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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

June 23, 2009

Board of Directors
About Special Kids, Inc.
7275 Shadeland Ave., Ste. 1
Hammond, IN 46250

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. 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 About Special Kids, Inc., as of December 31, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

ABOUT SPECIAL KIDS, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2007 AND 2006

ABOUT SPECIAL KIDS, INC.

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Gauthier & Kimmerling, LLC

Accountants & Advisors

One Jackson Square • 233 S. McCrea Street • Suite 1000 • Indianapolis, IN 46225 • (317) 636-3265

Independent Auditors' Report

To the Board of Directors
About Special Kids, Inc.
Indianapolis, Indiana

We have audited the accompanying statements of financial position of About Special Kids, Inc. (ASK), formerly Indiana Parent Information Network, Inc. (IPIN), as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of ASK's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ASK as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated May 9, 2008, on our consideration of ASK'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 audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of expenditures of federal awards required by the Indiana State Board of Accounts is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits 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.

Gauthier & Kimmerling, LLC

May 9, 2008

ABOUT SPECIAL KIDS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 129,276	\$ 146,691
Grants receivable	101,136	95,370
Accounts receivable	40,230	18,824
Property and equipment, net of accumulated depreciation of \$51,790 in 2007 and \$123,491 in 2006, respectively	<u>58,213</u>	<u>20,841</u>
Total Assets	<u>\$ 328,855</u>	<u>\$ 281,726</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 12,415	\$ 15,852
Accrued payroll and related items	<u>18,692</u>	<u>13,824</u>
Total Liabilities	<u>31,107</u>	<u>29,676</u>
Net Assets:		
Unrestricted	287,441	237,322
Temporarily restricted (Note 8)	<u>10,307</u>	<u>14,728</u>
Total Net Assets	<u>297,748</u>	<u>252,050</u>
Total Liabilities and Net Assets	<u>\$ 328,855</u>	<u>\$ 281,726</u>

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

**ABOUT SPECIAL KIDS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 571,268	\$ 10,307	\$ 581,575
Contributions	15,395	-	15,395
Registration fees	10,113	-	10,113
Other	4,468	-	4,468
Contract income	<u>121,820</u>	<u>-</u>	<u>121,820</u>
 Total Revenue	 723,064	 10,307	 733,371
Net assets released from restrictions	<u>14,728</u>	<u>(14,728)</u>	<u>-</u>
 Total Revenue and Support	 <u>737,792</u>	 <u>(4,421)</u>	 <u>733,371</u>
 <u>EXPENSES</u>			
Federal CMS	64,995	-	64,995
Federal MCHB	25,532	-	25,532
Federal OSEP	77,472	-	77,472
State MCH	270,566	-	270,566
Other programs	180,341	-	180,341
Management and general	<u>68,767</u>	<u>-</u>	<u>68,767</u>
 Total Expenses	 <u>687,673</u>	 <u>-</u>	 <u>687,673</u>
 Change in net assets	 50,119	 (4,421)	 45,698
Net assets - beginning of year	<u>237,322</u>	<u>14,728</u>	<u>252,050</u>
 Net assets - end of year	 <u>\$ 287,441</u>	 <u>\$ 10,307</u>	 <u>\$ 297,748</u>

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

**ABOUT SPECIAL KIDS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 486,623	\$ -	\$ 486,623
Contributions	2,158	-	2,158
Registration fees	7,660	-	7,660
Other	1,210	-	1,210
Contract income	75,779	-	75,779
Total Revenue	573,430	-	573,430
Net assets released from restrictions	-	-	-
Total Revenue and Support	573,430	-	573,430
<u>EXPENSES</u>			
Federal CMS	57,836	-	57,836
State MCH	232,746	-	232,746
Other programs	197,831	-	197,831
Management and general	54,266	-	54,266
Total Expenses	542,679	-	542,679
Change in net assets	30,751	-	30,751
Net assets - beginning of year	206,571	14,728	221,299
Net assets - end of year	\$ 237,322	\$ 14,728	\$ 252,050

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

ABOUT SPECIAL KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Federal CMS	Federal MCHB	Federal OSEP	State MCH	Other Programs	Management and General	Total
Personnel and fringe	\$ 37,756	\$ 19,926	\$ 40,573	\$ 184,303	\$ 108,733	\$ 43,476	\$ 434,767
Supplies and expendable	12,288	2,488	11,443	22,308	15,546	7,119	71,192
Travel	921	796	3,600	3,343	2,767	1,269	12,696
Equipment (noncapitalized)	2,632	624	2,121	6,288	2,436	1,567	15,668
Subcontractors	6,391	678	14,471	22,215	28,357	8,012	80,124
Training	6	-	50	1,276	659	222	2,213
Insurance	913	60	783	3,262	1,459	720	7,197
Depreciation	-	-	-	-	7,290	810	8,100
Indirect and other costs	4,088	960	4,431	27,571	13,094	5,572	55,716
Total Functional Expenses	\$ 64,995	\$ 25,532	\$ 77,472	\$ 270,566	\$ 180,341	\$ 68,767	\$ 687,673

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

ABOUT SPECIAL KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006

	CMS	State MCH	Other Programs	Management and General	Total
Personnel and fringe	\$ 40,819	\$ 158,672	\$ 120,057	\$ 35,505	\$ 355,053
Supplies and expendable	4,019	21,602	13,883	4,389	43,893
Travel	2,594	2,201	6,226	1,225	12,246
Equipment (noncapitalized)	1,934	3,349	2,691	886	8,860
Subcontractors	2,270	21,866	26,973	5,679	56,788
Training	63	270	1,459	199	1,991
Insurance	474	3,451	3,065	777	7,767
Depreciation	-	-	5,220	580	5,800
Indirect and other costs	<u>5,663</u>	<u>21,335</u>	<u>18,257</u>	<u>5,026</u>	<u>50,281</u>
Total Functional Expenses	<u>\$ 57,836</u>	<u>\$ 232,746</u>	<u>\$ 197,831</u>	<u>\$ 54,266</u>	<u>\$ 542,679</u>

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

**ABOUT SPECIAL KIDS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,**

	2007	2006
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 45,698	\$ 30,751
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation	8,100	5,800
Changes in assets and liabilities:		
Increase in grants receivable	(5,766)	(19,731)
Increase in accounts receivable	(21,406)	22,723
Decrease in accounts payable	(3,437)	13,486
Increase in accrued payroll and related items	4,868	3,661
Net Cash Provided by (Used in) Operating Activities	28,057	56,690
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of equipment	(45,472)	(16,330)
Net Cash Provided by (Used in) Investing Activities	(45,472)	(16,330)
Net (decrease) increase in cash	(17,415)	40,360
Cash and Cash Equivalents - beginning of year	146,691	106,331
Cash and Cash Equivalents - end of year	\$ 129,276	\$ 146,691
Interest paid during the year	\$ -	\$ -

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

ABOUT SPECIAL KIDS, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

1. NATURE OF THE ORGANIZATION

About Special Kids, Inc. (ASK), formerly Indiana Parent Information Network, Inc. (IPIN), was incorporated as a not-for-profit organization in March 1987, under the laws of the State of Indiana.

ASK is an organization where parents, professionals, and volunteers work together to support families of children with special needs by providing information, peer support, and education through the following grants:

The Indiana Parent Education Project (State MCH)

- Dissemination of information regarding health care financing, community resources, and education through peer support and education to families of children with special health care needs throughout Indiana.

Indiana Family to Family Health Information and Education Center (MCHB)

- Through the Indiana Family to Family Health Information and Education Center, ASK educates families of children with special needs and professionals who work with them about issues related primarily to health care financing. To do this, ASK holds training across the state, talks one-on-one with families and professionals from across the state, and provides up-to-date information to individuals through its website, newsletter, and other brochures and information. Maternal and Child Health Bureau (MCHB) is replacing the Center for Medicare and Medicaid Services as funding for this project.

Indiana Family to Family Health Information and Education Center (CMS)

- Through the Indiana Family to Family Health Information and Education Center, ASK educates families of children with special needs and professionals who work with them about issues related primarily to health care financing. To do this, ASK holds training across the state, talks one-on-one with families and professionals from across the state, and provides up-to-date information to individuals through its website, newsletter, and other brochures and information.

Near East Side Community Parent Resource Center (OSEP)

- Through the NESCPRC, ASK targets parents of children with special needs who are low income, African American, and/or Spanish-speaking who reside on the near east side of Indianapolis. Services are centered on building awareness of the child's disability, community resources available, and understanding the specifics of special education and how to advocate for the best education for the child with a disability.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – ASK maintains its accounting records on the accrual basis. Grant proceeds are recorded as revenue as eligible expenditures are made and claims are submitted for reimbursement.

Cash and cash equivalents – For purposes of the statement of cash flows, investments with a maturity of three months or less are considered to be cash equivalents.

Accounts and grants receivable – Receivables are charged to bad debt expense when they are determined to be uncollectible based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Property and equipment – Equipment is valued at cost for items purchased and at fair market value at date of gift for items donated. Depreciation is recognized over the estimated useful lives of three to ten years using the straight-line method.

Support and revenues – ASK reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, ASK reports the support as unrestricted.

Donated services – No amounts have been reflected in the financial statements for donated services. ASK pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist ASK with specific assistance programs and various committee assignments.

Federal and state income taxes – ASK has been granted an exemption from income taxes as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code; therefore, no expense or liability for income taxes has been recognized in the accompanying financial statements.

Functional expenses – Expenses are allocated directly or indirectly to program and management services. Expenses that can be identified with a specific program or management service are allocated directly according to their natural classification. All remaining indirect costs are allocated using both statistical and non-statistical allocation.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts. Actual results may differ from these estimates.

3. GRANTS RECEIVABLE

ASK receives its grant support through monthly claims filed with the respective funding agency, not to exceed a limit specified in the funding agreement. Since the financial statements of ASK are prepared on the accrual basis, all earned portions of the grants not yet received as of December 31, 2007 and 2006, have been recorded as grants receivable.

4. LINE OF CREDIT

ASK has a \$50,000 line of credit with National City Bank. As of December 31, 2007 and 2006, ASK had not borrowed against this unsecured line. The line matures August 2011.

5. CONCENTRATION OF CREDIT RISK

ASK maintains a portion of its cash in a bank deposit account that exceeds federally insured limits. At December 31, 2007 and 2006, such excess totaled approximately \$29,300 and \$47,000, respectively. ASK has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash and cash equivalents.

6. LEASES

ASK leases office space under a long-term lease agreement that expires on July 31, 2012. Total rental payments were \$34,423 in 2007 and \$29,883 in 2006, respectively.

ASK leases a copy machine. The lease has a 59 month term ending in February 2008, with monthly payments of \$392. Total lease payments were \$5,872 in 2007 and \$5,490 in 2006, respectively. A new 48 month lease was executed in April of 2008, expiring in 2012.

Future minimum lease payments at December 31:

<u>Year</u>	<u>Amount</u>
2008	39,294
2009	43,388
2010	43,388
2011	44,114
2012	<u>26,326</u>
Total	<u>\$ 196,510</u>

7. PROPERTY AND EQUIPMENT

ASK's property and equipment at December 31 consists of:

	<u>2006</u>	<u>Additions</u>	<u>Disposals</u>	<u>2007</u>
Furniture and equipment	\$ 84,792	\$ 34,178	\$ -	\$ 70,835
Computer equipment	<u>59,540</u>	<u>11,294</u>	<u>(79,802)</u>	<u>39,168</u>
	144,332	45,472	(79,802)	110,003
Accumulated depreciation	<u>(123,491)</u>	<u>(8,100)</u>	<u>79,802</u>	<u>(51,790)</u>
Total	<u>\$ 20,841</u>	<u>\$ 37,372</u>	<u>\$ -</u>	<u>\$ 58,213</u>

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Public Awareness Program	\$ -	\$ 3,016
Daybreak	-	11,712
Center for Medicare and Medicaid Services	<u>10,307</u>	<u>-</u>
Total	<u>\$ 10,307</u>	<u>\$ 14,728</u>

9. HEALTH INSURANCE REIMBURSEMENT

ASK has a health insurance reimbursement policy. Regular full-time employees are eligible to receive reimbursement for health care related expenses up to a maximum of \$300 per month. ASK's total health insurance reimbursement was \$14,424 and \$0 for 2007 and 2006, respectively.

SUPPLEMENTARY INFORMATION

**ABOUT SPECIAL KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/ Pass-through Grantor/ Program Title/ Grant Name	Federal CFDA Number	Federal Grant Number	State Grant Number	Total Grant Amount	2007 Grant		Reimbursements Receivable at (Payable) End of Year
					Reimbursements Receivable (Payable) at Beginning of Year	Receipts Expenditures	
Department of Health and Human Services							
Direct Programs							
Family Professional Partnership/CSHCN	93.110	H84MC07944A0		\$ 95,700	\$ -	\$ 29,626	\$ 29,626
Centers for Medicare and Medicaid Services	93.779	95P92093/5 - 01		200,000	21,745	87,380	66,635
Department of Education							
Office of Special Education	84.328C	H328C050017		296,515	23,583	90,683	85,953
State and Local							
Indiana State Department of Health			CSHCN932	311,000	50,042	234,615	184,573
Indiana State Department of Health			CSHCN932	30,260	-	30,260	30,260
Indiana State Department of Health			CSHCN548-1	311,000	-	85,804	138,461
				<u>\$ 1,244,475</u>	<u>\$ 95,370</u>	<u>\$ 528,742</u>	<u>\$ 534,508</u>
							<u>\$ 101,136</u>

ABOUT SPECIAL KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass-through Grantor/ Program Title/ Grant Name	Federal Grant Term	Federal CFDA Number	Federal Grant Number	State Grant Number	Total Grant Amount	2006 Grant		Grant Reimbursements Receivable at End of Year
						Reimbursements Receivable (Payable) at Beginning of Year	Receipts Expenditures	
Department of Health and Human Services								
Direct Programs								
Healthy Child Care	02/01/04 - 01/31/06	93.110AQ	6H24MC00029-07-02		\$ 50,000	\$ 733	\$ -	\$ -
Centers for Medicaid and Medicare Services	09/30/03 - 09/29/07	93.779	95P92093/5 - 01		200,000	64,324	68,887	21,745
Department of Education								
Office of Special Education	10/01/05 - 09/30/08	84.328C	H328C050017		298,000	48,742	69,519	23,583
State and Local								
Indiana State Department of Health	07/01/05 - 06/30/07			CSHCN932	259,655	202,963	148,045	-
Indiana State Department of Health	07/01/06 - 06/30/07			CSHCN932	311,000	77,385	127,427	50,042
					<u>\$ 1,118,655</u>	<u>\$ 394,147</u>	<u>\$ 413,878</u>	<u>\$ 95,370</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

To the Board of Directors
About Special Kids, Inc.
Indianapolis, Indiana

We have audited the financial statements of About Special Kids, Inc. (ASK) as of and for the year ended December 31, 2007, and have issued our report thereon dated May 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered ASK's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ASK's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of ASK's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether ASK's financial statements are free of 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

Gauthier & Kimmeling, LLC

May 9, 2008