30, 2020 (with comparative totals for the Year Ended June 30, 2019)
(See Independent Auditor's Report on Supplementary Information)

	South Bend	Hammond	Gary	2020 Amount	2019 Amount
Advertising expense	77,335	66,392	83,402	227,129	226,681
Technology expense	37,909	62,338	37,565	137,812	70,935
Classroom supplies	35,516	11,802	11,541	58,859	85,008
Dues and subscriptions	417	394	549	1,360	3,338
Employee benefits	170,569	134,042	149,609	454,220	448,765
Equipment expense	4,097	5,395	2,192	11,684	10,153
Salaries and wages	898,052	845,425	711,248	2,454,725	2,168,777
Licensing fees	10,665	11,448	4,887	27,000	36,037
Meals	2,263	2,628	2,070	6,961	8,361
Insurance	13,560	14,553	6,231	34,344	32,111
Interest expense	175,458	83,052	7,880	266,390	130,303
Travel	0	0	711	711	2,750
Office supplies	20,350	8,823	6,911	36,084	37,011
Miscellaneous	14,209	15,624	5,818	35,651	28,119
Payroll taxes	64,128	62,559	50,565	177,252	160,183
Professional fees	15,794	15,199	7,275	38,268	57,400
Property taxes	0	15,941	0	15,941	17,091
Utilities	40,283	58,801	51,274	150,358	119,573
Student transportation	7,473	15,903	5,849	29,225	34,564
Rent	45,716	90,876	66,999	203,591	194,978
Repairs and maintenance	15,389	42,927	3,868	62,184	59,066
Depreciation	229,323	176,434	67,365	473,122	424,825
Security expense	19,857	16,771	11,539	48,167	39,623
Total Expenses	**1,898,363**	**1,757,327**	**1,295,348**	**4,951,038**	**4,395,652**