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June 7, 2018

Board of Directors
Indiana Alliance of Boys and Girls Clubs, Inc.
973 N. Shadeland Avenue, Box 296
Indianapolis, IN 46219

We have reviewed the report prepared by Indiana Alliance of Boys and Girls Clubs, Inc. and opined upon by Kemper CPA Group LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana Alliance of Boys and Girls Clubs, Inc. as of December 31, 2017 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, CPA
State Examiner

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC.
AND SUBSIDIARY**

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

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary

We have audited the accompanying consolidated financial statements of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities and cash flows for the year 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information presented on pages 9 and 10 is presented for the purpose of additional analysis rather than to present the financial position, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 April 27, 2018, on our consideration of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary'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 Alliance of Boys and Girls Clubs, Inc. and Subsidiary's internal control over financial reporting and compliance.



Kemper CPA Group LLP
Avon, Indiana
April 27, 2018

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

ASSETS

Current Assets

Cash	\$ 416,567
Grants receivable	<u>345,951</u>
Total Current Assets	<u>762,518</u>

Property and Equipment

Office equipment	41,775
Less accumulated depreciation	<u>(28,882)</u>
Property and Equipment, net	<u>12,893</u>

Other Assets

Software and design costs	22,823
Less accumulated ammortization	<u>(6,735)</u>
Other Assets, net	<u>16,088</u>

Total Assets	<u><u>\$ 791,499</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 112,554
Grant reimbursements payable	160,970
Accrued expenses	<u>12,125</u>
Total Current Liabilities	<u>285,649</u>

Net Assets

Unrestricted Net Assets	<u>505,850</u>
Total Net Assets	<u>505,850</u>

Total Liabilities and Net Assets	<u><u>\$ 791,499</u></u>
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The accompanying notes are an integral part of these consolidated financial statements.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

REVENUE

Members fees and dues	\$ 74,350
Government grants	3,188,767
Contributions	14,007
Club reimbursements	253,847
Miscellaneous income	10,955
Total Revenues	3,541,926

EXPENSES

Program Service

Salaries	209,301
Payroll taxes	17,421
Employee benefits	25,799
Professional fees	38,018
Training and conferences	71,016
Supplies	117,620
Equipment	23,000
Miscellaneous	8,648
Insurance	2,476
Travel	30,879
Food	1,147,897
Grants	1,512,189
Total Program Services	3,204,264

General and Administrative

Salaries	40,510
Payroll taxes	2,925
Office	17,671
Depreciation and amortization	9,108
Miscellaneous	2,541
Professional fees	49,580
Telephone	5,247
Postage and printing	1,867
Insurance	63
Total General and Administrative Expenses	129,512
Total Expenses	3,333,776

Change in Unrestricted Net Assets	208,150
NET ASSETS - beginning of the year (restated)	297,700
NET ASSETS - end of the year	\$ 505,850

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

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 208,150
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	9,108
Increase in operating assets:	
Grants receivable	(26,495)
Increase (Decrease) in operating liabilities:	
Accounts payable	(4,045)
Grant reimbursements payable	37,850
Accrued expenses	12,125
Net Cash Provided by Operating Activities	<u>236,693</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of office equipment	<u>(3,922)</u>
Net Cash Used by Investing Activities	<u>(3,922)</u>

Net Increase in Cash	232,771
CASH - beginning of the year	<u>183,796</u>
CASH - end of the year	<u>\$ 416,567</u>

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

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note A–NATURE OF OPERATIONS

The Indiana Alliance of Boys and Girls Clubs, Inc. (the Alliance) was incorporated in 2001 in the state of Indiana to provide a mechanism for joint decisions, communication and exchange of ideas and cooperative action among Boys and Girls Clubs in the State of Indiana, expand quality youth development, promote public awareness of youth development, and the problems youth face, promote and strengthen Boys and Girls Clubs' relationships with public and private agencies, and to raise funds solely from the State and its agencies and sub divisions. Boys and Girls Clubs in Indiana, Inc. (BGCIN) was incorporated in 2016 in the state of Indiana with essentially the same mission as the Alliance. The accompanying consolidated financial statements include the accounts of the Alliance and the Club, which collectively are referred to as "the Organization." All significant intercompany balances and transactions have been eliminated in consolidation.

Revenues are derived from membership dues from individual Boys and Girls Clubs within the State of Indiana, grant administration income for managing various grants, and state and federal funding. The elected board of directors then contracts to provide lobbying efforts on behalf of the Boys and Girls Clubs.

Note B–SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

Financial Statement Presentation –The Organization is required to report information regarding its financial position and 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. The Organization does not have any permanently or temporarily restricted net assets.

Use of Estimates – The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

Membership Fees and Dues – Revenues on membership dues are recognized over the period of membership. The Organization evaluates its accounts receivable, and records bad debt expenses on uncollectible accounts periodically by the direct write-off method. Although this method is not in accordance with accounting principles generally accepted in the United States of America, use of the allowance method would not have a material effect on the financial statements.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions as required by the Not-For-Profit Entities Topic of the FASB Accounting Standards Codification. Gifts and contributions are recorded at fair value. The Alliance has not received any permanently restricted contributions. If the restriction is met in the same period the gift is received, it is reported as unrestricted support.

Government Grants – The Organization 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 when the services are provided.

INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment – The Organization records property and equipment at cost if purchased and at fair market value if donated. The Organization capitalizes major renewals and betterments that substantially increase the lives of existing assets. Maintenance, repairs, and minor improvements are expensed as incurred. The Organization maintains a formal capitalization policy and capitalizes items greater than \$500. Lesser amounts are expensed. Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

<u>Description</u>	<u>Useful Lives</u>
Equipment	5 Years
Software	3 Years

Income Taxes – The Alliance is an organization exempt from federal income tax under Section 501(c)(4) of the Internal Revenue Code. BGCIN is an organization exempt from federal income tax under Section 501(c)(3). Therefore no provision or liability for income taxes has been included in the financial statements. There was no unrelated business income for the year ended December 31, 2017. The Alliance files as part of a composite return with the Boys & Girls Clubs of America.

Note C—COMMITMENT

The Organization has contracted with a lobbyist to represent them before the Indiana legislature. This contract required monthly payments of \$2,708, for the year ended December 31, 2017. These fees are included in professional fees.

Note D—CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at a financial institution, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2017 the Organization had cash in excess of the limit of \$38,383.

As of December 31, 2017, the State of Indiana comprised 100% of the grants receivable balance at year end. For the year ended December 31, 2017, the Organization received approximately 93% of its support through the federal government as a sub-recipient from the State of Indiana.

Note E—RELATED PARTIES

The Organization's treasurer is also the executive director of a Boys and Girls Club that is served by the Organization. The club pays dues to the Alliance annually. For the year ended December 31, 2017, the Organization paid \$16,913 to the club managed by the Organization's treasurer.

In addition, the grant coordinator that works with the Organization is an employee of a Boys and Girls Club that is served by the Organization. The club pays dues to the Alliance annually. For the year ended December 31, 2017, the Organization paid \$45,566 to the club that employs the Organization's grant coordinator.

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note F–GRANTS

The Organization participated in several grant programs for the year ending December 31, 2017. Under each of the grants various member clubs participate in the programs. One of the member club’s provides the grant administration functions. For the years ending December 31, 2017, the following grant activity occurred:

Grant Revenues	
Indiana Kids	\$ 1,193,601
21st Century Community Learning Centers	470,616
Child and Adult Care Food Programs	1,212,358
Abstinence Grant	178,437
Americorp	123,755
Other	10,000
Total Grant Revenues	3,188,767
Grant Expenses	
Indiana Kids	1,196,863
21st Century Community Learning Centers	448,316
Child and Adult Care Food Programs	1,178,688
Abstinence Grant	163,116
Americorp	73,071
Other	-
Total Grant Expenses	3,060,054
Net Grant Revenue and Expenses	\$ 128,713

Note G–CHANGE IN REPORTING ENTITY

The Club was incorporated in 2016 and began principal operations starting January 1, 2017. As discussed in Note A to the consolidated financial statements, the Alliance is deemed to have an economic interest in the Club and therefore consolidated for the purposes of financial reporting. In the previously issued financial statements, the two entities were not consolidated. The change in reporting entity resulted in the following restatement of beginning net assets

Balance, December 31, 2016 as previous stated	\$ 257,700
Record consolidated entity	40,000
Balance, December 31, 2016 as restated	\$ 297,700

Note H–SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through April 27, 2018, the date the financial statements were available to be issued. No material subsequent events were identified which would require disclosure or adjustments to the financial statements as of December 31, 2017.

SUPPLEMENTAL INFORMATION

INDIANA ALLIANCE OF BOYS AND GIRLS CLUB, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

	Indiana	Boys & Girls	
	Alliance of	Clubs in	
	Boys and Girls	Indiana	Total
	Club	Indiana	
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current Assets			
Cash	\$ 294,771	\$ 121,796	\$ 416,567
Grants receivable	250,677	95,274	345,951
Total Current Assets	<u>545,448</u>	<u>217,070</u>	<u>762,518</u>
Property and Equipment			
Office equipment	41,775	-	41,775
Less accumulated depreciation	<u>(28,882)</u>	<u>-</u>	<u>(28,882)</u>
Property and Equipment, net	<u>12,893</u>	<u>-</u>	<u>12,893</u>
Other Assets			
Software and design costs	22,823	-	22,823
Less accumulated ammortization	<u>(6,735)</u>	<u>-</u>	<u>(6,735)</u>
Other Assets, net	<u>16,088</u>	<u>-</u>	<u>16,088</u>
Total Assets	<u>\$ 574,429</u>	<u>\$ 217,070</u>	<u>\$ 791,499</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 112,554	\$ -	\$ 112,554
Grant reimbursements payable	160,970	-	160,970
Accrued expenses	<u>-</u>	<u>12,125</u>	<u>12,125</u>
Total Current Liabilities	<u>273,524</u>	<u>12,125</u>	<u>285,649</u>
Net Assets			
Unrestricted Net Assets	<u>300,905</u>	<u>204,945</u>	<u>505,850</u>
Total Net Assets	<u>300,905</u>	<u>204,945</u>	<u>505,850</u>
Total Liabilities and Net Assets	<u>\$ 574,429</u>	<u>\$ 217,070</u>	<u>\$ 791,499</u>

INDIANA ALLIANCE OF BOYS AND GIRLS CLUB, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Indiana	Boys & Girls		
	Alliance of	Clubs in		
	Boys and Girls	Indiana	Eliminations	Total
	Club	Indiana	Eliminations	Total
REVENUE				
Members fees and dues	\$ 74,350	\$ -	\$ -	\$ 74,350
Government grants	3,065,012	297,367	(173,612)	3,188,767
Contributions	14,007	-	-	14,007
Club reimbursements	95,608	158,239	-	253,847
Miscellaneous income	10,955	-	-	10,955
Total Revenues	<u>3,259,932</u>	<u>455,606</u>	<u>(173,612)</u>	<u>3,541,926</u>
EXPENSES				
Program Service				
Salaries	112,052	192,474	(95,225)	209,301
Payroll taxes	9,981	14,799	(7,359)	17,421
Employee benefits	17,005	14,998	(6,204)	25,799
Professional fees	38,018	3,593	(3,593)	38,018
Training and conferences	70,766	250	-	71,016
Supplies	117,620	-	-	117,620
Equipment	23,000	1,434	(1,434)	23,000
Miscellaneous	8,648	-	-	8,648
Insurance	1,701	1,692	(917)	2,476
Travel	30,879	-	-	30,879
Food	1,147,897	-	-	1,147,897
Grants	1,512,189	40	(40)	1,512,189
Total Program Services	<u>3,089,756</u>	<u>229,280</u>	<u>(114,772)</u>	<u>3,204,264</u>
General and Administrative				
Salaries	40,510	54,596	(54,596)	40,510
Payroll taxes	2,925	4,177	(4,177)	2,925
Office	17,671	-	-	17,671
Depreciation and amortization	9,108	-	-	9,108
Miscellaneous	-	2,541	-	2,541
Professional fees	49,580	-	-	49,580
Telephone	5,247	-	-	5,247
Postage and printing	1,867	-	-	1,867
Insurance	63	67	(67)	63
Total General and Administrative Expenses	<u>126,971</u>	<u>61,381</u>	<u>(58,840)</u>	<u>129,512</u>
Total Expenses	<u>3,216,727</u>	<u>290,661</u>	<u>(173,612)</u>	<u>3,333,776</u>
Change in Unrestricted Net Assets	43,205	164,945	-	208,150
NET ASSETS - beginning of the year (restated)	<u>257,700</u>	<u>40,000</u>	<u>-</u>	<u>297,700</u>
NET ASSETS - end of the year	<u>\$ 300,905</u>	<u>\$ 204,945</u>	<u>\$ -</u>	<u>\$ 505,850</u>

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

PROGRAM	CFDA NUMBER	EXPENDITURES
Pass-through from the State of Indiana		
United States Department of Agriculture		
Child and Adult Care Food Program	10.558	\$ 625,958
Summer Food Service Program for Children	10.559	<u>223,110</u>
		<u>849,068</u>
Department of Health and Human Services		
Abstinence Education Grant Program	93.235	178,436
Temporary Assistance for Needy Families	93.558	<u>1,182,276</u>
		<u>1,360,712</u>
Department of Education		
21st Century Community Learning Centers	84.287	<u>470,617</u>
		<u>470,617</u>
Corporation for National & Community Service		
Americorps	94.006	<u>283,113</u>
		<u>283,113</u>
Total Federal Awards		<u>\$ 2,963,510</u>

See Note to Schedule of Expenditures of Federal Awards.

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note A – BASIS OF PRESENTATION

Basis of Presentation - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2017. 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 Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary.

NOTE B – 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.

Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance

Note C – SUBRECIPIENTS

Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary provided the following federal awards to subrecipients.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Abstinence Education Program	93.235	\$ 135,178
21 st Century Community Learning Centers	84.287	255,204
Temporary Assistance for Needy Families	93.558	<u>1,062,102</u>
Total		<u>\$ 1,452,484</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
Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary

We have audited 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, the consolidated financial statements of Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated TBD April 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitation, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kemper CPA Group LLP

Avon, Indiana

April 27, 2018



**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
Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary

Report on Compliance for Each Major Federal Program

We have audited Indiana Alliance of Boys and Girls Clubs, Inc.'s and Subsidiary (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2017. The Organization'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 the Organization'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; 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 the Organization'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 the Organization's compliance.

Opinion of Each Major Federal Program

In our opinion, Indiana Alliance of Boys and Girls Clubs, Inc. and Subsidiary 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 December 31, 2017.

Report on Internal Control Over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 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 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
April 27, 2018

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

1. Type of auditor’s report issued on the consolidated financial statements	Unmodified
2. During the audit of the consolidated financial statements, were any significant deficiencies in internal control disclosed?	No
3. If so, were any such deficiencies considered material weaknesses?	N/A
4. Did the audit disclose any instances of non-compliance that would be considered material to the consolidated financial statements?	No

Federal Awards

1. Were any significant deficiencies in internal control over major programs disclosed?	No
2. If so, were any such deficiencies considered material weaknesses?	N/A
3. Type of report issued on compliance for major programs	Unmodified
4. Any findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
5. Major Programs:	
Temporary Assistance for Needy Families	93.558
Child/Adult Food Program	10.558
6. Dollar threshold to distinguish between Type A and Type B programs	\$750,000
7. Does auditee qualify as a low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no consolidated financial statement findings for the year ended December 31, 2017.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no federal award findings and questioned costs for the year ended December 31, 2017.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

2016-1 Lack of segregation of duties

Condition: The Organization lacks adequate segregation of duties consistent with appropriate control objectives.

Recommendation: Due to the size of the staff, segregation of duties will be limited. Consideration should be given to oversight and review of accounting functions by various board members.

**INDIANA ALLIANCE OF BOYS AND GIRLS CLUBS, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Current Status: The Organization has redesigned organization responsibilities so that no one individual possesses access to all reporting functions. The board treasurer not reviews and approves all cash receipts, disbursements and bank reconciliations. The entire board will review monthly financial reports from the Organization.

2016-2 Internal Control Over Compliance - Lack of segregation of duties

Condition: The Organization lacks adequate segregation of duties consistent with appropriate control objectives.

Recommendation: Due to the size of the staff, segregation of duties will be limited. Consideration should be given to oversight and review of accounting functions by various board members.

Current Status: The Organization has redesigned organization responsibilities so that no one individual possesses access to all reporting functions. The board treasurer will review all cash disbursements to determine if they are in compliance with grant agreements. The entire board will review monthly financial reports form the Organization.