



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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January 26, 2010

Board of Directors
Forensic Nursing Specialties, Inc.
800 Broadway, Ste. 215
Fort Wayne, IN 46802

We have reviewed the audit report prepared by Haines, Isenbarger & Skiba, LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Forensic Nursing Specialties, Inc., as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

Financial Statements and Other Financial
Information—Modified Cash Basis

FORENSIC NURSING SPECIALTIES, INC.

*Years ended December 31, 2008 and 2007
with Independent Accountants' Report*

Forensic Nursing Specialties, Inc.

Financial Statements and Other Financial
Information—Modified Cash Basis

Years ended December 31, 2008 and 2007

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Independent Accountants' Report

The Board of Directors
Forensic Nursing Specialties, Inc.

We have audited the accompanying statements of assets, liabilities, and net assets—modified cash basis of Forensic Nursing Specialties, Inc. (doing business as Fort Wayne Sexual Assault Treatment Center) as of December 31, 2008 and 2007, and the related statements of support, revenue, and expenses—modified cash basis and functional expenses—modified cash basis for the years then ended. These financial statements are the representation of the management of Forensic Nursing Specialties, Inc. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in 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. Our 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 audits provide a reasonable basis for our opinion.

As described in Note 1, these financial statements have been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Forensic Nursing Specialties, Inc. as of December 31, 2008 and 2007, and its support, revenue, and expenses during the years then ended on the basis of accounting described in Note 1.

Our audit was conducted for purposes of forming an opinion on the financial statements for the year ended December 31, 2008 taken as a whole. The accompanying schedule of expenditures of federal awards—modified cash basis for the year ended December 31, 2008 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole on the modified cash basis of accounting described in Note 1.

Haines, Isenbarger & Skiba, LLC

April 28, 2009

Forensic Nursing Specialties, Inc.

Statements of Assets, Liabilities, and Net Assets—Modified Cash Basis

	December 31	
	2008	2007
Assets		
Cash and cash equivalents	\$ 353,827	\$ 192,916
Other receivables	24,000	-
Furniture and equipment	81,885	80,717
Less accumulated depreciation	62,826	59,076
	19,059	21,641
Total assets	<u>\$ 396,886</u>	<u>\$ 214,557</u>
Net Assets		
Unrestricted	\$ 396,886	\$ 214,035
Temporarily restricted	-	522
	<u>\$ 396,886</u>	<u>\$ 214,557</u>

Forensic Nursing Specialties, Inc.

Statements of Support, Revenue, and Expenses—Modified Cash Basis

	Year ended December 31	
	2008	2007
Changes in unrestricted net assets		
Support, revenues, and gains:		
Support:		
Contributions	\$ 134,860	\$ 95,288
Contributed services and materials	1,386	720
Other fundraising events	9,719	13,370
Government support and grants:		
Sex Crime Victim Services Fund	342,390	302,640
STOP Violence Against Women Formula Grant Program	15,200	9,000
Victims of Crime Act Victim Assistance Grant	25,360	27,254
Program services:		
Courses	13,861	45,762
Medical-forensic examinations and related services, net	105,690	92,505
Other—interest income	7,807	4,562
	656,273	591,101
Net assets released from restrictions	522	30,000
	656,795	621,101
Expenses:		
Program services	365,630	357,299
Supporting services:		
Management and general	102,932	121,104
Development	5,382	5,599
Total expenses	473,944	484,002
Increase in unrestricted net assets	182,851	137,099
Changes in temporarily restricted net assets		
Contributions and increase in temporarily restricted net assets	-	522
Net assets released from restrictions	(522)	(30,000)
Decrease in temporarily restricted net assets	(522)	(29,478)
Increase in net assets	182,329	107,621
Net assets at beginning of year	214,557	106,936
Net assets at end of year	\$ 396,886	\$ 214,557

See Independent Accountants' Report and accompanying notes.

Forensic Nursing Specialties, Inc.

Statement of Functional Expenses—Modified Cash Basis

Year ended December 31, 2008

	Program Services	Supporting Services		Total Expenses
		Management and General	Development	
Advertising	\$ 155	\$ -	\$ -	\$ 155
Conferences, conventions, and meetings	4,891	-	-	4,891
Consulting and professional fees	-	5,900	-	5,900
Course and training expenses	18,744	-	-	18,744
Depreciation	3,109	2,481	-	5,590
Dues and service fees	-	4,185	-	4,185
Educational materials	144	-	-	144
Employee benefits	485	107	9	601
Insurance	1,786	1,786	-	3,572
Miscellaneous	-	2,642	-	2,642
Occupancy lease expense	14,592	14,592	-	29,184
Outside services	7,506	-	-	7,506
Parking expense	841	841	-	1,682
Payroll taxes	21,709	4,776	388	26,873
Postage and shipping	467	467	-	934
Printing and publications	1,427	-	-	1,427
Salaries and wages	278,560	61,284	4,985	344,829
Supplies	5,518	3,871	-	9,389
Telephone and pagers	5,696	-	-	5,696
Total expenses	\$365,630	\$ 102,932	\$ 5,382	\$ 473,944

Forensic Nursing Specialties, Inc.

Statement of Functional Expenses—Modified Cash Basis

Year ended December 31, 2007

	Program Services	Supporting Services		Total Expenses
		Management and General	Development	
Advertising	\$ 23,239	\$ -	\$ -	\$ 23,239
Conferences, conventions, and meetings	3,048	-	-	3,048
Consulting and professional fees	-	5,220	-	5,220
Course and training expenses	22,910	-	-	22,910
Depreciation	1,398	2,585	-	3,983
Dues and service fees	-	3,885	-	3,885
Educational materials	1,162	-	-	1,162
Employee benefits	397	117	8	522
Insurance	1,717	1,717	-	3,434
Miscellaneous	-	246	-	246
Occupancy lease expense	12,863	12,863	-	25,726
Outside services	6,679	-	-	6,679
Parking expense	912	912	-	1,824
Payroll taxes	19,166	5,660	390	25,216
Postage and shipping	571	571	-	1,142
Printing and publications	1,543	-	-	1,543
Salaries and wages	255,907	75,574	5,201	336,682
Supplies	248	11,754	-	12,002
Telephone and pagers	5,539	-	-	5,539
Total expenses	<u>\$357,299</u>	<u>\$ 121,104</u>	<u>\$ 5,599</u>	<u>\$484,002</u>

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis

December 31, 2008

1. Organization and Significant Accounting Policies

Organization

Forensic Nursing Specialties, Inc. is a not-for-profit organization doing business as the Fort Wayne Sexual Assault Treatment Center (Center). The mission of the Center is to be:

The most respected and trusted resource for superior medical forensic care, education and research in bringing justice to those impacted by sexual assault.

The Center is dedicated to providing specialized care and forensic examinations to men, women, and children that have been victims of sexual assault. The Center was the vision of a few dedicated emergency room nurses in Allen County who had first hand experience in dealing with sexual assault victims. Through collaboration with local community services and law enforcement, the first Sexual Assault Response Team in the Midwest was formed. The Center began full operation and provision of services on January 29, 1996.

By continuing a Sexual Assault Response Team based in Fort Wayne, Indiana, victims of the crime of sexual assault have access to immediate forensic treatment as well as screening for the need for medical treatment through the Center. As part of this multi-disciplinary approach, the Center has developed critical partnerships to comprehensively investigate sexual assault crimes and assist sexual assault victims with public health, criminal justice, and counseling needs. The multi-disciplinary team includes members of law enforcement agencies, local advocacy and social services organizations, and the Sexual Assault Nurse Examiners. The team approach enhances communication between all disciplines because it is centered on the victim. Other less formalized relationships exist with several agencies to better serve the victims or potential victims of sexual assault. Community awareness campaigns to promote safety and information on sexual assault represent the entire community's willingness to support the Center and its mission. All services by the Center are provided to victims at no cost.

The Center's major source of revenue is from the State of Indiana Sex Crime Victim Services Fund (SCVS Fund) administered by the Indiana Criminal Justice Institute. This SCVS Fund was established to pay for the expenses associated with forensic examinations and care following a sexual assault. Other significant sources of revenue include U.S. Department of Justice, Office of Justice Programs, and Office of Victims of Crimes grants (S.T.O.P. (*Services, Training, Officers, Prosecutors*)) (STOP) Violence Against Women Formula Grant Program and Victims of Crime Act (VOCA) Victim Assistance Grant) administered by the Indiana Criminal Justice Institute, Foundation grants, and payments from local law enforcement agencies.

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

1. Organization and Significant Accounting Policies (continued)

Organization (continued)

The Center is a not-for-profit voluntary health and welfare organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies for the 50% charitable contribution deduction limitation. The Center has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Basis of Presentation

The financial statements are prepared using the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Accordingly, certain revenue and the related assets are recognized when received rather than earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Consistent with accounting principles generally accepted in the United States, property and equipment expenditures are capitalized and related depreciation is recorded.

Accounts receivable from the State of Indiana Sex Crime Victim Services Fund administered by the Indiana Criminal Justice Institute are not reflected in the financial statements because of the use of the modified cash basis of accounting. Management works with the Indiana Criminal Justice Institute to regularly verify and reconcile the amount due the Center. Management believes that \$116,490 is due the Center from the State of Indiana Sex Crime Victim Services Fund at December 31, 2008.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Center maintains cash accounts at local banks. At various times during the year, the Center's cash and cash equivalents accounts exceeded federally insured limits.

Furniture and Equipment

Furniture and equipment are stated at cost or if donated, at fair market value at date of donation, except for furniture and equipment that have been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets as of

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

1. Organization and Significant Accounting Policies (continued)

Furniture and Equipment (continued)

December 31, 2008 and 2007. Depreciation is computed using straight-line and accelerated methods over the following estimated useful lives:

Office furniture and equipment	3–10 years
Examination and evidence-gathering equipment	5–7 years

Depreciation expense was \$5,590 in 2008 and \$3,983 in 2007.

Expenditures for normal repairs and maintenance are expensed when incurred.

Other Receivables

At December 31, 2008, other receivables represent payroll advances made by the Center to a payroll service provider in December 2008 that were refunded to the Center in January 2009.

Net Assets

Net assets are allocated to and accounted for based upon the donor's intended purpose. Unrestricted net assets have no donor imposed restrictions placed upon them. In addition, the Center had received certain net assets for specific purposes and these amounts were reported as temporarily restricted net assets. Temporarily restricted net assets include amounts whose use is limited by donor imposed stipulations that can be met and removed by actions of the Center pursuant to those stipulations. Permanently restricted net assets include amounts whose use is limited by donor imposed restrictions which stipulate that resources be maintained permanently, but permits the Center to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted. As of December 31, 2008 and 2007, the Center had no permanently restricted net assets.

Temporarily restricted net assets were \$522 at December 31, 2007. These funds were used for the purchase of forensic and medical equipment.

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

1. Organization and Significant Accounting Policies (continued)

Contributions

Contributions, including gifts, grants, bequests, and pledges, without restrictions or stipulations are recorded as support (revenue) in the period received. Contributions are reported as temporarily restricted or permanently restricted support if they are received with donor imposed stipulations that limit their use. In the case of temporarily restricted support, when the stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. However, if a donor restriction expires in the same reporting period that the contribution was made, such contribution is reported as an unrestricted contribution in the statement of activities and changes in net assets.

Contributions of assets other than cash are recorded at their fair market value.

Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation. The value of contributed services and materials recognized as revenue in the accompanying statements of support, revenue, and expenses—modified cash basis were \$1,386 in 2008 and \$720 in 2007.

Advertising

Advertising costs are charged to operations when incurred. Advertising costs charged to operations were \$155 in 2008 and \$23,239 in 2007.

Functional Allocation of Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statement of support, revenue, and expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

2. Debt Arrangement

Pursuant to a line of credit arrangement with a bank, the Center may borrow up to \$50,000 subject to certain terms and conditions. The line of credit arrangement is secured by substantially

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

2. Debt Arrangement (continued)

all assets of the Center and expires on June 1, 2009. The line of credit arrangement bears interest at the prime rate (3.25% at December 31, 2008), which is payable monthly. The rate of interest increases by 3% in the event of any default. At December 31, 2008 and 2007, the Center had no borrowings pursuant to its line of credit arrangement.

3. Lease Commitments

The Center leases office space pursuant to an operating lease which expired in January 2009. The Center is currently operating pursuant to a month-to-month lease arrangement. The Center also leases certain office equipment.

On January 6, 2009, the Center entered into a lease for its program service and office facility commencing on April 1, 2009 through March 31, 2019. The monthly rental is \$4,521 for the first five years and the Center is obligated for taxes, insurance, utilities, and maintenance pursuant to the terms of the lease.

Future minimum lease payments required pursuant to the new facility noncancelable operating lease arrangement with an initial term of one year or more consisted of the following:

2009	\$ 40,687
2010	54,250
2011	54,250
2012	54,250
2013	54,250
Thereafter	317,362
	<u>\$ 575,049</u>

Rent expense was \$32,529 in 2008 and \$28,754 in 2007.

Other Financial Information

Forensic Nursing Specialties, Inc.

Schedule of Expenditures of Federal Awards—Modified Cash Basis

Year ended December 31, 2008

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Expenditures
U.S. Department of Justice, Office of Justice Programs, and Office of Victims of Crimes:		
Pass-through program from Indiana Criminal Justice Institute:		
STOP Violence Against Women Formula Grant Program:		
(A) Fiscal year 2007 award #2007-WF-AX-003		
Grant period: July 1, 2007 through June 30, 2008	16.575	\$ 15,200
(B) Fiscal year 2008 award #2008-WF-AX011		
Grant period: October 1, 2008 through June 30, 2009		-
		15,200
Victims of Crime Act Victim Assistance Grant:		
(A) Fiscal year 2007 award #2006-VA-GX-0039		
Grant period: July 1, 2007 through June 30, 2008		17,924
(B) Fiscal year 2007 award #2007-VA-GX-0056		
Grant period: July 1, 2008 through September 30, 2008		7,436
(C) Fiscal year 2008 award #2008-WF-AX-0011		
Grant period: October 1, 2008 through June 30, 2009		-
		25,360
		\$ 40,560

Note A—Basis of Presentation and Other Information

The accompanying schedule of federal, state, and local grant awards—modified cash basis includes the federal, state, and local grant award activity of Forensic Nursing Specialties, Inc. and is presented on the modified cash basis of accounting.

Report to the Board of Directors of

Forensic Nursing Specialties, Inc.

Audit Results and Communications

Year ended December 31, 2008

April 28, 2009

Submitted by:



HAINES, ISENBARGER & SKIBA, LLC
CERTIFIED PUBLIC ACCOUNTANTS

www.hainescpa.com



HAINES, ISENBARGER & SKIBA, LLC
CERTIFIED PUBLIC ACCOUNTANTS

April 28, 2009

Board of Directors
Forensic Nursing Specialties, Inc.

Dear Members of the Board of Directors:

We are pleased to present the results of our audit of the financial statements (modified cash basis) of Forensic Nursing Specialties, Inc. doing business as Fort Wayne Sexual Assault Treatment Center (Center) as of and for the year ended December 31, 2008.

In meetings with management and the Treasurer, we discussed the scope of our engagement, the report we intend to issue and areas of audit emphasis. We considered the Center's current and emerging needs, actual or pending transactions of significance, along with an assessment of risks that could materially affect the financial statements and aligned our planned audit procedures accordingly.

This Report to the Board of Directors summarizes the scope of our engagement and the communications required by auditing standards promulgated by the American Institute of Certified Public Accountants (AICPA). We will also share our observations on the Center's financial position and results of operations and changes in net assets as we review the financial statements with you. In addition, we will be prepared to discuss any other matters that you may desire. Please do not hesitate to contact me directly at (260) 436-9500.

The completion of this year's audit was accomplished through the excellent support and assistance of the Center's personnel. As always, we strive to continually improve the quality of our audit services. This meeting is a forum for you to provide feedback on ways we can continue to meet and exceed your expectations.

This report is intended solely for the use of the, Board of Directors and management. We appreciate the opportunity to serve the Center and to meet with you.

Very truly yours,

Thomas J. Skiba
Partner

Copy to Sharon Robison, Chief Administrative Office



Forensic Nursing Specialties, Inc.

Summary of What We Agreed To Do

Our Approach

Our audit plan represented an approach responsive to the assessment of risk for the Center. Specifically, we designed our audit to:

- Issue an opinion on the fairness, in all material respects, of the presentation of the financial statements of the Center as of and for the year ended December 31, 2008 in conformity with the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles.
- Provide recommendations for improving internal controls and operating procedures, compliance with laws and regulations, and adherence to accounting principles.
- We were not engaged to prepare the Center's Form 990, *Return of Organization Exempt From Income Tax*, and Indiana Form NP-20, *Indiana Nonprofit Organization's Annual Report for the Calendar Year or Fiscal Year*, for the year ended December 31, 2008 or the Center's personal property tax returns.



Forensic Nursing Specialties, Inc.

Audit Results and Communications

- Audit communications (*included herein*)
- Review financial statements
- Communicating internal control matters identified in an audit (*report attached, new format*)
- The key accounting literature applicable to nonprofit organizations such as the Center includes:
 - FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*
 - FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*
 - FASB Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*
 - FASB Statement No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*
 - FASB Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*
 - AICPA, Audit and Accounting Guide, *Not-for-Profit Organizations*
 - AICPA, Audit Risk Alert, *Not-for-Profit Organization's Industry Developments*
- Newly redesigned and significantly expanded Form 990, *Return of Organization Exempt from Income Tax*. Form 990-EZ, *Short Form Return of Organization Exempt from Income Tax*.
- Subsequent year of new auditing standards (*audit documentation, risk assessments, communicating internal control matters, auditors' communication with those charged with governance*).
- Governance and regulatory oversight:
 - State Board of Accounts
 - Internal Revenue Service
 - Sarbanes-Oxley Act
 - Federal and State Governments.



Forensic Nursing Specialties, Inc.

The areas of audit emphasis included the following:

- Cash and cash equivalents.
- Accounts receivables, revenue recognition, and related allowance for doubtful accounts.
- Other receivables (payroll advances).
- Property, plant, and equipment, including additions and depreciation.
- Net assets (classification, restrictions, and investment earnings).
- Program service income.

- Government (Indiana) support:
 - Sex Crime Victim Services Fund.
 - STOP Violence Against Women Formula Grant Program.
 - Victims of Crime Act Victim Assistance Grant.
- Local law enforcement support.

- Contributions, including in-kind contributions.
- Compensation and other employee benefits.
- Program and other management costs.
- Other significant income and expense accounts.
- Commitments, contingencies, errors, fraud and illegal acts, environmental, and other regulatory matters.
- Financial reporting, including accounting presentation and disclosure requirements.



Forensic Nursing Specialties, Inc.

Required Communications

Auditing Standards promulgated by the AICPA (revised by Statements on Auditing Standards No. 114, issued in December 2006) require the auditor to communicate significant matters related to the financial statement audit that are, in the auditors' professional judgment, relevant to the responsibilities of those charged with governance (e.g., Audit or Finance Committee) in overseeing the financial reporting. Below we summarize these required communications.

Area	Comments
Auditors' Responsibilities under Generally Accepted Auditing Standards	<p>We have issued an unqualified opinion on the financial statements prepared on a modified cash basis of accounting as of and for the year ended December 31, 2008. We concluded that the financial statements of the Center are fairly stated, in all material respects, on the basis of accounting described above.</p>
<p>The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States, and provides for reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We have a responsibility to opine on whether the financial statements are fairly stated in accordance with the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. As part of our audit, we obtained an understanding of internal control sufficient to plan our audit and to determine the nature, timing, and extent of testing performed.</p>	<p>The management of the Center has acknowledged its responsibility for establishing and maintaining effective internal control, for properly recording transactions in the accounting records, for safeguarding assets, and for the overall fair presentation of the financial statements. Management of the Center also is responsible for identifying and ensuring that the Center complies with the laws and regulations applicable to its activities. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Significant Accounting Policies	<p>There were no initial selections of, or changes in, the application of accounting and reporting standards. Newly issued FASB statements had minimal impact on the financial statements.</p>



Forensic Nursing Specialties, Inc.

Required Communications (continued)

Area	Comments
Our Judgments About the Quality and Acceptability of Significant Accounting Principles	
<p>We discuss our judgments about the quality, not just the acceptability, of accounting policies as applied in the financial reporting, including consistency of the accounting policies and their application and the clarity and completeness of the financial statements and related disclosures.</p>	<p>The Center's accounting policies were appropriate, consistently applied and properly (clearly) disclosed. The accounting principles utilized by the Center are similar to those of other nonprofits.</p>
Management Judgments and Accounting Estimates	
<p>The preparation of financial statements requires the use of accounting estimates. These estimates would include the depreciable lives of the building and improvements and equipment. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's expectations. We assess the methodologies or processes used and basis of evidence for matters requiring judgment and estimates by management.</p>	<p>Methodologies used and evidence considered has led to reasonable estimates and disclosures in the financial statements. Estimates include the useful lives of property and equipment and recording accounts receivable at their realizable value.</p>
Recorded and Unrecorded Audit Adjustments	
	<p>We recorded one adjustment to reflect the change in accounts receivable at year end and other reclassification entries. We also recorded one adjustment to reflect other receivables at December 31, 2008 for payroll advances made in 2008 and recovered in early 2009. There were no significant unadjusted audit differences.</p>
Significant Risks and Expenses and Uncertainties, such as pending litigation that are disclosed in the financial statements	None.



Forensic Nursing Specialties, Inc.

Required Communications (continued)

Area	Comments
Disagreements with Management on Financial Accounting and Reporting Matters	None. Management's practice is to consult with us regarding accounting matters.
Significant Issues Discussed with Management, including those in connection with the initial or recurring retention of Haines, Isenbarger & Skiba, LLC as auditors	None.
Consultation with Other Accountants	None of which we are aware.
Significant Difficulties During the Audit	None. We received excellent cooperation from management and had access to all records and documents necessary to perform the audit. Management was well prepared and responded to our requests and inquiries in a timely manner.
Fraud and Illegal Acts	We are not aware of any instances of fraud or illegal acts.
Material Weaknesses in Internal Controls	We noted no matters involving the internal control over financial reporting and its operations that we considered to be material weaknesses.
Compliance and Other Matters	As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported.



Forensic Nursing Specialties, Inc.

Required Communications (continued)

Area	Comments
Compliance with Debt Covenants	We noted no matters of noncompliance with the terms of the line of credit.
Interim Financial Information and Internal Controls	We are not required to and do not perform timely quarterly reviews as required by auditing standards as they relate to publicly-owned companies.
Auditor Independence	We are not aware of any relationships between Haines, Isenbarger & Skiba, LLC and the Center that, in our professional judgment, may reasonably be thought to bear on our independence. Relating to our audit of the financial statements of the Center, we are independent certified public accountants with respect to the Center within the meaning of the applicable published pronouncement of AICPA Independence Standards.

Consideration of Fraud in a Financial Statement Audit

In October 2002, the Auditing Standards Board (ASB) of the AICPA issued Statement on Auditing Standards (SAS) No. 99, *Consideration of Fraud in a Financial Statement Audit*, which supersedes SAS 82. SAS 99 was issued to heighten the awareness of auditors to the potential for fraud when planning and executing audits. SAS 99 also encourages increased professional skepticism and provides additional guidance for auditors in fulfilling their responsibility related to detecting fraud in a financial statement audit. SAS 99 does not change our responsibilities as auditors. Under SAS 99, we are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or by fraud. However, the extent of required procedures related to the detection of fraud has increased. We approach all audits with an understanding that fraud could occur in any company or organization at any time, and could be perpetrated by anyone.



Forensic Nursing Specialties, Inc.

Redesigned Form 990 and Instructions for 2008 tax year

Overview and Major Changes. The Form 990 has been redesigned effective for 2008 tax years. The new form consists of an 11-page, 11-part core form that is required to be completed by all organizations that file the Form 990, and Schedules to be completed by those organizations that satisfy the applicable requirements for each Schedule.

The following provides a brief summary of some major changes and features of the new form, and an outline of the new core form and Schedules. This summary does not describe all of the new features or changes. Some of the information previously required by the Form 990 (2007) has been eliminated or revised, and the new Form 990 (2008) requires information not previously required by the prior form. Some information previously required of only certain types of organizations now is required of all types of organizations completing the form. The organization should carefully review the new form and instructions in order to make sure it satisfies the new form's reporting requirements. See the IRS website at www.irs.gov and click on the Charities & Non-Profits tab for more information. .

Some areas of major changes in reporting requirements include governance and compensation of officers, directors, trustees, key employees, and highest compensated employees. For example, Part VI, *Governance, Management, and Disclosure*, is a new section that asks questions about the organization's governance structure, policies and disclosure practices. Part VII, *Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*, also contains important changes, including new definitions of officer and key employee applicable to all organizations, and the extension of reporting compensation paid to the top five highest compensated employees from organizations described in Sections 501 (c)(3) or 4947(a)(1), as was previously the case, to all organizations filing the Form 990, such as social welfare organizations, business leagues, trade associations, and social clubs.

Other areas of significant change include determination of public charity status and public support; supplemental financial statement reporting; and fundraising, special events, and gaming. For organizations described in Sections 501(c)(3) or 4947(a)(1), Schedule A has been revised to emphasize reporting of public charity status and public support. Schedule D contains new reporting requirements for conservation organizations; museums and other organizations maintaining collections of works of art and other items; credit counseling organizations and others holding funds in escrow or custodial arrangements; and organizations maintaining endowments. Schedule G requires reporting of certain information regarding arrangements with professional fundraisers, special events, and gaming activities. Other new Schedules include those for reporting foreign activities (Schedule F); hospitals (Schedule H); tax exempt bonds (Schedule K); non-cash contributions (Schedule M); and related organizations (Schedule R).



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Redesigned Form 990 and Instructions for 2008 tax year (continued)

The following is an outline of the Parts of the core form and the new Schedules.

Core Form. The core form required to be completed by all organizations consists of the following 11 Parts:

- Part I, *Summary*, which provides certain important information regarding the organization's mission, activities, and current and prior years' financial results;
- Part II, *Signature Block*, which contains the signature of an organization's officer and, if applicable, paid preparer;
- Part III, *Statement of Program Service Accomplishments*, which requires reporting of the organization's new, ongoing and discontinued exempt purpose achievements and related revenue and expenses;
- Part IV, *Checklist of Required Schedules*, to be used by the organization to determine which schedules it must complete and file with the IRS as part of the Form 990;
- Part V, *Statements Regarding Other IRS Filings and Tax Compliance*, to be used by the organization to report its compliance with other federal tax reporting and substantiation requirements;
- Part VI, *Governance, Management, and Disclosure*, which requires information regarding the organization's governing body and management, policies, and disclosure practices;
- Part VII, *Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*, to report compensation paid such persons by the organization and its related organizations that is reported on Forms W-2 and 1099-MISC, and certain other compensation;
- Part VIII, *Statement of Revenue*, Part IX, *Statement of Functional Expenses*;
- Part X, *Balance Sheet*, which comprise the financial statements of the organization for federal tax reporting purposes; and
- Part XI, *Financial Statements and Reporting*, to report information regarding the organization's accounting methods and its compiled, reviewed, or audited financial statements.

Schedules. The new Form 990 (2008) contains 16 schedules. Each organization must complete Part IV, *Checklist of Required Schedules*, to determine those schedules it must complete. These schedules replace the prior form's schedules and most required attachments that previously had to be constructed and completed by the filing organization. The following is a list and brief description of the new schedules:



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Redesigned Form 990 and Instructions for 2008 tax year (continued)

- Schedule A, *Public Charity Status and Public Support*, to be completed by organizations described in Sections 501(c)(3) and 4947(a)(1) to provide information relevant to its status as a public charity, including satisfaction of applicable public support tests on an ongoing basis;
- Schedule B, *Schedule of Contributors*, to be completed by organizations to provide information regarding contributions they report as revenues;
- Schedule C, *Political Campaign and Lobbying Activities*, to be completed by organizations that conduct political campaign activities, organizations described in Sections 501(c)(3) and 4947(a)(1) that conduct lobbying activities, and organizations subject to Section 6033(e) notice and reporting requirements and potential proxy tax on certain membership dues, assessments and similar amounts;
- Schedule D, *Supplemental Financial Statements*, to be completed by organizations to supplement certain balance sheet information, as well as conservation organizations, museums and other organizations maintaining collections, credit counseling organizations and others holding funds in escrow or custodial arrangements, and organizations maintaining endowments or donor advised funds and similar funds or accounts;
- Schedule E, *Schools*, which is the private school questionnaire previously contained in former Schedule A;
- Schedule F, *Statement of Activities Outside the United States*, to report the organization's activities conducted outside the United States;
- Schedule G, *Supplemental Information Regarding Fundraising or Gaming Activities*, which requires reporting by organizations that reported certain amounts of professional fundraising expenses, revenue from special events, and revenue from gaming activities;
- Schedule H, *Hospitals*, to be completed by organizations that operate one or more facilities licensed or registered as a hospital under state law;
- Schedule I, *Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.*, to report grants and other assistance provided by the organization to others within the United States;
- Schedule J, *Compensation Information*, to be completed by organizations to provide detailed compensation information for certain current or former officers, directors, trustees, key employees, and highest compensated employees, and certain information regarding the organization's compensation practices and arrangements;
- Schedule K, *Supplemental Information for Tax Exempt Bonds*, to be completed by organizations with outstanding tax-exempt bond liabilities;



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- Schedule L, *Transactions with Interested Persons*, to be completed by organizations that engage in certain types of relationships or transactions with interested persons, including excess benefit transactions, loans, grants or other financial assistance, and other financial or business transactions or arrangements;
- Schedule M, *Non-Cash Contributions*, to report contributions other than cash received by the organization;
- Schedule N, *Liquidation, Termination, Dissolution or Significant Disposition of Assets*, to report major dispositions of assets by the organization;
- Schedule O, *Supplemental Information to Form 990*, to be used by organizations to provide supplemental information to describe or explain the organization's responses to questions contained in the core form or schedules; and
- Schedule R, *Related Organizations and Unrelated Partnerships*, to provide information regarding the organization's relationships with other exempt and taxable organizations.

Organizations should complete Part IV, *Checklist of Required Schedules*, to determine which of these schedules they must file as part of the Form 990. All filers will be required to provide certain narrative responses on Schedule O.

Instructions, Glossary and Appendices. The Form 990 instructions also have been revised for 2008. The new instructions contain a sequencing list to help organizations determine the order in which to complete various portions of the form (see General Instruction C), revised general and specific instructions for the core form and schedules, a glossary of key terms, and a compensation table to help organizations determine where and how to report types of compensation paid to officers, directors, trustees, key employees, and highest compensated employees (see Specific Instructions for Part VII). The new instructions also contain new appendices for reporting requirements and guidance regarding group returns (see Appendix E), and for organizations to report activities conducted indirectly through joint ventures and disregarded entities (see Appendix F).

Form 990-EZ Filing Amounts for 2008-2010. Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax*, may be filed by most organizations with gross receipts and total assets below certain amounts. For the 2008 tax year, most organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 may choose to file the Form 990 or Form 990-EZ. (For the 2007 tax year, these amounts were less than \$100,000 gross receipts and \$250,000 total assets.) For the 2009 tax year, most organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 may choose to file the Form 990 or Form 990-EZ. Beginning with the 2010 tax year, most organizations with gross receipts less than \$200,000 and total assets less than \$500,000 may file either the Form 990 or Form 990-EZ.



Forensic Nursing Specialties, Inc.

Redesigned Form 990 and Instructions for 2008 tax year (continued)

Although Form 990-EZ was not redesigned for 2008, some changes have been made so that certain information previously required to be submitted in attachments will now be reported on schedules. Organizations that file Form 990-EZ (2008) must review the instructions for Schedules A, B, C, E, G, L, and N to determine whether they must report any of their activities or information on those schedules. Form 990-EZ filers will not be required to complete any of the other 2008 Form 990 schedules.

New annual electronic filing requirement for small tax-exempt organizations. Most small tax-exempt organizations now must file new Form 990-N, *Electronic Notice (ePostcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ*. See the IRS website at www.irs.gov and click on the Form 990-N (e-Postcard) tab for more information.

Purpose of Form. Form 990 and Form 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and Section 527 political organizations to provide the IRS with the information required by Section 6033.

An organization's completed Form 990 and Form 990-EZ, and the Forms 990-T of 501(c)(3) organizations, are available for public inspection as required by section 6104. Schedule B, *Schedule of Contributors* (Form 990, 990-EZ, or 990-PF), is available for public inspection for Section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or Form 990-EZ, parts of Schedule B may be open to public inspection. See the *Instructions for Schedule B* for more details.

Some members of the public rely on Form 990, or Form 990-EZ, as their primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by information presented on its return. Therefore, the return must be complete, accurate, and fully describe the organization's programs and accomplishments.

Use Form 990 or Form 990-EZ to send a required election to the IRS, such as the election to capitalize costs under Section 266.



Forensic Nursing Specialties, Inc.

Report on Internal Controls

Board of Directors
Forensic Nursing Specialties, Inc.

Board Members:

In planning and performing our audit of the financial statements (modified cash basis) of Forensic Nursing Specialties, Inc. doing business as Fort Wayne Sexual Assault Treatment Center (Center) as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Center'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 Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency exists in internal control 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 significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Haines, Isenbarger & Skiba, LLC

April 28, 2009