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November 3, 2016

Board of Directors
Indiana Alliance of Boys and Girls Clubs, Inc.
1590 N. Sexton Street
Rushville, IN 46173

We have reviewed the audit report prepared by Kemper CPA Group LLP, for the period January 1, 2015 to December 31, 2015. 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 Indiana Alliance of Boys and Girls Clubs, Inc., as of December 31, 2015, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.

**AUDITED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc.

We have audited the accompanying financial statements of Indiana Alliance of Boys and Girls Clubs, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Alliance of Boys and Girls Clubs, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2016, on our consideration of Indiana Alliance of Boys and Girls Clubs, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Indiana Alliance of Boys and Girls Clubs, Inc.'s internal control over financial reporting and compliance.



Kemper CPA Group LLP

Plainfield, Indiana

June 10, 2016

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
Current Assets		
Cash	\$ 217,134	\$ 170,029
Grants receivable	218,946	356,553
Total Current Assets	436,080	526,582
Property and Equipment		
Office equipment	15,545	13,743
Less accumulated depreciation	(5,661)	(3,297)
Net Property and Equipment	9,884	10,446
Other Assets		
Software	15,900	15,900
Less accumulated ammortization	(15,900)	(15,900)
Net Other Assets	-	-
Total Assets	\$ 445,964	\$ 537,028
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 57,511	\$ 244,536
Grant reimbursements payable	141,646	132,524
Total Current Liabilities	199,157	377,060
Net Assets		
Unrestricted Net Assets	246,807	159,968
Total Net Assets	246,807	159,968
Total Liabilities and Net Assets	\$ 445,964	\$ 537,028

The accompanying notes are an integral part of these financial statements.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUE		
Members fees and dues	\$ 61,500	\$ 41,000
Government grants	2,609,430	2,206,730
Contributions	-	10,000
Club reimbursements	22,381	-
Miscellaneous income	9,456	4,716
Total Revenues	2,702,767	2,262,446
EXPENSES		
Program Service		
Professional fees	92,090	83,767
Staff development grants	2,690	13,080
Telephone and technology	6,903	527
Supplies	1,079,682	903,668
Training	31,275	5,231
Conferences and travel	66,246	11,551
Other	7,370	2,411
Club program reimbursements	1,317,820	1,233,388
Total Program Services	2,604,076	2,253,623
General and Administrative		
Professional fees	6,800	7,100
Bank charges	497	-
Depreciation	2,364	843
Office supplies	2,191	10,690
Total General and Administrative Expenses	11,852	18,633
Total Expenses	2,615,928	2,272,256
 Change in Unrestricted Net Assets	 86,839	 (9,810)
 NET ASSETS - beginning of the year	 <u>159,968</u>	 <u>169,778</u>
 NET ASSETS - end of the year	 <u>\$ 246,807</u>	 <u>\$ 159,968</u>

The accompanying notes are an integral part of these financial statements.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 86,839	\$ (9,810)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	2,364	843
(Increase) Decrease in operating assets:		
Grants receivable	137,607	(82,215)
Accounts payable	(187,025)	175,559
Grant reimbursements payable	9,122	(80,957)
Net Cash Provided by Operating Activities	<u>48,907</u>	<u>3,420</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of office equipment	<u>(1,802)</u>	<u>(10,394)</u>
Net Cash Used by Investing Activities	<u>(1,802)</u>	<u>(10,394)</u>
 Net Increase (Decrease) in Cash	47,105	(6,974)
 CASH - beginning of the year	<u>170,029</u>	<u>177,003</u>
 CASH - end of the year	<u>\$ 217,134</u>	<u>\$ 170,029</u>

The accompanying notes are an integral part of these financial statements.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Note A–NATURE OF OPERATIONS

The Indiana Alliance of Boys and Girls Clubs, Inc. (the Alliance) was incorporated in 2001 in the state of Indiana to provide a mechanism for joint decisions, communication and exchange of ideas and cooperative action among Boys and Girls Clubs in the State of Indiana, develop and expand quality youth development, promote public awareness of youth development, and the problems youth face, promote and strengthen Boys and Girls Clubs' relationships with public and private agencies, and to raise funds solely from the State and its agencies and sub divisions. Revenues are derived from membership dues from individual Boys and Girls Clubs within the State of Indiana, grant administration income for managing various grants, and state and federal funding. The elected board of directors then contracts to provide lobbying efforts on behalf of the Boys and Girls Clubs.

Note B–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Financial Statement Presentation –The Alliance 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 as required by the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification. The Alliance does not have any permanently or temporarily restricted net assets.

Use of Estimates – The presentation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount 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.

Membership Fees and Dues – Revenues on membership dues are recognized when earned. The Alliance evaluates its accounts receivable, and records bad debt expenses on uncollectible accounts periodically by the direct write-off method. Although this method is not in accordance with accounting principles generally accepted in the United States of America, use of the allowance method would not have a material effect on the financial statements.

Government Grants – The Alliance records cost reimbursement grants as revenues in the period in which the related expenses are incurred and claimed for reimbursement. Revenues from performance based grants, whereby revenue is based on units of service delivered, are recorded in the period earned.

Property and Equipment – The Alliance records property and equipment at cost if purchased and at fair market value if donated. The Alliance capitalizes major renewals and betterments that substantially increase the lives of existing assets. Maintenance, repairs, and minor improvements are expensed as incurred. The Alliance maintains a formal capitalization policy and capitalizes items greater than \$500. Lesser amounts are expensed. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Useful Lives</u>
Equipment	5 Years
Software	3 Years

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Note B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes – The Alliance is an organization exempt from federal income tax under Section 501(c) (4) of the Internal Revenue Code. Therefore no provision or liability for income taxes has been included in the financial statements. The Alliance believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. There was no unrelated business income for the years ended December 31, 2015 and 2014. The Alliance files as part of a composite return with the Boys & Girls Clubs of America. The Alliance is generally no longer subject to U.S. federal and state tax examinations by taxing authorities for years prior to 2012.

Reclassifications – Certain amounts in the prior period financial statements have been reclassified in order to be consistent with current year classifications.

Note C—COMMITMENT

The Alliance has contracted with a lobbyist to represent the Alliance before the Indiana legislature. This contract requires monthly payments of \$2,708 and \$2,500, respectively, for the years ended December 31, 2015 and 2014. These fees are included in professional fees.

Subsequent to year end, the Alliance entered into a similar agreement with the same lobbyist for \$32,500 annually for the year ended December 31, 2016.

Note D—CONCENTRATION OF CREDIT RISK

The Alliance maintains its cash balances at a financial institution, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2015 and 2014 the Alliance did not have an uninsured cash balance.

As of December 31, 2015 and 2014, the State of Indiana comprised 100% of the grants receivable balance at year end. For the years ended December 31, 2015 and 2014, the Alliance received approximately 98% of its support through the federal government as a sub-recipient from the State of Indiana.

Note E—RELATED PARTIES

The Alliance's treasurer is also the executive director of a Boys and Girls Club that is served by the Alliance. The club pays dues to the Alliance annually. For the years ended December 31, 2015 and 2014, the Alliance paid \$72,133 and \$45,102 to the club managed by the Alliance's treasurer.

In addition, the grant coordinator that works with the Alliance is an employee of a Boys and Girls Club that is served by the Alliance. The club pays dues to the Alliance annually. For the years ended December 31, 2015 and 2014, the Alliance paid \$196,471 and \$198,518 to the club that employs the Alliance's grant coordinator. As part of the grant agreement, the Alliance also pays for a portion of the grant coordinator's salary and related expenses. These expenses are included in the statement of activities with Club Programs and the amounts reflected above.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Note F—GRANTS

The Alliance participated in several grant programs for the years ending December 31, 2015 and 2014. Under each of the grants various member clubs participate in the programs. One of the member club's provides the grant administration functions while another member club provides fiscal management. For the years ending December 31, 2015 and 2014, the following grant activity occurred:

	<u>2015</u>	<u>2014</u>
Grant Revenues		
Indiana Kids	\$ 968,905	\$ 915,826
21st Century Community Learning Centers	362,773	189,633
Child and Adult Care Food Programs	1,074,609	933,524
Abstinence Grant	160,090	167,747
Other	43,053	-
Total Grant Revenues	<u>2,609,430</u>	<u>2,206,730</u>
Grant Expenses		
Indiana Kids	940,094	956,645
21st Century Community Learning Centers	362,773	189,633
Child and Adult Care Food Programs	1,060,076	871,291
Abstinence Grant	159,528	161,800
Other	39,849	-
Total Grant Expenses	<u>2,562,320</u>	<u>2,179,369</u>
Net Grant Revenue and Expenses	<u>\$ 47,110</u>	<u>\$ 27,361</u>

Note G—SUBSEQUENT EVENTS

The Alliance has evaluated events and transactions for potential recognition or disclosure through June 10, 2016, the date the financial statements were available to be issued. No material subsequent events were identified which would require disclosure or adjustments to the financial statements as of December 31, 2015.

SUPPLEMENTAL INFORMATION

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

<u>PROGRAM</u>	<u>CFDA NUMBER</u>	<u>EXPENDITURES</u>
<u>Pass-through from the State of Indiana</u>		
United States Department of Agriculture		
Child and Adult Care Food Program	10.558	\$862,014
Summer Food Service Program for Children	10.558	<u>212,595</u>
		1,074,609
Department of Health and Human Services		
Abstinence Education Grant Program	93.235	160,090
Temporary Assistance for Needy Families	93.558	<u>968,925</u>
		1,129,015
Department of Education		
21st Century Community Learning Centers	84.287	<u>362,773</u>
		<u>362,773</u>
Total Federal Awards		<u>\$ 2,566,397</u>

See Note to Schedule of Expenditures of Federal Awards.

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Note A – BASIS OF PRESENTATION

Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Alliance under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Indiana Alliance of Boys and Girls Clubs, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Indiana Alliance of Boys and Girls Clubs, Inc..

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indiana Alliance of Boys and Girls Clubs, Inc. has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance

Note C – SUBRECIPIENTS

Indiana Alliance of Boys and Girls Clubs, Inc. provided the following federal awards to subrecipients.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Abstinence Education Program	93.235	\$ 113,990
Temporary Assistance for Needy Families	93.558	<u>827,499</u>
Total		<u>\$ 941,489</u>



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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc.

We have audited 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, the financial statements of Indiana Alliance of Boys and Girls Clubs, Inc. (the Alliance), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 10, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alliance's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alliance's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance'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. 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 preceding paragraph 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 identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness – 2015-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Alliance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-2.

Indiana Alliance of Boys and Girls Clubs, Inc.'s Responses to Findings

The Alliance's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Alliance's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion.

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 the Alliance's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kemper CPA Group LLP
Plainfield, Indiana
June 10, 2016



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc.

Report on Compliance for Each Major Federal Program

We have audited Indiana Alliance of Boys and Girls Clubs, Inc.'s (the Alliance) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Alliance's major federal programs for the year ended December 31, 2015. The Alliance's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Alliance's major federal programs 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 audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the Alliance'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Alliance's compliance.

Opinion of Each Major Federal Program

In our opinion, Indiana Alliance of Boys and Girls Clubs, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-1 and 2015-2. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the Alliance 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 the Alliance's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Alliance'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 federal program on a timely basis. 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 federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, 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 identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness – 2015-1.

The Alliance's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Alliance's responses were not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

A handwritten signature in black ink that reads "Kemper CPA Group LLP". The signature is written in a cursive, flowing style.

Kemper CPA Group LLP
Plainfield, Indiana
June 10, 2016

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Indiana Alliance of Boys and Girls Clubs, Inc.
2. Reportable conditions resulting in a material weakness were identified in internal control over financial reporting as described in 2015-1.
3. A reportable instance of non-compliance material to the financial statements of Indiana Alliance of Boys and Girls Clubs, Inc. was disclosed during the audit.
4. A material weakness was identified relating to the audit of the major federal award programs reported in the "Independent Auditor's report on Compliance For Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance".
5. The auditors' report on compliance for Indiana Alliance of Boys and Girls Clubs, Inc. expresses an unmodified opinion on all major federal programs.
6. A material weakness was identified relative to the major federal award programs for Indiana Alliance of Boys and Girls Clubs, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA</u>
Temporary Assistance for Needy Families	93.558
Child / Adult Care Food Program	10.558

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Indiana Alliance of Boys and Girls Clubs, Inc. was determined to be a high-risk auditee.

Findings Relating to Financial Statements

2015-1 Lack of segregation of duties

Condition: The Alliance lacks adequate segregation of duties consistent with appropriate control objectives.

Criteria: Internal controls are the specific policies and procedures management uses to achieve its objectives. One of these controls is the segregation of duties that requires different individuals be assigned responsibility for different elements of related activities, particularly those involving authorization, custody or recordkeeping.

Cause: The Alliance does not have any employees and those contracted to perform the administrative tasks are limited. The Alliance is a statewide organization and its Board members are located throughout Indiana thus limiting any involvement in the control activities.

Effect: Because of the lack of segregation of duties the risk is greater that intentional or unintentional accounting, reporting and compliance errors or irregularities can go undetected.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Recommendation: Due to the size of the staff, segregation of duties will be limited. Consideration should be given to oversight and review of accounting functions by various Board members.

Views of Responsible Officials and Corrective Actions: The Alliance will continue to distribute monthly statements and financial for review to all board members as a form of governance oversight, but believe it is impractical to hire additional personnel to alleviate the segregation of duties deficiency.

Findings and Questioned Costs for Federal Awards

2015-1 Lack of segregation of duties

Condition: The Alliance lacks adequate segregation of duties consistent with appropriate control objectives.

Criteria: Internal controls are the specific policies and procedures management uses to achieve its objectives. One of these controls is the segregation of duties that requires different individuals be assigned responsibility for different elements of related activities, particularly those involving authorization, custody or recordkeeping.

Cause: The Alliance does not have any employees and those contracted to perform the administrative tasks are limited. The Alliance is a statewide organization and its Board members are located throughout Indiana thus limiting any involvement in the control activities.

Effect: Because of the lack of segregation of duties the risk is greater that intentional or unintentional accounting, reporting and compliance errors or irregularities can go undetected.

Recommendation: Due to the size of the staff, segregation of duties will be limited. Consideration should be given to oversight and review of accounting functions by various Board members.

Views of Responsible Officials and Corrective Actions: The Alliance will continue to distribute monthly statements and financial for review to all board members as a form of governance oversight, but believe it is impractical to hire additional personnel to alleviate the segregation of duties deficiency.

2015-2 Noncompliance with Summer Food Service Program

Finding: Records for several sites indicated a shortage of the milk component as it related to the servings and meals counted.

Criteria: Food purchase records must document that sufficient quantities of food were available for each meal claimed for reimbursement as described in the granting documents.

Effect: Due to the shortage of milk quantities at the sites as noted, those meals will not count towards the total servings counted and submitted for reimbursement. This adjustment to the related claims resulted in an overpayment of \$23,452 which must be returned.

Recommendation: Each site should be provided with the necessary quantities to fulfill their needs and meet the requirements as outlined in the approved menus as provided. Adequate documentation and records should also be kept to verify that all sites have been supplied the necessary items.

Views of Responsible Officials and Corrective Actions: Sites will be reinstructed on proper count procedures to ensure the proper quantities have been recorded.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Section IV – Prior Year Findings

2014-1 Lack of segregation of duties

Condition: The Alliance lacks adequate segregation of duties consistent with appropriate control objectives.

Recommendation: Due to the size of the staff, segregation of duties will be limited. Consideration should be given to oversight and review of accounting functions by various Board members.

Current Status: The Alliance sends out monthly financial statements for review at monthly board of directors meetings.