



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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April 4, 2018

Board of Directors
Affiliated Service Providers Of Indiana, Inc.
8440 Woodfield Crossing Blvd., Suite 460
Indianapolis, IN 46240

We have reviewed the report prepared by Affiliated Service Providers Of Indiana, Inc. and opined upon by Kemper CPA Group LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Affiliated Service Providers Of Indiana, Inc. as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Kemper CPA Group LLP prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

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

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.

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

**FOR THE YEARS ENDED
JUNE 30, 2016 AND 2015**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Affiliated Service Providers of Indiana, Inc.

We have audited the accompanying financial statements of Affiliated Service Providers of Indiana, Inc. (a nonprofit Corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Affiliated Service Providers of Indiana, Inc. as of June 30, 2016 and 2015, 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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016, on our consideration of Affiliated Service Providers of Indiana, 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 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* in considering Affiliated Service Providers of Indiana, Inc.'s internal control over financial reporting and compliance.



Kemper CPA Group LLP
Avon, Indiana
October 14, 2016

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ 1,175,903	\$ 819,280
Certificate of deposits	919,887	909,501
Investments	1,306,393	1,358,161
Grants receivable	743,095	1,625,330
Accounts receivable	8,798	4,480
Prepaid expenses	17,773	14,417
Equipment, net	<u>-</u>	<u>555</u>
Total assets	<u>\$ 4,171,849</u>	<u>\$ 4,731,724</u>
LIABILITIES		
Accounts payable	\$ 448,266	\$ 1,493,045
Accrued expenses	137,645	58,300
Deferred revenue	<u>120,097</u>	<u>-</u>
Total liabilities	<u>706,008</u>	<u>1,551,345</u>
NET ASSETS		
Unrestricted	<u>3,465,841</u>	<u>3,180,379</u>
Total liabilities and net assets	<u>\$ 4,171,849</u>	<u>\$ 4,731,724</u>

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

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES		
Grants - federal funds	\$ 5,361,506	\$ 4,893,078
Grants - state funds	2,785,411	3,589,797
Grants - other funds	31,565	-
Membership fees	135,000	130,000
Workshop fees	5,475	6,874
Other revenue	105,183	81,874
Investment income (loss), net	<u>(43,509)</u>	<u>15,878</u>
Total revenues	<u>8,380,631</u>	<u>8,717,501</u>
EXPENSES		
Purchased services	6,143,400	6,979,723
Network and data management fees	1,468,266	1,011,490
Professional fees	129,449	236,734
Legal and accounting	10,480	8,900
Dues, fees and licenses	13,981	6,282
Retreat and strategic planning expense	3,745	842
Workshop expense	266	1,250
Meetings and staff training	29,081	19,980
Travel and transportation	87,451	52,613
Insurance	19,837	19,244
Printing	6,346	2,309
Marketing and advertising	35,814	79,197
Depreciation and amortization	556	1,334
Postage and delivery	843	520
Office supplies and equipment	45,120	6,628
Telephone and data service	30,567	29,910
Office rent and storage	69,407	67,770
Miscellaneous	<u>560</u>	<u>950</u>
Total expenses	<u>8,095,169</u>	<u>8,525,676</u>
Change in net assets	<u>285,462</u>	<u>191,825</u>
NET ASSETS - beginning of the year	<u>3,180,379</u>	<u>2,988,554</u>
NET ASSETS - end of year	<u>\$ 3,465,841</u>	<u>\$ 3,180,379</u>

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

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 285,462	\$ 191,825
Adjustments to reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	556	1,334
Unrealized loss on investments	99,309	20,818
Decrease (Increase) in:		
Grants receivable	882,235	(1,028,483)
Accounts receivable	(4,318)	8,930
Prepaid expenses	(3,356)	2,337
Increase (Decrease) in:		
Accounts payable	(1,044,779)	1,044,888
Accrued expenses	79,345	21,200
Deferred revenue	120,097	-
Net Cash Provided by Operating Activities	414,551	262,849
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	-	767,812
Purchase of investments	(57,928)	(803,536)
Net Cash Used by Investing Activities	(57,928)	(35,724)
Net Increase in Cash	356,623	227,125
CASH - Beginning of Year	819,280	592,155
CASH - End of Year	\$ 1,175,903	\$ 819,280

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

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 1 – NATURE OF OPERATIONS

Nature of Operations – Affiliated Service Providers of Indiana, Inc. (ASPIN), formerly Addiction Service Providers of Indiana, Inc., was legally incorporated in November 1995 and began providing services with the primary objective to facilitate the provision of behavioral health services by qualified rural providers. ASPIN was certified as a Managed Care Provider for Chronically Addicted Persons, Seriously Emotionally Disturbed Children, Seriously Mentally Ill Adults, and Compulsive Gambling Addiction for the years ended June 30, 2016 and 2015 to serve the residents of the State of Indiana. ASPIN has also been awarded funding to support state Navigator services. Through the Navigator Program ASPIN Navigators conduct statewide outreach/enrollment and operate a statewide call center, website and market the program through social media.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of ASPIN have been prepared on the accrual basis of accounting as required by accounting principles generally accepted in the United States of America. Revenue is recognized in the period earned and expenses are recognized in the period incurred.

Financial Statement Presentation - ASPIN is required to report information regarding its financial position activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as required by the Not-for-Profit Entities Topic of the FASB Accounting Standards Codification.

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets are net assets resulting (a) from contributions and other inflows of assets whose use by ASPIN is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled or removed by actions of ASPIN pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of ASPIN pursuant to those stipulations. ASPIN does not have any temporarily restricted net assets.

Permanently restricted net assets are net assets resulting (a) from contributions and other inflows of assets whose use by ASPIN is limited by donor-imposed stipulations that neither expire by passage of time or can be fulfilled or removed by actions of ASPIN, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications from (or to) other classes of net assets as a consequence of donor-imposed stipulations. ASPIN does not have any permanently restricted net assets.

Estimates – The presentation of financial statements are in conformity with generally accepted accounting principles, which 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.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - For purposes of the statement of cash flows, ASPIN considers investments available for current use with an initial maturity date of three months or less to be cash equivalents. For the years ended June 30, 2016 and 2015, ASPIN did not have any cash equivalents.

Investments - The investments held by ASPIN are stated at fair market value and consist primarily of mutual funds. The investments are increased for any dividends and interest that are reinvested and also adjusted for any changes in the fair market value of the funds.

Grant Revenues – ASPIN contracts with the State of Indiana, Division of Mental Health and Addiction, to provide behavioral health services. ASPIN records cost reimbursement grants as revenues in the period in which the related expenses are incurred and claimed for reimbursement. Revenues from performance based grants, whereby revenue is based on units of service delivered, are recorded in the period services are provided.

Membership Fees - ASPIN has different classifications of members which are determined based upon the services that are offered by each of the qualified providers. For the years ended June 30, 2016 and 2015 the Network had nine members. On an annual basis, the Board determines the membership fees. The membership fees for 2016 and 2015 ranged from \$10,000 to \$15,000.

Federal Income Tax - ASPIN is exempt from Income Tax under Internal Revenue Code Section 501(c)(3). In addition, ASPIN has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Code Section 509(a). Therefore no provision or liability for income taxes has been included in the financial statements. There was no unrelated business income for the years ended June 30, 2016 and 2015. ASPIN files U.S. federal and state of Indiana tax returns. ASPIN believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements. ASPIN is generally no longer subject to U.S. federal and state tax examinations by taxing authorities for years before 2012.

Equipment – ASPIN follows the practice of capitalizing all expenditures in excess of \$5,000 for fixed assets at cost. Donated assets are recorded at their fair market value at the time of their receipt. Absent donor stipulations regarding how long those donated assets must be maintained, ASPIN reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ASPIN reclassifies temporarily restricted net assets to unrestricted net assets at that time. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are expensed. Depreciation for the years ended June 30, 2016 and 2015 was \$556 and \$1,334, respectively.

Functional Expenses – Expenses are charged to program or administrative based on a combination of specific identification and allocation by management. ASPIN does not have any fundraising costs.

Note 2 – CASH IN EXCESS OF FDIC LIMIT

ASPIN maintains bank accounts which periodically exceed the FDIC guarantee limit of \$250,000 during the year. At June 30, 2016 and 2015, ASPIN had bank accounts which were in excess of the FDIC limit by approximately \$692,000 and \$357,000, respectively.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 3 – CERTIFICATES OF DEPOSIT

As of June 30, 2016 and 2015, ASPIN had various certificates of deposit with maturity dates at various dates through June 2018. As such, these certificates are not included in cash equivalents. They are recorded at their historical costs plus accrued interest income totaling \$919,887 and \$909,501, respectively.

Note 4 - INVESTMENTS

ASPIN has adopted an investment program to help insure the long-term viability of the network. Certain funds have been invested in various mutual funds within one fund family. As of June 30, 2016 and 2015, the fair market values of those mutual funds were \$1,306,393 and \$1,358,161 with a historical cost basis of \$1,081,258 and \$1,023,330, respectively. Within the fund family, the individual mutual funds range from 9%-32% of the total fair market values as of June 30, 2016 and 2015, respectively. Although the market value of the investments is subject to fluctuations on a year-to-year basis, management believes the investment program is prudent for the long-term welfare of the Network.

For the years ended June 30, investment income consisted of the following:

	2016	2015
Interest and dividends	\$ 57,696	\$ 47,669
Unrealized capital loss	(90,309)	(20,818)
Management fees	(10,896)	(10,973)
Investment income (loss), net	\$ (43,509)	\$ 15,878

Note 5 – EQUIPMENT

Equipment is comprised of the following at June 30:

	2016	2015
Office equipment	\$ 24,317	\$ 24,317
Leasehold improvements	27,047	27,047
	51,364	51,364
Accumulated depreciation	(51,364)	(50,809)
Equipment, net	\$ -	\$ 555

Note 6 – MANAGED CARE ORGANIZATION LIABILITY INSURANCE

ASPIN is insured for managed care errors and omissions liability, \$1,000,000 per each loss and \$4,000,000 in aggregate, and for antitrust liability, \$1,000,000 per each loss and \$4,000,000 in aggregate. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified has been made because the amount, if any, is not reasonably estimated.

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 7 – OPERATING LEASES

On June 10, 2013 ASPIN entered into a lease for new office space. The lease began on September 6, 2013 and ends on November 30, 2018. Monthly lease payments for the first year began at \$5,007 per month. Monthly rent payments are scheduled to increase \$78 a month each year of the agreement. The lease agreement also includes operating expense rent. This rent will be calculated at 3.08% for any increase in operating expenses over the base year of 2013. ASPIN's percentage may be recalculated if the rentable area of the building is increased or decreased, but the increase may not exceed an additional 3% per year.

In April 2016, ASPIN entered into an agreement to amend the previous lease in order to include additional office space within the same building. The leasing period is still set to expire on November 30, 2018 and has modified the rent schedule to include additional amounts for the new space.

The total rent expense incurred under these operating leases for the years ended June 30, 2016 and 2015 was \$69,407 and \$67,770, respectively. The following is a schedule of non-cancelable operating lease obligations as of June 30, 2016:

For the years ending June 30:

2017	\$	93,710
2018		95,427
2019		40,060
	\$	<u>229,197</u>

Note 8 - EXISTENCE OF CONCENTRATION AND CREDIT RISK

ASPIN received approximately 98% and 97% of its support from Federal and state of Indiana funding for the years ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and 2015, approximately 99% of the accounts receivable were related to these grants, respectively. In the event that this support were to be eliminated, it is likely that ASPIN would need to reduce its current operations.

Note 9 – FUNCTIONAL EXPENSES

ASPIN provides behavioral health and navigator services to residents within the networks members' geographic areas. Expenses related to providing these services for the years ended June 30, were as follows:

	2016	2015
Program services		
Behavioral health	\$ 6,995,327	\$ 7,398,802
Navigator program	<u>837,841</u>	<u>771,152</u>
Total program services	7,833,168	8,169,954
General and administrative	<u>262,001</u>	<u>355,722</u>
	<u>\$ 8,095,169</u>	<u>\$ 8,525,676</u>

AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

Note 10 – RELATED PARTIES

ASPIN is a managed care provider. The board of directors is comprised of representatives of agencies that are members of the managed care network. For the years ended June 30, 2016 and 2015 total expense of \$6,143,400 and \$6,979,723, respectively, was paid by ASPIN to network members who also have employees on the board of directors of ASPIN.

Note 11 – FAIR VALUE MEASUREMENTS

ASPIN uses the following methods and assumptions to determine fair values of assets measured on a recurring basis at June 30, 2016 and 2015. ASPIN has no assets measured using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3).

Investments - The fair values of investments are estimated based on quoted market prices for those mutual funds (Level 1).

Fair values for financial instruments as of June 30 are as follows:

	2016		2015	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Money market funds	\$ 5,874	\$ 5,874	\$ 6,373	\$ 6,373
Mutual funds	1,300,519	1,300,519	1,351,788	1,351,788
	<u>\$ 1,306,393</u>	<u>\$ 1,306,393</u>	<u>\$ 1,358,161</u>	<u>\$ 1,358,161</u>

Note 12 - SUBSEQUENT EVENT

ASPIN has evaluated subsequent events through October 14, 2016, which is the date financial statements were available to be issued. No material subsequent events were identified which would require disclosure and/or adjustment to the financial statements as of June 30, 2016.

SUPPLEMENTAL INFORMATION

**AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGREEMENT NUMBER</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
U.S. Department of Health and Human Services				
Rural Health Care Services Outreach Grant Program	93.912	D04RH28392	223,969	223,969
Rural Health Network Development Program	93.912	D06RH28032	274,365	274,365
Rural Health Network Allied Health Training Program	93.912	G04RH28692	150,076	150,076
Rural Benefits Counseling Program	93.912	G09RH28748	68,594	68,594
	93.912	Total	717,004	717,004
<u>Centers for Medicare & Medicaid Services</u>				
ASPIN Health Navigator Program Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges	93.332	NAVCA140130	257,164	257,164
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces	93.332	NAVCA150219	636,761	636,761
	93.332	Total	893,925	893,925
Subtotal Department of Health and Human Services			1,610,929	1,610,929
Pass-through State Department of Family and Social Services Administration				
<u>State of Indiana</u>				
Indiana Division of Mental Health and Addiction				
Social Services Block Grant	93.667	49-15-HO-1274	269,469	269,469
Community Mental Health Services Block Grant	93.958	49-14-2I-1274	200,425	200,425
	93.958	49-15-HO-1274	457,291	457,291
	93.958	Total	657,716	657,716
Substance Abuse Prevention & Treatment Block Grant	93.959	49-13-WF-1274	180,000	180,000
	93.959	49-15-HO-1274	2,625,226	2,625,226
	93.959	Total	2,805,226	2,805,226
Subtotal State Department of Health and Human Services pass-through programs			\$ 3,732,411	\$ 3,732,411

See Notes to Schedule of Expenditures of Federal Awards.

**AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGREEMENT NUMBER</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
Pass-through Indiana Rural Health Association				
Telehealth Resource Center Grant Program	93.211	G22RH24745	\$ 5,417	\$ 5,417
Rural Health Information Technology Workforce Program	93.912	1R01RH26271	<u>5,000</u>	<u>5,000</u>
Subtotal Indiana Rural Health pass-through programs			<u>10,417</u>	<u>10,417</u>
Pass-through Covering Kids and Families of Indiana				
Connecting Kids to Coverage Outreach and Enrollment Grant	93.767	1Z0CMS331221	<u>249</u>	<u>249</u>
Subtotal Covering Kids and Families of Indiana pass-through programs			<u>249</u>	<u>249</u>
Pass-through Hamilton Center, Inc.				
Project Aware	93.243	1H79SM062694	<u>7,500</u>	<u>7,500</u>
Subtotal Hamilton Center, Inc. pass-through programs			<u>7,500</u>	<u>7,500</u>
Total U.S. Health and Human Services and Total Federal Awards			<u>\$ 5,361,506</u>	<u>\$ 5,361,506</u>

See Notes to Schedule of Expenditures of Federal Awards.

**AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Note 1 – BASIS OF PRESENTATION

Basis of Presentation - The accompanying schedule of expenditures of federal awards includes the federal grant activity of ASPIN and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of Affiliated Service Providers of Indiana, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Affiliated Service Providers of Indiana, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3 – SUBRECIPIENTS

Affiliated Service Providers of Indiana, Inc. provided the following federal awards to subrecipients:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
HHS Social Services Block Grant	93.667	\$ 269,469
HHS Block Grants for Prevention and Treatment of Substance Abuse	93.959	2,805,226
Total		<u>\$ 3,074,695</u>

**AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>GRANTOR</u>	<u>AGREEMENT NUMBER</u>	<u>REVENUE RECOGNIZED</u>	<u>EXPENDITURES</u>
STATE			
<u>Indiana Division of Mental Health and Addiction</u>			
Managed Care Provider Agreement for 7/01/15 - 6/30/16	49-15-HO-1274	2,557,878	2,557,878
Managed Care Provider Agreement for Problem Gambling 7/01/15 - 6/30/16	49-14-GB-1274	10,245	10,245
Professional/ Personal Services Contract for Evidence Based Practice Training 7/01/15 - 6/30/16	49-15-3A-1274	207,288	207,288
Contract for Evidence-Based School Services Program passed through Hamilton Center, Inc. 10/01/15 - 6/30/16	N/A	<u>10,000</u>	<u>10,000</u>
Total Indiana Division of Mental Health and Addiction		<u>2,785,411</u>	<u>2,785,411</u>
Total State Awards		<u>\$ 2,785,411</u>	<u>\$ 2,785,411</u>

**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 of
Affiliated Service Providers of Indiana, Inc.

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 Affiliated Service Providers of Indiana, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Affiliated Service Providers of Indiana, 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 Affiliated Service Providers of Indiana, Inc.'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 Affiliated Service Providers of Indiana, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 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.

Handwritten signature in cursive script that reads "KEMPER CPA GROUP LLP".

Kemper CPA Group LLP
Avon, Indiana
October 14, 2016

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

To the Board of Directors of
Affiliated Service Providers of Indiana, Inc.

Report on Compliance for Each Major Federal Program

We have audited Affiliated Service Providers of Indiana, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Affiliated Service Providers of Indiana, Inc.'s major federal programs for the year ended June 30, 2016. Affiliated Service Providers of Indiana, 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 Affiliated Service Providers of Indiana, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Affiliated Service Providers of Indiana, 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 Affiliated Service Providers of Indiana, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Affiliated Service Providers of Indiana, 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, 2016.

Report on Internal Control over Compliance

Management of Affiliated Service Providers of Indiana, 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 Affiliated Service Providers of Indiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Affiliated Service Providers of Indiana, 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Kemper CPA Group LLP
Avon, Indiana
October 14, 2016

**AFFILIATED SERVICE PROVIDERS OF INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Affiliated Service Providers of Indiana, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an audit of financial statements in accordance with *Government Auditing Standards*.
3. No instances of non-compliance material to the financial statements of Affiliated Service Providers of Indiana, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance required by the Uniform Guidance.
5. The auditor's report on compliance for Affiliated Service Providers of Indiana, Inc. expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Affiliated Service Providers of Indiana, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA</u>
Block Grants for Prevention and Treatment of Substance Abuse	93.959

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Affiliated Service Providers of Indiana, Inc. was determined to be a low-risk auditee.

Findings Relating to Financial Statements

None

Findings and Questioned Costs for Federal Awards

None