

**GOOD WHEELS, INC. AND AFFILIATE
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR
YEARS ENDED
September 30, 2017 and 2016**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
 <u>Consolidated 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.....	8-22
 <u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards and State Financial Assistance - Year Ended September 30, 2017.....	23
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	24
Consolidating Statements of Financial Position.....	25
Consolidating Statements of Activities.....	26
 <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 Consolidated Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	27-28
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).....	29-31
Schedule of Findings and Questioned Costs - State Financial Assistance.....	32-34
Independent Auditor's Report to Management.....	35-38
Management's Response to Independent Auditor's Report to Management.....	Exhibit



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

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Good Wheels, Inc. (a not-for-profit Florida corporation) and Affiliate, which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to entity's preparation and fair presentation of the consolidated

INTEGRITY SERVICE EXPERIENCE

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

financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Good Wheels, Inc. and Affiliate as of September 30, 2017 and September 30, 2016, and the changes in their net assets and their cash flows for the years then ended 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 consolidated financial statements of Good Wheels, Inc. and Affiliate taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance for the year ended September 30, 2017 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 consolidated financial statements. Also, the consolidating statements of financial position and activities for the year ended September 30, 2017 are presented for the purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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, 2017 and the Notes thereto as well as the Consolidating Statements of Financial Position and

Activities are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Other Information

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the consolidated 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 consolidated 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 June 20, 2018, on our consideration of the entity'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. and Affiliate's internal control over financial reporting and compliance.

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

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
June 20, 2018

GOOD WHEELS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2017 and 2016

ASSETS	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$0 and \$33,657 as of September 30, 2017 and 2016, respectively)	\$ 344,654	\$ 244,351
Receivables:		
Trade and other	211,760	269,244
Grants and contracts	128,166	120,122
Inventory	27,291	2,363
Prepaid expenses	<u>913</u>	<u>10,896</u>
TOTAL CURRENT ASSETS	712,784	646,976
PROPERTY AND EQUIPMENT, NET	2,917,666	2,387,675
OTHER ASSETS		
Deposits	<u>2,765</u>	<u>1,565</u>
TOTAL ASSETS	<u>\$ 3,633,215</u>	<u>\$ 3,036,216</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term obligations	\$ 448,721	\$ 293,997
Current portion of capital leases payable	130,459	45,015
Accounts payable	495,284	289,539
Accrued expenses	194,871	171,693
Unearned revenue	<u>-</u>	<u>33,657</u>
TOTAL CURRENT LIABILITIES	1,269,335	833,901
LONG-TERM OBLIGATIONS, net of current portion	1,008,397	1,101,165
LONG-TERM CAPITAL LEASES PAYABLE, net of current portion	765,165	277,670
COMMITMENT AND CONTINGENCIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,042,897</u>	<u>2,212,736</u>
NET ASSETS		
Unrestricted	590,318	823,480
Temporarily restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>590,318</u>	<u>823,480</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,633,215</u>	<u>\$ 3,036,216</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended September 30, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS			
REVENUES, SUPPORT AND RECLASSIFICATIONS			
PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT			
Federal grants	\$ -	\$ 383,338	\$ 383,338
State grants	-	1,676,199	1,676,199
State matching for Federal grants	-	19,014	19,014
Medicaid	-	-	-
DCF/other agencies	549,606	-	549,606
Lee County	-	-	-
Hendry County	33,000	-	33,000
TOTAL PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT	<u>582,606</u>	<u>2,078,551</u>	<u>2,661,157</u>
OTHER REVENUES AND SUPPORT			
Transportation revenues	2,412,354	-	2,412,354
United Way	103,442	-	103,442
Donations	235,621	-	235,621
Other	394,799	-	394,799
TOTAL OTHER REVENUES AND SUPPORT	<u>3,146,216</u>	<u>-</u>	<u>3,146,216</u>
TOTAL REVENUES AND SUPPORT	<u>3,728,822</u>	<u>2,078,551</u>	<u>5,807,373</u>
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,078,551</u>	<u>(2,078,551)</u>	<u>-</u>
TOTAL REVENUES, SUPPORT AND RECLASSIFICATIONS	<u>5,807,373</u>	<u>-</u>	<u>5,807,373</u>
EXPENSES			
Program services	5,850,851	-	5,850,851
Supporting services	189,684	-	189,684
TOTAL EXPENSES	<u>6,040,535</u>	<u>-</u>	<u>6,040,535</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(233,162)</u>	<u>-</u>	<u>(233,162)</u>
NET ASSETS, BEGINNING OF YEAR	<u>823,480</u>	<u>-</u>	<u>823,480</u>
NET ASSETS, END OF YEAR	<u>\$ 590,318</u>	<u>\$ -</u>	<u>\$ 590,318</u>

The accompanying notes are an integral part of this statement.

2016		
Unrestricted	Temporarily Restricted	Total
\$ -	\$ 627,428	\$ 627,428
-	1,493,895	1,493,895
-	54,458	54,458
-	-	-
587,450	-	587,450
88,098	-	88,098
<u>22,500</u>	<u>-</u>	<u>22,500</u>
<u>698,048</u>	<u>2,175,781</u>	<u>2,873,829</u>
1,701,922	-	1,701,922
101,885	-	101,885
143,860	-	143,860
<u>124,257</u>	<u>-</u>	<u>124,257</u>
<u>2,071,924</u>	<u>-</u>	<u>2,071,924</u>
2,769,972	2,175,781	4,945,753
<u>2,175,781</u>	<u>(2,175,781)</u>	<u>-</u>
<u>4,945,753</u>	<u>-</u>	<u>4,945,753</u>
4,649,235	-	4,649,235
<u>156,163</u>	<u>-</u>	<u>156,163</u>
<u>4,805,398</u>	<u>-</u>	<u>4,805,398</u>
140,355	-	140,355
<u>683,125</u>	<u>-</u>	<u>683,125</u>
<u>\$ 823,480</u>	<u>\$ -</u>	<u>\$ 823,480</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Years ended September 30, 2017 and 2016

	2017		
	Program Services	Management and General	Total Expenses
Personnel Costs and Related Expenses			
Wages, salaries and contract labor	\$ 2,925,985	\$ 141,085	\$ 3,067,070
Employee benefits	224,048	10,803	234,851
Retirement	52,788	2,545	55,333
Payroll taxes	273,625	13,194	286,819
Other personnel costs	31,999	-	31,999
TOTAL PERSONNEL COSTS AND RELATED EXPENSES	<u>3,508,445</u>	<u>167,627</u>	<u>3,676,072</u>
Operating Expenses			
Occupancy	1,617	78	1,695
Office	168,668	8,133	176,801
Interest and finance charges	104,444	5,036	109,480
Travel	6,166	-	6,166
Professional fees	50,247	2,423	52,670
Communication and utilities	77,015	3,714	80,729
Equipment, rent and maintenance	49,711	2,397	52,108
Dues	911	44	955
Printing and advertising	852	41	893
Vehicle	807,620	-	807,620
Postage	3,964	191	4,155
Fuel and lubricants	532,611	-	532,611
TOTAL OPERATING EXPENSES	<u>1,803,826</u>	<u>22,057</u>	<u>1,825,883</u>
TOTAL EXPENSES BEFORE DEPRECIATION	5,312,271	189,684	5,501,955
Depreciation	<u>538,580</u>	-	<u>538,580</u>
TOTAL EXPENSES	<u>\$ 5,850,851</u>	<u>\$ 189,684</u>	<u>\$ 6,040,535</u>

The accompanying notes are an integral part of this statement.

2016		
Program Services	Management and General	Total Expenses
\$ 2,399,186	\$ 115,684	\$ 2,514,870
283,821	13,685	297,506
40,070	1,932	42,002
185,353	8,937	194,290
<u>25,044</u>	<u>-</u>	<u>25,044</u>
<u>2,933,474</u>	<u>140,238</u>	<u>3,073,712</u>
1,510	73	1,583
92,412	4,456	96,868
54,741	2,640	57,381
9,287	-	9,287
67,245	3,242	70,487
67,332	3,247	70,579
36,450	1,758	38,208
650	31	681
4,390	212	4,602
542,819	-	542,819
5,523	266	5,789
<u>446,695</u>	<u>-</u>	<u>446,695</u>
<u>1,329,054</u>	<u>15,925</u>	<u>1,344,979</u>
4,262,528	156,163	4,418,691
<u>386,707</u>	<u>-</u>	<u>386,707</u>
<u>\$ 4,649,235</u>	<u>\$ 156,163</u>	<u>\$ 4,805,398</u>

The accompanying notes are an integral part of this statement.

GOOD WHEELS, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,436,181	\$ 1,647,229
Cash received from grants and contracts	2,756,555	3,083,975
Cash received from donations	165,621	143,860
Cash received from other sources	402,872	123,152
Cash payments for goods and services	(2,124,494)	(1,724,143)
Cash payments to employees	(3,052,361)	(2,483,080)
Interest paid	<u>(109,480)</u>	<u>(57,381)</u>
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	 <u>474,894</u>	 <u>733,612</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,007,463)	(1,089,889)
Proceeds received from sale of property and equipment	<u>819</u>	<u>1,105</u>
 NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	 <u>(1,006,644)</u>	 <u>(1,088,784)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment for loan costs	-	-
Proceeds received from long-term obligations	274,646	589,307
Principal payments of long-term obligations	(215,532)	(404,399)
Proceeds received from capital lease obligations	644,453	345,638
Payments of capital lease obligations	<u>(71,514)</u>	<u>(22,953)</u>
 NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	 <u>632,053</u>	 <u>507,593</u>
 Net increase (decrease) in cash and cash equivalents	 100,303	 152,421
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 <u>244,351</u>	 <u>91,930</u>
 CASH AND CASH EQUIVALENTS, END OF YEAR	 <u>\$ 344,654</u>	 <u>\$ 244,351</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>2017</u>	<u>2016</u>
Increase (Decrease) in Net Assets	\$ (233,162)	\$ 140,355
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Depreciation	538,580	386,707
Amortization of loan costs	2,842	955
(Gain) loss on sale of property and equipment	8,073	(1,105)
Non cash donation of vehicles	(70,000)	-
(Increase) decrease in receivables - trade and other	57,484	(87,301)
(Increase) decrease in grants and contracts receivable	(8,044)	108,261
(Increase) decrease in inventory	(24,928)	12,320
(Increase) decrease in prepaid expenses	9,983	186
(Increase) decrease in deposits	(1,200)	-
Increase (decrease) in accounts payable	205,745	163,358
Increase (decrease) in accrued expenses	23,178	(23,211)
Increase (decrease) in unearned revenue	<u>(33,657)</u>	<u>33,087</u>
TOTAL ADJUSTMENTS	<u>708,056</u>	<u>593,257</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 474,894</u>	<u>\$ 733,612</u>

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

Page 8 of 38

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 (Affiliate) 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 consolidated financial statements:

Basis of consolidation

The financial statements of Good Wheels, Inc. are presented and consolidated with those financial statements of the wholly owned subsidiary, Good Wheels Services, LLC (Affiliate). Financial accounting standards require entities with common managerial, operational, and financial control to be combined and reported as a single economic and financial entity. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810-50-3 (formerly AICPA Statement of Position 94-3), "Reporting of Related Entities by Not-for-Profit Organizations," for financial reporting purposes, Good Wheels, Inc. and Good Wheels Services, LLC are considered to be such a single economic and financial

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

Basis of consolidation, continued

entity. All significant intercompany transactions and balances have been eliminated from the consolidated financial statements. Hereafter the consolidated entity will be referred to as Good Wheels unless otherwise specified.

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).

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, 2017 or 2016. All other current assets and liabilities were recorded at cost which approximates fair value due to the short term nature of the item.

Fair value measurements

Good Wheels follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820 "Fair Value Measurements and Disclosures". The standard prioritized the use of market-based information and established a three-level hierarchy based on transparency of information, such as the pricing source, used in the valuation of the asset or liability. As required by the standard, assets and liabilities carried at fair value on a recurring basis are classified in one of the following three-level hierarchy categories:

Level 1: Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

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

Fair value measurements, continued

Level 2: Observable inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

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, 2017 and 2016, 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, 2017 and 2016, Good Wheels, Inc. had no such investments, nor were any such investments held during the year ended September 30, 2017 or 2016.

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, 2017 and 2016, 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 and State governments have 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 years ended September 30, 2017 and 2016.

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, 2017 or 2016.

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 June 20, 2018, 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 consolidated 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 Services, LLC is a wholly owned subsidiary of Good Wheels, Inc. and as such, its income and losses will be reported as part of Good Wheels, Inc. 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 consolidated 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:

	2017	2016
Cash on hand	\$ 250	\$ 250
Depository accounts	344,404	244,101
	<u>\$ 344,654</u>	<u>\$ 244,351</u>

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

	2017	2016
Unrestricted cash	\$ 344,654	\$ 210,694
Restricted cash	-	33,657
	<u>\$ 344,654</u>	<u>\$ 244,351</u>

At September 30, 2016, Good Wheels held \$33,657 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.

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 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>2017</u>	<u>2016</u>
Amount covered by FDIC	\$ 285,927	\$ 247,333
Amount uninsured	<u>65,865</u>	<u>-</u>
	<u>\$ 351,792</u>	<u>\$ 247,333</u>

NOTE C - TRADE AND OTHER RECEIVABLES

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

	<u>2017</u>	<u>2016</u>
Trade receivables	\$ 211,760	\$ 269,244
Employee advances	<u>-</u>	<u>-</u>
	<u>\$ 211,760</u>	<u>\$ 269,244</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>2017</u>	<u>2016</u>
TD Commissions - Lee County G0M56	\$ 75,857	\$ 76,047
TD Commissions - Hendry & Glades Co. G0M44	39,055	31,256
FDOT - Clewiston-Belle Glade G0838	6,627	6,409
FTA Section 5311 Grant G0730	6,627	2,099
FTA Section 5311 Grant AQR19	<u>-</u>	<u>4,311</u>
	<u>\$ 128,166</u>	<u>\$ 120,122</u>

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE E - PREPAID EXPENSES

Prepaid expenses consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Prepaid insurance	\$ 913	\$ 10,896
Other prepaids	-	-
	<u>\$ 913</u>	<u>\$ 10,896</u>

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 285,000	\$ 285,000
Building and improvements	834,887	834,887
Vehicles	5,334,107	4,341,206
Furniture, fixtures and equipment	<u>520,536</u>	<u>520,536</u>
	6,974,530	5,981,629
Less: accumulated depreciation	<u>(4,056,864)</u>	<u>(3,593,954)</u>
	<u>\$ 2,917,666</u>	<u>\$ 2,387,675</u>

Depreciation expense (total) was \$538,580 and \$386,707 for the years ended September 30, 2017 and 2016, respectively.

The Organization has capital assets held under capital leases with a total cost of \$1,007,013 and \$345,638 and related accumulated depreciation of \$195,480 and \$68,680 at September 30, 2017 and 2016, respectively. Depreciation expense for capital assets held under capital leases were \$126,800 and \$33,850 for the years ended September 30, 2017 and 2016, respectively.

NOTE G - LOAN COSTS

Loan costs consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Loan costs	\$ 28,416	\$ 28,416
Accumulated amortization	<u>(3,797)</u>	<u>(955)</u>
Loan costs, net	<u>\$ 24,619</u>	<u>\$ 27,461</u>

The loan costs are amortized on a straight-line basis over the lives of the loans and netted against the respective loan balances. Amortization expense for the years ended September 30, 2017 and 2016 was \$2,842 and \$955, respectively.

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE H - ACCRUED EXPENSES

Accrued expenses consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Wages, salaries and bonuses, net	\$ 108,422	\$ 94,230
Payroll tax and withholding	20,845	6,893
Vacation	59,247	58,730
Retirement	2,370	2,349
Other accrued expenses	3,987	9,491
	<u>\$ 194,871</u>	<u>\$ 171,693</u>

NOTE I - LONG-TERM OBLIGATIONS

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

	<u>2017</u>	<u>2016</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 due on July 13, 2025.	\$ 565,449	\$ 579,435
\$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.	254,614	269,307
\$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.	311,304	343,951

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

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. On February 13, 2016, the LOC was increased to \$350,000. On September 27, 2017, the LOC was increased to \$550,000. On June 6, 2018, the LOC was reduced to \$350,000. Interest is payable monthly at the prime rate plus .75%. The LOC is due on demand. Interest rate at September 30, 2017 was 5.00%.

349,930 229,930

Revolving line of credit (LOC) payable on demand to a financial institution in the amount of \$160,000. This revolving line of credit is collateralized by all assets and personal property. Interest is payable monthly at the prime rate. The LOC is due on August 21, 2018. Interest rate at September 30, 2017 was 4.25%.

	440	-
	1,481,737	1,422,623
Less: loan costs	<u>(24,619)</u>	<u>(27,461)</u>
	1,457,118	1,395,162
Less: current portion	<u>(448,721)</u>	<u>(293,997)</u>
	<u>\$ 1,008,397</u>	<u>\$ 1,101,165</u>

Certain of Good Wheels' long-term debt agreements are subject to restrictive loan covenants. Under these covenants, Good Wheels must obtain consent from the creditor for additional financing, maintain a minimum debt service ratio and a minimum equity balance. In addition, Good Wheels must also submit annual audited financial statements within a specified time period. During the year ended September 30, 2017, Good Wheels obtained financing without first obtaining consent from an existing creditor, failed to maintain a minimum debt service coverage ratio and did not submit annual audited financial statements within the specified time period. The creditor has committed to waive the covenant violations. Therefore, the related debt has not been classified as current due to technical default.

Interest costs related to the long-term obligations were \$76,958 and \$47,340 for the years ended September 30, 2017 and 2016, respectively. No interest costs were capitalized for the years ended September 30, 2017 or 2016.

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

Years Ending	Amount
<u>September 30</u>	
2018	\$ 448,721
2019	102,247
2020	315,101
2021	71,158
2022	53,312
2023-2025	<u>466,579</u>
	<u>\$ 1,457,118</u>

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

NOTE J - CAPITAL LEASE OBLIGATIONS

Capital lease obligations consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
\$512,686 Capital leases payable to a financial institution to obtain vehicles and maintain working capital. The leases are collateralized by twelve (12) vehicles and working capital. The terms of the leases range from sixty (60) months to eighty four (84) months with a \$76,324 residual value and an optional sixty (60) month renewal. Interest rates vary from 5.38% to 7.9%. Final payment is due October 2023.	\$ 443,135	\$ 287,413
\$42,154 Capital lease payable to a financial institution to obtain a vehicle. The lease is payable in sixty (60) monthly payments of \$806 including principal and interest of 5.54%. Final payment is due October 2020.	27,355	35,272
\$435,249 Capital lease payable to a financial institution to obtain four (4) vehicles. The lease is payable in seventy two (72) monthly payments of \$7,203 including principal and interest of 5.95%. Final payment is due July 2023.	<u>425,134</u>	<u>-</u>
	895,624	322,685
Less: current portion	<u>(130,459)</u>	<u>(45,015)</u>
	<u>\$ 765,165</u>	<u>\$ 277,670</u>

Future minimum payments for the capital leases are as follows:

<u>Years Ending</u> <u>September 30</u>	<u>Amount</u>
2018	\$ 130,459
2019	138,416
2020	146,862
2021	146,756
2022	219,708
2023-2024	<u>113,423</u>
	895,624
Less: current portion	<u>(130,459)</u>
	<u>\$ 765,165</u>

Interest costs related to the long-term obligations were \$32,522 and \$10,041 for the years ended September 30, 2017 and 2016, respectively. No interest costs were capitalized for the years ended September 30, 2017 or 2016.

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 \$17,663 and \$15,876 as of September 30, 2017 and 2016, respectively. The historical net accumulated earnings (loss) held by the foundation for the benefit of the Good Wheels was \$7,663 and \$5,876, at September 30, 2017 and 2016, respectively.

NOTE L - RETIREMENT PLAN

Good Wheels offers its qualified employees a defined contribution retirement 401(k) employee benefit 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. Effective July 1, 2016 the employee is automatically registered to defer 1% of eligible compensation unless directed by the employee to not defer. No Roth contributions are permitted.
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

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

Page 21 of 38

NOTE L - RETIREMENT PLAN, CONTINUED

Retirement plan expense was \$55,333 and \$42,002 for the years ended September 30, 2017 and 2016, respectively, and is included as part of the personnel costs and related expenses in the Consolidated Statements of Functional Expenses. Good Wheels' required contribution rate is 2%. Employer required contributions were fully funded by Good Wheels during the years ended September 30, 2017 and 2016.

NOTE M - FUNDRAISING COSTS

Good Wheels incurred no specific fundraising costs and generated no specific funds from fundraising during the years ended September 30, 2017 and 2016.

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 years ended September 30, 2017 and 2016, substantially 77% and 80% of total support and revenue is attributable to funds received from contractor and grantor agencies, respectively.

NOTE O - 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.

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

Page 22 of 38

NOTE P - UNITED WAY CONTRIBUTIONS

The Lee County United Way provided Good Wheels with grants of \$83,842 and \$82,200 for the years ended September 30, 2017 and 2016, respectively.

The Hendry/Glades United Way provided Good Wheels with grants of \$19,600 and \$19,685 for the years ended September 30, 2017 and 2016, respectively.

NOTE Q - SUBSEQUENT EVENT

Subsequent to September 30, 2017, Good Wheels entered into an agreement with a financial institution to establish a revolving line of credit for \$160,000 to be used for working capital. This line of credit has an interest rate of prime plus 1% and is due on demand. The line of credit is collateralized by all non-titled property owned by Good Wheels.

Subsequent to September 30, 2017, Good Wheels received a U.S. Small Business Administration Disaster Assistance Loan in the amount of \$236,200. This loan is subject to a 2.5% interest rate and is payable over 15 years from the date of the note. Loan payments of \$1,698 are due monthly starting 1 year from the date of the note. The loan is collateralized by all property owned by Good Wheels.

SUPPLEMENTARY INFORMATION

GOOD WHEELS, INC. AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2017

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 5310-41 Elderly and Persons with Disabilities Program Vehicles	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	ARH16
TOTAL FEDERAL AWARDS (5)		
STATE FINANCIAL ASSISTANCE		
<u>Florida Department of Transportation</u>		
MAJOR (Type A)		
Lee County Transportation Disadvantaged - 16/17	55.001	G0B73
Hendry & Glades County Transportation Disadvantaged - 17/18	55.001	G0M44
Lee County Transportation Disadvantaged - Trip & Equipment Grant	55.001	G0M56
Hendry & Glades County Transportation Disadvantaged - 16/17	55.001	G0B40
Shirley Conroy Rural Area Capital Assistance Program	55.001	G0G05
NON-MAJOR (Type B)		
Clewiston-Belle Glade Route Transit Corridor Program	55.013	G0838
TOTAL STATE FINANCIAL ASSISTANCE		

- (1) Includes receivable of \$6,627
- (2) Includes receivable of \$39,055
- (3) Includes receivable of \$75,857
- (4) Includes receivable of \$6,627

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

<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>		<u>Disbursements/ Expenditures</u>	<u>Pass Through to Subrecipients</u>
\$ 54,016	\$ 54,016		\$ 54,016	\$ -
<u>439,891</u>	<u>152,107</u>	(a)	<u>152,107</u>	<u>-</u>
<u>493,907</u>	<u>206,123</u>		<u>206,123</u>	<u>-</u>
141,020	77,061	(1)	77,061	-
<u>206,998</u>	<u>100,154</u>		<u>100,154</u>	<u>-</u>
<u>348,018</u>	<u>177,215</u>		<u>177,215</u>	<u>-</u>
<u>\$ 841,925</u>	<u>\$ 383,338</u>		<u>\$ 383,338</u>	<u>\$ -</u>
			(5)	
\$ 913,254	\$ 677,854		\$ 677,854	\$ -
468,663	117,168	(2)	117,168	-
1,288,274	264,528	(3)	264,528	-
580,054	385,382		385,382	-
<u>157,751</u>	<u>154,206</u>		<u>154,206</u>	<u>-</u>
<u>3,407,996</u>	<u>1,599,138</u>		<u>1,599,138</u>	<u>-</u>
<u>97,655</u>	<u>77,061</u>	(4)	<u>77,061</u>	<u>-</u>
<u>97,655</u>	<u>77,061</u>		<u>77,061</u>	<u>-</u>
<u>\$ 3,505,651</u>	<u>\$ 1,676,199</u>		<u>\$ 1,676,199</u>	<u>\$ -</u>

(a) - Does not include local Funded Matching of State Awards of \$19,013

GOOD WHEELS, INC. AND AFFILIATE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS AND STATE FINANCIAL ASSISTANCE
Year ended September 30, 2017

Page 24 of 38

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, 2017, Good Wheels had met its match/participation requirements for the State major grants.

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.

Good Wheels has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

GOOD WHEELS, INC. AND AFFILIATE
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
September 30, 2017

ASSETS	<u>Good Wheels, Inc.</u>	<u>Good Wheels Services, LLC</u>
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$0 and \$33,657 as of September 30, 2017 and 2016, respectively)	\$ 343,354	\$ 1,300
Receivables:		
Trade and other	162,434	49,326
Grants and contracts	128,166	-
Intercompany receivable	351,705	135,082
Inventory	27,291	-
Prepaid expenses	913	-
TOTAL CURRENT ASSETS	1,013,863	185,708
PROPERTY AND EQUIPMENT, NET	2,421,091	496,575
OTHER ASSETS		
Deposits	2,765	-
TOTAL ASSETS	<u>\$ 3,437,719</u>	<u>\$ 682,283</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term obligations	\$ 448,721	\$ -
Current portion of capital leases payable	59,671	70,788
Accounts payable	418,971	76,313
Accrued expenses	194,871	-
Intercompany payable	135,082	351,705
Unearned revenue	-	-
TOTAL CURRENT LIABILITIES	1,257,316	498,806
LONG-TERM OBLIGATIONS, net of current portion	1,008,397	-
LONG-TERM CAPITAL LEASES PAYABLE, net of current portion	352,888	412,277
COMMITMENT AND CONTINGENCIES	-	-
TOTAL LIABILITIES	<u>2,618,601</u>	<u>911,083</u>
NET ASSETS		
Unrestricted	819,118	(228,800)
Temporarily restricted	-	-
TOTAL NET ASSETS	<u>819,118</u>	<u>(228,800)</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,437,719</u>	<u>\$ 682,283</u>

The accompanying notes are an integral part of this statement.

<u>Eliminations</u>	<u>Total</u>
\$ -	\$ 344,654
-	211,760
-	128,166
(486,787)	-
-	27,291
-	913
(486,787)	712,784
-	2,917,666
-	2,765
<u>\$ (486,787)</u>	<u>\$ 3,633,215</u>
\$ -	\$ 448,721
-	130,459
-	495,284
-	194,871
(486,787)	-
-	-
(486,787)	1,269,335
-	1,008,397
-	765,165
-	-
(486,787)	3,042,897
-	590,318
-	-
-	590,318
<u>\$ (486,787)</u>	<u>\$ 3,633,215</u>

The accompanying notes are an integral part of this statement.

**GOOD WHEELS, INC. AND AFFILIATE
CONSOLIDATING STATEMENTS OF ACTIVITIES
Year ended September 30, 2017**

	Good Wheels, Inc.	Good Wheels Services, LLC	Eliminations	Total
CHANGES IN NET ASSETS				
REVENUES, SUPPORT AND RECLASSIFICATIONS				
PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT				
Federal grants	\$ 383,338	\$ -	\$ -	\$ 383,338
State grants	1,676,199	-	-	1,676,199
State matching for Federal grants	19,014	-	-	19,014
Medicaid	-	-	-	-
DCF/other agencies	549,606	-	-	549,606
Lee County	-	-	-	-
Hendry County	33,000	-	-	33,000
TOTAL PUBLIC COMMUNITY TRANSPORTATION REVENUES AND SUPPORT	<u>2,661,157</u>	<u>-</u>	<u>-</u>	<u>2,661,157</u>
OTHER REVENUES AND SUPPORT				
Transportation revenues	1,839,634	572,720	-	2,412,354
United Way	103,442	-	-	103,442
Donations	235,621	-	-	235,621
Intercompany revenues	617,236	-	(617,236)	-
Other	385,037	9,762	-	394,799
TOTAL OTHER REVENUES AND SUPPORT	<u>3,180,970</u>	<u>582,482</u>	<u>(617,236)</u>	<u>3,146,216</u>
TOTAL REVENUES AND SUPPORT	5,842,127	582,482	(617,236)	5,807,373
Net assets released from restrictions:				
Satisfaction of program restrictions	-	-	-	-
TOTAL REVENUES, SUPPORT AND RECLASSIFICATIONS	<u>5,842,127</u>	<u>582,482</u>	<u>(617,236)</u>	<u>5,807,373</u>
EXPENSES				
Wages, salaries and contract labor	3,067,070	-	-	3,067,070
Employee benefits	234,851	-	-	234,851
Retirement	55,333	-	-	55,333
Payroll taxes	286,819	-	-	286,819
Other personnel costs	31,999	-	-	31,999
Intercompany expense	-	617,236	(617,236)	-
Occupancy	1,695	-	-	1,695
Office	171,382	5,419	-	176,801
Interest and finance charges	99,932	9,548	-	109,480
Travel	6,166	-	-	6,166
Professional fees	52,670	-	-	52,670
Communication and utilities	80,729	-	-	80,729
Equipment, rent and maintenance	52,108	-	-	52,108
Dues	955	-	-	955
Printing and advertising	893	-	-	893
Vehicle	620,151	187,469	-	807,620
Postage	4,155	-	-	4,155
Fuel and lubricants	532,611	-	-	532,611
Depreciation	503,202	35,378	-	538,580

The accompanying notes are an integral part of this statement.

	Good Wheels, Inc.	Good Wheels Services, LLC	Eliminations	Total
TOTAL EXPENSES	<u>5,802,721</u>	<u>855,050</u>	<u>(617,236)</u>	<u>6,040,535</u>
INCREASE (DECREASE) IN NET ASSETS	39,406	(272,568)	-	(233,162)
NET ASSETS, BEGINNING OF YEAR	823,480	-	-	823,480
Transfers in (out)	<u>(43,768)</u>	<u>43,768</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 819,118</u>	<u>\$ (228,800)</u>	<u>\$ -</u>	<u>\$ 590,318</u>

The accompanying notes are an integral part of this statement.

**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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
 CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
 AND OTHER MATTERS BASED ON AN AUDIT OF
 CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
 WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
 Good Wheels, Inc. and Affiliate
 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 consolidated financial statements of Good Wheels, Inc. and Affiliate, which comprise the consolidated Statement of Financial Position as of September 30, 2017 and the related consolidated Statements of Activities, Functional Expenses and Cash Flows for the year then ended and the related notes to the consolidated financial statements and have issued our report dated June 20, 2018.

Internal Control Over Financial Reporting

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

In planning and performing our audit of the consolidated financial statements, we considered Good Wheels, Inc. and Affiliate'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Good Wheels, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Good Wheels, Inc. and Affiliate'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 consolidated 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 2017-01, that we consider to be material weaknesses.

We, also, noted certain other items that we have reported in our Independent Auditor's Report to Management dated June 20, 2018.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Good Wheels, Inc. and Affiliate's consolidated 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 consolidated 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, 2017-2 and 2017-3.

Good Wheels, Inc. and Affiliate's Response to Findings

Good Wheels, Inc. and Affiliate's response to the findings identified in our audit is attached. Good Wheels, Inc. and Affiliate's response was not subjected to the auditing procedures applied in the audit of the consolidated 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. and Affiliate'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. and Affiliate's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

June 20, 2018



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. and Affiliate
 10075 Bavaria Road
 Fort Myers, Florida 33913

Report on Compliance For Each Major State Project

We have audited Good Wheels, Inc. and Affiliate'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. and Affiliate's major state projects for the year ended September 30, 2017. Good Wheels, Inc. and Affiliate'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. and Affiliate'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. and Affiliate's compliance with those requirements and performing such other procedures as we

INTEGRITY SERVICE EXPERIENCE

considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination on Good Wheels, Inc. and Affiliate's compliance with those requirements.

Opinion on Each Major State Project

In our opinion, Good Wheels, Inc. and Affiliate, 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, 2017.

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 2017-1. Our opinion on each major state program is not modified with respect to this matter.

Good Wheels, Inc. and Affiliate's response to the noncompliance finding identified in our audit is attached in the schedule of findings and questioned costs. Good Wheels, Inc. and Affiliate'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. and Affiliate's response.

Report on Internal Control Over Compliance

The management of Good Wheels, Inc. and Affiliate 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. and Affiliate'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. and Affiliate'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 2017-1 to be a material weakness in internal control.

Good Wheels, Inc. and Affiliate's response to the internal control over compliance findings identified in our audit is attached in the schedule of findings and questioned costs. Good Wheels, Inc. and Affiliate'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. and Affiliate'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.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

June 20, 2018

GOOD WHEELS, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE
Year ended September 30, 2017

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?	_____	Yes <u> X </u>	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	G0B73
55.001	G0M44
55.001	G0M56
55.001	G0B40
55.001	G0G05

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

GOOD WHEELS, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended September 30, 2017

Section II- Financial Statement Findings

2017-01 **Condition:** The financial reporting of the Organization is deficient and does not allow for sufficient review of account balances and supervision of data entry.

Questioned Costs: None

Criteria: Accurate monthly and annual financial information should be prepared and provided on a timely basis.

Context: Significant adjustments to the account balances as of and for the year ended September 30, 2017 were required during the audit of the consolidated financial statements.

Cause: Turnover of administrative staff and increase in the volume and complexity of financial transaction postings in recent years.

Effect: Financial information provided to stakeholders during the fiscal year ended September 30, 2017 did not accurately reflect the Organization's financial position as significant adjustments were proposed during the audit process. These adjustments caused the audit process to be more time consuming and rushed. It also makes audit issuance difficult to meet the Federal and State single audit reporting deadlines.

Recommendation: We recommend that the Organization obtain assistance to review monthly account balances and prepare month-end closing adjustments. The annual audit must be performed earlier in the year.

Section III- State Financial Assistance Findings and Questioned Costs

There were no material weaknesses or instances of noncompliance related to the State Financial Assistance. See reportable conditions 2008-1, 2017-2 and 2017-3 as reported in our Independent Auditor's Report to Management dated June 20, 2018.

GOOD WHEELS, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE, CONTINUED
Year ended September 30, 2017

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.

FY 17 Year Addendum:

The comment was resolved during the year ended September 30, 2017.

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

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

In planning and performing our audit of the consolidated financial statements of Good Wheels, Inc. and Affiliate ("Good Wheels") (a not-for-profit Florida corporation), as of September 30, 2017 we considered Good Wheels, Inc. and Affiliate'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. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of the Good Wheels Inc. and Affiliate'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 June 30, 2017) 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

that are designed to help Good Wheels, Inc. and Affiliate make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to Good Wheels, Inc. and Affiliate.

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.

FY 17 Addendum:

During fiscal year ended September 30, 2017, Good Wheels incurred a loss in excess of \$230,000 due to a delay in release of grant funding and a loss of revenues as a result of Hurricane Irma.

We continue to recommend that Good Wheels work to increase the unrestricted net assets. The Board should consider initiating a fundraising effort.

CURRENT YEAR COMMENTS:

2017-1 See finding reported on the Schedule of Findings and Questioned Costs.

2017-2 Fixed Asset Reporting Should Be Enhanced

During the audit of the financial statements, it was noted that the accounting department does not always receive complete and timely information required to record the addition or disposal of fixed assets and as such, significant audit adjustments were proposed to properly reflect the activity in these accounts.

It was noted that the maintenance department maintains a detailed listing of the vehicles which comprise the majority of the additions and disposals to fixed assets. Therefore, we recommend that the listing prepared by the maintenance department be enhanced to include the in-service date and cost and be provided to the accounting department on a monthly basis. Copies of invoices and relevant information on disposition of assets should also be provided.

2017-3 Transportation Determination Forms Should Be Completed and Maintained

During our transportation grant testing, we noted that one (1) of the twenty-five (25) passengers selected for testing did not have adequate documentation as required by the Good Wheels policies for the Transportation Disadvantaged program.

The Transportation Disadvantaged Determination Form for this passenger was incomplete and did not include documented approval of eligibility. This internal form is used to document the passengers name, income level, disability and available means of transportation.

We recommend that the Organization retain completed and approved eligibility Transportation Disadvantaged Determination Forms for all passengers. We recommend that the Organization formally document an eligibility assessment and retain the completed assessment and any corresponding documentation received from the participants during the eligibility determination assessment.

We would like to express our appreciation for the opportunity to serve and assist Good Wheels, Inc. and Affiliate. 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

June 20, 2018

EXHIBIT



Transportation for the Disabled and Disadvantaged

10075 Bavaria Road • Fort Myers • FL 33913

2017 -01

Good Wheels recognized the increased complexity required in the accounting area as a result of changes in Medicaid reporting and increased grants. Grant management was outsourced and an additional person was added to the staff. Four people were hired since the last audit; one left due to a severe auto accident involving other members of the family; one left after a short time due to the nature of the work; one left for a position in another area. The fourth person has been here less than a year and is learning the new procedures.

The company has been soliciting quotes from both national and local accounting firms to outsource certain functions. Grant management has been outsourced for two years.

To date, HR functions have been outsourced to Paylocity, and manual maintenance has been outsourced to Tindale Oliver.

It is anticipated that outsourcing will be complete by August 2018.

2008-01

Good Wheels has increased unrestricted net assets.

In the last three years all of the following have occurred:

Good Wheels has an agreement with Lee County, Partnership for Transportation Disadvantaged. In the last twelve months, the County has provided \$146,000 as local match for the 5310 Operating grant. The County also provided the 10% local match for five vehicles.

The City of Cape Coral and the City of Fort Myers have each contributed \$30,000 per year to Good Wheels.

Hendry County has increased their contribution for Good Wheels from \$30,000/year to \$45,000/year.

Glades County provided a contribution of \$20,000.

The United way continues to support Good Wheels with over \$100,000.

This year, Good Wheels received a grant from the Women's League of \$10,000; and a grant from NCEF of \$75,000.

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



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!

For the Year 2018-19, Good Wheels has requested increased contributions from each of the contributors mentioned above.

The Board decided all Board members will make a contribution and the Board will achieve 100% participation.

Advertising on buses remains a source of unrestricted net assets.

The reason for the loss of \$233,000 in 2017, was a delay in receipt until February 2018 of \$321,000 of Federal Transit Administration and matching grant dollars for Lee County. In 2016, these funds were received in August. Additional 2016 Federal Administration Grants in Hendry Glades of \$355,000 were also not available until February 2018. Five vehicles on a federal Transit Administration Grant, valued at \$390,000 for 2017 will not be received until October 2018.

Good Wheels anticipates a gain in 2018 when both 2017 and some 2018 grants are recorded.

Good Wheels, as of June 26, 2018 on a consolidated basis, has a current ratio of 1.79; which reflects receipt of a portion of the 2017 Federal Grants.

2017-2

The suggestions will be implemented.

2017-3

A year ago, all new applications for the Transportation Disadvantaged Program were scanned into our system. As time permitted, staff went back and scanned all older paper applications. The process of scanning applications will be continued and Good Wheels anticipates improving its score from 96% to 100%.