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December 20, 2016

Board of Directors
Indiana Resource Center for Families With Special Needs, Inc.
1703 S. Ironwood Drive
South Bend, IN 46613

We have reviewed the audit report prepared by Cullar & Associates, PC, for the period July 1, 2014 to June 30, 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 Resource Center for Families With Special Needs, Inc., as of June 30, 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

FINANCIAL AND COMPLIANCE REPORT

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
D/B/A IN*SOURCE

June 30, 2015 and 2014

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**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
AND SUPPORTING SCHEDULE**

To the Board of Directors
Indiana Resource Center for Families With Special Needs, Inc.
South Bend, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Resource Center for Families With Special Needs, Inc., which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 from 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 Resource Center for Families With Special Needs, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 January 22, 2016 on our consideration of Indiana Resource Center for Families With Special Needs 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 Resource Center for Families With Special Needs, Inc.'s internal control over financial reporting and compliance.

Cullen & Associates, P.C.

South Bend, Indiana
January 22, 2016

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

Assets:	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 3,271	\$ 3,329
Grants receivable	179,481	176,813
Prepaid expenses	16,920	16,663
Cash held for others	<u>12,809</u>	<u>7,596</u>
<i>Total current assets</i>	<u>212,481</u>	<u>204,401</u>
 Property and Equipment	 <u>9,975</u>	 <u>14,962</u>
 <i>Total assets</i>	 <u>\$ 222,456</u>	 <u>\$ 219,363</u>
 Liabilities and Net Assets:		
Current Liabilities:		
Note payable, bank	\$ 98,347	\$ 92,847
Current portion of capital lease obligation	5,371	4,490
Accounts payable and accrued liabilities	38,450	40,428
Agency liability	<u>12,809</u>	<u>7,596</u>
<i>Total current liabilities</i>	<u>154,977</u>	<u>145,361</u>
 Long-Term Portion of Capital Lease Obligation	 <u>6,390</u>	 <u>12,182</u>
 <i>Total liabilities</i>	 <u>161,367</u>	 <u>157,543</u>
 Net Assets:		
Unrestricted	60,846	60,234
Temporarily restricted	<u>243</u>	<u>1,586</u>
<i>Total net assets</i>	<u>61,089</u>	<u>61,820</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 222,456</u>	 <u>\$ 219,363</u>

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
Revenues and Other Support:						
Grants:						
Collaborative Parent Involvement Project	\$ 1,188,792	\$ -	\$ 1,188,792	\$ 1,183,064	\$ -	\$ 1,183,064
Parent Training and Information Center	347,276	-	347,276	385,491	-	385,491
Bullying Prevention	-	-	-	14,562	-	14,562
School-to-Work	6,147	-	6,147	3,235	-	3,235
Contributions	3,851	-	3,851	11,215	-	11,215
Special events	2,667	-	2,667	6,014	-	6,014
Other	788	-	788	115	-	115
Net assets released from restrictions	1,343	(1,343)	-	341	(341)	-
<i>Total revenues and other support</i>	<u>1,550,864</u>	<u>(1,343)</u>	<u>1,549,521</u>	<u>1,604,037</u>	<u>(341)</u>	<u>1,603,696</u>
Expenses:						
Collaborative Parent Involvement Project	1,105,994	-	1,105,994	1,102,450	-	1,102,450
Parent Training	325,262	-	325,262	360,381	-	360,381
Bullying Prevention	-	-	-	14,082	-	14,082
School-to-Work	5,741	-	5,741	3,086	-	3,086
<i>Total program services expenses</i>	<u>1,436,997</u>	<u>-</u>	<u>1,436,997</u>	<u>1,479,999</u>	<u>-</u>	<u>1,479,999</u>
Management and general	113,166	-	113,166	117,185	-	117,185
Fundraising	89	-	89	1,041	-	1,041
<i>Total expenses</i>	<u>1,550,252</u>	<u>-</u>	<u>1,550,252</u>	<u>1,598,225</u>	<u>-</u>	<u>1,598,225</u>
Change in net assets	612	(1,343)	(731)	5,812	(341)	5,471
Net assets, beginning of year	60,234	1,586	61,820	54,422	1,927	56,349
<i>Net assets, end of year</i>	<u>\$ 60,846</u>	<u>\$ 243</u>	<u>\$ 61,089</u>	<u>\$ 60,234</u>	<u>\$ 1,586</u>	<u>\$ 61,820</u>

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2015

	Collaborative						
	Parent	Parent	School-	Management	Fund-		
	<u>Involvement</u>	<u>Training</u>	<u>To-Work</u>	<u>and General</u>	<u>raising</u>		<u>Totals</u>
Personnel	\$ 907,760	\$ 244,750	\$ 4,529	\$ 89,097	\$ -		\$ 1,246,136
Stipends	1,944	457	-	-	-		2,401
Travel	48,686	10,382	947	985	-		61,000
Occupancy	29,539	13,921	-	1,655	-		45,115
Communications	34,110	8,983	148	530	-		43,771
Equipment maintenance	15,752	2,368	-	-	-		18,120
Printing	2,329	558	-		-		2,887
Office supplies	25,629	13,424	14	585	-		39,652
Postage	5,801	1,397	103	53	-		7,354
Literature	776	200	-	-	-		976
Professional fees	-	-	-	14,407	-		14,407
Contracted services	15,571	24,529	-	-	-		40,100
Training	13,131	2,971	-	1,304	-		17,406
Interest	1,028	273	-	3,408	-		4,709
Depreciation	3,938	1,049	-	-	-		4,987
Other	-	-	-	1,142	89		1,231
<i>Totals</i>	<u>\$ 1,105,994</u>	<u>\$ 325,262</u>	<u>\$ 5,741</u>	<u>\$ 113,166</u>	<u>\$ 89</u>		<u>\$ 1,550,252</u>

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	Collaborative							
	Parent	Parent	Bullying	School-	Management	Fund-		
	<u>Involvement</u>	<u>Training</u>	<u>Prevention</u>	<u>To-Work</u>	<u>and General</u>	<u>raising</u>		<u>Totals</u>
Personnel	\$ 925,479	\$ 290,251	\$ 6,452	\$ 2,014	\$ 90,813	\$ -		\$ 1,315,009
Stipends	2,309	616	-	-	-	-		2,925
Travel	38,591	8,396	4,074	1,072	410	-		52,543
Occupancy	25,825	14,759	-	-	1,546	-		42,130
Communications	26,597	6,534	-	-	-	-		33,131
Equipment maintenance	14,576	1,867	633	-	-	-		17,076
Printing	11,792	3,407	-	-	-	-		15,199
Office supplies	21,692	9,079	777	-	662	-		32,210
Postage	8,251	3,298	239	-	233	-		12,021
Literature	308	75	-	-	-	-		383
Professional fees	-	-	-	-	14,015	-		14,015
Contracted services	7,091	16,945	1,260	-	-	-		25,296
Training	14,676	3,707	647	-	2,600	-		21,630
Interest	1,351	371	-	-	4,076	-		5,798
Depreciation	3,912	1,076	-	-	-	-		4,988
Other	-	-	-	-	2,830	1,041		3,871
<i>Totals</i>	<u>\$ 1,102,450</u>	<u>\$ 360,381</u>	<u>\$ 14,082</u>	<u>\$ 3,086</u>	<u>\$ 117,185</u>	<u>\$ 1,041</u>		<u>\$ 1,598,225</u>

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2015 and 2014

Change in Cash and Cash Equivalents:	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash received from grantors, donors, and others	\$ 1,546,853	\$ 1,622,976
Cash paid to employees, suppliers, and others	(1,542,791)	(1,603,729)
Interest paid	<u>(4,709)</u>	<u>(5,798)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(647)</u>	<u>13,449</u>
Cash Flows from Financing Activities:		
Net borrowings (payments) on note payable, bank	5,500	(9,653)
Payments on capital lease obligation	<u>(4,911)</u>	<u>(4,489)</u>
<i>Net cash provided by (used in) financing activities</i>	<u>589</u>	<u>(14,142)</u>
Net change in cash and cash equivalents	(58)	(693)
Cash and cash equivalents, beginning of year	<u>3,329</u>	<u>4,022</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 3,271</u>	<u>\$ 3,329</u>

Reconciliation of Change in Net Assets to Net Cash

Provided By (Used In) Operating Activities:

Change in net assets	\$ (731)	\$ 5,471
Add (deduct) items not requiring (providing) cash:		
Depreciation	4,987	4,988
(Increase) decrease in grants receivable	(2,668)	19,280
(Increase) in prepaid expenses	(257)	(12,218)
(Decrease) in accounts payable and accrued liabilities	<u>(1,978)</u>	<u>(4,072)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>\$ (647)</u>	<u>\$ 13,449</u>

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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization:

Indiana Resource Center for Families with Special Needs, Inc., doing business as In*Source, (the "Organization") is an Indiana nonprofit corporation that administers programs designed to gather and disseminate information on education services for the handicapped, to cooperate with public and private agencies in increasing educational opportunities for the handicapped, and to counsel parents of handicapped persons so as to enable their children to reach their fullest potential as persons and citizens. The Organization's operations are supported primarily by grants from governmental agencies.

Significant Accounting Policies:

Use of estimates:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Significant estimates used in the accompanying financial statements include:

- Revenue earned from cost-reimbursement awards. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by federal and state cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The allocations of costs among programs and supporting services, which are based on time and facility usage studies and other methods of cost allocation.

Funds held as agent:

The Organization acts as fiscal agent for National Coalition of Parent Centers. The amount of cash held under that agreement is reported in the accompanying statements of financial position as both an asset and a liability. No revenues or expenses are reported for activity in this agency account in the accompanying statements of activities and functional expenses.

Net asset classes:

The Organization reports its activities and financial position by the following classes of net assets:

- *Unrestricted net assets* are those currently available for use by the Organization.
- *Temporarily restricted net assets* are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these net assets are reclassified to

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Cash and cash equivalents:

The Organization considers time deposits, certificates of deposit, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Property and equipment:

Property and equipment is recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed by the straight-line method over the estimated useful life of the assets, generally from three to five years.

Gifts and grants:

The Organization reports gifts and grants 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.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as revenue until the conditions are substantially met. Gifts and grants received with conditions that have not been substantially met are reported as refundable grant advances in the accompanying statements of financial position.

Income taxes:

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code, except for taxes on unrelated business income. Consequently, the accompanying financial statements generally contain no provision for income taxes. The Organization is classified by the Internal Revenue Service as other than a private foundation under Internal Revenue Code Section 509(a)(1).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. The Organization classifies interest and penalties, if any, associated

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015 and 2014

with uncertain tax positions as a component of income tax expense. There was no accrued interest or penalties related to unrecognized tax benefits at either June 30, 2015 or 2014, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for periods ended prior to June 30, 2012.

NOTE 2. GRANTS RECEIVABLE

Grants receivable at both June 30, 2015 and 2014 consist of amounts unconditionally promised to the Organization for various programs. All amounts are expected to be collected in the next year, and no allowance for doubtful accounts is considered necessary.

At June 30, 2015, the Organization had also received approximately \$2,940,000 in conditional promises to give in excess of allowable costs incurred under cost-reimbursement grants. Such promises will be recognized as revenue if and when allowable costs are incurred.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2015 and 2014, respectively:

	<u>2015</u>	<u>2014</u>
Equipment	\$ 24,937	\$ 24,937
Less accumulated depreciation	<u>(14,962)</u>	<u>(9,975)</u>
<i>Net property and equipment</i>	<u>\$ 9,975</u>	<u>\$ 14,962</u>

NOTE 4. NOTE PAYABLE, BANK

Note payable, bank, with balances of \$98,347 and \$92,847 at June 30, 2015 and 2014, respectively, represent borrowings on a \$125,000 bank line of credit. The line bears interest at 150 basis points over Wall Street Journal U.S. Prime Rate with a minimum rate of 5.75% (5.75% at both June 30, 2015 and 2014), and is secured by all of the Organization's business assets.

NOTE 5. NET ASSETS INFORMATION

Temporary net assets at June 30, 2015 and 2014 are restricted for "Answers for Autism" training. Net assets were released from restrictions for the years ended June 30, 2015 and 2014 by incurring expenses for that purpose.

NOTE 6. LEASE INFORMATION

In 2013, the Organization began leasing equipment under a capital lease requiring monthly payments of \$518 through July 2017. The asset and liability were recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The net book

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

value of the capital-leased asset was \$9,975 and \$14,962 at June 30, 2015 and 2014, respectively. The asset is being amortized over the lower of the related lease term or its estimated productive life. Amortization of the capital-leased asset included in depreciation expense for the years ended June 30, 2015 and 2014 was \$4,987 and \$4,988, respectively.

The Organization also leases its office facilities under an operating lease expiring in June 2016 and office equipment under an operating lease expiring in September 2016.

Total minimum future rental payments under these leases at June 30, 2015 for each of the next three years and in the aggregate are as follows:

	<u>Capital Lease</u>	<u>Operating Leases</u>	<u>Totals</u>
2016	\$ 6,212	\$ 44,664	\$ 50,876
2017	6,212	3,516	9,728
2018	<u>518</u>	<u>-</u>	<u>518</u>
<i>Totals</i>	12,942	<u>\$ 48,180</u>	<u>\$ 61,122</u>
Less imputed interest	<u>(1,181)</u>		
<i>Obligation under capital lease</i>	<u>\$ 11,761</u>		

Total rent expense under the operating leases was \$45,564 and \$44,160 for the years ended June 30, 2015 and 2014, respectively.

NOTE 7. RETIREMENT PLAN

The Organization maintains a defined-contribution retirement plan that covers substantially all of its full-time employees. Retirement expense was \$47,198 and \$47,897 for the years ended June 30, 2015 and 2014, respectively.

NOTE 8. CONCENTRATIONS

The Organization's contributors and activities are concentrated in Indiana. Accordingly, its contributions and other sources of support and revenue may be affected by conditions in that area. In addition, of total revenues for the year ended June 30, 2015, approximately 77% was earned from one state grant and approximately 22% was earned from one federal grant. Of total revenues for the year ended June 30, 2014, approximately 74% was earned from one state grant and 24% was earned from one federal grant.

Financial instruments that expose the Organization to concentrations of credit risk consist primarily of grants receivable. At June 30, 2015 and 2014, approximately 99% and 95%, respectively, of grants receivable were due from the Indiana Department of Education.

NOTE 9. SUBSEQUENT EVENTS INFORMATION

The date through which events occurring subsequent to June 30, 2015 have been evaluated for possible adjustment to the financial statements or disclosure is January 22, 2016, the date on which the financial statements were available to be issued. Management identified no such events.

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract or Agreement Number</u>	<u>Federal Expenditures</u>
<i>U. S. Department of Education:</i>			
Special Education Cluster (IDEA):			
Passed-Through Indiana Department of Education:			
Special Education - Grants to States	84.027	EDS #A58-0-10DL-081	\$ 1,188,792
Passed-Through Indiana University:			
Disability and Rehabilitation Research and Related Projects	84.133A	BL-4243022	6,147
Special Education - Parent Information Centers	84.328	H328M140004	<u>347,276</u>
<i>Total expenditures of federal awards</i>			<u>\$ 1,542,215</u>

The accompanying notes are an integral part of this schedule.

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activities of Indiana Resource Center for Families with Special Needs, Inc. (the "Organization"), and is presented in conformity with accounting principles generally accepted in the United States of America. The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to and does not present the Organization's financial position, changes in net assets, or cash flows.

NOTE 2. 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 OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. SUBRECIPIENTS

The Organization provided no federal awards to subrecipients during the year ended June 30, 2015.



**INDEPENDENT AUDITOR'S 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
Indiana Resource Center for Families With Special Needs, Inc.
South Bend, Indiana

We have audited, in accordance with the 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 Resource Center for Families With Special Needs, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements, and have issued our report thereon dated January 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cullen & Associates, P.C.

South Bend, Indiana
January 22, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Indiana Resource Center for Families with Special Needs, Inc.
South Bend, Indiana

Report on Compliance for Each Major Federal Program

We have audited Indiana Resource Center for Families With Special Needs, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Indiana Resource Center for Families With Special Needs, Inc.'s major federal programs for the year ended June 30, 2015. Indiana Resource Center for Families With Special Needs, Inc.'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 Indiana Resource Center for Families With Special Needs, Inc.'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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Indiana Resource Center for Families With Special Needs, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Indiana Resource Center for Families With Special Needs, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Indiana Resource Center for Families With Special Needs, 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 June 30, 2015.

Report on Internal Control Over Compliance

Management of Indiana Resource Center for Families With Special Needs, Inc. 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 Indiana Resource Center for Families With Special Needs, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Indiana Resource Center for Families With Special Needs, Inc.'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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cullen & Associates, P.C.

South Bend, Indiana
January 22, 2016

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued-	Unmodified
Internal control over financial reporting-	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs-	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor’s report issued on compliance for major federal programs-	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	No

Identification of Major Federal Programs

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster (IDEA): Special Education – Grants to States
Dollar threshold used to distinguish between Type A and Type B programs-	\$300,000
Auditee qualified as low-risk auditee?	No

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

Section II – Financial Statement Findings

There were no findings in the financial statements audit.

Section III – Federal Award Findings and Questioned Costs

There were no findings in the federal awards programs audit.

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2015

There were no federal award findings in the prior audit.