

HoosierFund

Accountants' Reports and Financial Statements

December 31, 2011

HoosierFund

December 31, 2011

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Independent Accountants' Report on Financial Statements and Supplementary Information

Board of Representatives and Participants
HoosierFund
Indianapolis, Indiana

We have audited the accompanying basic financial statements of HoosierFund as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of HoosierFund's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HoosierFund as of December 31, 2011, and the respective changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2012, on our consideration of HoosierFund's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

HoosierFund has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

BKD, LLP

March 24, 2012

HoosierFund

Statement of Net Assets

December 31, 2011

	Par Value	Stated Rate	Maturity Date	2011	
Assets					
Cash					\$ 83,059,875
Cash Equivalents					
Money Market Mutual Funds					
Fidelity Institutional Money Market Funds	\$ 4,014,238	0.01%	On demand		4,014,238
Indiana Municipal Securities					
Avon Community School Building Corporation	25,000	5.00%	01/10/12	\$ 25,031	
Indianapolis Local Public Improvement Bond Bank	20,000	4.00%	01/01/12	20,002	
Muncie School Building Corporation	80,000	5.25%	01/10/12	80,111	
Total Indiana Municipal Securities					125,144
U.S. Government-Sponsored Enterprise Securities					
Federal National Mortgage Association	10,000,000	0.50%	09/26/13	9,981,400	
Federal National Mortgage Association	10,000,000	0.60%	09/27/13	9,999,300	
Federal National Mortgage Association	20,000,000	0.63%	11/25/13	20,002,200	
Federal National Mortgage Association	3,350,000	0.60%	12/27/13	3,347,856	
Total Federal National Mortgage Association					43,330,756
Federal Home Loan Bank	4,000,000	0.65%	06/28/13	4,001,920	
Federal Home Loan Bank	10,000,000	0.65%	08/08/13	10,000,100	
Federal Home Loan Bank	10,000,000	0.65%	08/08/13	20,005,200	
Federal Home Loan Bank	20,000,000	0.65%	08/09/13	10,002,400	
Federal Home Loan Bank	20,000,000	0.70%	08/23/13	20,007,200	
Total Federal Home Loan Bank					64,016,820
Federal Home Loan Mortgage Corporation	10,000,000	0.75%	06/07/13	10,005,700	
Federal Home Loan Mortgage Corporation	20,000,000	0.67%	08/15/13	20,006,600	
Federal Home Loan Mortgage Corporation	20,000,000	0.60%	08/22/13	20,007,200	
Federal Home Loan Mortgage Corporation	10,000,000	0.45%	09/06/13	9,984,800	
Federal Home Loan Mortgage Corporation	15,000,000	0.50%	09/06/13	14,982,150	
Federal Home Loan Mortgage Corporation	15,000,000	0.55%	09/09/13	14,981,700	
Federal Home Loan Mortgage Corporation	10,000,000	0.55%	09/30/13	9,991,800	
Federal Home Loan Mortgage Corporation	10,000,000	0.60%	10/25/13	10,001,400	
Federal Home Loan Mortgage Corporation	20,000,000	0.55%	10/25/13	19,984,600	
Federal Home Loan Mortgage Corporation	10,000,000	0.70%	11/04/13	10,005,800	
Total Federal Loan Mortgage Corporation					139,951,750
Indiana Municipal Securities					
Allen County Public Library Building	200,000	5.00%	01/15/13	208,154	
Allen County Juvenile Justice	495,000	3.00%	07/01/13	510,256	
Avon Community School Building Corporation	100,000	4.00%	01/05/12	100,053	
Avon Community Building Corporation	120,000	5.00%	07/15/13	128,024	
Bargersville Water Company	100,000	3.50%	12/01/12	102,502	
Baugo School Building Corporation	100,000	4.00%	07/15/13	105,394	
Brownsburg School Building Corporation	100,000	5.25%	02/01/12	100,425	
Brownsburg School Building Corporation	50,000	5.25%	08/01/12	51,450	
Brownstown School Building Corporation	75,000	4.00%	07/10/12	76,473	
Carmel Redevelopment Authority	100,000	4.50%	07/01/13	105,547	
Columbus Renovation School Building Corporation	390,000	5.00%	07/15/12	399,879	
Concord Community Schools Building Corporation	200,000	5.00%	01/10/12	200,266	
Crown Point Multi-School Building Corporation	300,000	4.00%	07/15/13	314,754	
Decatur County School Building Corporation	310,000	1.00%	01/15/13	310,214	
Decatur County School Building Corporation	130,000	1.00%	07/15/13	130,064	
Decatur Township, Marion County School Building Corporation	100,000	5.00%	01/10/12	100,133	
Dyer Redevelopment Authority	400,000	5.00%	07/15/12	409,388	

HoosierFund

Statement of Net Assets (Continued)

December 31, 2011

	Par Value	Stated Rate	Maturity Date	2011
Elkhart Community Schools	\$ 40,000	4.00%	01/15/12	\$ 40,060
Evansville Sewage Works	75,000	4.25%	07/01/13	78,225
Fishers Redevelopment District	25,000	2.00%	07/15/13	25,307
Fishers Redevelopment Authority	50,000	2.75%	07/15/12	50,549
Fort Wayne International Airport	100,000	3.50%	01/01/12	100,009
Fort Wayne Sewage Works	20,000	4.00%	08/01/12	20,422
Franklin Community Multi-School Building Corporation	150,000	3.75%	01/15/13	153,657
Greater Clark County School Building Corporation	50,000	3.00%	07/15/12	50,706
Greater Clark County School Building Corporation	100,000	4.00%	01/15/13	103,562
Griffith Multi-School Building Corporation	50,000	4.00%	07/15/12	51,008
Hamilton Southeastern Consolidated School Building Corporation	200,000	4.25%	07/15/13	210,602
Hamilton Southeastern Consolidated School Building Corporation	50,000	2.00%	01/15/13	50,666
Hamilton Southeastern Consolidated School Building Corporation	90,000	2.00%	07/15/13	91,674
Hancock County Public Library	135,000	3.50%	01/01/13	138,372
Huntington County-Wide School Building Corporation	100,000	4.00%	07/15/13	105,441
Indiana Bond Bank School Severance	3,400,000	5.30%	07/15/12	3,480,138
Indiana Bond Bank School Severance	50,000	5.15%	07/15/13	51,839
Indiana Bond Bank School Severance	25,000	4.49%	07/15/12	25,483
Indiana Bond Bank Special Program - Redevelopment District	25,000	4.00%	02/15/13	25,748
Indiana Finance Authority	700,000	5.00%	05/01/13	731,577
Indiana Health and Educational Facility Financing Authority	280,000	5.00%	11/15/12	286,894
Indiana Health Facility Financing Authority	115,000	5.00%	05/01/13	121,489
Indiana Health Facility Financing Authority	2,000,000	5.00%	05/01/12	2,025,240
Indiana Municipal Power Agency	250,000	6.00%	01/01/13	263,270
Indiana Port Commission	150,000	4.10%	05/01/12	151,670
Indiana State Office Building Commission	1,140,000	5.00%	07/01/12	1,167,075
Indiana State Housing and Community Development Authority	260,000	0.50%	12/01/12	259,990
Indiana State University	800,000	5.00%	10/01/12	825,960
Indianapolis Local Public Improvement Bond Bank	25,000	6.50%	01/01/13	26,423
Indianapolis Local Public Improvement Bond Bank	155,000	5.00%	01/01/13	161,092
Indianapolis Local Public Improvement Bond Bank	1,000,000	5.53%	01/01/12	1,000,120
Indianapolis Local Public Improvement Bond Bank	50,000	2.00%	06/01/13	50,709
Indianapolis Local Public Improvement Bond Bank	200,000	4.00%	06/01/13	208,094
Indianapolis Gas Utility	25,000	4.00%	06/01/13	26,139
Indianapolis Gas Utility	695,000	5.00%	08/15/13	740,835
Ivy Tech State College	100,000	5.00%	07/01/12	102,231
Ivy Tech Community College	100,000	4.50%	07/01/13	105,779
Ivy Tech Community College	105,000	3.50%	07/01/13	109,500
Lafayette Redevelopment Authority	25,000	3.75%	08/01/13	25,799
Lafayette Redevelopment Authority	115,000	3.00%	01/15/12	115,099
Lafayette Sewage Works	25,000	4.00%	01/01/13	25,795
Lake Central Multi-District School Corporation	200,000	5.00%	07/10/12	204,982
Lebanon Middle School Building Corporation	60,000	4.00%	07/10/13	63,040
Lebanon Public Building Corporation	50,000	3.30%	07/15/12	50,734
Metropolitan School District - Steuben County	35,000	4.00%	01/15/12	35,055
Madison Consolidated School Building Corporation	15,000	4.00%	01/15/13	15,432
Merrillville Multi-School Building Corporation	280,000	2.00%	01/05/12	280,045
Merrillville Multi-School Building Corporation	250,000	2.25%	01/05/12	250,018
Michigan City Redevelopment Authority	95,000	2.00%	02/01/12	95,067
Michigan City Redevelopment Authority	95,000	2.00%	08/01/12	95,409
Mooresville School Building Corporation	175,000	4.00%	07/15/12	178,507
Munster Economic Development Corporation	145,000	2.00%	07/15/13	145,967
Munster Municipal Center Corporation	80,000	4.30%	01/15/12	80,101
New Carlisle-Olive Township Public Library	120,000	2.00%	08/01/13	121,462
Noblesville High School Building Corporation	1,000,000	5.00%	01/10/13	1,046,360
Northwest Allen County School Building Corporation	25,000	5.00%	07/15/13	26,465
Plainfield Community High School	40,000	3.63%	07/15/12	40,622
Purdue University	25,000	5.50%	07/01/12	25,666

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Statement of Net Assets (Continued)

December 31, 2011

	Par Value	Stated Rate	Maturity Date	2011
St. John Building Corporation	\$ 140,000	6.50%	08/01/13	\$ 151,697
South Bend Redevelopment Authority	100,000	3.00%	08/01/12	101,170
South Bend Redevelopment District	290,000	2.50%	07/15/12	290,763
Tippecanoe County Middle School Building Corporation	360,000	2.00%	01/15/13	365,054
Tippecanoe County Middle School Building Corporation	200,000	4.00%	07/15/13	209,836
Valparaiso Department Stormwater	170,000	2.00%	01/01/12	170,007
Valparaiso Department Stormwater	95,000	2.00%	01/01/12	95,004
Vigo County School Building Corporation	150,000	3.80%	07/10/12	152,822
Vinton-Tecumseh School Building Corporation	305,000	5.00%	07/10/12	312,564
Wawasee Community School Building Corporation	30,000	3.50%	01/15/13	30,971
West Clark School Building Corporation	100,000	4.80%	01/15/12	100,191
White County Jail Building Corporation	175,000	3.85%	01/10/13	180,212
Zionsville Community School Building Corporation	210,000	3.50%	01/10/13	215,765
Total Indiana Municipal Securities				\$ 21,868,212
Other Assets - interest receivable				816,348
Total Assets				357,183,143
Liabilities				
Distribution and investment payable				123,789
Accrued expenses				25,119
Total Liabilities				148,908
Net Assets				
Unrestricted net assets held in trust for pool participants				\$ 357,034,235

HoosierFund

Statement of Changes in Net Assets

For the Year Ended December 31, 2011

	<u>2011</u>
Investment Income	\$ 1,504,105
Expenses - administrative fees	<u>420,751</u>
Net Investment Income	1,083,354
Capital Transactions	
Contributions	364,929,222
Withdrawals	<u>(94,541,875)</u>
Increase in Net Assets	271,470,701
Net Assets - Unrestricted, Beginning of Year	<u>85,563,534</u>
Net Assets - Unrestricted, End of Year	<u><u>\$ 357,034,235</u></u>

HoosierFund

Notes to Financial Statements

December 31, 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HoosierFund was established in October 2006 pursuant to Indiana Code §36-1-7, the *Interlocal Cooperation Act*, and commenced operations April 1, 2009, and is governed by a Board of Representatives made up of representatives from each Participant. HoosierFund provides a voluntary investment pool for political subdivisions or other legislatively created quasi-governmental entities or bodies corporate and politic (collectively, Participants). HoosierFund invests Participants' funds in a legal, prudent and suitable fashion, maintaining safety of principal, allowing daily liquidity, providing competitive interest rates and delivering a high level of service.

HoosierFund's portfolio follows the investment criteria set forth in Indiana Code §5-13-9.

Measurement Focus and Basis of Accounting and Presentation

HoosierFund prepares its financial statements in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. HoosierFund is reported as a special-purpose government, and the accompanying financial statements are prepared using the economic resources focus and the accrual basis of accounting.

Effective January 1, 2010, HoosierFund adopted Statement of Governmental Accounting Standards Board (GASB) No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*, which supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in Paragraph 7 of that Statement for business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. This Statement has been applied retrospectively and had no impact on HoosierFund's net assets, changes in net assets or financial reporting disclosures.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

HoosierFund considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2011, cash equivalents consisted primarily of money market mutual funds.

HoosierFund

Notes to Financial Statements

December 31, 2011

Investments and Investment Income

Investments are carried at fair value as calculated on a daily basis. Fair value is determined from the bid and ask prices for securities as quoted in The Wall Street Journal (Eastern Edition) or by an independent nationally recognized pricing service. Securities not quoted in The Wall Street Journal or by an independent nationally recognized pricing service are valued by taking a bid quote from one primary dealer making a market in such securities, or if there is no primary dealer in such securities, by such other reasonable method as the Program Administrator shall determine.

As an alternative to determining the fair value pursuant to the foregoing paragraph, the fair value of all or a portion of the securities may be determined using the matrix method. Matrix pricing involves grouping securities into a matrix by type, maturity and short-term credit rating. A primary dealer who makes markets in those securities will provide the bid side prices for the matrix.

Security transactions are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Net Assets

Net assets are required to be classified into three components - invested in capital assets, net of related debt; restricted; and unrestricted. All net assets of HoosierFund are considered to be unrestricted.

Operating Revenues and Expenses

As a special-purpose government, HoosierFund distinguishes operating revenues and expense from nonoperating items. Operating revenues and expenses generally arise from providing services in connection with the principal ongoing operations. HoosierFund's principal operating revenue is investment income and its principal expenses are administrative fees. All revenues and expenses not meeting this definition are reported as nonoperating or capital transactions.

Unit Issues, Redemptions and Distributions

HoosierFund determines the net asset value of each participant daily. Units are issued and redeemed at the daily net asset value. Investment income for each portfolio is reinvested when received.

Fees and Expenses

CRF Financial Group, Inc. has been appointed by the Participants as the Program Administrator. Likewise, CRF Financial Group, Inc. serves as the Investment Advisor for HoosierFund.

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Notes to Financial Statements

December 31, 2011

Under separate agreements, the Program Administrator and US Bank (the custodian) are paid annual fees for operating the investment program. For the performance of its obligations under the Interlocal Agreement, the Program Administrator can charge a fee up to a 50 basis points (0.50%) of the Investment Property Value. This fee accrues on a daily basis and is paid semi-monthly.

Note 2: Deposits, Investments and Investment Return

As of December 31, 2011, HoosierFund had the following cash deposits and investments:

	2011
Cash	\$ 83,059,875
Money market mutual funds	4,014,238
Indiana municipal securities	21,993,356
U.S. Government-Sponsored Enterprise securities	247,299,326
	<u>\$ 356,366,795</u>

Deposits and investments included in the statement of net assets at December 31, 2011 are as follows:

	2011
Carrying value	
Deposits	\$ 83,059,875
Investments	273,306,920
	<u>\$ 356,366,795</u>

Deposits

Custodial credit risk is the risk that in the event of a bank failure, HoosierFund's deposits may not be returned to it. HoosierFund's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Effective July 21, 2010, the Federal Deposit Insurance Corporation's (FDIC) insurance limits were permanently increased to \$250,000. Any cash deposits in excess of the \$250,000 FDIC limits are partially or fully collateralized by the depository institution and insured by the Indiana Public Deposits Insurance Fund (Fund) via the pledged collateral from the institutions securing deposits of public funds. The Fund is a multiple financial institution collateral pool as provided under Indiana Code, Section 5-13-12-1.

HoosierFund

Notes to Financial Statements

December 31, 2011

Investments

Indiana statutes generally authorize HoosierFund to invest in United States obligations and issues of federal agencies, Indiana municipal securities, secured repurchase agreements fully collateralized by U.S. Government or U.S. Government agency securities, certificates of deposit, and open end money market mutual funds pursuant to Indiana Code §5-13-9. It is HoosierFund's policy to not invest in any "new issue" municipal bonds that are issued by an entity whose representative has been elected as an officer of HoosierFund. However, HoosierFund's investment policy permits the purchase of municipal bonds in the secondary market of an entity whose assigned representative is an officer of HoosierFund.

At December 31, 2011, HoosierFund had the following investments and maturities:

	Fair Value	Maturity in Years Less Than 1	1 - 5
Money market mutual funds	\$ 4,014,238	\$ 4,014,238	\$ -
Indiana municipal securities	21,993,356	13,977,094	8,016,262
U.S. Government-Sponsored Enterprise securities	247,299,326	-	247,299,326
	<u>\$ 273,306,920</u>	<u>\$ 17,991,332</u>	<u>\$ 255,315,588</u>

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, HoosierFund is limited to investing in municipal securities of Indiana issuers that have not defaulted within the previous 20 years and other securities with a stated maturity of not more than two years after the date of purchase or entry into a repurchase agreement, as defined by HoosierFund's investment policy and Indiana Code § 5-13-9-5.6. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. HoosierFund's investment policy for credit risk requires compliance with the provisions of Indiana statutes. Indiana Code Section 5-13-9-2.5 requires that HoosierFund's investments in money market mutual funds be rated AAA by Standard and Poor's or Aaa by Moody's Investor's Service. In December 2011, HoosierFund adopted a policy to limit its investments in State of Indiana municipal bonds to those rated A or better by one of the three nationally recognized rating services.

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Notes to Financial Statements

December 31, 2011

At December 31, 2011, HoosierFund's investments were rated by Moody's Investors Service and Standard & Poor's as follows:

Moody's Investors Service						
	Fair Value	Aaa	Aa	A	Baa	Not Rated
Money market mutual funds	\$ 4,014,238	\$ 4,014,238	\$ -	\$ -	\$ -	\$ -
Indiana municipal securities	21,993,356	259,990	6,234,054	3,697,728	4,429,972	7,371,612
U.S. Government-Sponsored Enterprise securities	247,299,326	247,299,326	-	-	-	-
	<u>\$ 273,306,920</u>	<u>\$ 251,573,554</u>	<u>\$ 6,234,054</u>	<u>\$ 3,697,728</u>	<u>\$ 4,429,972</u>	<u>\$ 7,371,612</u>

Standard & Poor's						
	Fair Value	AAA	AA	A	BBB	Not Rated
Money market mutual funds	\$ 4,014,238	\$ 4,014,238	\$ -	\$ -	\$ -	\$ -
Indiana municipal securities	21,993,356	-	12,884,910	6,664,512	-	2,443,934
U.S. Government-Sponsored Enterprise securities	247,299,326	10,000,100	237,299,226	-	-	-
	<u>\$ 273,306,920</u>	<u>\$ 14,014,338</u>	<u>\$ 250,184,136</u>	<u>\$ 6,664,512</u>	<u>\$ -</u>	<u>\$ 2,443,934</u>

While a portion of the Indiana municipal securities presented in the tables above were either rated Baa or not rated by one of these two rating services, all of HoosierFund's securities were rated A or better by one of the three nationally recognized rating services in accordance with HoosierFund's credit risk policy.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, HoosierFund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. At December 31, 2011, HoosierFund's investments were not exposed to custodial credit risk. HoosierFund's investments in Indiana municipal securities and U.S. government-sponsored enterprises are held by the pledging financial institution's trust department or agent in HoosierFund's name. The existence of HoosierFund's investment in money market mutual funds is not evidenced by securities that exist in physical or book entry form.

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Notes to Financial Statements

December 31, 2011

Concentration of Credit Risk

HoosierFund places no limit on the amount that may be invested in any one issuer. More than 5% of HoosierFund's investments are in government-sponsored enterprises. These investments are 90% of HoosierFund's total investments and 69% of the total portfolio.

Foreign Currency Risk

Foreign currency risk relates to adverse affects on the fair value of an investment from changes in exchange rates. HoosierFund's investment policy prohibits investments in foreign investments. HoosierFund had no investments denominated in foreign currency at December 31, 2011.

Investment Income

Investment income for the year ended December 31, 2011 consisted of:

	2011
Interest and dividend income	\$ 1,504,105

Note 3: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Deposits and Investments

Approximately 62% of HoosierFund's net deposits and investments were attributable to one Participant's account at December 31, 2011.

Capital Contributions

Approximately 60% of all contributions were received from one Participant in 2011.

Note 4: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were available to be issued.

**Independent Accountants' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance
With *Government Auditing Standards***

Board of Representatives and Participants
HoosierFund
Indianapolis, Indiana

We have audited the financial statements of HoosierFund as of and for the year ended December 31, 2011, and have issued our report thereon dated March 24, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HoosierFund's internal control over financial reporting 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 HoosierFund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of HoosierFund's internal control over financial reporting.

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 HoosierFund's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HoosierFund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the governing body, management and others within HoosierFund and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

March 24, 2012