

GOOD WHEELS, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR
YEAR ENDED
September 30, 2016
AND FIFTEEN MONTH PERIOD ENDED
September 30, 2015

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
 <u>Financial Statements</u>	
Statements of Financial Position.....	4
Statements of Activities.....	5
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	7
Notes to the Financial Statements.....	8-20
 <u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards and State Financial Assistance - Year Ended September 30, 2016.....	21
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	22
 <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>	23-24
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major State Project and on Internal Control Over Compliance in Accordance with the Florida Single Audit Act (Florida Statute 215.97).....	25-27
Schedule of Findings and Questioned Costs - State Financial Assistance.....	28-30
Independent Auditor's Report to Management.....	31-33
Management's Response to Independent Auditor's Report to Management.....	Exhibit



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Good Wheels, Inc. (a not-for-profit Florida corporation) which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the year ended September 30, 2016 and for the fifteen month period ended September 30, 2015, respectively, 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, 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 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 Good Wheels, Inc.'s preparation and fair presentation of the financial statements in order

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to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Good Wheels, Inc.'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 Good Wheels, Inc. as of September 30, 2016 and September 30, 2015, and the changes in its net assets and its cash flows for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015, respectively, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion 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 September 30, 2016 and the Notes thereto are presented for purposes of additional analysis as required by the Florida Single Audit Act (Florida Statute 215.97) and State of Florida, Chapter 10.650 "Rules of the Auditor General" 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 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 accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2016 and the Notes thereto are fairly stated in all material respects in relation to the financial statements taken as a whole.

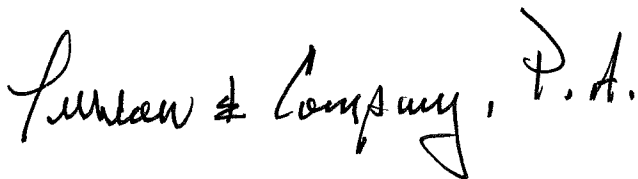
Board of Directors
Good Wheels, Inc.
Page 3

Other Information

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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2017, on our consideration of Good Wheels, Inc.'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 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 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 Good Wheels, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 5, 2017

GOOD WHEELS, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$33,657 and \$0 as of September 30, 2016 and 2015, respectively)	\$ 244,351	\$ 91,930
Receivables:		
Trade and other	269,244	181,943
Grants and contracts	120,122	228,383
Inventory	2,363	14,683
Prepaid expenses	<u>10,896</u>	<u>11,082</u>
TOTAL CURRENT ASSETS	646,976	528,021
PROPERTY AND EQUIPMENT, NET	2,387,675	1,684,493
OTHER ASSETS		
Loan costs, net	27,461	28,416
Deposits	<u>1,565</u>	<u>1,565</u>
TOTAL ASSETS	<u>\$ 3,063,677</u>	<u>\$ 2,242,495</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term obligations	\$ 293,997	\$ 216,293
Current portion of capital leases payable	45,015	-
Accounts payable	289,539	126,181
Accrued expenses	171,693	194,904
Unearned revenue	<u>33,657</u>	<u>570</u>
TOTAL CURRENT LIABILITIES	833,901	537,948
LONG-TERM OBLIGATIONS, net of current portion	1,128,626	1,021,422
LONG-TERM CAPITAL LEASES PAYABLE, net of current portion	277,670	-
COMMITMENT AND CONTINGENCIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,240,197</u>	<u>1,559,370</u>
NET ASSETS		
Unrestricted	823,480	683,125
Temporarily restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>823,480</u>	<u>683,125</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,063,677</u>	<u>\$ 2,242,495</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC.
STATEMENTS OF ACTIVITIES
Year ended September 30, 2016 and Fifteen Month Period Ended September 30, 2015

	2016		
	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS			
REVENUES, SUPPORT AND RECLASSIFICATIONS			
PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT			
Federal grants	\$ -	\$ 627,428	\$ 627,428
State grants	-	1,493,895	1,493,895
State matching for Federal grants	-	54,458	54,458
Medicaid	-	-	-
DCF/other agencies	587,450	-	587,450
Lee County	88,098	-	88,098
Hendry County	22,500	-	22,500
TOTAL PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT	<u>698,048</u>	<u>2,175,781</u>	<u>2,873,829</u>
OTHER REVENUES AND SUPPORT			
Transportation revenues	1,701,922	-	1,701,922
United Way	101,885	-	101,885
Donations	143,860	-	143,860
Other	124,257	-	124,257
TOTAL OTHER REVENUES AND SUPPORT	<u>2,071,924</u>	<u>-</u>	<u>2,071,924</u>
TOTAL REVENUES AND SUPPORT	<u>2,769,972</u>	<u>2,175,781</u>	<u>4,945,753</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,175,781</u>	<u>(2,175,781)</u>	<u>-</u>
TOTAL REVENUES, SUPPORT AND RECLASSIFICATIONS	<u>4,945,753</u>	<u>-</u>	<u>4,945,753</u>
EXPENSES			
Program services	4,649,235	-	4,649,235
Supporting services	156,163	-	156,163
TOTAL EXPENSES	<u>4,805,398</u>	<u>-</u>	<u>4,805,398</u>
INCREASE (DECREASE) IN NET ASSETS	<u>140,355</u>	<u>-</u>	<u>140,355</u>
NET ASSETS, BEGINNING OF YEAR	<u>683,125</u>	<u>-</u>	<u>683,125</u>
NET ASSETS, END OF YEAR	<u>\$ 823,480</u>	<u>\$ -</u>	<u>\$ 823,480</u>

The accompanying notes are an integral part of this statement.

2015		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 561,321	\$ 561,321
-	1,644,523	1,644,523
-	32,291	32,291
272,578	-	272,578
595,526	-	595,526
-	-	-
<u>37,500</u>	<u>-</u>	<u>37,500</u>
<u>905,604</u>	<u>2,238,135</u>	<u>3,143,739</u>
1,416,522	-	1,416,522
127,500	-	127,500
81,811	-	81,811
<u>147,547</u>	<u>-</u>	<u>147,547</u>
<u>1,773,380</u>	<u>-</u>	<u>1,773,380</u>
2,678,984	2,238,135	4,917,119
<u>2,238,135</u>	<u>(2,238,135)</u>	<u>-</u>
<u>4,917,119</u>	<u>-</u>	<u>4,917,119</u>
4,927,628	-	4,927,628
<u>158,037</u>	<u>-</u>	<u>158,037</u>
<u>5,085,665</u>	<u>-</u>	<u>5,085,665</u>
(168,546)	-	(168,546)
<u>851,671</u>	<u>-</u>	<u>851,671</u>
<u>\$ 683,125</u>	<u>\$ -</u>	<u>\$ 683,125</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC.**STATEMENTS OF FUNCTIONAL EXPENSES****Year ended September 30, 2016 and Fifteen Month Period Ended September 30, 2015**

	2016		
	Program Services	Management and General	Total Expenses
Personnel Costs and Related Expenses			
Wages, salaries and contract labor	\$ 2,399,186	\$ 115,684	\$ 2,514,870
Employee benefits	283,821	13,685	297,506
Retirement	40,070	1,932	42,002
Payroll taxes	185,353	8,937	194,290
Other personnel costs	25,044	-	25,044
TOTAL PERSONNEL COSTS AND RELATED EXPENSES	<u>2,933,474</u>	<u>140,238</u>	<u>3,073,712</u>
Operating Expenses			
Occupancy	1,510	73	1,583
Office	92,412	4,456	96,868
Interest and finance charges	54,741	2,640	57,381
Travel	9,287	-	9,287
Professional fees	67,245	3,242	70,487
Communication and utilities	67,332	3,247	70,579
Equipment, rent and maintenance	36,450	1,758	38,208
Dues	650	31	681
Printing and advertising	4,390	212	4,602
Vehicle	542,819	-	542,819
Postage	5,523	266	5,789
Fuel and lubricants	446,695	-	446,695
TOTAL OPERATING EXPENSES	<u>1,329,054</u>	<u>15,925</u>	<u>1,344,979</u>
TOTAL EXPENSES BEFORE DEPRECIATION	4,262,528	156,163	4,418,691
Depreciation	<u>386,707</u>	<u>-</u>	<u>386,707</u>
TOTAL EXPENSES	<u>\$ 4,649,235</u>	<u>\$ 156,163</u>	<u>\$ 4,805,398</u>

The accompanying notes are an integral part of this statement.

2015		
Program Services	Management and General	Total Expenses
\$ 2,359,263	\$ 113,759	\$ 2,473,022
261,861	12,626	274,487
39,519	1,906	41,425
204,900	9,880	214,780
<u>22,768</u>	<u>-</u>	<u>22,768</u>
<u>2,888,311</u>	<u>138,171</u>	<u>3,026,482</u>
1,076	52	1,128
124,995	6,027	131,022
82,961	4,000	86,961
8,032	-	8,032
83,174	4,011	87,185
67,965	3,277	71,242
37,007	1,784	38,791
849	41	890
7,349	354	7,703
594,821	-	594,821
6,644	320	6,964
<u>615,434</u>	<u>-</u>	<u>615,434</u>
<u>1,630,307</u>	<u>19,866</u>	<u>1,650,173</u>
4,518,618	158,037	4,676,655
<u>409,010</u>	<u>-</u>	<u>409,010</u>
<u>\$ 4,927,628</u>	<u>\$ 158,037</u>	<u>\$ 5,085,665</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC.**STATEMENTS OF CASH FLOWS****Year ended September 30, 2016 and Fifteen Month Period Ended September 30, 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 1,647,229	\$ 1,370,572
Cash received from grants and contracts	3,083,975	3,297,218
Cash received from donations	143,860	81,811
Cash received from other sources	123,152	122,547
Cash payments for goods and services	(1,724,143)	(2,150,128)
Cash payments to employees	(2,483,080)	(2,345,362)
Interest paid	<u>(57,381)</u>	<u>(86,961)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>733,612</u>	<u>289,697</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,089,889)	(613,234)
Proceeds received from sale of property and equipment	<u>1,105</u>	<u>25,000</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(1,088,784)</u>	<u>(588,234)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for loan costs	-	(28,416)
Proceeds received from long-term obligations	589,307	1,394,930
Principal payments of long-term obligations	(404,399)	-
Proceeds received from capital lease obligations	345,638	-
Payments of capital lease obligations	<u>(22,953)</u>	<u>(1,174,956)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>507,593</u>	<u>191,558</u>
Net increase (decrease) in cash and cash equivalents	152,421	(106,979)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>91,930</u>	<u>198,909</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 244,351</u>	<u>\$ 91,930</u>

The accompanying notes are an integral part of this statement.

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

	<u>2016</u>	<u>2015</u>
Increase (Decrease) in Net Assets	\$ 140,355	\$ (168,546)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Depreciation	386,707	409,010
Amortization of loan costs	955	-
(Gain) loss on sale of property and equipment	(1,105)	(25,000)
(Increase) decrease in receivables - trade and other	(87,301)	(42,501)
(Increase) decrease in grants and contracts receivable	108,261	25,979
(Increase) decrease in inventory	12,320	16,458
(Increase) decrease in prepaid expenses	186	7,309
(Increase) decrease in deposits	-	-
Increase (decrease) in accounts payable	163,358	35,619
Increase (decrease) in accrued expenses	(23,211)	32,697
Increase (decrease) in unearned revenue	<u>33,087</u>	<u>(1,328)</u>
TOTAL ADJUSTMENTS	<u>593,257</u>	<u>458,243</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 733,612</u>	<u>\$ 289,697</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of activities

Good Wheels, Inc. (Good Wheels) is a Florida not-for-profit corporation. 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.

In January 2016, Good Wheels Services, LLC was established as a wholly owned subsidiary of Good Wheels, Inc. to provide for-profit transportation services. Operations of Good Wheels Services, LLC commenced on October 1, 2016.

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" and the Accounting Standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

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

Basis of accounting, continued

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.

Fair value

Good Wheels held no investments at September 30, 2016 or 2015. All other current assets and liabilities were recorded at cost which approximates fair value due to the short term nature of the item.

Cash and cash equivalents

For the purpose of the Statements of Cash Flows, Good Wheels considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. At September 30, 2016 and 2015, Good Wheels held no cash equivalents.

Investments

The investment policy of Good Wheels permits the investment of excess cash in certificates of deposits. At September 30, 2016 and 2015, Good Wheels, Inc. had no such investments, nor were any such investments held during the year ended September 30, 2016 or the fifteen month period ended September 30, 2015.

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 September 30, 2016 and 2015, 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.

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

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 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.

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

The Federal government has rights and/or security interests over certain property and equipment acquired with grant funds, as well as the proceeds from the disposition of such assets.

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.

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

Accounting for impairment of long-lived assets, continued

There was no effect on Good Wheels' financial statements resulting from FASB ASC 360-10-50-2 for the year ended September 30, 2016 and the fifteen month period ended ended September 30, 2015.

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 Statements 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.

Good Wheels had no temporarily restricted and no permanently restricted net assets at September 30, 2016 or 2015.

Grant revenue

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

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

Functional expenses

The cost of providing the various programs and other activities have been detailed in the Statements of Functional Expenses and summarized on a functional basis in the Statements 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 May 5, 2017, 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. 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. The informational returns (US Form 990) for the prior three (3) years are open for examination.

Accounting for uncertainty in income tax items

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and Good Wheels has adopted this guidance. Good Wheels has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

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

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 limited to the current year's accrual. 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 September 30:

	2016	2015
Cash on hand	\$ 250	\$ 250
Depository accounts	244,101	91,680
	\$ 244,351	\$ 91,930

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

	2016	2015
Unrestricted cash	\$ 210,694	\$ 91,930
Restricted cash	33,657	-
	\$ 244,351	\$ 91,930

At September 30, 2016, Good Wheels held \$33,000 in restricted cash which is offset by unearned revenue. The restricted cash balance and related unearned revenue represents amounts received from Hendry County for the purchase of a vehicle that was ordered but not received as of September 30, 2016.

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 (FDIC) 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 Good Wheels' cash is a national financial institution. Good Wheels has experienced no losses from credit risk. The bank balances of Good Wheels' depository accounts are categorized as follows at September 30:

	<u>2016</u>	<u>2015</u>
Amount covered by FDIC	\$ 247,333	\$ 129,293
Amount uninsured	-	-
	<u>\$ 247,333</u>	<u>\$ 129,293</u>

NOTE C - TRADE AND OTHER RECEIVABLES

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

	<u>2016</u>	<u>2015</u>
Trade receivables	\$ 269,244	\$ 181,464
Employee advances	-	479
	<u>\$ 269,244</u>	<u>\$ 181,943</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 September 30:

	<u>2016</u>	<u>2015</u>
FTA Section 5317 - New Freedom Grant	\$ -	\$ 1,112
TD Commissions - Lee County	76,047	128,851
TD Commissions - Hendry & Glades Co.	31,256	85,930
FDOT - Clewiston-Belle Glade	6,409	6,245
FTA Section 5311 Grant G0730	2,099	6,245
FTA Section 5311 Grant AQR19	4,311	-
	<u>\$ 120,122</u>	<u>\$ 228,383</u>

GOOD WHEELS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE E - PREPAID EXPENSES

Prepaid expenses consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
Prepaid insurance	\$ 10,896	\$ 10,332
Other prepaids	-	750
	<u>\$ 10,896</u>	<u>\$ 11,082</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 285,000	\$ 285,000
Building and improvements	834,887	834,885
Vehicles	4,341,206	3,432,200
Furniture, fixtures and equipment	<u>520,536</u>	<u>469,249</u>
	5,981,629	5,021,334
Less: accumulated depreciation	<u>(3,593,954)</u>	<u>(3,336,841)</u>
	<u>\$ 2,387,675</u>	<u>\$ 1,684,493</u>

Depreciation expense was \$386,707 and \$409,010 for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015, respectively.

The Organization has capital assets held under capital leases with a total cost of \$345,638 and \$0 and related accumulated depreciation of \$33,850 and \$0 at September 30, 2016 and 2015, respectively. Depreciation expense for capital assets held under capital leases were \$33,850 and \$0 for the year ended September 30, 2016 and fifteen month period ended September 30, 2015, respectively.

NOTE G - LOAN COSTS

Loan costs consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
Loan costs	\$ 28,416	\$ 28,416
Accumulated amortization	<u>(955)</u>	<u>-</u>
Loan costs, net	<u>\$ 27,461</u>	<u>\$ 28,416</u>

The loan costs are amortized on a straight-line basis over the lives of the respective loans. Amortization expense for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015, was \$955 and \$0, respectively.

GOOD WHEELS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE H - ACCRUED EXPENSES

Accrued expenses consist of the following at September 30:

	<u>2016</u>	<u>2015</u>
Wages, salaries and bonuses, net	\$ 94,230	\$ 68,404
Payroll tax and withholding	6,893	23,795
Vacation	58,730	53,245
Retirement	2,349	2,130
Other accrued expenses	9,491	47,330
	<u>\$ 171,693</u>	<u>\$ 194,904</u>

NOTE I - LONG-TERM OBLIGATIONS

Long-term obligations consist of the following obligations at September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
\$595,000 note payable to a financial institution collateralized by all real and personal property and profits. The note required sixty (60) monthly payments of \$3,287 including principal and interest at 4.375% beginning August 13, 2015, then fifty-nine (59) monthly payments of \$3,884 including principal and interest at 6.375% beginning on August 13, 2020 with a final payment of \$450,640 is due on July 13, 2025.	\$ 579,435	\$ 592,833
\$100,000 note payable to a financial institution collateralized by all real and personal property. The note required twelve (12) monthly interest only payments at 4.375% beginning August 13, 2015, then sixty (60) monthly payments of \$1,862, including principal and interest at 4.375% beginning August 13, 2016 with final payment due July 31, 2021. On May 20, 2016, the loan was modified to increase the principal balance to \$300,000. The modified terms call twelve (12) monthly payments of interest only beginning on June 13, 2016 then sixty (60) monthly payments of \$5,585 including interest at 4.375% beginning on June 13, 2017 with final payment on May 13, 2022.	269,307	100,000
\$380,000 note payable to a financial institution collateralized by all real and personal property. The note required fifty-nine (59) monthly payments of \$3,928 including principal and interest at 4.375% beginning August 13, 2015. Final payment of \$214,906 is due on July 13, 2020.	343,951	374,952

GOOD WHEELS, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE I - LONG-TERM OBLIGATIONS, CONTINUED

Revolving line of credit (LOC) payable on demand to a financial institution in the amount of \$250,000. This revolving line of credit is collateralized by all assets and personal property. Interest is payable monthly at the prime rate plus .75% . The LOC is due on demand. On February 13, 2016, the LOC was increased to \$350,000. Interest rate at September 30, 2016 and 2015 was 4.25% and 4.0% respectively.

	<u>229,930</u>	<u>169,930</u>
	1,422,623	1,237,715
Less: current portion	<u>(293,997)</u>	<u>(216,293)</u>
	<u>\$ 1,128,626</u>	<u>\$ 1,021,422</u>

Interest costs related to the long-term obligations were \$47,340 and \$86,961 for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015 , respectively. No interest costs were capitalized for the year ended September 30, 2016 or the fifteen month period ended September 30, 2015.

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

<u>Years Ending</u> <u>September 30</u>	<u>Amount</u>
2017	\$ 293,997
2018	104,631
2019	109,360
2020	322,665
2021	78,920
2022-2025	<u>513,050</u>
	<u>\$1,422,623</u>

NOTE J - CAPITAL LEASE OBLIGATIONS

During the year ended September 30, 2016, Good Wheels, Inc. entered into various capital lease agreements to obtain vehicles and maintain working capital. The terms of the leases range from sixty (60) months to eighty-four (84) months with interest rates from 5.5% to 7.9%. The monthly lease payments range from \$219 to \$806.

NOTE J - CAPITAL LEASE OBLIGATIONS, CONTINUED

Future minimum payments for the capital leases are as follows:

Years Ending <u>September 30</u>	<u>Amount</u>
2017	\$ 45,015
2018	47,673
2019	50,490
2020	53,476
2021	47,567
2022-2023	<u>78,464</u>
	322,685
Less: current portion	<u>(45,015)</u>
	<u><u>\$ 277,670</u></u>

Interest costs related to the long-term obligations were \$10,041 and \$0 for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015, respectively. No interest costs were capitalized for the year ended September 30, 2016 or the fifteen month period ended September 30, 2015.

NOTE K- 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 \$15,876 and \$14,757 as of September 30, 2016 and 2015, respectively. The historical net accumulated earnings (loss) held by the foundation for the benefit of the Good Wheels was \$5,876 and \$4,757, at September 30, 2016 and 2015, respectively.

NOTE L - RETIREMENT PLAN

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 (1,000 hours) (must be employed on last day of fiscal year)
Vesting:	employer contributions: 100% after 3 years of credited service or attainment of age 55. employees are always 100% vested in the employees' contributions
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 \$42,002 and \$41,425 for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015, respectively, and is included as part of the personnel costs and related expenses in the Statements of Functional Expenses. Good Wheels' required contribution rate is 2%. Employer required contributions were fully funded by Good Wheels during the year ended September 30, 2016 and the fifteen month period ended September 30, 2015.

NOTE M - FUNDRAISING COSTS

Good Wheels incurred no specific fundraising costs and generated no specific funds from fundraising during the year ended September 30, 2016 and the fifteen month period ended September 30, 2015.

NOTE N - 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 year ended September 30, 2016 and the fifteen month period ended September 30, 2015, substantially 80% and 64% of total support and revenue is attributable to funds received from contractor and grantor agencies, respectively.

NOTE O - COMMITMENTS AND CONTINGENCIES

Good Wheels has committed to repay Hendry County approximately \$15,000 per year for the next three (3) years to pay amounts underwithheld by Hendry County for excise taxes related to fuel used by Good Wheels. The annual amounts will be deducted from funds received by Good Wheels from Hendry County for local match, therefore, no amounts payable or receivable are recorded at September 30, 2016.

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 P - UNITED WAY CONTRIBUTIONS

The Lee County United Way provided Good Wheels with grants of \$82,200 and \$102,810 for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015, respectively.

The Hendry/Glades United Way provided Good Wheels with grants of \$19,685 and \$24,690 for the year ended September 30, 2016 and the fifteen month period ended September 30, 2015, respectively.

SUPPLEMENTARY INFORMATION

GOOD WHEELS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2016

Grantor Agency/Program Title	Federal CFDA/ State CSFA Number	Grant Contract Number
FEDERAL AWARDS		
<u>U.S. Department of Transportation - Federal Transit Administration</u>		
Passed through the Florida Department of Transportation		
Section 5310 Formula Grants for the Enhanced Mobility of Seniors and Persons with Disabilities	20.513	G0982
Section 5310-38 Elderly and Persons with Disabilities Program Vehicles, software and equipment	20.513	FL-16-0038
Section 5310-39 Elderly and Persons with Disabilities Program Vehicles, software and equipment	20.513	FL-16-0039
Section 5310-40 Elderly and Persons with Disabilities Program Vehicles, software and equipment	20.513	FL-16-0040
Section 5310-41 Elderly and Persons with Disabilities Program Vehicles, software and equipment	20.513	FL-16-0041
Section 5311 - Formula Grants for Other Than Urbanized Areas	20.509	G0730
Section 5311 - Formula Grants for Other Than Urbanized Areas	20.509	AQR19
Section 5311 - Formula Grants for Other Than Urbanized Areas	20.509	ARH16
TOTAL FEDERAL AWARDS (6)		
STATE FINANCIAL ASSISTANCE		
<u>Florida Department of Transportation</u>		
MAJOR (Type A)		
Lee County Transportation Disadvantaged - 15/16	55.001	G0165
Lee County Transportation Disadvantaged - 16/17	55.001	G0B73
Hendry & Glades County Transportation Disadvantaged - 15/16	55.001	G0151
Hendry & Glades County Transportation Disadvantaged - 16/17	55.001	G0B40
Shirley Conroy Rural Area Capital Assistance Program	55.001	G0399
NON-MAJOR (Type B)		
Clewiston-Belle Glade Route Transit Corridor Program	55.013	APF42
Clewiston-Belle Glade Route Transit Corridor Program	55.013	G0838
TOTAL STATE FINANCIAL ASSISTANCE		
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE		

- (1) Includes receivable of \$2,099
- (2) Includes receivable of \$4,311
- (3) Includes receivable of \$76,047
- (4) Includes receivable of \$31,256
- (5) Includes receivable of \$6,409

- (6) No federal single audit required as disbursements are less than \$750,000 per year. For informational purposes only.

Program or Award Amount	Receipts or Revenue Recognized		Disbursements/ Expenditures	Pass Through to Subrecipients
\$ 115,638	\$ 115,638		\$ 115,638	\$ -
326,248	132,212 (b)		132,212	-
102,720	66,106 (a)		66,106	-
243,722	237,385 (c)		237,385	-
<u>439,891</u>	<u>-</u>		<u>-</u>	<u>-</u>
1,228,219	551,341		551,341	-
70,510	2,099 (1)		2,099	-
175,000	73,988 (2) *		73,988	-
<u>206,998</u>	<u>-</u>		<u>-</u>	<u>-</u>
<u>452,508</u>	<u>76,087</u>		<u>76,087</u>	<u>-</u>
<u>1,680,727</u>	<u>627,428</u>		<u>627,428</u>	<u>-</u>
			(6)	
746,770	560,310		560,310	-
913,254	228,831 (3)		228,831	-
536,315	405,452		405,452	-
580,054	91,817 (4)		91,817	-
<u>163,866</u>	<u>141,562</u>		<u>141,562</u>	<u>-</u>
<u>2,940,259</u>	<u>1,427,972</u>		<u>1,427,972</u>	<u>-</u>
353,219	28,788		28,788	-
<u>105,300</u>	<u>37,135</u> (5)		<u>37,135</u>	<u>-</u>
<u>458,519</u>	<u>65,923</u>		<u>65,923</u>	<u>-</u>
<u>3,398,778</u>	<u>1,493,895</u>		<u>1,493,895</u>	<u>-</u>
<u>\$ 5,079,505</u>	<u>\$ 2,121,323</u>		<u>\$ 2,121,323</u>	<u>\$ -</u>

(a) - Does not include local Funded Matching of State Awards of \$8,263
(b) - Does not include local Funded Matching of Federal Awards of \$16,526
(c) - Does not include State Funded Matching of Federal Awards of \$29,669
* - Does not include local match of \$175,000

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2016**

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 Uniform Guidance, 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 year ended September 30, 2016, 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**



**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 in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained the Government Auditing Standards, issued by the Comptroller General of the United States of America the financial statements of Good Wheels, Inc. which comprise the Statements of Financial Position as of September 30, 2016 and the related Statements of Activities, Functional Expenses and Cash Flows for the year then ended and the related notes to the financial statements and have issued our report dated May 5, 2017.

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 of the financial statements, we considered Good Wheels, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Good Wheels, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Good Wheels, Inc.'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 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.

INTEGRITY SERVICE EXPERIENCE

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did, however, identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, identified as item 2015-01, that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Good Wheels, Inc.'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 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Independent Auditors Report to Management as item 2008-1.

Good Wheels, Inc.'s Response to Findings

Good Wheels, Inc.'s response to the findings identified in our audit is attached. Good Wheels, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of Good Wheels, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Good Wheels, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 5, 2017



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

**Independent Auditor's Report on Compliance with Requirements That
 Could Have a Direct and Material Effect on Each Major State 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

Report on Compliance For Each Major State Project

We have audited Good Wheels, Inc.'s compliance with the types of compliance requirements described in the *Department of Financial Services* "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 September 30, 2016. Good Wheels, Inc.'s major state projects are identified in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Good Wheels, Inc.'s major state projects based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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

INTEGRITY SERVICE EXPERIENCE

for our opinion. However, our audit does not provide a legal determination on Good Wheels, Inc.'s compliance with those requirements.

Opinion on Each Major State Project

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 September 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with Florida Single Audit Act (Florida Statute 215.97) and the State of Florida, Rules of the Auditor General 10.650 and which are described in the accompanying schedule of findings and questioned costs as item 2015-01. Our opinion on each major state program is not modified with respect to this matter.

Good Wheels, Inc.'s response to the noncompliance finding identified in our audit is attached in the schedule of findings and questioned costs. Good Wheels, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on Good Wheels, Inc.'s response.

Report on Internal Control Over Compliance

The management of Good Wheels, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Good Wheels, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major state project to determine the auditing procedures that are appropriate on the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with the Florida Single Audit Act (Florida Statute 215.97), and the State of Florida, Rules of the Auditor General 10.650 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 in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by

those charged with governance. 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 material weaknesses, or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control over compliance, that we consider to be material weaknesses.

We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-01 to be a material weakness.

Good Wheel's response to the internal control over compliance findings identified in our audit is attached in the schedule of findings and questioned costs. Good Wheel's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on Good Wheels, Inc.'s response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Florida Single Audit Act (Florida Statute 215.97) and the State of Florida, Rules of the Auditor General 10.650. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Tuscán & Company, P.A." The signature is written in dark ink and is positioned above the printed name of the firm.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
May 5, 2017

GOOD WHEELS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE
Year ended September 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified		
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?	<u> X </u>	Yes _____	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?	<u> X </u>	Yes _____	None Reported
Type of auditors report issued on compliance for major projects	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General 10.654(1)(h)(4)?	<u> X </u>	Yes _____	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	G0165
55.001	G0B73
55.001	G0151
55.001	G0B40
55.001	G0399

Dollar threshold used to distinguish between Type A and Type B projects: Threshold used was \$448,168

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

GOOD WHEELS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended September 30, 2016

Section II- Financial Statement Findings

There were material weaknesses, or instances of noncompliance related to the financial statements. See finding 2015-01 below.

Section III- State Financial Assistance Findings and Questioned Costs

Florida Department of Transportation

2015-01 **Condition:** The Organization was unable to provide us with a detailed schedule of grant funding and related expenditures by award (i.e. grant/contract number and CFDA/CSFA number) which contains the necessary information for the Schedule of Expenditures of Federal Awards and State Financial Assistance.

Questioned Costs: None

Criteria: A detailed schedule of federal and state expenditures and all supporting documentation such as original contract, award amount, amendments, CFDA/CSFA number, and documentation for related expenditures should be currently maintained, available and summarized to enable preparation of the Schedule of Expenditures of Federal Awards and State Financial Assistance and facilitate any testing necessary.

Context: Various Federal and State Awards were unavailable or difficult to obtain during the audit. On several occasions, the funding source had to be contacted to determine the award amounts and pertinent contract information.

Cause: Good Wheels experienced administrative staff turnover. As a result, Good Wheels has not designated an employee to oversee and coordinate grant activities and related expenditures. This function is spread among several employees who are responsible for various functions or components of the various grants.

Effect: The lack of grant inventory caused the audit process to be extended and more time consuming and does not provide the required level of control for Good Wheels. Therefore, we noted a material weakness in internal control. Also, incomplete records did result in non-compliance with requirements.

Recommendation: We recommend that Good Wheels establish a grant coordinator position to oversee, coordinate, and track all grants and related activities including the specific revenue and the related expenditures.

GOOD WHEELS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended September 30, 2016

Status of State Financial Assistance Prior Year Findings

2015-01 FY 16 Year Addendum:

Some improvements were noted during fiscal year ended September 30, 2016. We were provided a schedule of grant revenues and expenditures which reconciled to the trial balance and included all of the grant revenue. However, a Schedule of Expenditures of Federal Awards and State Financial Assistance was not prepared and the schedule provided did not contain all of the elements required to be disclosed in the Schedule of Expenditures of Federal Awards and State Financial Assistance.

During year ended September 30, 2016, Good Wheels established an additional full-time position in the accounting department to perform routine corporate accounting as well as the grant coordination function, however, there was turnover in this position. Due to this situation, Good Wheels required additional time and effort to provide us all of the original grant documents. At the time of audit completion, the accounting position was unfilled but Good Wheels was utilizing the services of a part-time consultant who assisted in the process.

We continue to recommend that Good Wheels seek to fill the vacant accounting position and ensure the job candidate has the skill to oversee, coordinate, and track all grants and related activities including the specific revenue and the related expenditures by grant.

2015-02 FY 16 Year Addendum:

The comment was resolved during the year ended September 30, 2016.



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& 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 31 of 33

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), as of September 30, 2016 we considered Good Wheels, Inc.'s internal control over financial reporting (internal control) 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 of the effectiveness of Good Wheels, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Good Wheels Inc.'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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did identify one (1) deficiency in internal control that we consider to be a material weakness. Other material weaknesses may exist that have not been identified.

In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards, and Chapter 10.650 "Rules of the Auditor General - State Single Audit, Nonprofit and For-Profit Organizations" (Revised September 30, 2016) Rule 10.656(3)(e) and Section 215.97(9)(f), of the Florida Statutes. We are, therefore, submitting for your review and consideration, items noted during the audit and recommendations

INTEGRITY SERVICE EXPERIENCE

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that are designed to help Good Wheels, Inc. 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.

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.

FY 13 Year Addendum:

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

FY 14 Year Addendum:

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

September 30, 2015 Addendum:

During the fifteen month period ended September 20, 2015, Good Wheels had a decrease in net assets of \$168,546. This decrease resulted in Good Wheels ending the year with a current ratio of .98. We continue to recommend that Good Wheels work to increase the unrestricted net assets balance.

FY 16 Addendum:

Good Wheels increased unrestricted net assets by approximately \$140,000. Good Wheels has established the LLC to increase funding and has worked to increase its operating contracts. However, Good Wheels current ratio at September 30, 2016 was .77. Liquid unrestricted net assets represents at September 30, 2016 less than thirty (30) days of operating expenses. We, therefore, continue to recommend that Good Wheels work to increase the unrestricted net assets.

CURRENT YEAR COMMENTS:

No financially significant comments noted.

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

May 5, 2017

EXHIBIT



Transportation for the Disabled and Disadvantaged

10075 Bavaria Road • Fort Myers • FL 33913

Tuscan, CPA

12621 World Plaza Lane, Building 55

Fort Myers, FL 33907

Alan M. Mandel
CEO

Board of Directors

Chuck Bodenhafer
Chairman
of the Board

Glee Duff
Vice Chairman

Gen. James L. Dozier
Secretary

Fred Atkins
Treasurer

Kathy Bridge-Liles

Wayne R. Kirkwood

Michael Pierce

Brian Rist

Viva Robinson

Lucinda Tevlin

Status of State Financial Assistance Prior Years Findings

2015-01 FY 16 Year Addendum:

It is recommended that Good Wheels establish a grant coordinator position to oversee, coordinate, and track all grants and related activities including the specific revenue and the related expenditures.

As reported by the auditors, Good Wheels has made progress in resolving this issue. The schedule of grant revenues and expenditures reconciled to the trial balance and included all grant revenue. The excel spreadsheet provided by our CPA firm, *Schedule of Expenditures of Federal Awards and State Financial Assistance* is being used and includes all elements. The Region 1 FDOT office did confirm not all grants received by Good Wheels contain the same identifying information, and therefore should be reported as submitted as Good Wheels is doing.

Currently, a part time consultant with grant management and Bachelor of Science in accounting as well as experience at a government municipality is providing this service to Good Wheels.

During the audit, Good Wheel's Management was always able to locate a grant or details regarding the revenue or expense related to the grant.

The auditors reported Good Wheels has a 3% administration expense. This enables Good Wheels to achieve its mission allocating most of its funds to providing trips for the disadvantaged; however, it does effect Good Wheels ability to be as efficient as other organizations with more funds committed to administration.

Good Wheels, since the audit, has hired a full time accounting person to provide additional support for billing, invoicing, payroll, and other accounting functions.



Partner Agency

www.goodwheels.org

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!

The Grant Management consultant will remain a part time employee and only update grant management information. The FDOT 5310 and 5311; and Shirley Conroy grants are annual; State Corridor and TD grants are updated monthly.

Sincerely,



Alan M. Mandel, CEO