

November 2, 2010

To the Board of Directors and Audit Committee
of Indiana Soccer Association

In planning and performing our audit of the financial statements of Indiana Soccer Association as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered Indiana Soccer Association's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Indiana Soccer Association's internal control to be significant deficiencies:

INTERNAL CONTROLS

A walkthrough procedure was performed during the audit, which includes tracing a transaction through the Association's system from initiation to inclusion in the general ledger and financial statements. The walkthrough provides evidence to confirm the understanding of the flow of transactions, evaluate the design of controls, consideration of the completeness of the process, and determination of whether controls have been implemented.

During the walkthrough, it was noted that there exists a lack of segregation of duties over cash receipts. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of the transaction. Limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud. The absence of this control procedure is considered a significant deficiency, because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the Foundation's internal control.

We recommend that:

- a. Cash receipts and deposits should be handled by an employee not responsible for posting receipts to the general ledger. The deposit slip and copies of the checks/supporting documentation should then be forwarded to the bookkeeper for postings to the general ledger.
- b. A daily cash receipts log should be maintained by the employee opening and distributing the mail. After each deposit, the employee should receive the receipted deposit slip, along with detail to reconcile to the daily cash receipts report. Upon determination that the deposit agrees with the daily cash receipts report, the employee initials the receipted deposit slip. Unreconciled differences should be reported to the Executive Director or a Board member.
- c. The Treasurer or Executive Director should receive the bank statements directly from the bank and review them (including the related enclosures) before turning them over to the bookkeeper for reconciliation.
- d. The Treasurer or Executive Director should review the bank reconciliations after they are completed.

AUDIT ADJUSTMENTS

During the audit, an evaluation was made not only of the potential for actual misstatement in the financial statements, but also on whether a misstatement has actually occurred. Our procedures resulted in determining the need for several significant adjustments be made to the financial statements.

The extent of the audit adjustments required by the auditors represents a significant deficiency in the design of internal control over the preparation of the financial statements. Procedures should be in place for the internal accounting staff to make all necessary adjustments to the financial records. We are available to discuss with management opportunities to improve the design of internal controls.

OTHER COMMENTS

The accounts receivable and accounts payable ledgers did not agree with the general ledger at June 30, 2010. The billings and purchase journals are not utilized on a daily basis in the Peachtree accounting software. We recommend that billings (receivables) and invoices (payables) are entered in a timely manner in Peachtree. Accurate accounts receivable aging and open accounts payable invoice register will assist management with cash flow and budgeting.

The bank reconciliation for the year ended June 30, 2010 listed several old transactions. We recommend that transactions older than six months be researched and appropriately handled to clear from the bank reconciliation.

The chart of accounts contains a large number of accounts for the size of the organization. We recommend a review of the accounts and to possibly structure the accounts to better utilize the general ledger to meet management needs.

This communication is intended solely for the information and use of management, Board of Directors and Audit Committee, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Dunbar, Cook & Shepard, P.C.