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November 13, 2013

Board of Directors
Fort Wayne Sexual Assault Treatment
Center/Forensic Nursing Specialties, Inc.
2270 Lake Ave., Suite 201
Fort Wayne, IN 46805

We have reviewed the audit report prepared by Haines, Isenbarger & Skiba, LLC, Independent Public Accountants, for the period January 1, 2010 to December 31, 2010. 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 Fort Wayne Sexual Assault Treatment Center/Forensic Nursing Specialties, Inc., as of December 31, 2010, 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, 2010 and 2009
with Independent Accountants' Report*

Forensic Nursing Specialties, Inc.

Financial Statements and Other Financial
Information—Modified Cash Basis

Years ended December 31, 2010 and 2009

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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, 2010 and 2009, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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, 2010 and 2009, 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, 2010 taken as a whole. The accompanying schedule of expenditures of federal awards—modified cash basis for the year ended December 31, 2010 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

July 5, 2011

Forensic Nursing Specialties, Inc.

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

	December 31	
	2010	2009
Assets		
Cash and cash equivalents	\$ 327,127	\$ 428,525
Furniture and equipment	94,020	82,072
Less accumulated depreciation	<u>55,813</u>	<u>47,653</u>
	<u>38,207</u>	<u>34,419</u>
Total assets	<u>\$ 365,334</u>	<u>\$ 462,944</u>
Unrestricted net assets	<u>\$ 365,334</u>	<u>\$ 462,944</u>

Forensic Nursing Specialties, Inc.

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

	Year ended December 31	
	2010	2009
Changes in unrestricted net assets		
Support, revenues, and gains:		
Support:		
Contributions	\$ 31,105	\$ 154,940
Contributed services and materials	-	2,251
Other fundraising events, net of expenses	11,761	47,538
Government support and grants:		
Sex Crime Victim Services Fund	209,001	195,255
STOP Violence Against Women Formula Grant Program	102,779	36,780
Victims of Crime Act Victim Assistance Grant	47,636	30,277
Program services:		
Courses	26,728	12,419
Medical-forensic examinations and related services, net	102,462	128,775
Interest income	997	1,200
Loss on disposal of equipment	-	(305)
	532,469	609,130
Expenses:		
Program services	564,145	481,041
Supporting services:		
Management and general	61,617	58,810
Fund development	4,317	3,221
Total expenses	630,079	543,072
Increase (decrease) in unrestricted net assets	(97,610)	66,058
Net assets at beginning of year	462,944	396,886
Net assets at end of year	\$ 365,334	\$ 462,944

Forensic Nursing Specialties, Inc.

Statement of Functional Expenses—Modified Cash Basis

Year ended December 31, 2010

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management and General	Fund Development	
Advertising	\$ 960	\$ -	\$ -	\$ 960
Conferences, conventions, and meetings	12,710	-	-	12,710
Consulting and professional fees	5,800	-	-	5,800
Course and training expenses	10,221	-	-	10,221
Depreciation	4,538	3,622	-	8,160
Dues and service fees	6,290	-	-	6,290
Educational materials	2,812	-	-	2,812
Employee benefits	1,191	129	13	1,333
Insurance	1,594	1,594	-	3,188
Miscellaneous	393	98	-	491
Occupancy lease expense	51,762	5,751	-	57,513
Outside services	53,432	-	-	53,432
Parking expense	45	44	-	89
Payroll taxes	30,283	3,273	336	33,892
Postage and shipping	827	827	-	1,654
Printing and publications	4,626	-	-	4,626
Salaries and wages	358,142	38,713	3,968	400,823
Supplies	10,194	7,566	-	17,760
Telephone and pagers	8,325	-	-	8,325
Total expenses	<u>\$564,145</u>	<u>\$ 61,617</u>	<u>\$ 4,317</u>	<u>\$ 630,079</u>

Forensic Nursing Specialties, Inc.

Statement of Functional Expenses—Modified Cash Basis

Year ended December 31, 2009

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management and General	Fund Development	
Advertising	\$ 725	\$ -	\$ -	\$ 725
Conferences, conventions, and meetings	2,540	-	-	2,540
Consulting and professional fees	6,899	-	-	6,899
Course and training expenses	17,951	-	-	17,951
Depreciation	3,450	2,811	-	6,261
Dues and service fees	3,829	-	-	3,829
Educational materials	982	-	-	982
Employee benefits	1,201	121	11	1,333
Insurance	2,804	2,804	-	5,608
Miscellaneous	2,901	725	-	3,626
Occupancy lease expense	49,450	5,495	-	54,945
Outside services	25,289	-	-	25,289
Parking expense	612	611	-	1,223
Payroll taxes	24,841	2,503	229	27,573
Postage and shipping	412	413	-	825
Printing and publications	2,026	-	-	2,026
Salaries and wages	324,050	32,656	2,981	359,687
Supplies	3,925	10,671	-	14,596
Telephone and pagers	7,154	-	-	7,154
Total expenses	<u>\$481,041</u>	<u>\$ 58,810</u>	<u>\$ 3,221</u>	<u>\$ 543,072</u>

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis

December 31, 2010

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 and abuse.

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 of America. 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 of America, 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 \$329,639 is due the Center from the State of Indiana Sex Crime Victim Services Fund at December 31, 2010.

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, 2010 and 2009. 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 \$8,160 in 2010 and \$6,261 in 2009.

Expenditures for normal repairs and maintenance are expensed when incurred.

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, 2010 and 2009, the Center had no temporarily or permanently restricted net assets.

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

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

1. Organization and Significant Accounting Policies (continued)

Contributions (continued)

assets are reclassified to unrestricted net assets and reported in the statements of support, revenue, and expenses—modified cash basis 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 statements of support, revenue, and expenses—modified cash basis.

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 was \$2,251 in 2009.

Advertising

Advertising costs are charged to operations when paid. Advertising costs charged to operations were \$960 in 2010 and \$725 in 2009.

Functional Allocation of Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of support, revenue, and expenses—modified cash basis. 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 could borrow up to \$50,000 subject to certain terms and conditions. The line of credit arrangement was secured by substantially all assets of the Center and expired on June 1, 2010. The line of credit arrangement bore interest at the prime rate, which was payable monthly. The rate of interest increased by 3% in the event of any default. At December 31, 2009, the Center had no borrowings pursuant to this line of credit arrangement.

Forensic Nursing Specialties, Inc.

Notes to Financial Statements—Modified Cash Basis (continued)

3. Lease Commitments

The Center leases its program service and office facility using an operating lease arrangement through March 31, 2019. The original lease arrangement dated January 6, 2009, was modified effective October 1, 2010 to reflect additional square footage being leased in the facility. The Center is obligated for taxes, insurance, utilities, and maintenance pursuant to the terms of the lease. The Center also leases certain office equipment.

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

2011	\$ 75,224
2012	80,817
2013	86,410
2014	92,690
2015	104,805
Thereafter	379,942
	<u>\$ 819,888</u>

Rent expense was \$57,830 in 2010 and \$58,324 in 2009.

4. Subsequent Events

Management has evaluated subsequent events through July 5, 2011, the date on which the financial statements were available to be issued.

Other Financial Information

Forensic Nursing Specialties, Inc.

Schedule of Expenditures of Federal Awards—Modified Cash Basis

Year ended December 31, 2010

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 2009 award #2009-EF-56-0020		
Grant period: August 1, 2009 through April 30, 2011	16.588	\$ 91,199
(B) Fiscal year 2009 award #2009-WF-AX-0006		
Grant period: July 1, 2009 through June 30, 2010	16.588	<u>11,580</u>
		102,779
Victims of Crime Act Victim Assistance Grant:		
(A) Fiscal year 2009 award #2009-VA-GX-0031		
Grant period: July 1, 2009 through June 30, 2010	16.575	38,689
(B) Fiscal year 2010 award #2010-VA-GX-0100		
Grant period: July 1, 2010 through June 30, 2011	16.575	<u>8,947</u>
		<u>47,636</u>
		<u>\$150,415</u>

Note A—Basis of Presentation and Other Information

The accompanying schedule of expenditures of federal 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.