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January 28, 2010

Board of Directors
Mental Health Association
in Lake County
9722 Parkway Drive
Highland, IN 46322

We have reviewed the audit report prepared by Tunney & Associates, LTD., Independent Public Accountants, for the period January 1, 2008 to December 31, 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 Mental Health Association in Lake County, as of December 31, 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.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

**MENTAL HEALTH ASSOCIATION
IN LAKE COUNTY**

INDEPENDENT AUDITOR'S REPORT

**FOR THE YEAR ENDED
DECEMBER 31, 2008**

**MENTAL HEALTH ASSOCIATION
IN LAKE COUNTY**

Audited Financial Statements
December 31, 2008

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Prepared by

Tunney & Associates, Ltd.
Certified Public Accountants
8000 W. 159th St., Ste 2 S
Orland Park, IL 60462

Independent Auditor's Report

Board of Directors
MENTAL HEALTH ASSOCIATION IN LAKE COUNTY
9722 Parkway Drive
Highland, IN 46322

We have audited the accompanying Statement of Financial Position of the MENTAL HEALTH ASSOCIATION IN LAKE COUNTY at December 31, 2008, and the related Statements of Activities, Cash Flows and Functional Expenses for the year then ended. These financial statements are the responsibility of the association's management and board of directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 MENTAL HEALTH ASSOCIATION IN LAKE COUNTY at December 31, 2008 and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have issued our report dated July 14, 2009, on our consideration of MENTAL HEALTH ASSOCIATION IN LAKE COUNTY'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* and should be considered in assessing the results of our audit.

Our audit was conducted 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 audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Tunney & Associates, Ltd.
Certified Public Accountants
July 14, 2009

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY

Statement of Financial Position

December 31, 2008

ASSETS

	Current Funds <u>Unrestricted</u>	Temporarily <u>Restricted</u>	Total All <u>Funds</u>
Cash	\$ 160,925	\$ -	\$ 160,925
Investments	251,511	-	251,511
Program receivables	76,357	-	76,357
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>
 Total Current Assets	 488,793	 -	 488,793
 Non Current Assets			
Furniture and equipment	221,520	-	221,520
Less accumulated depreciation	<u>(201,821)</u>	<u>-</u>	<u>(201,821)</u>
 Net furniture and equipment	 19,699	 -	 19,699
 Deposits	 <u>410</u>	 <u>-</u>	 <u>410</u>
 Total Assets	 <u>\$ 508,902</u>	 <u>\$ -</u>	 <u>\$ 508,902</u>

LIABILITIES AND NET ASSETS

Liabilities			
Accounts payable	\$ 6,618	\$ -	\$ 6,618
Accrued payroll	<u>12,081</u>	<u>-</u>	<u>12,081</u>
 Total Liabilities	 <u>18,699</u>	 <u>-</u>	 <u>18,699</u>
 Unrestricted Net Assets	 490,203	 -	 490,203
 Restricted Net Assets	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Net Assets	 <u>490,203</u>	 <u>-</u>	 <u>490,203</u>
 Total Liabilities and Net Assets	 <u>\$ 508,902</u>	 <u>\$ -</u>	 <u>\$ 508,902</u>

The accompanying independent auditor's report and notes to the financial statements are an integral part of these financial statements.

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY

Statement of Activities

For the Year Ended December 31, 2008

Public Support and Revenue	Current Funds	Temporarily	Total
Public Support	<u>Unrestricted</u>	<u>Restricted</u>	<u>All Funds</u>
Contributions	\$ 1,068	\$ -	\$ 1,068
Foundation grants	30,000	-	30,000
Lake Area United Way	68,868	-	68,868
Special events revenue net of expenses of \$3,445	<u>5,606</u>	<u>-</u>	<u>5,606</u>
 Total Public Support	 <u>105,542</u>	 <u>-</u>	 <u>105,542</u>
Revenue			
Membership dues	1,460	-	1,460
Program service fees	1,036,248	-	1,036,248
Interest	<u>12,983</u>	<u>-</u>	<u>12,983</u>
 Total revenue	 <u>1,050,691</u>	 <u>-</u>	 <u>1,050,691</u>
 Net Assets Released from Restrictions	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total Public Support and Revenue	 <u>1,156,233</u>	 <u>-</u>	 <u>1,156,233</u>
 Expenses			
Program Services			
Social Adjustment Parenting	59,889		59,889
Social Adjustment Power Paws	5,552		5,552
Social Adjustment Family Support	740,743		740,743
Social Development/I'm Thumbbody/Girl's Inc	45,361		45,361
DCS Short-Term	68,680		68,680
Advocacy/Referral	<u>4,251</u>		<u>4,251</u>
 Total Program Services	 924,476		 924,476
Supporting Services			
Management and general	241,443		241,443
Fund Raising	<u>4,819</u>		<u>4,819</u>
 Total Expenses	 <u>1,170,738</u>		 <u>1,170,738</u>
 Excess (deficit) of Public Support and Revenue over Expenses	 (14,505)	 -	 (14,505)
Net Assets at Beginning of Year	<u>504,708</u>	<u>-</u>	<u>504,708</u>
 Net Assets at End of Year	 <u>\$ 490,203</u>	 <u>\$ -</u>	 <u>\$ 490,203</u>

The accompanying independent auditor's report and notes to the financial statements are an integral part of these financial statements.

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY

Statement of Cash Flows

For the Year Ended December 31, 2008

	Total <u>All Funds</u>
Cash flows from operating activities	
Cash received from United Way Agencies	\$ 68,868
Cash received from contributions	31,068
Cash received from governmental agencies	1,042,429
Cash received from fund raising events	5,606
Cash received from membership contributions	1,460
Cash paid to employees and suppliers	<u>(1,161,708)</u>
 Net cash provided by operating activities	 <u>(12,277)</u>
Cash flows from investing activities	
Interest received	12,983
Cash used to purchase investments	(11,730)
Cash used to purchase equipment	<u>(7,134)</u>
 Net cash used by investing activities	 <u>(5,881)</u>
Cash flows from financing activities	
Net cash used by financing activities	<u>-</u>
 Net Increase in cash and cash equivalents	 (18,158)
Cash and cash equivalents at beginning of year	<u>179,083</u>
 Cash and cash equivalents at end of year	 <u>\$ 160,925</u>
Reconciliation of excess of public support and revenue over expenses to net cash used by operating activities	
Excess (Deficit) of Public Support and Revenue over Expenses	\$ (14,505)
Adjustments to reconcile excess of public support and revenue over expenses to net cash provided by operating activities	
Interest revenue	(12,983)
Depreciation	9,791
Program receivables	6,181
Accounts payable	1,667
Accrued payroll	(2,428)
Payroll taxes payable	-
Prepaid expenses	<u>-</u>
 Net cash provided by operating activities	 <u>\$ (12,277)</u>

The accompanying independent auditor's report and notes to the
financial statements are an integral part of these financial statements.

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY
Statement of Functional Expenses
For the Year Ended December 31, 2008

	Program Expenses										Total	Supporting Services		2008 Total Expenses
	Social Adjustment Parenting	Social Adjustment Power Paws	Social Adjustment Family Support	Social Adjustment Family Support	Social Development Girls Inc	Social Development Girls Inc	Advocacy Referral	DCS Short Term	Program Expenses	Management & General		Fund Raising		
Salaries & Wages	\$ 29,153	\$ 926	\$ 408,719	\$ 22,338	\$ 1,606	\$ 8,110	\$ 470,852	\$ 191,169	\$ 3,902	\$ 665,923				
Employee benefits	6,964	209	94,361	5,733	769	1,337	109,373	11,909	243	121,525				
Payroll taxes	2,489	86	48,346	2,155	231	1,088	54,395	5,921	121	60,437				
Total payroll and related exp.	38,606	1,221	551,426	30,226	2,606	10,535	634,620	208,999	4,266	847,885				
Professional fees	96	2,479	11,056	605		13,780	28,016	2,392	49	30,457				
Supplies	5,257	951	30,572	3,321	739	33,060	73,900	2,931	60	76,891				
Telephone	919	-	12,369	715	148	613	14,764	1,605	33	16,402				
Postage	434	61	1,438	363	23	-	2,319	253	5	2,577				
Occupancy	9,033	-	75,383	5,420	513	8,970	99,319	8,628	176	108,123				
Printing	234	117	4,987	234	56	-	5,628	612	13	6,253				
Transportation	3,620	694	39,091	2,183	-	-	45,588	3,461	71	49,120				
Staff training	126	29	5,878	1,074	77	561	7,745	843	17	8,605				
Equipment	-	-	1,681	491	22	-	2,194	239	5	2,438				
Miscellaneous	746	-	36	238	21	349	1,390	150	5	1,545				
Interest expense	-	-	-	-	-	-	-	5,048	103	5,151				
State org. dues	-	-	-	-	-	-	-	5,500	-	5,500				
Total expenses before depreciation	59,071	5,552	733,917	44,870	4,205	67,868	915,483	240,661	4,803	1,160,947				
Depreciation expense	818	-	6,826	491	46	812	8,993	782	16	9,791				
Total Expenses	\$ 59,889	\$ 5,552	\$ 740,743	\$ 45,361	\$ 4,251	\$ 68,680	\$ 924,476	\$ 241,443	\$ 4,819	\$ 1,170,738				

The accompanying independent auditor's report and notes are an integral part of these financial statements.

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY

Notes to the Financial Statements

December 31, 2008

Note 1. Programs.

Mental Health Association in Lake County exists to respond to the mental health needs of the community through advocacy, education and service. The association operates the Healthy Families program in Lake County to promote supportive environments that optimize growth and development and encourage resilient and healthy families.

Note 2. Summary of significant accounting policies.

The Association reports financial position and operations on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

The agency is recognized as exempt from taxation by the Internal Revenue Code under Section 501(c)(3).

Fixed assets are valued at cost or fair market value at time of contribution and are depreciated by the straight line method over their estimated useful lives.

All revenue and support are considered to be available for unrestricted use unless specifically restricted by the donor. The financial statements may reflect unrestricted, temporarily restricted or permanently restricted net assets and activities. Net assets in the two restricted classes are created only by donor imposed restrictions. When restrictions are met by expenditures and then reimbursed no net assets will be created.

Cash and cash equivalents are cash on hand and on deposit in banks with original maturity of three months or less. At December 31, 2008, cash deposits in financial institutions in excess of the amounts insured by the Federal Depository Insurance Corporation were in the amount of \$162,436.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3. Affiliation:

MENTAL HEALTH ASSOCIATION in LAKE COUNTY is a chartered affiliate of the Mental Health Association in Indiana, Inc. The chapter paid \$ 5,500 in 2008 as their annual assessments for state association support.

Note 4. Equipment Lease.

The Association had a contract for lease of a copier. The lease expired August 30, 2008 and required payments of \$250 per month; the final payment was made in 2008. The total amount paid in 2008 was \$1,712.

Note 5. Line of Credit.

On August 21, 2006, The Association obtained a commercial line of credit from First Financial Bank in the amount of \$75,000. The two year line of credit requires interest at the bank's prime rate adjusted daily and is secured by certificates of deposits (investments). At December 31, 2008 the Association had a zero balance on the line of credit. The line of credit requires monthly interest payments and the principal balance is due August 8, 2009. The line of credit was renewed during 2008 for one additional year.

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY

Notes to the Financial Statements

December 31, 2008

Note 6. Real Estate Lease Commitments.

The Association is renting office space under a ten year lease that expires in August, 2009. The Association signed a one year lease extension through August 2010. The lease requires payments of rent of \$5,460 plus real estate taxes. The Association pays for utilities and insurance. The lease requires payments for the next year as follows:

	<u>Annual Rent</u>	<u>Real Estate Tax</u>
2009	65,520	To be estimated
2010	43,680	To be estimated

Note 7. Retirement Plan.

The Association has established an IRC section 403(b) deferral contributions/employer contributions plan. The plan covers all employees who have 6 months of service. Under the plan the employees may elect to defer salary under a salary reduction agreement and the Association may elect to contribute to the plan an amount of matching contributions for a particular plan year. The Association contributed \$30,200 to the plan in 2008 for the year ended December 31, 2008.

Note 8. Name Change.

On August 24, 2006 the association adopted a resolution to do business as Mental Health America of Lake County. The name change was adopted to reflect this new name on the State and National Associations.

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY
Schedule of Expenditures of Federal Awards
December 31, 2008

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Amount Expended
Major Program: Healthy Families		
United States Department of Health and Human Services through 42 U.S.C. Sec. 620/		
Indiana Family and Social Services Administration Division of Family and Children contract period ended August 31, 2008 TANF	93.558	\$ 443,036
Indiana Family and Social Services Administration Division of Family and Children contract period ended August 31, 2008 OFC	93.556	135,536
Indiana Family and Social Services Administration Division of Family and Children contract period ended August 31, 2009 TANF	93.558	239,270
Indiana Family and Social Services Administration Division of Family and Children contract period ended August 31, 2009 OFC	93.556	<u>58,185</u>
 Total Federal Funds Expended		 <u>\$ 876,027</u>
 Other Funds Expended		
Indiana Department of Health, Project Respect, July 1, 2007 through June 30, 2009.	N/A	\$ 30,000
Lake County Department of Child Services, Cribs for Kids Program, June 1, through December 31, 2008	N/A	\$ 37,000
Lake County Department of Child Services, Parenting Education Program, June 1, through December 31, 2008	N/A	\$ 30,000
Lake County Department of Child Services, Life Skills, June 1, through December 31, 2008	N/A	\$ 25,000

Notes to Schedule of Expenditures of Federal Awards

Significant accounting policies:

The schedule of expenditures of federal awards is a summary of the cash activity of the organization's federal award programs. The schedule is prepared on the cash basis of accounting which is inconsistent with the financial statements which are prepared in accordance with GAAP (accrual basis).

The accompanying independent auditor's report and notes to the
financial statements are an integral part of these financial statements.

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
MENTAL HEALTH ASSOCIATION IN LAKE COUNTY
9722 Parkway Drive
Highland, IN 46322

We have audited the financial statements of MENTAL HEALTH ASSOCIATION IN LAKE COUNTY, as of and for the year ended December 31, 2008, and have issued our report thereon dated July 14, 2009. 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 MENTAL HEALTH ASSOCIATION IN LAKE COUNTY 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 MENTAL HEALTH ASSOCIATION IN LAKE COUNTY'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 the board of directors, management, federal awarding agencies, pass-through entities and the Indiana State Board of Accounts and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Tunney & Associates, LTD.

Tunney & Associates, Ltd.
Certified Public Accountants
July 14, 2009

Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over
Compliance in Accordance With OMB Circular A-133

Board of Directors
MENTAL HEALTH ASSOCIATION IN LAKE COUNTY
9722 Parkway Drive
Highland, IN 46322

We have audited the compliance of MENTAL HEALTH ASSOCIATION IN LAKE COUNTY 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 December 31, 2008. MENTAL HEALTH ASSOCIATION IN LAKE COUNTY's major federal programs are identified in the summary of auditor's results section of the accompanying schedule 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 MENTAL HEALTH ASSOCIATION IN LAKE COUNTY's management. Our responsibility is to express an opinion on MENTAL HEALTH ASSOCIATION IN LAKE COUNTY'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 material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MENTAL HEALTH ASSOCIATION IN LAKE COUNTY's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on MENTAL HEALTH ASSOCIATION IN LAKE COUNTY's compliance with those requirements.

In our opinion, MENTAL HEALTH ASSOCIATION IN LAKE COUNTY 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 December 31, 2008.

Internal Control Over Compliance

The management of MENTAL HEALTH ASSOCIATION IN LAKE COUNTY is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered MENTAL HEALTH ASSOCIATION IN LAKE COUNTY'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 internal control over compliance in accordance with OMB Circular A-133. Accordingly, we do not express an opinion on the effectiveness of MENTAL HEALTH ASSOCIATION IN LAKE COUNTY's internal control over compliance.

Report on Compliance, Continued:

A *control deficiency* in an entity's internal control over compliance 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 non-compliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies of 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 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 the board of directors, management, federal awarding agencies, pass-through entities and the Indiana State Board of Accounts and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Tunney & Associates, Ltd.
Certified Public Accountants
July 14, 2009

MENTAL HEALTH ASSOCIATION IN LAKE COUNTY
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2008

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the (general purpose) financial statements of MENTAL HEALTH ASSOCIATION IN LAKE COUNTY.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government auditing Standards.
3. No instances of noncompliance material to the financial statements of MENTAL HEALTH ASSOCIATION IN LAKE COUNTY were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Independent Auditor's Report on Compliance With Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance With OMB Circular a-133.
5. The auditor's report on compliance for the major federal award programs for MENTAL HEALTH ASSOCIATION IN LAKE COUNTY expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program for MENTAL HEALTH ASSOCIATION IN LAKE COUNTY.
7. The programs tested as major programs were:
 - a. United States Department of Health and Human Services through 42 U.S.C. Sec. 620/Indiana Family and Social Services Administration Division of Family and Children, Healthy Families.
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. The MENTAL HEALTH ASSOCIATION IN LAKE COUNTY was determined to be a low risk auditee.

B. Findings- Financial Statement Audit

None

C. Findings and Questioned Costs-Major Award Programs Audit

None

**Mental Health Association
in Lake County**

Report to Management

December 31, 2008

TUNNEY & ASSOCIATES, Ltd.
Certified Public Accountants

July 14, 2009

Board of Directors of
Mental Health Association in Lake County

In planning and performing our audit of the financial statements of Mental Health Association in Lake County for the year ended December 31, 2008, we considered the internal control structure in order to determine auditing procedures for the purpose of expressing an opinion on the financial statements. Although our audit was not designed to provide assurance on the internal control structure, we noted certain matters involving the internal control structure and its operation, and are submitting for your consideration recommendations designed to help the organization make improvements and achieve operational efficiency. Our comments reflect our desire to be of continuing assistance to you and the organization.

The accompanying comments and recommendations are intended solely for the information and use of the Board of Directors, management, and others within the organization.

Very truly yours,



Tunney & Associates, Ltd.
Certified Public Accountants
Orland Park, Illinois

Internal Control

Train and Cross-Train Employees

We would recommend that the Organization emphasize the training and cross-training program to ensure that adequate internal controls be maintained. A review of the job description for key people should be reviewed for accountability.

Other Internal Control Recommendations

In addition, we recommend internal control procedures overall be reviewed and flow charts prepared to update any change in procedures.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is responsible for the preparation, integrity and objectivity of the financial statements and other financial information presented, applying certain estimates and judgements as required.

Internal controls should be designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify, and maintain accountability of assets. Such controls should be based on established written policies and procedures implemented by trained, skilled, personnel with an appropriate segregation of duties and monitored through a comprehensive internal audit program. These policies and procedures prescribe that the organization and all its employees are to maintain the highest ethical standards and that its business practices throughout the year are to be conducted in a manner which is above reproach.

The Board of Directors exercises its responsibility for these financial statements through its financial officer and its Audit Committee, which consists entirely of independent non-management Board members. The Audit Committee should meet periodically with the independent auditors and with the Organizations financial officer and accounting staff, both privately and with management present, to review accounting, auditing, internal controls and financial reporting matters.