



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

May 27, 2021

Shannon Collins
Chief Financial Officer
Bona Vista Programs, Inc.
1220 E. Laguna St.
Kokomo, IN 46902

Dear Shannon:

You have requested an audit of the financial statements of Bona Vista Programs, Inc. (hereby referred to as the "Bona Vista"). We are pleased to confirm our understanding of the services we are to provide for the Organization for the year ended June 30, 2021 by means of this letter.

AUDIT SERVICES

We will audit the financial statements of the Bona Vista which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements (hereby referred to as the "financial statements"). Also, the following supplementary information accompanying the basic financial statements will be subjected to the auditing procedures applied in our 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. Our auditor's report will provide an opinion on the following supplementary information in relation to the financial statements as a whole.

1. Schedule of Revenues and Support
2. Schedule of Expenditures of Federal Awards

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal controls over financial reporting and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and compliance and other matters will each include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of the testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major programs in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Bona Vista's financial statements. Our report will be addressed to the board of directors of the Bona Vista. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph. If our opinion on the financial statements or the single audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. Our audit will include tests of your accounting records and other procedures we consider necessary to obtain sufficient appropriate audit evidence to afford a reasonable basis for an opinion regarding your financial statements.

If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

Management is responsible for the financial statements, the schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of the Uniform Guidance. In addition, we will provide tax services and assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the tax services, financial statements, schedule of expenditures of federal awards, and related notes and any other nonaudit services (nonaudit services include preparation of the financial statements and the schedule of expenditures of federal awards, tax preparation, cost report preparation, and consulting services) we provide. You will be required to acknowledge in the management representation letter the tax services and our assistance with preparation of the financial statements and schedule of expenditures of federal awards and that you have evaluated the adequacy of our services and have reviewed and approved the results of our services, the financial statements, the schedule of expenditures of federal awards, and the related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services we provide by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

We will prepare the trial balance for use during the audit. Our preparation of the trial balance will be limited to formatting information into a working trial balance based on management's chart of accounts.

Management is responsible for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations, (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements.

You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation in the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements).

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are responsible for providing us with (1) access to all financial information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the Organization with whom we determine it necessary to obtain audit evidence.

You are responsible for the safeguarding of assets. Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting Bona Vista involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting Bona Vista received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that Bona Vista complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of law, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a corrective action plan.

You are required to disclose in the financial statements the date through which subsequent events have been evaluated and whether the date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of the management representation letter.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that include our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with accounting principles generally accepted in the United States of America; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

To ensure that our independence is not impaired under the American Institute of Certified Public Accountants' (AICPA) *Code of Professional Conduct*, you agree to inform the engagement director before entering into any substantive employment discussions with any of our personnel.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to Bona Vista or to acts by management or employees acting on behalf of Bona Vista. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Based on the assessed risk of material misstatement, we will design and perform substantive procedures which may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, customers, creditors, financial institutions, and other third parties. We may also request written representations from your attorneys on litigation, claims, and assessments as part of the engagement, and they may bill you for responding to our inquiries. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditure of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by auditing standards generally accepted in the United States of America.

Alan L. Parks is the engagement director and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit during July 2021. Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of Bona Vista and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and those charged with governance in a separate letter about significant control deficiencies or material weaknesses identified during our audit under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance.

We are also responsible to communicate with the audit committee or those charged with governance about our audit responsibility under the auditing standards generally accepted in the United States of America, an overview of the planned scope and timing of the audit, significant issues or findings from the audit (e.g., significant difficulties encountered during an audit, disagreements with management, etc.), fraud or illegal acts that come to our attention, and the audit committee's views about the risks of fraud or knowledge of fraud or any suspected fraud affecting Bona Vista.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Bona Vista's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of Bona Vista's major programs. The purpose of these procedures will be to express an opinion on Organization's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

State Board of Accounts - Private Examiner Auditing and Reporting Requirements

You are responsible for providing us all information necessary to comply with the auditing requirements as established by the Indiana State Board of Accounts as specified in the *"Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources"*. We will use our professional judgment in preparing workpapers and reports that are required by the State Board of Accounts.

We acknowledge the oversight responsibilities of the State Board of Accounts for the entity audits. We will follow the minimum audit requirements as presented in the *"Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Government Sources"*.

The State Examiner will be notified immediately if there is a misappropriation of funds that is suspected to be the result of malfeasance, misfeasance, or nonfeasance discovered during the audit process.

The State Board of Accounts will be notified in advance of the date, time and place that the results of the audit will be discussed. The notification will take place at least five days prior to the meeting. Within ten business days of the issuance of the audit report, we will transmit by email an unsecured .pdf copy of the audited financial statements and any other audit communications to the Indiana State Board of Accounts to notforprofit@sboa.in.gov.

All documentation used to support the financial and supplemental audit reports will be available for review by the State Board of Accounts at the State Examiner's discretion.

State Examiner Directive 2015-02

The parties agree to comply with the provisions of State Examiner Directive 2015-2, a copy of which is attached hereto on the last two pages of this letter and incorporated herein by reference.

ADMINISTRATION, FEES, AND OTHER TERMS

Our work necessarily depends on you and your personnel's ability to provide required assistance in a timely manner; otherwise, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to Bona Vista; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information, and therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Any additional services not addressed in this engagement letter that are requested by you and agreed to by us will be documented a separate engagement letter covering the additional services.

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

It is our policy to keep records related to this engagement for a period of time as defined in our Record Retention Policy. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain, and protect your records for possible future use, including potential examination by any government or regulatory agencies. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party contesting the audit finding for guidance prior to destroying the audit documentation.

By your signature on this engagement letter, you acknowledge that you understand we will destroy our records related to this engagement upon the expiration of the designated period.

The audit documentation for this engagement is our property and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to federal agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of our

personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

Our policy is to provide any requested advice in writing. Therefore, you should not rely on any unwritten advice because it may be tentative and not fully reviewed.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Certain communications involving tax advice are privileged and not subject to disclosure to the Internal Revenue Service. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication; you agree to provide us with written, advance authority to make that disclosure.

In the interest of facilitating our services to Bona Vista, we may communicate by facsimile transmission or send electronic mail over the internet. Such communications may include information that is confidential to Bona Vista and/or you. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent, and you consent to our use of these electronic devices.

Our charges to Bona Vista for services will be at our regular rates plus out-of-pocket expenses except that we agree our gross fee, including expenses will not exceed \$24,200. **This fee also includes federal and state tax return preparation for Bona Vista.** The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. In the event your records are not submitted in a timely manner or are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact you to discuss the matter and the anticipated delay in completing our engagement prior to rendering further services. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. If significant additional time is necessary, our fees for these services will be based on standard billing rates.

Our billings will be rendered as the work progresses, with payment to be made 30 days subsequent to billing. Interest will be charged at a rate of 1½% per month on balances in excess of 30 days. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been complete upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2020 peer review report accompanies this letter.

If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

If a dispute arises out of or relates to this engagement letter, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under the *Dispute Resolution Rules for Professional Accounting and Related Services Disputes* before resorting to arbitration, litigation, or some other dispute-resolution procedure mutually agreeable to the parties. The costs of any mediation proceedings shall be shared equally by all parties.

Any claim arising out of this Agreement shall be commenced within one year of the delivery of the work product to you. Any action not brought within that one year time period shall be barred despite any other limitations period set forth by either case law or statute. Our liability for all claims, damages, and costs of the Organization arising from this engagement is limited to the total amount of fees paid for this engagement.


We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Blue & Co., LLC

ACCEPTANCE

I have carefully read and understood this engagement letter and agree to all of its terms and conditions.

By:  Date: 6/1/21
Authorized Signature
Shannon Collins, CFO
Printed Name and Title



Report on the Firm's System of Quality Control

To the Directors of
Blue & Co., LLC
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Blue & Co., LLC (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans, and examinations of service organizations (SOC 1 and SOC 2 engagements.)

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Your Success is Our Focus

319 McClanahan Street, S.W. • Roanoke, Virginia 24014-7705 • 540-345-0936 • Fax: 540-342-6181 • www.BEcpas.com

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Blue & Co., LLC applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended June 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Blue & Co., LLC has received a peer review rating of *pass*.

Brown, Edwards & Company, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 16, 2020



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 233-2513
Fax: (317) 233-4711
Web Site: www.in.gov/sboa

AMENDED STATE EXAMINER DIRECTIVE 2015-2

Date: April 7, 2016

Subject: Engagement of Private Examiners

Authority: Ind. Code §§ 5-11-1-7, 10, 24; Ind. Code Chs. 25-2.1-3, 4, 5; Ind. Code § 25-2.1-12-3

Application: This Directive applies to all audited entities subject to examination under Ind. Code Ch. 5-11-1.

From: Paul D. Joyce, CPA, State Examiner

Indiana Code Ch. 5-11-1 contains several provisions regarding the engagement of a private examiner. First, the State Examiner may allow the engagement of a private examiner to the extent the State Examiner determines necessary to satisfy the requirements of Ind. Code Art. 5-11. Ind. Code § 5-11-1-7(b). Second, a private examiner is subject to the direction of the State Examiner while performing examinations under Ind. Code Art. 5-11. *Id.* Third, if the State Examiner authorizes the engagement of a private examiner to perform an examination under Ind. Code Art. 5-11, the examination and report must comply with the uniform compliance guidelines established by the State Board of Account under Ind. Code § 5-11-1-24(a). Ind. Code § 5-11-1-24(d). Fourth, if an audited entity subject to examination under Ind. Code Ch. 5-11-1 engages a private examiner, the contract with the private examiner must require the examination and report to comply with the uniform compliance guidelines established by the State Board of Accounts. *Id.* Finally, if proposals for performing a private examination of an audited entity are required, an entity may not request such proposals unless the request has been submitted to and approved by the State Board of Accounts first. Ind. Code § 5-11-1-24(e). In addition, uniform compliance guidelines require that contracts agreed upon between an audited entity and a private examiner be submitted to and approved by the State Board of Accounts. *See* Ind. Code § 5-11-1-24(d); *Guidelines for the Audits of Charter Schools Performed by Private Examiners*; *Uniform Compliance Guidelines for Audit of Hospitals and State and Local Governments by Authorized Independent Public Accountants*; and *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance From Governmental Sources*.

A private examiner engaged under Ind. Code § 5-11-1-7 must hold (1) a valid certificate for a certified public accountant (CPA) or public accountant issued or renewed under Ind. Code Chs. 25-2.1-3 or 4, and (2) a permit issued under Ind. Code Ch. 25-2.1-5 in order to provide applicable reports on financial or attested statements of an audited entity. Individuals and firms not holding a valid CPA or public accountant certificate and permit are prohibited from issuing a report conventionally used by licensees with respect to: (1) a review of financial statements and (2) a compilation of financial statements. Ind. Code § 25-2.1-12-3.

In summary, before engaging a private examiner, an audited entity must: (1) obtain the prior approval of the State Examiner, (2) submit any required requests for proposals to the State Board of Accounts for approval prior to issuing the requests, (3) ensure the contract with the private examiner requires the examination and report to comply with the uniform compliance guidelines established by the State Board of Accounts, (4) submit the agreed upon contract for approval by the State Board of Accounts, and (5) ensure that the private examiner has the required certificate and permit issued under Ind. Code Chs. 25-2.1-3, 4, and/or 5. Failure to follow the steps outlined above will prevent the accountant from being considered a private examiner engaged under Ind. Code § 5-11-1-7.

This Directive may be amended from time to time and may be rescinded at any time in writing by the State Examiner or a Deputy State Examiner.


Paul D. Joyce, CPA
State Examiner