



STATE OF INDIANA
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January 21, 2010

Board of Directors
Affiliated Service Providers of Indiana, Inc.
3600 Woodview Trace, Ste. 103
Indianapolis, IN 46268

We have reviewed the audit report prepared by Larry E. Nunn & Associates, LLC, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Affiliated Service Providers of Indiana, Inc., as of June 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2008 and 2007

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From Vision to Solution

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Affiliated Service Providers of Indiana, Inc.

We have audited the accompanying statements of financial position of Affiliated Service Providers of Indiana, Inc. (a nonprofit Corporation) as of June 30, 2008 and 2007, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Affiliated Service Providers of Indiana, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2008, on our consideration of Affiliated Service Providers of Indiana, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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* and should be read in conjunction with this report in considering the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Larry E. Hines & Associates, LLC

Plainfield, Indiana
November 7, 2008

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 657,201	\$ 225,312
Certificate of deposits, at cost	109,393	675,000
Investments	832,124	837,204
Accounts and grants receivable:		
State of Indiana	68,231	49,682
Other	8,832	3,962
Prepaid expenses	10,230	9,496
Deposits	2,267	2,267
Property and equipment, net	-	-
	<u> </u>	<u> </u>
Total assets	\$ 1,688,278	\$ 1,802,923
	<u> </u>	<u> </u>
LIABILITIES		
Accounts payable	\$ 65,742	\$ 148,694
Accrued expenses	12,224	5,766
Deferred revenue	2,400	1,585
	<u> </u>	<u> </u>
Total liabilities	80,366	156,045
NET ASSETS		
Unrestricted	<u>1,607,912</u>	<u>1,646,878</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	\$ 1,688,278	\$ 1,802,923
	<u> </u>	<u> </u>

See accompanying notes to financial statements and independent auditor's report.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30

	2008	2007
REVENUES		
Public support - federal funds	\$ 5,029,762	\$ 4,681,056
Public support - state funds	3,711,095	3,377,552
Grant revenue	26,354	20,907
Membership fees	249,926	280,848
Workshop fees	126,212	126,445
Investment income (loss)	(54,020)	152,955
Other revenue	300	6,075
	<hr/>	<hr/>
Total unrestricted revenues	9,089,629	8,645,838
	<hr/>	<hr/>
EXPENSES		
Purchased services	8,582,517	8,058,609
Network and data management fees	369,220	301,861
Professional fees	54,933	27,504
Legal and accounting	11,295	13,427
Dues, fees and licenses	594	250
Retreat and strategic planning expense	742	1,129
Workshop expense	25,729	47,785
Meetings and staff training	6,062	5,549
Travel and transportation	6,823	6,218
Insurance	17,502	16,897
Marketing and advertising	3,313	2,268
Printing	-	105
Postage and delivery	921	1,325
Office supplies and equipment	13,063	11,587
Telephone and data service	6,600	6,471
Office rent and storage	27,478	26,800
Miscellaneous	1,803	2,240
	<hr/>	<hr/>
Total expenses	9,128,595	8,530,025
	<hr/>	<hr/>
Change in net assets	(38,966)	115,813
	<hr/>	<hr/>
NET ASSETS - beginning of the year	1,646,878	1,531,065
	<hr/>	<hr/>
NET ASSETS - end of year	\$ 1,607,912	\$ 1,646,878
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements and independent auditor's report.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
STATEMENTS OF CASH FLOW
For the Years Ended June 30

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (38,966)	\$ 115,813
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (gain) loss on investment	140,165	(91,719)
Decrease (Increase) in:		
Accounts and grants receivable	(23,419)	(47,260)
Prepaid expenses	(734)	-
Increase (Decrease) in:		
Accounts payable	(82,952)	148,111
Accrued expenses	6,458	494
Deferred revenue	815	(955)
	1,367	124,484
Net Cash Provided (Used) by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(100,000)	(100,004)
Maturity of certificates of deposits	675,000	100,000
Purchase of certificate of deposit	(109,393)	-
Reinvested dividends and interest, net of management fees	(35,085)	(17,777)
	430,522	(17,781)
Net Cash Used by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	431,889	106,703
CASH AND CASH EQUIVALENTS - Beginning of Year	225,312	118,609
CASH AND CASH EQUIVALENTS - End of Year	\$ 657,201	\$ 225,312

See accompanying notes to financial statements and independent auditor's report.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Affiliated Service Providers of Indiana, Inc. (ASPIN), formerly Addiction Service Providers of Indiana, Inc., was legally incorporated in November 1995 and began providing services with the primary objective to facilitate the provision of behavioral health services by qualified rural providers. ASPIN was certified as a Manage Care Provider for Chronically Addicted Persons, Seriously Emotionally Disturbed Children, Seriously Mentally Ill Adults, and Compulsive Gambling Addiction, with one network member also certified for Assertive Community Treatment, for the years ended June 30, 2008 and 2007 to serve the residents of the State of Indiana.

Summary of Significant Accounting Policies

Estimates – The presentation of financial statements are in conformity with generally accepted accounting principles, which 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.

Financial Statement Presentation - ASPIN follows Statement of Financial Accounting Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations,” and SFAS No. 116, “Accounting for Contributions Received and Contributions Made”. Under SFAS No. 117, ASPIN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. ASPIN does not have any temporarily or permanently restricted net assets.

Cash and Cash Equivalents - For purposes of the statement of cash flows, ASPIN considers investments available for current use with an initial maturity date of three months or less to be cash equivalents.

Investments - The investments held by ASPIN are stated at fair market value and consist primarily of mutual funds. The investments are increased for any dividends and interest that are reinvested and also adjusted for any changes in the fair market value of the funds.

Support – ASPIN contracts with the State of Indiana, Division of Mental Health and Addiction, to provide behavioral health services. Under terms of the contract, the State of Indiana reimburses ASPIN on a case rate basis. Under the program ASPIN is paid a specified dollar amount for each client enrolled up to the contract amounts.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Support (continued) - ASPIN has a subcontract with a contractor of the State of Indiana to provide acute inpatient services and to guarantee a certain number of beds to provide out-of-home crisis placement. A portion of the revenues are recognized on a monthly basis for the guaranteed bed portion with any additional beds revenues recognized above the guarantee when the services are rendered.

Membership Fees - ASPIN has different classifications of members which are determined based upon the services that are used by each of the qualified providers. On an annual basis, the Board determines the membership fees.

Federal Income Tax - ASPIN is exempt from Income Tax under Internal Revenue Code Section 501 (c) (3). However a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year.

Property and Equipment – ASPIN follows the practice of capitalizing all expenditures in excess of \$5,000 for fixed assets at cost. Donated assets are recorded at their fair market value at the time of their receipt. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred. The current equipment of ASPIN was depreciated over a useful life of five years using the straight-line method and have been fully depreciated.

Statement of Cash Flows - The indirect method is used to report cash flows from operating activities.

Functional Expenses - Expenses are charged to program or administrative based on a combination of specific identification and allocation by management. ASPIN does not have any fundraising costs.

Note 2 – CASH IN EXCESS OF FDIC LIMIT

ASPIN maintains bank accounts which periodically exceed the FDIC guarantee limit during the year. At June 30, 2008 and 2007, ASPIN had bank accounts which were in excess of the FDIC limit by approximately \$666,200 and \$798,000, respectively.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 3 - INVESTMENTS

ASPIN has adopted an investment program to help insure the long-term viability of the network. Certain funds have been invested in various mutual funds within one fund family. As of June 30, 2008 and 2007, the fair market values of those mutual funds were \$832,124 and \$837,204 with a historical cost basis of \$788,239 and \$646,947, respectively. Within the fund family, the individual mutual funds range from 7%-36% and 1%-33% of the total fair market values as of June 30, 2008 and 2007, respectively. Although the market value of the investments is subject to fluctuations on a year-to-year basis, management believes the investment program is prudent for the long-term welfare of the Association

In addition to the mutual funds, ASPIN has additional surplus cash invested in interest bearing accounts at various financial institutions. As of June 30, 2008 and 2007, all of the surplus cash was invested in long-term certificates of deposit ranging in maturity from nine to twelve months.

For the years ended June 30, investment income consisted of the following:

	2008	2007
Unrealized gains (losses)	\$(140,165)	\$ 92,610
Dividends	41,217	25,389
Interest - mutual funds	75	95
Interest - other	48,549	40,211
Investment and management fees	<u>(6,762)</u>	<u>(5,350)</u>
Net investment income	\$ <u>(54,020)</u>	\$ <u>152,955</u>

Note 4 – MANAGED CARE ORGANIZATION LIABILITY INSURANCE

ASPIN is insured for managed care errors and omissions liability, \$1,000,000 per each loss and \$3,000,000 in aggregate, and for antitrust liability, \$1,000,000 per each loss and \$3,000,000 in aggregate. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified has been made because the amount, if any, is not reasonably estimated.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 5 – OPERATING LEASES

ASPIN has operating leases for office space and equipment. The office lease payments for the years ended June 30, 2008 and 2007 are \$2,233 per month. On August 1, 2005, ASPIN signed an amendment extending the lease through the end of November 2008 and lowered the lease payment to \$2,233 per month. The amendment also contains a one year renewal option at a future mutually agreed upon amount. The equipment lease was signed May 2007, with payments of \$195 per month for 24 months. The total rent expense incurred under these operating leases for the years ended June 30, 2008 and 2007 was \$29,145 and \$29,447, respectively. The following is a schedule of non-cancelable operating lease obligations as of June 30, as amended:

2009	<u>\$13,310</u>
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Note 6 – RELATED PARTIES

ASPIN is a managed care provider. The board of directors is comprised of representatives of agencies that are members of the managed care network. For the years ended June 30, 2008 and 2007 total expense of \$8,460,017 and \$8,058,609, respectively, was paid by ASPIN to network members who also have employees on the board of directors of ASPIN.

Note 7 – FUNCTIONAL EXPENSES

ASPIN provides behavioral health services to residents within the networks members' geographic areas. Expenses related to providing these services for the years ended June 30, were as follows:

	2008	2007
Program services	\$ 8,598,551	\$ 8,062,736
General and administrative	<u>530,044</u>	<u>467,289</u>
Totals	<u>\$ 9,128,595</u>	<u>\$ 8,530,025</u>

Note 8 - EXISTENCE OF CONCENTRATION AND CREDIT RISK

ASPIN received approximately 96% and 93% of its support from Federal and State of Indiana funding related to behavioral health services for the years ended June 30, 2008 and 2007, respectively. As of June 30, 2008 and 2007, approximately 76% and 93% of the accounts receivable were related to these grants, respectively. In the event that this support were to be eliminated, it is likely that ASPIN would need to reduce its current operations.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

Note 9 - SUBSEQUENT EVENT

ASPIN has been awarded a contract to provide behavioral health services subject to contract limitation for fiscal year 2009 from the Indiana Division of Mental Health and Addiction, and has received regular certification as a managed care provider for the division of Mental Health and Addiction for the contract period.

Note 10 - PENDING ADMINISTRATIVE ACTION

ASPIN is currently the subject of certain administrative actions issued by the Indiana Family and Social Services Administration's Division of Mental Health and Addiction (DMHA). The administrative actions are related to audits performed by DMHA of one of ASPIN's member - contractors. The administrative actions seek to recoup a monetary penalty of \$172,319. ASPIN has timely sought appeals of the various administrative actions and the imposition of the monetary penalty. ASPIN is in negotiations with the State and should any monetary penalties be imposed, ASPIN would seek indemnification from its member - contractor. No amount has been accrued in these financial statements since the outcome of this matter is uncertain, and since the resulting liability, if any, cannot be determined.

SUPPLEMENTAL INFORMATION

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2008

<u>PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGREEMENT NUMBER</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
U.S. Department of Health and Human Services				
Trauma Care Systems Planning and Development	93.912	D04RH06943	\$ 16,324	\$ 16,324
Pass-through from Indiana Division of Mental Health and Addiction - Managed Care Provider Agreement for:				
Block Grant for Prevention and Treatment of Substance Abuse	93.959	09-08-SA-1274	4,599,433	4,599,433
Block Grant for Community Mental Health Services	93.958	09-08-SA-1274	365,005	365,005
Centers for Disease Control and Prevention, Investigations and Technical Assistance	93.283	A55-7-49-07-WU-1274	49,000	49,000
Total pass-through for Federal funding			5,013,438	5,013,438
Total Federal Awards			\$ 5,029,762	\$ 5,029,762

See Notes to Schedule of Expenditures of Federal Awards.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2008

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of ASPIN and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
 SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
 For the Year Ended June 30, 2008**

<u>GRANTOR</u>	<u>AGREEMENT NUMBER</u>	<u>EXPENDITURES</u>
STATE Indiana Division of Mental Health and Addiction		
Managed Care Provider Agreement for 07/01/07 - 06/30/08	09-08-SA-1274	\$ <u>3,278,441</u>



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Affiliated Service Providers of Indiana, Inc.

We have audited the financial statements of Affiliated Service Providers of Indiana, Inc. (a nonprofit Corporation) as of June 30, 2007, and have issued our report thereon dated November 7, 2008. 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.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit we considered Affiliated Service Providers of Indiana, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

Amy E. Hines & Associates, LLC

Plainfield, Indiana
November 7, 2008



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Affiliated Service Providers of Indiana, Inc.

Compliance

We have audited the compliance of Affiliated Service Providers of Indiana, Inc. (a nonprofit Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Affiliated Service Providers of Indiana, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedules of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Affiliated Service Providers of Indiana, Inc.'s management. Our responsibility is to express an opinion on Affiliated Service Providers of Indiana, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 federal program occurred. An audit includes examining, on a test basis, evidence about Affiliated Service Providers of Indiana, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Affiliated Service Providers of Indiana, Inc.'s compliance with those requirements.

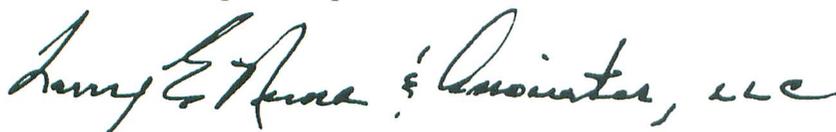
In our opinion, Affiliated Service Providers of Indiana, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Affiliated Service Providers of Indiana, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Affiliated Service Providers of Indiana, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Plainfield, Indiana
November 7, 2008

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unqualified		
Internal control over financial reporting:				
Material weakness(es) identified?	_____ Yes		_____ X	_____ No
Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ Yes		_____ X	_____ None reported
Noncompliance material to financial statements noted?	_____ Yes		_____ X	_____ No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____ Yes		_____ X	_____ No
Reportable condition(s) identified that are not considered to be material weakness(es)?	_____ Yes		_____ X	_____ None reported
Type of auditor's report issued on compliance for major programs:		Unqualified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	_____ Yes		_____ X	_____ No

Identification of major programs:

State Contract Number	Program	CFDA
09-06-SA-1274	Managed Care Provider Agreement	
	-Block Grant for Prevention and Treatment of Substance Abuse	93.959
	-Block Grant for Community Mental Health Services	93.958

Dollar threshold used to distinguish between type A and type B programs:	Mental Health Services	_____ \$300,000
--------------------------------------------------------------------------	------------------------	-----------------

Auditee qualified as low-risk auditee?	_____ X	_____ Yes	_____	_____ No
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Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None