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October 13, 2017

Board of Directors
About Special Kids, Inc.
7172 Graham Road, Suite 100
Indianapolis, IN 46250

We have reviewed the audit report prepared by Barnes, Dennig & Co., LTD, for the period January 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of About Special Kids, Inc., as of December 31, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

ABOUT SPECIAL KIDS, INC.

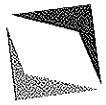
**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2015 AND 2014

ABOUT SPECIAL KIDS, INC.

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1- 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to the Financial Statements	9 - 13
Supplementary Information:	
Schedules of Expenditures of Federal Awards	14 - 15
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 <i>Government Auditing Standards</i>	16 - 17



Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of About Special Kids, Inc. (ASK), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 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 ASK as of December 31, 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 performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of federal expenditures required by the Indiana State Board of Accounts 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 audits 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 July 12, 2016 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 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 ASK's internal control over financial reporting and compliance.

Burnes, Denning & Co., Ltd.

July 12, 2016
Indianapolis, Indiana

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

	2015	2014
<u>ASSETS</u>		
Cash	\$ 88,597	\$ 119,898
Grants receivable	43,975	84,207
Accounts receivable	11,059	17,394
Prepaid insurance	3,587	419
Investments (Note 10)	77,926	77,186
Property and equipment, net (Note 8)	18,075	24,935
Total Assets	\$ 243,219	\$ 324,039
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 4,216	\$ 2,764
Deferred rent (Note 7)	3,227	5,608
Accrued payroll and related items	13,774	12,183
Total Liabilities	21,217	20,555
Net Assets:		
Unrestricted	180,643	218,093
Temporarily restricted (Note 5)	41,359	85,391
Total Net Assets	222,002	303,484
Total Liabilities and Net Assets	\$ 243,219	\$ 324,039

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

**ABOUT SPECIAL KIDS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 310,413	\$ 25,500	\$ 335,913
Contract income	88,160	-	88,160
Fundraising income	30,235	-	30,235
Contributions	27,014	-	27,014
Registration fees	2,920	-	2,920
Other	<u>3,534</u>	<u>-</u>	<u>3,534</u>
 Total Revenue	 462,276	 25,500	 487,776
 Net assets released from restrictions	 <u>69,532</u>	 <u>(69,532)</u>	 <u>-</u>
 Total Revenue and Support	 <u>531,808</u>	 <u>(44,032)</u>	 <u>487,776</u>
 <u>EXPENSES</u>			
State MCH	313,457	-	313,457
Training	22,758	-	22,758
Other contracts and grants	166,449	-	166,449
Management and general	35,018	-	35,018
Fundraising expenses	<u>31,576</u>	<u>-</u>	<u>31,576</u>
 Total Expenses	 <u>569,258</u>	 <u>-</u>	 <u>569,258</u>
 Change in net assets	 (37,450)	 (44,032)	 (81,482)
 Net assets - beginning of year	 <u>218,093</u>	 <u>85,391</u>	 <u>303,484</u>
 Net assets - end of year	 <u>\$ 180,643</u>	 <u>\$ 41,359</u>	 <u>\$ 222,002</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, 2014**

	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE</u>			
Grants	\$ 336,427	\$ 46,000	\$ 382,427
Contract income	134,277	-	134,277
Fundraising income	34,749	-	34,749
Contributions	23,145	-	23,145
Registration fees	7,113	-	7,113
Other	1,783	-	1,783
Total Revenue	537,494	46,000	583,494
Net assets released from restrictions	120,609	(120,609)	-
Total Revenue and Support	658,103	(74,609)	583,494
<u>EXPENSES</u>			
State MCH	282,863	-	282,863
Training	19,237	-	19,237
Other contracts and grants	256,036	-	256,036
Management and general	69,916	-	69,916
Fundraising expenses	18,682	-	18,682
Total Expenses	646,734	-	646,734
Change in net assets	11,369	(74,609)	(63,240)
Net assets - beginning of year	206,724	160,000	366,724
Net assets - end of year	\$ 218,093	\$ 85,391	\$ 303,484

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, 2015**

	State MCH	Training	Other Contracts and Grants	Total Program Expenses	Management and General	Fundraising Expenses	Total
Personnel and fringe	\$ 235,117	\$ 14,130	\$ 141,258	\$ 390,505	\$ 22,607	\$ 13,556	\$ 426,668
Facilities	20,844	1,443	8,081	30,368	3,307	7,681	41,356
Supplies	5,927	1,076	977	7,980	404	4,698	13,082
Travel	3,777	1,110	1,918	6,805	1,291	522	8,618
Equipment (noncapitalized)	10,496	731	4,063	15,290	1,427	1,557	18,274
Consultants	26,308	3,403	4,163	33,874	1,845	2,034	37,753
Insurance	6,995	577	3,904	11,476	1,997	960	14,433
Depreciation	3,778	274	2,006	6,058	422	380	6,860
Other	<u>215</u>	<u>14</u>	<u>79</u>	<u>308</u>	<u>1,718</u>	<u>188</u>	<u>2,214</u>
Total Functional Expenses	<u>\$ 313,457</u>	<u>\$ 22,758</u>	<u>\$ 166,449</u>	<u>\$ 502,664</u>	<u>\$ 35,018</u>	<u>\$ 31,576</u>	<u>\$ 569,258</u>

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, 2014

	State MCH	Training	Other Contracts and Grants	Total Program Expenses	Management and General	Fundraising Expenses	Total
Personnel and fringe	\$ 198,449	\$ 8,894	\$ 157,182	\$ 364,525	\$ 49,247	\$ -	\$ 413,772
Facilities	17,705	2,110	8,596	28,411	4,157	7,768	40,336
Supplies	11,747	1,523	1,524	14,794	2,108	2,995	19,897
Travel	3,608	286	1,374	5,268	1,866	3,338	10,472
Equipment (noncapitalized)	8,352	790	4,615	13,757	3,184	751	17,692
Consultants	33,349	4,701	75,740	113,790	5,125	3,083	121,998
Insurance	5,688	649	3,505	9,842	2,246	400	12,488
Depreciation	3,759	256	3,403	7,418	929	248	8,595
Other	206	28	97	331	1,054	99	1,484
Total Functional Expenses	<u>\$ 282,863</u>	<u>\$ 19,237</u>	<u>\$ 256,036</u>	<u>\$ 558,136</u>	<u>\$ 69,916</u>	<u>\$ 18,682</u>	<u>\$ 646,734</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,**

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (81,482)	\$ (63,240)
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:		
Depreciation	6,860	8,595
Unrealized (gain) loss on investments	(740)	(1,086)
Changes in assets and liabilities:		
(Increase) decrease in grants receivable	40,232	(9,016)
(Increase) decrease in accounts receivable	6,335	5,586
(Increase) decrease in prepaid insurance	(3,168)	3,048
Increase (decrease) in accounts payable	1,452	(639)
Increase (decrease) in deferred rent	(2,381)	(3,822)
Increase (decrease) in accrued payroll and related items	1,591	(11,706)
Net Cash Provided by (Used in) Operating Activities	(31,301)	(72,280)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Additions to fixed assets	-	(17,708)
Net Cash Used in Financing Activities	-	(17,708)
Net increase (decrease) in cash	(31,301)	(89,988)
Cash - beginning of year	119,898	209,886
Cash - end of year	\$ 88,597	\$ 119,898

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, 2015 AND 2014

1. NATURE OF THE ORGANIZATION

About Special Kids, Inc. (ASK) 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 and contracts:

The Indiana Parent Education Project (State MCH)

- Services include 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. Grant funding received from State MCH totaled \$310,413 and \$336,427 for 2015 and 2014, respectively.

Managed Care Organizations

- ASK has contractual agreements with managed care organizations (MCOs) serving the state of Indiana. MCOs refer families to ASK through a formalized referral system. ASK, in turn, contacts families who have children with special needs who have been referred to ASK and assists them in meeting their needs. ASK provides case notes to MCO staff members to ensure communication and comprehensive care. Contract income received from MCOs totaled \$80,000 for 2015 and 2014.

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.

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. Expenditures are capitalized when the useful life exceeds one year and the expenditure is greater than \$1,000.

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES - Continued

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. Management believes that ASK has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – Certain prior year amounts have been reclassified to conform to the current year presentation. Such reclassifications had no effect on the change in net assets for either year.

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, 2015 and 2014, have been recorded as grants receivable.

4. CONCENTRATION OF CREDIT RISK

ASK maintains a portion of its cash in a bank account which, at times, may exceed federally insured limits. At December 31, 2015 and 2014, there was no such excess. ASK has not experienced any losses in such accounts and management believes that it is not exposed to any significant credit risk on cash.

5. TEMPORARILY RESTRICTED NET ASSETS

As of December 31, 2015 and 2014, temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Lilly Endowment	\$ 22,526	\$ 58,141
UPS Foundation	-	5,000
Johnson County	2,333	4,000
Anthem	10,000	10,000
Indianapolis Foundation	-	6,250
Boone County	-	2,000
Blue River Foundation	500	-
Gordon Homes	1,000	-
CICF Legacy Foundation	5,000	-
	<u>\$ 41,359</u>	<u>\$ 85,391</u>

The temporarily restricted net assets are for program services.

6. LEASES

ASK entered into a long term lease agreement and relocated to new office space on August 1, 2012. The new lease expires on July 31, 2017. Rental payments increase annually with monthly payments ranging from \$2,765 to \$3,246 (See Note 7, below). Total rental payments were \$36,785 in 2015 and \$40,336 in 2014.

Future minimum lease payments at December 31:

<u>Year</u>	<u>Amount</u>
2016	\$ 41,040
2017	25,683
2018	-
2019	-
2020	-
Total	<u>\$ 66,723</u>

7. DEFERRED RENT

The lease agreement for the new office space (See Note 6, above) calls for no rental payments for the first three months of the lease. The amount of unpaid rent totaled \$3,227 and \$5,608 and ASK has recorded such amount as deferred rent at 12/31/2015 and 12/31/2014, respectively. The variance with generally accepted accounting principles which requires rent expense be recognized evenly over the term of the lease is deemed insignificant.

8. PROPERTY AND EQUIPMENT

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

	<u>2015</u>	<u>2014</u>
Computer equipment	\$ 58,709	\$ 58,709
Furniture and equipment	<u>39,515</u>	<u>39,515</u>
	98,224	98,224
Accumulated depreciation	<u>(80,149)</u>	<u>(73,289)</u>
Total	<u>\$ 18,075</u>	<u>\$ 24,935</u>

9. HEALTH INSURANCE REIMBURSEMENT

ASK has a health care and expenses 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 \$21,357 and \$20,615 for 2015 and 2014, respectively.

10. INVESTMENTS

ASK's investments are as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Market</u>	<u>Cost</u>	<u>Market</u>	<u>Cost</u>
Securities - Mutual Funds	<u>\$ 77,926</u>	<u>\$75,190</u>	<u>\$ 77,186</u>	<u>\$75,190</u>

The cumulative unrealized gain (loss) at December 31, 2015 and 2014, totaled \$2,736 and \$1,995, respectively. For the year ended December 31, 2015 and 2014, ASK incurred unrealized gain (loss) of \$740 and \$1,086 on its investments, respectively.

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Donated investments are recorded at fair market value at the time of donation.

11. FAIR VALUE MEASUREMENTS

In accordance with Accounting Standards Codification (ASC) 820, ASK measures its assets and liabilities valued on a recurring basis at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs used are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities
- Level 2 – Quoted prices for similar assets or liabilities in active markets
- Level 3 – Unobservable inputs for the asset or liability based on the best available information

(Continued)

11. FAIR VALUE MEASUREMENTS - Continued

The investments of ASK are level 1 inputs. The fair value of ASK's investments is based on the closing prices as of the balance sheet date as shown in the table below. No other assets or liabilities are measured on a recurring basis.

All methods of assessing fair value result in a general approximation of value and such value may never be realized.

ASSETS AT FAIR VALUE - 2015

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Bonds	<u>\$ 77,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,926</u>
Total assets at fair value	<u>\$ 77,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,926</u>

ASSETS AT FAIR VALUE - 2014

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
Bonds	<u>\$ 77,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,186</u>
Total assets at fair value	<u>\$ 77,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,186</u>

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 12, 2016, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**ABOUT SPECIAL KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

Federal Grantor/ Pass-through Grantor/ Program Title/ Grant Name	Grant Term	Federal CFDA Number	Federal Grant Number	State Grant Number	Total Grant Amount	2014 Grant Reimbursements Receivable (Payable) at Beginning of Year	Receipts	Expenditures	Grant Reimbursements Receivable (Payable) at End of Year
Department of Health and Human Services									
Pass Through Programs From:									
Indiana State Department of Health - Maternal and Child Health Services Block Grant to State	10/01/14 - 09/30/15	93.994	AMEND #1 A70-4-069722	N/A	\$ 331,000	\$ 84,207	\$ 330,658	\$ 246,451	\$ -
	10/01/15 - 09/30/16	93.994	14486	N/A	<u>237,767</u>	<u>-</u>	<u>19,987</u>	<u>63,962</u>	<u>43,975</u>
					<u>\$ 568,767</u>	<u>\$ 84,207</u>	<u>\$ 350,645</u>	<u>\$ 310,413</u>	<u>\$ 43,975</u>

**ABOUT SPECIAL KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Federal Grantor/ Pass-through Grantor/ Program Title/ Grant Name	Grant Term	Federal CFDA Number	Federal Grant Number	State Grant Number	Total Grant Amount	2013 Grant Reimbursements Receivable (Payable) at Beginning of Year	Receipts	Expenditures	Grant Reimbursements Receivable (Payable) at End of Year
Department of Health and Human Services									
Pass Through Programs From:									
Indiana State Department of Health - Maternal and									
Child Health Services Block Grant to State									
	10/01/13 - 09/30/14	93.994	A70-4-069722	N/A	\$ 331,000	\$ 75,191	\$ 327,411	\$ 252,220	\$ -
	10/01/14 - 09/30/15	93.994	MEND #1 A70-4-06972	N/A	<u>331,000</u>	<u>-</u>	<u>-</u>	<u>84,207</u>	<u>84,207</u>
					<u>\$ 662,000</u>	<u>\$ 75,191</u>	<u>\$ 327,411</u>	<u>\$ 336,427</u>	<u>\$ 84,207</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, 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 About Special Kids, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered About Special Kids, Inc.'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 About Special Kids, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of About Special Kids, Inc.'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 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 combination of deficiencies, in internal control that is less severe than material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 weakness may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether About Special Kids, Inc.'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.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burns, Denning & Co., Ltd.

July 12, 2016
Indianapolis, Indiana