

GOOD WHEELS, INC.

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR**

**YEARS ENDED
JUNE 30, 2012 AND 2011**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
 <u>Financial Statements</u>	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7-17
 <u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards and State Financial Assistance - Year Ended June 30, 2012.....	18
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	19
 <u>Additional Reports of Independent Auditor</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	20-21
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with the Florida Single Audit Act (Florida Statute 215.97).....	22-24
Schedule of Findings and Questioned Costs - State Financial Assistance.....	25-26
Independent Auditor's Report to Management.....	27-29
Management's Response to Independent Auditor's Report to Management.....	Exhibit



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Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Good Wheels, Inc.
10075 Bavaria Road
Fort Myers, Florida 33913

We have audited the accompanying statements of financial position of Good Wheels, Inc. (a not-for-profit Florida corporation), as of June 30, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Good Wheels, Inc.'s management. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Wheels, Inc., as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 10, 2012, on our consideration of Good Wheels, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

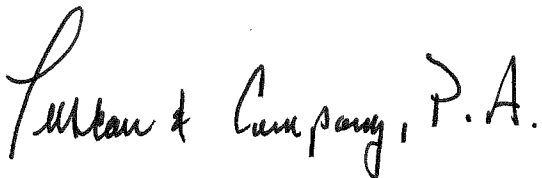
INTEGRITY SERVICE EXPERIENCE

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Board of Directors
Good Wheels, Inc.
Page 2

Our audits were conducted for the purpose of forming opinions on the financial statements of Good Wheels, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended June 30, 2012 and the Notes thereto are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations, the Florida Single Audit Act (Florida Statute 215.97) and State of Florida Auditor General Rule 10.650 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended June 30, 2012 and the Notes thereto are fairly stated in all material respects in relation to the financial statements taken as a whole.

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the financial statements but is required by Government Auditing Standards and State of Florida Chapter 10.650 "Rules of the Auditor General". Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
September 10, 2012

GOOD WHEELS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$43,129 and \$13,521 as of June 30, 2012 and 2011, respectively)	\$ 66,508	\$ 315,238
Receivables:		
Trade and other	290,165	207,490
Grants and contracts	103,729	97,672
Inventory	19,588	1,525
Prepaid expenses	<u>98,908</u>	<u>103,073</u>
TOTAL CURRENT ASSETS	578,898	724,998
PROPERTY AND EQUIPMENT, NET	2,081,986	2,676,555
OTHER ASSETS		
Deposits	<u>1,565</u>	<u>2,485</u>
TOTAL ASSETS	<u>\$ 2,662,449</u>	<u>\$ 3,404,038</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term obligations	\$ 102,634	\$ 95,202
Accounts payable	141,547	138,753
Accrued expenses	203,188	180,332
Deferred revenue	<u>4,971</u>	<u>13,521</u>
TOTAL CURRENT LIABILITIES	452,340	427,808
LONG-TERM OBLIGATIONS, net of current portion	1,078,116	1,180,780
COMMITMENT AND CONTINGENCIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,530,456</u>	<u>1,608,588</u>
NET ASSETS		
Unrestricted	1,088,864	1,795,450
Temporarily restricted	<u>43,129</u>	<u>-</u>
TOTAL NET ASSETS	<u>1,131,993</u>	<u>1,795,450</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,662,449</u>	<u>\$ 3,404,038</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2012 and 2011

	2012		
	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS			
REVENUES, SUPPORT AND RECLASSIFICATIONS			
PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT			
Federal grants	\$ -	\$ 334,357	\$ 334,357
State grants	-	1,001,768	1,001,768
State matching for Federal grants	-	12,482	12,482
Medicaid	2,409,381	-	2,409,381
DCF/other agencies	483,660	43,129	526,789
Lee County	-	-	-
Hendry County	30,000	-	30,000
TOTAL PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT	2,923,041	1,391,736	4,314,777
OTHER REVENUES AND SUPPORT			
Transportation revenues	378,337	-	378,337
United Way	112,000	-	112,000
Donations	36,584	-	36,584
Other	107,233	-	107,233
TOTAL OTHER REVENUES AND SUPPORT	634,154	-	634,154
TOTAL REVENUES AND SUPPORT	3,557,195	1,391,736	4,948,931
Net assets released from restrictions:			
Satisfaction of program restrictions	1,348,607	(1,348,607)	-
TOTAL REVENUES, SUPPORT AND RECLASSIFICATIONS	4,905,802	43,129	4,948,931
EXPENSES			
Program services	5,418,307	-	5,418,307
Supporting services	194,081	-	194,081
TOTAL EXPENSES	5,612,388	-	5,612,388
INCREASE (DECREASE) IN NET ASSETS	(706,586)	43,129	(663,457)
NET ASSETS, BEGINNING OF YEAR	1,795,450	-	1,795,450
NET ASSETS, END OF YEAR	\$ 1,088,864	\$ 43,129	\$ 1,131,993

The accompanying notes are an integral part of this statement.

2011		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 378,900	\$ 378,900
-	950,090	950,090
-	16,837	16,837
2,394,863	-	2,394,863
568,744	-	568,744
-	-	-
<u>30,000</u>	<u>-</u>	<u>30,000</u>
2,993,607	1,345,827	4,339,434
426,617	-	426,617
112,475	-	112,475
21,392	-	21,392
180,960	-	180,960
<u>741,444</u>	<u>-</u>	<u>741,444</u>
3,735,051	1,345,827	5,080,878
<u>1,345,827</u>	<u>(1,345,827)</u>	<u>-</u>
<u>5,080,878</u>	<u>-</u>	<u>5,080,878</u>
5,534,274	-	5,534,274
204,107	-	204,107
<u>5,738,381</u>	<u>-</u>	<u>5,738,381</u>
(657,503)	-	(657,503)
<u>2,452,953</u>	<u>-</u>	<u>2,452,953</u>
<u>\$ 1,795,450</u>	<u>\$ -</u>	<u>\$ 1,795,450</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2012 and 2011

	2012		
	Program Services	Management and General	Total Expenses
Personnel Costs and Related Expenses			
Wages, salaries and contract labor	\$ 2,298,634	\$ 136,360	\$ 2,434,994
Employee benefits	371,858	22,059	393,917
Retirement	48,664	2,887	51,551
Payroll taxes	201,208	11,936	213,144
Other personnel costs	24,091	-	24,091
TOTAL PERSONNEL COSTS AND RELATED EXPENSES	<u>2,944,455</u>	<u>173,242</u>	<u>3,117,697</u>
Operating Expenses			
Occupancy	6,062	360	6,422
Office	99,684	5,913	105,597
Interest	80,855	4,797	85,652
Travel	7,788	-	7,788
Professional fees	38,149	2,263	40,412
Communication and utilities	61,250	3,633	64,883
Equipment, rent and maintenance	48,558	2,881	51,439
Dues	6,738	400	7,138
Printing and advertising	3,734	221	3,955
Vehicle	704,717	-	704,717
Postage	6,247	371	6,618
Fuel and lubricants	687,449	-	687,449
TOTAL OPERATING EXPENSES	<u>1,751,231</u>	<u>20,839</u>	<u>1,772,070</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,695,686	194,081	4,889,767
Depreciation	<u>722,621</u>	<u>-</u>	<u>722,621</u>
TOTAL EXPENSES	<u>\$ 5,418,307</u>	<u>\$ 194,081</u>	<u>\$ 5,612,388</u>

The accompanying notes are an integral part of this statement.

2011		
<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
\$ 2,477,668	\$ 144,203	\$ 2,621,871
377,812	21,989	399,801
50,329	2,929	53,258
207,190	12,059	219,249
<u>30,764</u>	<u>-</u>	<u>30,764</u>
<u>3,143,763</u>	<u>181,180</u>	<u>3,324,943</u>
7,701	448	8,149
109,648	6,382	116,030
88,232	5,135	93,367
8,555	-	8,555
51,129	2,976	54,105
60,709	3,533	64,242
54,413	3,167	57,580
5,434	316	5,750
8,904	518	9,422
587,287	-	587,287
7,768	452	8,220
<u>604,183</u>	<u>-</u>	<u>604,183</u>
<u>1,593,963</u>	<u>22,927</u>	<u>1,616,890</u>
4,737,726	204,107	4,941,833
<u>796,548</u>	<u>-</u>	<u>796,548</u>
<u>\$ 5,534,274</u>	<u>\$ 204,107</u>	<u>\$ 5,738,381</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 287,251	\$ 533,411
Cash received from grants and contracts	4,420,720	4,480,469
Cash received from donations	36,584	21,392
Cash received from other sources	96,186	154,341
Cash payments for goods and services	(2,379,619)	(2,195,481)
Cash payments to employees	(2,411,961)	(2,610,505)
Interest paid	<u>(85,653)</u>	<u>(93,367)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>(36,492)</u>	 <u>290,260</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(130,106)	(174,451)
Proceeds received from sale of property and equipment	<u>13,100</u>	<u>79,954</u>
 NET CASH USED IN INVESTING ACTIVITIES	 <u>(117,006)</u>	 <u>(94,497)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds received from long-term obligations (LOC)	75,000	240,000
Principal payments of long-term obligations	<u>(170,232)</u>	<u>(328,683)</u>
 NET CASH USED IN FINANCING ACTIVITIES	 <u>(95,232)</u>	 <u>(88,683)</u>
 Net increase (decrease) in cash and cash equivalents	 (248,730)	 107,080
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>315,238</u>	 <u>208,158</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 66,508</u>	 <u>\$ 315,238</u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2012</u>	<u>2011</u>
Increase (Decrease) in Net Assets	<u>\$ (663,457)</u>	<u>\$ (657,503)</u>
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	722,621	796,548
(Gain) loss on sale of property and equipment	(11,047)	(26,619)
(Increase) decrease in accounts receivable - trade and other	(82,536)	104,313
(Increase) decrease in employee receivables	(139)	(413)
(Increase) decrease in grants and contracts receivable	(6,057)	23,975
(Increase) decrease in inventory	(18,063)	(932)
(Increase) decrease in prepaid expenses	4,165	(6,245)
(Increase) decrease in deposits	920	-
Increase (decrease) in accounts payable	2,795	40,500
Increase (decrease) in accrued payroll	20,263	4,280
Increase (decrease) in accrued payroll taxes	(460)	1,307
Increase (decrease) in accrued vacation	2,909	7,499
Increase (decrease) in accrued retirement	116	300
Increase (decrease) in other accrued expenses	28	(3,816)
Increase (decrease) in deferred revenue	<u>(8,550)</u>	<u>7,066</u>
TOTAL ADJUSTMENTS	<u>626,965</u>	<u>947,763</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ (36,492)</u>	<u>\$ 290,260</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of activities

Good Wheels, Inc. (Good Wheels) is a Florida not-for-profit organization. Good Wheels provides transportation services in non-urbanized areas as well as transportation services to individuals with disabilities and handicaps in Lee, Hendry and Glades Counties, Florida. Good Wheels was established in June 1990.

Good Wheels is currently the Community Transportation Coordinator, designated pursuant to Chapter 427, Florida Statutes, for those counties noted previously. The purpose of the coordinator is to arrange and/or provide transportation services for the transportation disadvantaged in a manner that is cost effective, efficient and reduces fragmentation and duplication of services. Good Wheels' main facility and administrative offices are located in Lee County.

In recent years, as an expanded community service offered primarily to schools and other not-for-profit organizations, Good Wheels, Inc. began providing a charter bus service.

The following is a summary of the significant accounting policies used in the preparation of these financial statements:

Basis of accounting

The accounting and reporting policies of Good Wheels conform to accounting principles generally accepted in the United States of America and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants, "Not-for-Profit Organizations" under the provisions for Voluntary Health and Welfare Organizations.

Good Wheels prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with an entitlement or grant document.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and cash equivalents

For the purpose of the Statements of Cash Flows, Good Wheels considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At June 30, 2012 and 2011, Good Wheels held no cash equivalents.

Investments

The investment policy of Good Wheels permits the investment of excess cash in certificates of deposits. At June 30, 2012 and 2011, Good Wheels, Inc. had no such investments, nor were any such investments held during the years ended June 30, 2012 and 2011.

Receivables

Receivables balances consist of billings due from Federal and State entities as well as provider agencies and individual clients for transportation services provided by Good Wheels. Good Wheels uses the direct write-off method of accounting for uncollectible accounts associated with granting agencies, provider agencies, and private charters. For amounts due from individual clients, Good Wheels reports accounts receivable net of an allowance for doubtful accounts. At June 30, 2012 and 2011, all recorded receivables are considered by management to be fully collectible within the subsequent fiscal year. Accordingly, no allowance for doubtful accounts has been recorded.

Concentration of credit risk

Concentration of credit risk with respect to the receivables are limited to the large number of customers throughout Southwest Florida as well as Federal and State agencies. Good Wheels does not anticipate material credit losses in the near future.

Inventories

Inventories consist of fuel and lubricants held for emergency use at year end. The inventories are valued at cost, which approximates market. The method used to determine the value of the inventory is the FIFO (first in-first out) method.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and equipment

Good Wheels' policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than 1 year. Property and equipment is recorded at cost, except for donated property and equipment, which are recorded at their fair value at the date of the gift. Assets are depreciated using straight-line and accelerated methods (which approximate straight-line) over their respective estimated lives, as follows:

<u>Property and Equipment Category</u>	<u>Useful Lives</u>
Furniture, fixtures and equipment	3-10 years
Vehicles	5 years
Building and Improvements	39 years

Accounting for impairment of long-lived assets

Good Wheels adheres to the FASB ASC 360-10-50-2 (formerly Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets"). FASB ASC 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on Good Wheels' financial statements resulting from FASB ASC 360-10-50-2 for the years ended June 30, 2012 and 2011.

Revenue recognition

All grantor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

Grant revenue

Good Wheels receives financial support from governmental contracts that are negotiated annually. Although a maximum fee per trip is established during the

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Grant revenue, continued

negotiation process, income is earned on the basis of units of service provided. That is, income is earned and recognized only to the extent of trips provided. The governmental grants enable Good Wheels to provide coordinated transportation primarily to elderly, handicapped, and disadvantaged persons and to other eligible persons who request the services.

Advertising costs

It is the policy of Good Wheels to expense advertising costs when incurred.

Donated services

No amount has been reflected in the statements for donated services, inasmuch as no objective basis is available to measure the value of such services. However, a number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to Good Wheels programs and supporting services.

Functional expenses

The cost of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. Expenses that can be identified with a specific program service are charged directly to that program, according to their natural expenditure classification. Management and general expenses, although common to several programs, are not allocated as no objective basis for allocation has been identified.

Subsequent events

Subsequent events have been evaluated through September 10, 2012, which is the date the financial statements were available to be issued.

Income taxes

No provision for income tax expense has been made in the accompanying financial statements, since Good Wheels, Inc. is exempt from income taxes under Internal Revenue Code Section 501(c)(3). In addition, Good Wheels is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income taxes, continued

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Good Wheels reports no net unrelated business taxable income. However, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

Compensated absences

Good Wheels employees accumulate vacation leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment for vacation leave if they meet certain criteria. The accumulated vacation leave and related employment taxes have been accrued and recorded as accrued vacation.

Management estimates

The preparation of financial statements in conformity with 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND CASH EQUIVALENTS

The carrying value of cash and cash equivalents consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 250	\$ 250
Depository accounts	<u>66,258</u>	<u>314,988</u>
	<u>\$ 66,508</u>	<u>\$ 315,238</u>

The nature of cash and cash equivalents (carrying value) is as follows at June 30:

	<u>2012</u>	<u>2011</u>
Unrestricted cash	\$ 23,379	\$ 301,717
Restricted cash	<u>43,129</u>	<u>13,521</u>
	<u>\$ 66,508</u>	<u>\$ 315,238</u>

Restricted cash consists of deferred revenue and/or temporarily restricted net assets at year end.

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Federal depository insurance

Good Wheels maintains its cash and cash equivalents in financial institutions located in Southwest Florida. Its cash and cash equivalents are federally insured up to \$250,000 per financial institution. Management does not believe the entity is exposed to significant credit risk, as the financial institution holding significantly all the entity's cash is a national financial institution. The entity has experienced no losses from credit risk. At June 30, the bank balances of Good Wheels' depository accounts are categorized as follows:

	<u>2012</u>	<u>2011</u>
Amount covered by Federal Depository Insurance	\$ 67,251	\$ 267,229
Amount uninsured	-	47,889
	<u>\$ 67,251</u>	<u>\$ 315,118</u>

NOTE C - TRADE AND OTHER RECEIVABLES

Trade and other receivables consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Trade receivables	\$ 289,536	\$ 207,000
Employee advances	629	490
	<u>\$ 290,165</u>	<u>\$ 207,490</u>

The management of Good Wheels believes the receivables to be fully collectible. Therefore, no allowance for doubtful accounts has been recorded.

NOTE D - GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable from Federal and/or State agencies and/or pass-through entities consist of the following as of June 30:

	<u>2012</u>	<u>2011</u>
FTA Section 5311 Grant	\$ 18,764	\$ 16,379
TD Commissions - Lee County	48,273	45,546
TD Commissions - Hendry & Glades Co.	33,554	35,747
FDOT - Clewiston-Bell Glade	3,138	-
	<u>\$ 103,729</u>	<u>\$ 97,672</u>

GOOD WHEELS, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE E - PREPAID EXPENSES

Prepaid expenses consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Prepaid Insurance	\$ 92,984	\$ 101,573
Other Prepaids	5,924	1,500
	<u>\$ 98,908</u>	<u>\$ 103,073</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2012</u>	<u>2011</u>
Land	\$ 285,000	\$ 285,000
Building and improvements	833,585	833,585
Vehicles	4,025,641	4,160,909
Furniture, fixtures and equipment	347,825	346,325
	<u>5,492,051</u>	<u>5,625,819</u>
Less: accumulated depreciation	<u>(3,410,065)</u>	<u>(2,949,264)</u>
	<u>\$ 2,081,986</u>	<u>\$ 2,676,555</u>

Depreciation expense was \$722,621 and \$796,548 for the years ended June 30, 2012 and 2011, respectively.

NOTE G - ACCRUED EXPENSES

Accrued expenses consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
Accrued wages, salaries and bonuses, net	\$ 80,266	\$ 60,003
Accrued payroll tax and withholding	22,345	22,805
Accrued vacation	91,756	88,847
Accrued retirement	3,670	3,554
Other accrued expenses	5,151	5,123
	<u>\$ 203,188</u>	<u>\$ 180,332</u>

GOOD WHEELS, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2012 and 2011

NOTE H - LONG-TERM OBLIGATIONS

Long-term obligations consist of the following obligations at June 30:

	<u>2012</u>	<u>2011</u>
\$89,000 note payable to finance company for a vehicle dated August 2007. The note is payable in 72 monthly installments of \$1,554 including interest at 7.85% and is collateralized by the respective vehicle. Final balance due July 1, 2013.	\$ 20,405	\$ 36,748
\$86,333 note payable to a finance company for a vehicle dated March 20, 2008. The note is payable in 72 monthly installments of \$1,458 including interest of 6.67% and is collateralized by the respective vehicle. Final balance due March 26, 2014.	28,825	43,852
\$161,853 note payable for two (2) vehicles dated August 28, 2007. The note is payable to a finance company in 72 monthly installments of \$2,838 including interest of 8.01% and is collateralized by the respective vehicles. Final balance due August 28, 2013.	37,793	67,547
Refinanced and consolidated \$1,200,000 note payable draw down line of credit (LOC) to a financial institution collateralized by the respective real property. The LOC was amended June 6, 2008 and advances were available until February 12, 2009. The LOC required six (6) monthly interest only payments beginning July 12, 2008, then monthly payments of \$9,158, including principal and interest at 6.7% beginning March 12, 2009 until paid in full. All unpaid principal and interest is due February 12, 2029.	1,093,727	1,127,835
Revolving line of credit (LOC) payable to a financial institution in the amount of \$200,000. This revolving line of credit is uncollateralized. All outstanding principal plus accrued interest at the prime rate plus 1.75% is due December 31, 2012. The line is annually renewable.	<u>-</u>	<u>-</u>
	1,180,750	1,275,982
Less: current portion	<u>(102,634)</u>	<u>(95,202)</u>
	<u>\$ 1,078,116</u>	<u>\$ 1,180,780</u>

Interest costs related to the long-term obligations were approximately \$85,653 and \$93,367 for the years ended June 30, 2012 and 2011, respectively. No interest costs were capitalized for the year ended June 30, 2012 and 2011, respectively.

NOTE H - LONG-TERM OBLIGATIONS, CONTINUED

Principal maturities of long-term obligations are as follows at:

Year Ending June 30	Amount
2013	\$ 102,634
2014	60,400
2015	42,032
2016	44,799
2017	48,118
2018-2022	295,997
2023-2027	415,369
2028-2029	171,401
	<u>\$ 1,180,750</u>

NOTE I - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	2012	2011
League Club - vehicles	\$ 10,903	\$ -
FL Heartland REDI- Clew-Belle shuttles	30,226	-
CAMEO - vehicles	2,000	-
	<u>\$ 43,129</u>	<u>\$ -</u>

NOTE J - ENDOWMENT FUND

On April 14, 2001, Good Wheels, Inc. entered into an agreement with a local foundation (an unrelated organization) to create an endowment fund for the benefit of Good Wheels, Inc. The agreement called for a \$5,000 contribution by Good Wheels to the local foundation that was matched by the local foundation, creating a total endowment of \$10,000.

The endowment fund is not recorded on the books of Good Wheels, as the assets are the property of the local foundation in accordance with the terms of the agreement. The assets of the fund are held for the benefit of Good Wheels, Inc. and the income from the fund is available to be distributed to Good Wheels annually. Income from the fund has historically been reinvested by the foundation at the direction of Good Wheels. The balance of the fund held by the foundation was \$12,938 and \$13,195 as of June 30, 2012 and 2011, respectively. The accumulated earnings (loss) held by the foundation for the benefit of the Good Wheels was \$2,938 and \$3,195, at June 30, 2012 and 2011, respectively.

NOTE K - RETIREMENT PLANS

Good Wheels offers its qualified employees a defined contribution retirement 401(k) profit sharing plan. The significant features of the plan are as follows:

Plan Participation

Employee Eligibility:	
Employee contributions:	age 21, no service requirement
Employer contributions (base and matching):	age 21 and 1 year of service (must be employed on last day of fiscal year)
Vesting:	100% after 3 years of credited service or attainment of age 55
Employee contribution:	1% - 100% up to IRS annual limit
Employer base contribution:	2% of eligible participants' compensation
Employer match contribution:	lesser of 50% of employee's contribution or .5% of eligible participants' compensation
Normal retirement age:	55 years
Participant loans:	limited to lesser 50% of vested balance or \$50,000

Retirement plan expense was \$51,551 and \$53,258 for the years ended June 30, 2012 and 2011, respectively, and is included as part of the personnel costs and related expenses in the Statements of Functional Expenses. Good Wheels lowered its required contribution rate from 4% to 2% during the year ended June 30, 2009.

Good Wheels also offered a 403(b) tax-deferred annuity plan (defined contribution) to its President/CEO. Good Wheels did not contribute to this plan. The Plan is currently inactive and no longer accepts contributions. The only remaining participant with a balance is the President/CEO. The benefits to the participant are equal to the value of the individual participant's account at the date of retirement/withdrawal.

NOTE L - FUNDRAISING COSTS

Good Wheels incurred no specific fundraising costs and generated no specific funds from fundraising during the years ended June 30, 2012 and 2011.

NOTE M - ECONOMIC DEPENDENCE

Good Wheels' operations are substantially dependent on the receipt of support and revenue from grantor and contract agencies. Loss of these funds and/or large decreases in this type of funding would have a material effect on the financial position of Good Wheels and a severe impact on overall operations. For the years ended June 30, 2012 and 2011, substantially 87% and 85% of total support and revenue is attributable to funds received from contractor and grantor agencies, respectively.

NOTE N - COMMITMENTS AND CONTINGENCIES

Good Wheels is currently receiving and previously has received grants, contracts, and other third party funds which are subject to special compliance audits by the grantor and other third party agencies that provide these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of Good Wheels. Accordingly, such liabilities are not reflected within the financial statements of Good Wheels, as management does not believe any contingent liabilities that may exist to be material.

Good Wheels is involved from time to time in routine litigation. Management believes losses, if any, to be fully covered by third-party insurance.

NOTE O - UNITED WAY CONTRIBUTIONS

The Lee County United Way provided Good Wheels with grants of \$92,000 (including \$88,000 regular allocation and \$4,000 supplemental allocations) and \$92,475 (including \$85,510 regular allocation and \$4,000 supplemental allocation) and for the years ended June 30, 2012 and 2011, respectively.

The Hendry/Glades United Way provided Good Wheels with grants of \$20,000 and \$20,000 for the years ended June 30, 2012 and 2011, respectively.

SUPPLEMENTARY INFORMATION

GOOD WHEELS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2012

Grantor Agency/Program Title	Federal CFDA/ State CSFA Number	
FEDERAL AWARDS		
<u>U.S. Department of Transportation - Federal Transit Administration</u>		
Passed through the Florida Department of Transportation		
MAJOR (Type A)		
Section 5310 - Elderly and Persons with Disabilities Program (Vehicle Grant)		20.513
Section 5310 - Elderly and Persons with Disabilities Program (Vehicle Grant)		20.513
Section 5310 - Elderly and Persons with Disabilities Program (Vehicle Grant)		20.513
Section 5316 - Capital		20.516
Section 5317 - New Freedom Trip Grant (Passed through LeeTran)		20.521
Section 5317 - New Freedom Trip Grant		20.521
<i>ARRA Funds</i> - Section 5311 - Operating	20.509	
<i>ARRA Funds</i> - Section 5311 - Capital	20.509	
Section 5311 - Dial a Ride	20.509	
TOTAL FEDERAL AWARDS		
STATE FINANCIAL ASSISTANCE *		
<u>Florida Department of Transportation</u>		
MAJOR (Type A)		
Lee County Transportation Disadvantaged	55.001	
Hendry & Glades County Transportation Disadvantaged	55.001	
NON-MAJOR (Type B)		
Clewiston-Belle Glade Route Transit Corridor Development Program	55.013	
TOTAL STATE FINANCIAL ASSISTANCE		
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE		

☆ - Transit Services Program Cluster

(1) Includes receivable of \$18,764

(2) Includes receivable of \$48,273

(3) Includes receivable of \$33,554

(4) Includes receivable of \$3,138

<u>Grant Contract Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>		<u>Disbursements/ Expenditures</u>
FL-16-0034	\$ 510,029	\$ -		\$ -
FL-16-0035	98,830	98,830	*	98,830
FL-16-0036	200,453	1,024	*	1,024
APK50	250,155	-		-
FL-57-X005	176,000	88,012		88,012
AQ674	<u>100,000</u>	<u>-</u>		<u>-</u>
	1,335,467	187,866		187,866
APY86	150,000	74,258		74,258
API20	63,299	-		-
AOW92	<u>805,409</u>	<u>72,233</u>	(1)	<u>72,233</u>
	<u>1,018,708</u>	<u>146,491</u>		<u>146,491</u>
	<u>2,354,175</u>	<u>334,357</u>		<u>334,357</u>
AQB25	580,717	580,717	(2)	580,717
AQB18	<u>402,667</u>	<u>402,667</u>	(3)	<u>402,667</u>
	983,384	983,384		983,384
APF42	<u>138,200</u>	<u>18,384</u>	(4)	<u>18,384</u>
	<u>1,121,584</u>	<u>1,001,768</u>		<u>1,001,768</u>
	<u>\$ 3,475,759</u>	<u>\$ 1,336,125</u>		<u>\$ 1,336,125</u>

* - Does not include State Funded Matching of Federal Awards of \$12,482.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended June 30, 2012**

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards and State Financial Assistance has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", the Florida Single Audit Act (FS, 215.97) and the State of Florida, Rules of the Auditor General 10.650.

Expenditures reported on the Schedule of Expenditures of Federal Awards and State Financial Assistance include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards and State Financial Assistance include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - MATCH/PARTICIPATION REQUIREMENTS

Good Wheels received financial assistance from certain grants and contracts requiring local match/participation in the form of cash. A maximum match/participation amount is established at the time the financial assistance is awarded. However, revenue is earned on the reimbursement basis and can only be recognized to the extent of applicable, eligible and allowable disbursement. The match/participation requirement is, therefore, based on a contracted portion of allowable disbursements.

For the fiscal year ended June 30, 2012, Good Wheels had met its match/participation requirements.

NOTE C - INDIRECT COSTS

Good Wheels did not routinely allocate costs to Federal Awards and State Financial Assistance programs. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



TUSCAN
& Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

Page 20 of 29

**INDEPENDENT AUDITOR'S 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**

Board of Directors
Good Wheels, Inc.
10075 Bavaria Road
Fort Myers, Florida 33913

We have audited the financial statements of Good Wheels, Inc. as of and for the year ended June 30, 2012 and have issued our report thereon dated September 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management of Good Wheels, Inc. is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered Good Wheels, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Good Wheels, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Good Wheels, Inc.'s internal control over financial reporting.

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.

INTEGRITY SERVICE EXPERIENCE

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected and corrected on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and corrected on a timely basis.

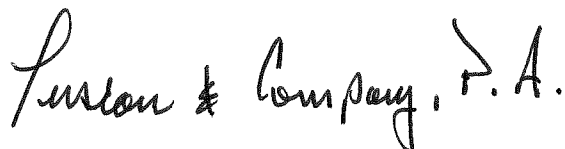
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Good Wheels, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We, however, noted certain matters that we reported to the management of Good Wheels, Inc. in our Report to Management dated September 10, 2012.

This report is intended solely for the information and use of the Board, Finance Committee, management, Federal and State awarding agencies, pass-through entities, the Auditor General of the State of Florida, and other Federal and State Audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

September 10, 2012



**Independent Auditor's Report on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Project and on
Internal Control Over Compliance in Accordance with
the Florida Single Audit Act (Florida Statute 215.97)**

Board of Directors
Good Wheels, Inc.
10075 Bavaria Road
Fort Myers, Florida 33913

Compliance

We have audited Good Wheels, Inc.'s compliance with the types of compliance requirements described in the "State Projects Compliance Supplement" that could have a direct and material effect on each of Good Wheels, Inc.'s major state projects for the year ended June 30, 2012. Good Wheels, Inc.'s major state projects are identified in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects is the responsibility of Good Wheels, Inc.'s management. Our responsibility is to express an opinion on Good Wheels, Inc.'s compliance based on our audit.

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; the Florida Single Audit Act (Florida Statute 215.97) and the State of Florida, Rules of the Auditor General 10.650. Those Standards, the Florida Single Audit Act (Florida Statute 215.97) and the State of Florida, Rules of the Auditor General 10.650 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Good Wheels, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Good Wheels, Inc.'s compliance with those requirements.

In our opinion, Good Wheels, Inc., complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state projects for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Good Wheels, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state projects. In planning and performing our audit, we considered Good Wheels, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major state project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Florida Single Audit Act (Florida Statute 215.97), but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Good Wheels, Inc.'s 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 state project on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control, that adversely affects the entity's ability to administer a state project such that there is a reasonable possibility that noncompliance with a type of compliance requirement of a state project that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state project will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board, Finance Committee, management, Federal and State awarding agencies, pass-through entities, the Auditor General of the State of Florida, and Federal and State audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
September 10, 2012

GOOD WHEELS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE
Year ended June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unqualified		
Internal control over financial reporting:			
Control deficiency(ies) identified?	_____	Yes <u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes <u> X </u>	No
Material weakness(es) identified?	_____	Yes <u> X </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes <u> X </u>	No

State Financial Assistance

Internal control over major projects:			
Control deficiency(ies) identified?	_____	Yes <u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes <u> X </u>	No
Material weakness(es) identified?	_____	Yes <u> X </u>	None Reported
Type of auditors report issued on compliance for major projects	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General 10.654(1)(h)(4)?	_____	Yes <u> X </u>	No

Identification of major projects:

CSFA	
<u>Number(s)</u>	<u>Name of State Project</u>
	State of Florida, Florida Department of Transportation Disadvantaged (CTD) Trip and Equipment
55.001	AQB25
55.001	AQB18

Dollar threshold used to distinguish between Type A and Type B projects? Threshold used was \$300,000

Listing of Subrecipients and amounts passed-through:
 There were no subgrantees

Section II- Financial Statement Findings

There were no control deficiencies, significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

GOOD WHEELS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE,
CONTINUED
Year ended June 30, 2012

Page 26 of 29

Section III- State Financial Assistance Findings and Questioned Costs

There were no audit findings related to state financial assistance required to be reported by Rules of the Auditor General 10.654(1)(h)(4).

Status of State Financial Assistance Prior Year Findings

There were no prior year findings.



INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors
Good Wheels, Inc.
10075 Bavaria Road S.E.
Fort Myers, Florida 33913

In planning and performing our audit of the financial statements of Good Wheels, Inc. ("Good Wheels") (a not-for-profit Florida corporation), for the year ended June 30, 2012, we considered Good Wheels' internal controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. In connection with our audit, we are submitting the following comments and recommendations in accordance with Chapter 10.650 "Rules of the Auditor General - State Single Audit, Nonprofit and For-Profit Organizations" (Revised September 30, 2011) Rule 10.656(3)(e) and Section 215.97(9)(f), of the Florida Statutes. Although our audit was not designed to provide assurance on the internal controls, we noted certain matters involving the internal controls and their operations and are submitting for your consideration, related recommendations designed to help Good Wheels make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to Good Wheels, Inc.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

Note: The prior year comments not repeated below appear to have been resolved. Prior year comments listed below continue to apply in the current year. Each prior year comment listed has a current year addendum to indicate the current year status of the comment.

2008-1. Unrestricted Net Assets Should be Increased

We noted that the unrestricted net asset balances currently are substantially comprised of the net book value of the entity's fixed assets and are, therefore, not liquid or spendable. We encourage the Board to continue to explore means of earning unrestricted revenue.

FY 09 Year Addendum:

We understand that Good Wheels is exploring and implementing programs to increase unrestricted net assets. Although the entity incurred an increase in unrestricted net assets during the year ended June 30, 2009, we continue to recommend the Board focus its efforts on this issue, primarily during the continued decline of the local economy.

INTEGRITY SERVICE EXPERIENCE

FY 10 Year Addendum:

We understand that Good Wheels is exploring and implementing programs to increase unrestricted net assets. We also understand the entity incurred an increase in unrestricted net assets during the year ended June 30, 2010, although it was substantially comprised of additions to fixed assets. We further noted Good Wheels unrestricted cash balances declined by approximately \$160,000. We continue to recommend the Board focus its efforts on this issue, primarily during the continued decline of the local economy.

FY 11 Year Addendum:

We continue to recommend that Good Wheels work to increase the unrestricted net assets.

FY 12 Year Addendum:

We continue to recommend that Good Wheels work to increase the unrestricted net assets.

2010-1. Grant Revenues should be Recorded Separately

During our audit, we noted that general ledger accounts for certain grant revenues included a mixture of federal awards, state financial assistance, and local matching revenues. Grant revenues are required to be reported separately, by source, on the Schedule of Federal Awards and State Financial Assistance. Likewise, grant revenues are required to be recorded in separate general ledger accounts by source per Section 7.10 of the Joint Participation Agreement (JPA) between the Florida Department of Transportation and Good Wheels. Segregating grant revenues by source in the general ledger strengthens controls by aiding in the tracking and reconciliation of grant revenues. In addition, it simplifies the preparation of the Schedule of Federal Awards and State Financial Assistance.

We recommend that Good Wheels record federal awards and state financial assistance in separate, unique general ledger accounts by funding source.

FY 11 Year Addendum:

We continue to recommend that separate general ledger accounts be used for each grant revenue.

FY 12 Year Addendum:

We noted that during the year ended June 30, 2012, separate general ledger accounts were established for each grant by funding source. This item is considered resolved.

CURRENT YEAR COMMENTS:

2012-1. Debt Service Ratio is Not Within Technical Compliance with Line of Credit Agreement

During our audit, we noted that Good Wheels' debt service coverage ratio was not in technical compliance with the requirements of the line of credit agreement. The agreement states that the organization must maintain a debt service coverage ratio of at least 1.25 to 1.0. As of June 30, 2012, Good Wheels debt service coverage ratio was at .59 to 1.

We recommend that Good Wheels monitor this ratio and work to increase their unrestricted net assets in order to bring this ratio back into compliance.

2012-2. Good Wheels Should Consider Options for Structuring of Employee Incentives

During the audit, we noted that Good Wheels continues to consider options for future employee incentives for achieving certain objectives and or goals. We recommend that the structure of these incentives be considered in advance and that regardless of the amounts paid per employee any incentives should be reported in the respective employees W-2.

We would like to express our appreciation for the opportunity to serve and assist Good Wheels, Inc. Your staff and management were very helpful and assisted us well. We would be pleased to further discuss and assist in the implementation of these recommendations.

This report is intended solely for the information and use of the Board, the Finance Committee, management, Federal and State awarding agencies, pass-through entities, the Auditor General for the State of Florida and other Federal and State audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

September 10, 2012

EXHIBIT



Transportation for the Disabled and Disadvantaged

10075 Bavaria Road, S. E. • Fort Myers, Florida 33913

September 18, 2012

Gary Bryant
President/CEO

Board of Directors

Joni Logan
Chairman of the Board

Glee Duff
Vice Chairman

Gen. James L. Dozier
Secretary

Fred Atkins
Treasurer

Rosalie Berlin

Janet Getchel

Alan Katzman
Emeritus

Viva Robinson

Steve Shimp

Lucinda Tevlin

Office of the Auditor General
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

To Whom It May Concern:

RE: FY 11-12 YEAR AUDIT - MANAGEMENT RESPONSE TO AUDITOR
COMMENTS

Prior Year Comment:

1. Unrestricted Net Assets Should be Increased

Good Wheels provides a personalized community transportation service for the disabled and disadvantaged, elderly and medically/economically challenged. The economic malaise continues to put unprecedented demands on the organization's resources.

The system, networks, structure, and particularly the personnel of the company have responded in an extraordinary fashion to meet these needs. Good Wheels operations have been handling the tasks at hand.

As to ideal improvements in financial profile, that will follow improvement in the economic environment and is clearly secondary to our primary mission and charter.

Current Year Comments:

1. Debt service ratio not within technical compliance with line of credit agreement.

Fiscal year-end measurement skewed by poor results earlier in year. Good Wheels management confident that calendar year agreement will allow bank to take operating improvements and "run rate" into consideration in review process. Further, significant portion of current debt (Charter vehicles) being paid off this fiscal year without which the ratio would be 1.18.



Partner Agency



Main Phone 239.768.2900 Dispatch 239.768.6185 Fax 239.768.6187 Glades & Hendry 800-741-1570

Don't forget to donate \$1.00 to the Transportation Disadvantaged Trust Fund the next time you renew your car tag!

2. Good Wheels should consider options for structuring of employee incentives.

Employee meetings (3 times/year) with cash rewards for various performance achievements are absolutely critical - both as an established, long-standing practice and, particularly now, in a period of continued wage freeze and benefit reduction. Good Wheels will track individual employee earnings and withhold appropriate taxes accordingly.

Sincerely,

A handwritten signature in blue ink that reads "Gary L. Bryant". The signature is written in a cursive style with a long, sweeping underline.

Gary L. Bryant
President/CEO