



# **Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center**

**Independent Auditor's Reports and Regulatory Basis  
Financial Statements**

June 30, 2024



**Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center**  
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**June 30, 2024**

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## Independent Auditor's Report

Board of Directors  
Goodwill Arkansas Education Initiatives, Inc.  
d/b/a The Excel Center  
Little Rock, Arkansas

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center (School) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School's regulatory basis financial statements as listed in the table of contents.

#### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the balance sheet of the School as of June 30, 2024 and its respective revenues, expenditures, and the changes in fund balance and budgetary results for the year then ended, in accordance with the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413 described in Note 1.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the School as of June 30, 2024, or changes in financial position for the year then ended.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the School, 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.

#### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 to the financial statements, the financial statements are prepared by the School on the basis of the financial reporting provisions of Ark. Code Ann. § 10-4-413, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Arkansas. The effects on the financial statements of the variances between the regulatory modified accrual basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of A.C.A. § 10-4-413, as described in Note 1, 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.

### ***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 opinions. 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 GAAS 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 the School's 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School'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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2025 on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

**Forvis Mazars, LLP**

**Little Rock, Arkansas  
May 9, 2025**

**Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center**  
**Balance Sheet – General Fund – Regulatory Basis**  
**June 30, 2024**

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	<u>General Fund</u>
<b>ASSETS</b>	
Cash	\$ 122,528
<b>Total Assets</b>	<u>\$ 122,528</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Payable to Goodwill	\$ 27,037
Accrued expenditures	<u>85,972</u>
<b>Total Liabilities</b>	<u>113,009</u>
<b>Fund Balance</b>	
Unassigned	<u>9,519</u>
<b>Total Fund Balance</b>	<u>9,519</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 122,528</u>

**Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center  
Statement of Revenues, Expenditures, and Changes in Fund Balances –  
General Fund – Regulatory Basis  
Year Ended June 30, 2024**

	<u>General Fund</u>
<b>Revenues</b>	
Contributions from Goodwill	\$ 3,808,286
Grant revenue	<u>143,746</u>
<b>Total Revenues</b>	<u>3,952,032</u>
<b>Expenditures</b>	
Adult education program	3,019,042
Management support services	<u>827,175</u>
<b>Total Expenditures</b>	<u>3,846,217</u>
<b>Excess of Revenues Over Expenditures and Net Change in Fund Balance</b>	<u>105,815</u>
<b>Fund Deficit, Beginning of Year</b>	<u>(96,296)</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 9,519</u></u>

**Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center  
Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Budget and Actual – General Fund – Regulatory Basis  
Year Ended June 30, 2024**

	<u>Budget</u>	<u>Actual</u>	<u>Variance With Budget</u>
<b>Revenues</b>			
Contributions from Goodwill	\$ 3,879,500	\$ 3,808,286	\$ (71,214)
Grant revenue	-	143,746	143,746
<b>Total Revenues</b>	<u>3,879,500</u>	<u>3,952,032</u>	<u>72,532</u>
<b>Expenditures</b>			
Adult education program	3,025,217	3,019,042	(6,175)
Management support services	842,075	827,175	(14,900)
<b>Total Expenditures</b>	<u>3,867,292</u>	<u>3,846,217</u>	<u>(21,075)</u>
<b>Excess of Revenues Over Expenditures and Net Change in Fund Balance</b>	<u>12,208</u>	<u>105,815</u>	<u>93,607</u>
<b>Fund Deficit, Beginning of Year</b>	<u>(96,296)</u>	<u>(96,296)</u>	<u>-</u>
<b>Fund Balance (Deficit), End of Year</b>	<u>\$ (84,088)</u>	<u>\$ 9,519</u>	<u>\$ 93,607</u>

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

### ***Nature of Operations***

Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center (School) provides adults the opportunity and support to earn a high school diploma while developing career paths that offer greater employment and growth opportunities. The School “meets students where they are” in their education by providing a flexible structure and supportive relationships to help students manage work, life, and family as they achieve their educational goals. Any adult age 19 and over, who is interested in obtaining a high school diploma, is eligible to attend.

The School was created by Goodwill Industries of Arkansas, Inc. (Goodwill) in July 2016 and began operations in July 2017. The board of directors of Goodwill maintains control of the board of directors of the School and provides funding to the School as needed to support operations.

### ***Measurement Focus and Basis of Accounting***

The financial statements are prepared in accordance with a regulatory basis of accounting (RBA). The RBA is not in accordance with U.S. generally accepted accounting principles (U.S. GAAP). This basis of accounting is prescribed by Arkansas Code Annotated § 10-4-413 and requires that financial statements be presented on a fund basis with, at a minimum, the general fund and special revenue fund presented separately and all other funds, if any, presented in the aggregate. The law also stipulates that the financial statements consist of a balance sheet – regulatory basis; a statement of revenues, expenditures, and changes in fund balances – regulatory basis; a comparison of the final adopted budget to the actual expenditures for the general fund and special revenue funds of the entity; notes to the financial statements; and a supplemental schedule of capital assets, including land, buildings, and equipment. The law further stipulates that the state board shall promulgate the rules necessary to administer the regulatory basis of presentation.

U.S. GAAP requires that basic financial statements present government-wide financial statements. Additionally, U.S. GAAP requires the following major concepts: management’s discussion and analysis; accrual basis of accounting for government-wide financial statements, including depreciation expense; modified accrual basis of accounting for fund financial statements; separate financial statements for fiduciary fund types; separate identification of special and extraordinary items; inclusion of capital assets and debt in the financial statements; inclusion of the net pension liability in the financial statements; specific procedures for the identification of major governmental funds and applicable note disclosures. The RBA does not require government-wide financial statements or the previously identified concepts. In addition, prepaid expenses, inventories, interest payable and compensated absences are not reported as assets or liabilities under RBA.

The accompanying financial statements are reported using the current financial resources measurement focus. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in available spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of general long-term debt are reported as other financing sources (if any). Revenues are recognized when both measurable and available.

The School considers revenues reported in the funds to be available if they are collectible within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, and obligations for workers’ compensation, which are recognized as expenditures when payment is due.

The general fund is used to account for and report all financial resources and expenditures of the School.

**Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center**  
**Notes to Financial Statements – Regulatory Basis**  
**June 30, 2024**

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***Fund Balance Classifications***

Unassigned fund balance represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

***Budget and Budgetary Accounting***

The School is required by state law to prepare an annual budget. The annual budget is prepared on a fiscal year basis. The School does not prepare and submit amended budgets during the fiscal year. The State Department of Education’s regulations allow for the cash basis or the modified accrual basis. The School’s financial statements are prepared on the RBA modified accrual basis.

***Use of Estimates***

The preparation of financial statements in conformity with RBA requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and various disclosures in the financial statements. Actual results could differ from those estimates.

**Note 2. Cash**

The School’s cash consists of demand deposits maintained at a financial institution. State statutes require that the School’s funds be deposited in banks located in the state and that all deposit balances in excess of Federal Deposit Insurance Corporation insurance limits be collateralized. At June 30, 2024, all of the School’s demand deposits are fully collateralized.

**Note 3. Lease Commitments**

The School leases its facilities from Goodwill under agreements with an initial term of one year. Both agreements call for one-year automatic renewals unless notice of intent not to renew is properly given in accordance with the agreement. Rental payments under these agreements were approximately \$1,113,000 for the year ended June 30, 2024.

**Note 4. Accrued Expenses**

Accrued expenses were comprised of the following at June 30, 2024:

Accrued salaries and withholdings	\$ 50,843
Accrued audit fees	25,725
Accrued expense	<u>9,404</u>
Total	<u>\$ 85,972</u>

**Note 5. Retirement Plans**

The School contributes to the Arkansas Teacher Retirement System (ATRS), a cost-sharing multiple-employer defined benefit pension plan that covers all Arkansas public school employees, except certain nonteachers hired prior to July 1, 1989. ATRS provides retirement and disability benefits, annual cost-of-living adjustments, and death

**Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center**  
**Notes to Financial Statements – Regulatory Basis**  
**June 30, 2024**

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benefits to plan members and beneficiaries. Benefit and contribution provisions are established by Arkansas State law and can be amended only by the Arkansas General Assembly. ATRS issues a publicly available financial report that includes financial statements and required supplementary information for ATRS. That report may be obtained by writing to Arkansas Teacher Retirement System, 1400 West Third Street, Little Rock, Arkansas 72201 or by calling 1.800.666.2877.

ATRS has contributory and noncontributory plans. Contributory members are required by law to contribute 7% of their salary. Each participating employer is required by law to contribute at a rate established by the Arkansas General Assembly. The current employer rate is 15%. The School's contributions to ATRS for the year ended June 30, 2024 were \$199,739, which is equal to the required contributions for the year.

The Arkansas Department of Education has stipulated that, under the regulatory basis of accounting, the requirements of Governmental Accounting Standards Board Statement No. 68 would be limited to disclosure of the School's proportionate share of the collective net pension liability. The School's proportionate share of the collective net pension liability at June 30, 2023 (actuarial valuation date and measurement date) was \$1,232,433.

**Note 6. On-Behalf Payments**

The allocation of the health insurance premiums paid by the Arkansas Department of Education to the Employee Benefits Division, on behalf of the School's employees, totaled approximately \$58,000 for the year ended June 30, 2024.

**Note 7. Related-Party Transactions**

Goodwill provides various administrative, operating and maintenance services for the School. Allocation of expenses to the School is based on actual time and cost incurred by Goodwill on behalf of the School. For the year ended June 30, 2024, Goodwill paid approximately \$162,000 on behalf of the School. The School reimburses Goodwill as funds become available. At June 30, 2024, the School was indebted to Goodwill in the amount of \$27,073, which is recorded as payable to Goodwill. Goodwill also contributed \$3,808,286 to the School during the year.

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

### **Independent Auditor's Report**

Board of Directors  
Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center  
Little Rock, Arkansas

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 (*Government Auditing Standards*), the major governmental fund of Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center (School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's regulatory basis financial statements, and have issued our report thereon dated May 9, 2025. We issued an adverse opinion because the School prepared the financial statements on the basis of the financial reporting provisions of Arkansas Code, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. However, the financial statements present fairly, in all material respects, the respective regulatory basis financial position of the major governmental fund of the School as of June 30, 2024, and the respective regulatory basis changes in financial position thereof and the respective regulatory basis budgetary comparison for the general fund for the year then ended, on the basis of accounting described in Note 1.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing 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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**Forvis Mazars, LLP**

**Little Rock, Arkansas  
May 9, 2025**

**Goodwill Arkansas Education Initiatives, Inc. d/b/a The Excel Center  
Schedule of Findings and Responses  
Year Ended June 30, 2024**

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<b>Reference Number</b>	<b>Finding</b>
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No matters are reportable.