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April 11, 2018


Board of Directors
Indiana Resource Center for Families With Special Needs, Inc.
d/b/a In*Source
1703 S. Ironwood Drive
South Bend, IN 46613

We have reviewed the report prepared by Indiana Resource Center for Families With Special Needs, Inc. d/b/a In*Source and opined upon by Cullar & Associates, PC, 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 Indiana Resource Center for Families With Special Needs, Inc. d/b/a In*Source 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.

We call your attention to the finding in the report on page 20. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding.

In our opinion, Cullar & Associates, PC 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, CPA
State Examiner

FINANCIAL AND COMPLIANCE REPORT

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

June 30, 2016 and 2015

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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, 2016 and 2015, 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, 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

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 and nonfederal 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 February 18, 2017 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
February 18, 2017

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

Assets:	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 2,203	\$ 3,271
Grants receivable	233,868	179,481
Prepaid expenses	20,580	16,920
Cash held for others	<u>-</u>	<u>12,809</u>
<i>Total current assets</i>	<u>256,651</u>	<u>212,481</u>
 Property and Equipment	 <u>55,583</u>	 <u>9,975</u>
 <i>Total assets</i>	 <u>\$ 312,234</u>	 <u>\$ 222,456</u>
 Liabilities and Net Assets:		
Current Liabilities:		
Note payable, bank	\$ 128,800	\$ 98,347
Current portion of capital lease obligations	13,573	5,371
Accounts payable and accrued liabilities	66,422	38,450
Agency liability	<u>-</u>	<u>12,809</u>
<i>Total current liabilities</i>	<u>208,795</u>	<u>154,977</u>
 Long-Term Portion of Capital Lease Obligations	 <u>30,878</u>	 <u>6,390</u>
 <i>Total liabilities</i>	 <u>239,673</u>	 <u>161,367</u>
 Net Assets:		
Unrestricted	72,561	60,846
Temporarily restricted	<u>-</u>	<u>243</u>
<i>Total net assets</i>	<u>72,561</u>	<u>61,089</u>
 <i>Total liabilities and net assets</i>	 <u>\$ 312,234</u>	 <u>\$ 222,456</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, 2016 and 2015

	2016			2015		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Totals</u>
Revenues and Other Support:						
Grants:						
Collaborative Parent Involvement Project	\$ 1,172,122	\$ -	\$ 1,172,122	\$ 1,188,792	\$ -	\$ 1,188,792
Parent Training and Information Center	412,338	-	412,338	347,276	-	347,276
Disability and Rehabilitative Services	266,258	-	266,258	-	-	-
School-to-Work	14,666	-	14,666	6,147	-	6,147
Contributions	2,963	-	2,963	3,851	-	3,851
Special events	2,945	-	2,945	2,667	-	2,667
Other	908	-	908	788	-	788
Net assets released from restrictions	243	(243)	-	1,343	(1,343)	-
<i>Total revenues and other support</i>	<u>1,872,443</u>	<u>(243)</u>	<u>1,872,200</u>	<u>1,550,864</u>	<u>(1,343)</u>	<u>1,549,521</u>
Expenses:						
Collaborative Parent Involvement Project	1,101,023	-	1,101,023	1,105,994	-	1,105,994
Parent Training	388,170	-	388,170	325,262	-	325,262
Disability and Rehabilitative Services	238,899	-	238,899	-	-	-
School-to-Work	14,013	-	14,013	5,741	-	5,741
<i>Total program services expenses</i>	<u>1,742,105</u>	<u>-</u>	<u>1,742,105</u>	<u>1,436,997</u>	<u>-</u>	<u>1,436,997</u>
Management and general	118,506	-	118,506	113,166	-	113,166
Fundraising	117	-	117	89	-	89
<i>Total expenses</i>	<u>1,860,728</u>	<u>-</u>	<u>1,860,728</u>	<u>1,550,252</u>	<u>-</u>	<u>1,550,252</u>
Change in net assets	11,715	(243)	11,472	612	(1,343)	(731)
Net assets, beginning of year	<u>60,846</u>	<u>243</u>	<u>61,089</u>	<u>60,234</u>	<u>1,586</u>	<u>61,820</u>
<i>Net assets, end of year</i>	<u>\$ 72,561</u>	<u>\$ -</u>	<u>\$ 72,561</u>	<u>\$ 60,846</u>	<u>\$ 243</u>	<u>\$ 61,089</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, 2016

	Collaborative Parent <u>Involvement</u>	Parent Training <u>Training</u>	Disability and Rehabilitative <u>Services</u>	School- To-Work <u>To-Work</u>	Management and General <u>and General</u>	Fund- raising <u>raising</u>	<u>Totals</u>
Personnel	\$ 916,291	\$ 306,058	\$ 192,467	\$ 9,930	\$ 93,862	\$ -	\$ 1,518,608
Stipends	1,154	1,096	-	-	-	-	2,250
Travel	36,325	15,712	14,188	3,224	310	-	69,759
Occupancy	26,777	12,649	3,516	-	1,635	-	44,577
Communications	30,742	7,405	4,142	270	112	-	42,671
Equipment maintenance	8,733	2,539	2,513	-	-	-	13,785
Printing	3,968	1,209	1,307	-	-	-	6,484
Office supplies	31,050	10,469	7,420	-	138	-	49,077
Postage	5,665	2,043	753	169	65	-	8,695
Literature	304	131	137	-	-	-	572
Professional fees	-	-	-	-	14,865	-	14,865
Contracted services	14,484	24,110	6,271	-	-	-	44,865
Training	11,024	3,366	4,868	420	1,000	-	20,678
Interest	3,423	200	-	-	4,713	-	8,336
Depreciation	11,083	1,183	1,317	-	-	-	13,583
Other	-	-	-	-	1,806	117	1,923
<i>Totals</i>	<u>\$ 1,101,023</u>	<u>\$ 388,170</u>	<u>\$ 238,899</u>	<u>\$ 14,013</u>	<u>\$ 118,506</u>	<u>\$ 117</u>	<u>\$ 1,860,728</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.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2016 and 2015

Change in Cash and Cash Equivalents:	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash received from grantors, donors, and others	\$ 1,817,813	\$ 1,546,853
Cash paid to employees, suppliers, and others	(1,814,497)	(1,542,791)
Interest paid	<u>(8,336)</u>	<u>(4,709)</u>
<i>Net cash (used in) operating activities</i>	<u>(5,020)</u>	<u>(647)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(15,804)</u>	<u>-</u>
Cash Flows from Financing Activities:		
Net borrowings on note payable, bank	30,453	5,500
Payments on capital lease obligations	<u>(10,697)</u>	<u>(4,911)</u>
<i>Net cash provided by financing activities</i>	<u>19,756</u>	<u>589</u>
Net change in cash and cash equivalents	(1,068)	(58)
Cash and cash equivalents, beginning of year	<u>3,271</u>	<u>3,329</u>
<i>Cash and cash equivalents, end of year</i>	<u>\$ 2,203</u>	<u>\$ 3,271</u>
 Reconciliation of Change in Net Assets to Net Cash (Used In) Operating Activities:		
Change in net assets	\$ 11,472	\$ (731)
Add (deduct) items not requiring (providing) cash:		
Depreciation	13,583	4,987
(Increase) in grants receivable	(54,387)	(2,668)
(Increase) in prepaid expenses	(3,660)	(257)
Increase (decrease) in accounts payable and accrued liabilities	<u>27,972</u>	<u>(1,978)</u>
<i>Net cash (used in) operating activities</i>	<u>\$ (5,020)</u>	<u>\$ (647)</u>
 Supplemental Disclosure:		
Noncash Investing and Financing Activity - equipment acquired by capital lease	<u>\$ 43,387</u>	<u>\$ -</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, 2016 and 2015

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:

In prior years, the Organization acted as fiscal agent for National Coalition of Parent Centers. During 2016 the fiscal agency was transferred to another organization. The amount of cash held under that agreement is reported in the accompanying 2015 statement 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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

purpose restrictions are accomplished, these net assets are reclassified to 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

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

financial statements. The Organization classifies interest and penalties, if any, associated 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, 2016 or 2015, 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, 2013.

NOTE 2. GRANTS RECEIVABLE

Grants receivable at both June 30, 2016 and 2015 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, 2016, the Organization had also received approximately \$3,557,000 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, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 84,129	\$ 24,937
Less accumulated depreciation	<u>(28,546)</u>	<u>(14,962)</u>
<i>Net property and equipment</i>	<u>\$ 55,583</u>	<u>\$ 9,975</u>

NOTE 4. NOTE PAYABLE, BANK

Note payable, bank, with balances of \$128,800 and \$98,347 at June 30, 2016 and 2015, respectively, represent borrowings on a \$200,000 bank line of credit (\$125,000 at June 30, 2015) that expires in April 2017. The line bears interest at 150 basis points over Wall Street Journal Prime, with a minimum rate of 5.75%, and is secured by all of the Organization's business assets. The interest rate in effect was 5.75% at both June 30, 2016 and 2015.

NOTE 5. NET ASSETS INFORMATION

Temporarily restricted net assets at June 30, 2015 were restricted for "Answers for Autism" training. Net assets were released from restrictions for the years ended June 30, 2016 and 2015 by incurring expenses for that purpose.

NOTE 6. LEASE INFORMATION

The Organization leases certain equipment under capital leases requiring monthly payments of \$1,419 through July 2017 and \$901 through September 2020. The assets and liabilities

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 and 2015

under these leases were recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are being amortized over the lesser of the related lease terms or their estimated useful lives. Amortization of the capital-leased assets included in depreciation expense for the years ended June 30, 2016 and 2015 is \$12,818 and \$4,987, respectively. The net book value of the capital-leased assets is as follows at June 30, 2016 and 2015, respectively:

	<u>2016</u>	<u>2015</u>
Gross cost of assets	\$ 68,324	\$ 24,937
Less accumulated depreciation	<u>(27,179)</u>	<u>(14,962)</u>
<i>Net book value of capital leased assets</i>	<u>\$ 41,145</u>	<u>\$ 9,975</u>

The Organization also leases its office facilities under an operating lease expiring in June 2017.

Total minimum future rental payments under these leases at June 30, 2016 for each of the next five years and in the aggregate are as follows:

	<u>Capital Leases</u>	<u>Operating Lease</u>	<u>Totals</u>
2017	\$ 17,022	\$ 30,600	\$ 47,622
2018	11,328	-	11,328
2019	10,810	-	10,810
2020	10,810	-	10,810
2021	<u>2,703</u>	<u>-</u>	<u>2,703</u>
<i>Totals</i>	52,673	<u>\$ 30,600</u>	<u>\$ 83,273</u>
Less imputed interest	<u>(8,222)</u>		
<i>Obligations under capital leases</i>	<u>\$ 44,451</u>		

Total rent expense under the operating leases was \$35,016 and \$45,564 for the years ended June 30, 2016 and 2015, 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 \$53,149 and \$47,198 for the years ended June 30, 2016 and 2015, 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, 2016, approximately 77% was earned from two state grants and approximately 22% was earned from one federal grant. Of total revenues for the year ended June 30, 2015, approximately 77% was earned from one state grant and 22% was earned from one federal grant.

Financial instruments that expose the Organization to concentrations of credit risk consist

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

primarily of grants receivable. At June 30, 2016 and 2015, approximately 65% and 99%, respectively, of grants receivable were due from the Indiana Department of Education, and 30% and none, respectively, of grants receivable were due from the Indiana Family Social Services Administration.

NOTE 9. SUBSEQUENT EVENTS INFORMATION

The date through which events occurring subsequent to June 30, 2016 have been evaluated for possible adjustment to the financial statements or disclosure is February 18, 2017, the date on which the financial statements were available to be issued. Management identified no such events except that the Organization was notified that one state grant, which provided approximately 14% of total revenues for the year ended June 30, 2016, would not be renewed effective July 1, 2017.

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND NONFEDERAL AWARDS
Year Ended June 30, 2016

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Expenditures</u>
FEDERAL AWARDS				
<i>U. S. Department of Education:</i>				
Special Education Cluster (IDEA):				
Passed-Through Indiana Department of Education:				
Special Education - Grants to States	84.027	A58-6-16DL-0004	\$ -	\$ 1,172,122
Special Education - Parent Information Centers	84.328	H328M140004	-	412,338
 <i>U. S. Department of Health and Human Services:</i>				
Passed-Through Indiana University:				
ACL National Institute on Disability, Independent				
Living, and Rehabilitation Research	93.433	BL-4243063-IN	-	14,666
<i>Total expenditures of federal awards</i>			-	1,599,126
 NONFEDERAL AWARDS				
<i>Indiana Family and Social Services Administration:</i>				
Disability and Rehabilitative Services	N/A	GA06-6-71-16-19-0112	-	266,258
<i>Total expenditures of federal and nonfederal awards</i>			\$ -	\$ 1,865,384

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 AND NONFEDERAL AWARDS
Year Ended June 30, 2016

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and nonfederal awards (the "Schedule") includes the federal and nonfederal grant activities of Indiana Resource Center for Families with Special Needs, Inc. (the "Organization"). The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the Organization's operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**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, 2016 and 2015, 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 February 18, 2017.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying scheduled of findings and questioned costs as Finding 2016-001, that we consider to be a material weaknesses.

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*.

The Organization's Response to the Finding

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
February 18, 2017

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

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 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, 2016. 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 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* (the 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 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, 2016.

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 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 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.

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.

Cullen & Associates, P.C.

South Bend, Indiana
February 18, 2017

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

Type of report auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America	Unmodified
Internal control over financial reporting-	
Material weaknesses identified?	Yes
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs-	
Material weaknesses identified?	No
Significant deficiencies identified?	No
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 2 CFR 200.516(a)?	No
Identification of major federal programs:	

CFDA Number

Name of Federal Program or Cluster

84.328

Special Education – Parent Information Centers

Dollar threshold used to distinguish between Type A and Type B programs-	\$750,000
Auditee qualified as low-risk auditee?	Yes

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

Section II – Financial Statement Findings

MATERIAL WEAKNESS

FINDING 2016-001

Condition: A material audit adjustment was proposed, and was made by management, to record a capital lease of certain office equipment.

Criteria: Accounting Standards Codification §840-10-25-1 defines capital leases and requires that assets under such leases be recorded as capital-leased assets along with the related capital lease obligation.

Cause: The Business Manager did not recognize that the lease met the criteria to be recorded as a capital lease.

Effect: Prior to the audit, the Organization's financial statements were materially misstated by not including the capital-leased asset and the related obligation.

Context: The unrecorded capital assets and related lease obligation were valued at approximately \$43,000.

Recommendations: We recommend that the Business Manager review the accounting standards regarding leases. We also recommend that the Organization consult with their other CPA firm prior to the audit to review the Organization's financial statements for any potential material misstatements to be corrected before the audit.

Views of Responsible Officials: See Auditee's Corrective Action Plan.

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.
AUDITEE'S CORRECTIVE ACTION PLAN
Year Ended June 30, 2016

Indiana Resource Center for Families with Special Needs, Inc. respectfully submits the following corrective action plan from its audit for the year ended June 30, 2016.

Contact Information of Auditee:

Mr. Richard Burden
Executive Director
Indiana Resource Center for Families with Special Needs, Inc.
1703 S. Ironwood Drive
South Bend, IN 46613
(574) 234-7101
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Section II – Financial Statement Findings

MATERIAL WEAKNESS

FINDING 2016-001

Condition: A material audit adjustment was proposed, and was made by management, to record a capital lease of certain office equipment.

Recommendations: We recommend that the Business Manager review the accounting standards regarding leases. We also recommend that the Organization consult with their other CPA firm prior to the audit to review the Organization's financial statements for any potential material misstatements to be corrected before the audit.

Views of Responsible Officials and Planned and Corrective Action: We have reviewed the relevant accounting standards. We understand our mistake and it will not be repeated. We also agree to review statements and all other audit related documents and procedures with the Organization's other consulting CPA firm prior to our next annual audit.

INDIANA RESOURCE CENTER FOR FAMILIES WITH SPECIAL NEEDS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2016

There were no findings regarding federal awards in the June 30, 2015 audit.