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August 14, 2014

Board of Directors
A Better Way Services, Inc.
806 W. Jackson
Muncie, IN 47305

We have reviewed the audit report prepared by Summers, Carroll, Whisler LLC, for the period July 1, 2011 to June 30, 2012. 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 A Better Way Services, Inc., as of June 30, 2012, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**COMBINED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

A BETTER WAY SERVICES, INC.

**FAMILY SERVICES OF DELAWARE COUNTY
BUILDING CORPORATION**

JUNE 30, 2012 AND 2011

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

Independent Auditors' Report

**Board of Directors
A Better Way Services, Inc.**

We have audited the accompanying combined statements of financial position of A Better Way Services, Inc. (a non-profit organization) and its affiliate as of June 30, 2012 and 2011, and the related combined statements of activities, cash flow, and functional expenses for the years then ended. These combined financial statements are the responsibility of the Organizations' management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of A Better Way Services, Inc. and affiliate as of June 30, 2012 and 2011, and the changes in their net assets and their cash flow for the years 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 December 14, 2012 on our consideration of A Better Way Services, Inc. and affiliate's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of these reports 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 audits.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements of A Better Way Services, Inc. and affiliate taken as a whole. The schedules of expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic combined financial statements. The additional statements and schedules in the supplementary information are also presented for purposes of additional analysis and are not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the basic combined financial statements taken as a whole.

Summers, Carroll, Whisler L.L.C.

Muncie, Indiana
December 14, 2012

A Better Way Services, Inc.
Family Services of Delaware County Building Corporation
COMBINED STATEMENTS OF FINANCIAL POSITION

June 30,

	2012	2011
ASSETS		
CURRENT ASSETS		
Cash	\$ 156,315	\$ 96,443
Unconditional promises to give	-	132,500
Accounts receivable	227,071	222,652
Prepaid expenses	7,432	7,432
	390,818	459,027
PROPERTY, BUILDINGS AND EQUIPMENT		
Buildings and improvements	2,170,050	2,167,200
Equipment	197,533	204,677
	2,367,583	2,371,877
Less accumulated depreciation	841,573	771,125
	1,526,010	1,600,752
Land	47,500	47,500
	1,573,510	1,648,252
OTHER ASSETS		
Beneficial interest in investments held by others	102,447	162,427
	102,447	162,427
	\$ 2,066,775	\$ 2,269,706

The accompanying notes are an integral part of these statements.

	<u>2012</u>	<u>2011</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Deposits	\$ 2,538	\$ 1,978
Accounts payable	2,883	4,776
Current maturities of long-term liabilities	25,833	9,265
Grants payable	108,745	147,415
Accrued and withheld liabilities	42,401	70,957
	<hr/>	<hr/>
Total current liabilities	182,400	234,391
LONG-TERM LIABILITIES		
Mortgage payable, less current maturities	-	25,352
Contingent liabilities	950,000	950,000
	<hr/>	<hr/>
	950,000	975,352
	<hr/>	<hr/>
Total liabilities	1,132,400	1,209,743
NET ASSETS		
Unrestricted	823,130	816,802
Temporarily restricted	26,340	158,256
Permanently restricted	84,905	84,905
	<hr/>	<hr/>
	934,375	1,059,963
	<hr/>	<hr/>
	\$ 2,066,775	\$ 2,269,706
	<hr/> <hr/>	<hr/> <hr/>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF ACTIVITIES

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Public support	\$ 243,446	\$ 20,655		\$ 264,101
Revenue	1,903,090	(5,092)		1,897,998
	<hr/>	<hr/>	<hr/>	<hr/>
Total support and revenue	2,146,536	15,563		2,162,099
Net assets released from restrictions				
Expiration of time/usage restrictions	147,479	(147,479)		
	<hr/>	<hr/>	<hr/>	<hr/>
	2,294,015	(131,916)		2,162,099
Expenses				
Program services				
A Better Way Shelter	1,258,549			1,258,549
Afternoons R.O.C.K.	806,142			806,142
	<hr/>	<hr/>	<hr/>	<hr/>
	2,064,691			2,064,691
Supporting services				
Management and general	222,996			222,996
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	2,287,687			2,287,687
	<hr/>	<hr/>	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	6,328	(131,916)		(125,588)
Net assets at beginning of year	816,802	158,256	\$ 84,905	1,059,963
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets at end of year	<u>\$ 823,130</u>	<u>\$ 26,340</u>	<u>\$ 84,905</u>	<u>\$ 934,375</u>

The accompanying notes are an integral part of this statement.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Public support	\$ 190,585	\$ 100,000		\$ 290,585
Revenue	1,811,042	57,982		1,869,024
	2,001,627	157,982		2,159,609
Net assets released from restrictions				
Expiration of time/usage restrictions	192,979	(192,979)		
	2,194,606	(34,997)		2,159,609
Expenses				
Program services				
A Better Way Shelter	1,218,223			1,218,223
Afternoons R.O.C.K.	811,107			811,107
	2,029,330			2,029,330
Supporting services				
Management and general	245,781			245,781
	2,275,111			2,275,111
DECREASE IN NET ASSETS	(80,505)	(34,997)		(115,502)
Net assets at beginning of year	897,307	193,253	\$ 84,905	1,175,465
Net assets at end of year	<u>\$ 816,802</u>	<u>\$ 158,256</u>	<u>\$ 84,905</u>	<u>\$ 1,059,963</u>

The accompanying notes are an integral part of this statement.

A Better Way Services, Inc.
Family Services of Delaware County Building Corporation

COMBINED STATEMENTS OF CASH FLOW

Years Ended June 30,

	<u>2012</u>	<u>2011</u>
Cash flow from operating activities:		
Decrease in net assets	\$ (125,588)	\$ (115,502)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	77,591	89,687
Realized gain on investments	(1,098)	(2,953)
Unrealized (gain) loss on investments	5,092	(22,141)
(Increase) decrease in assets:		
Unconditional promises to give	132,500	34,500
Accounts receivable	(4,419)	43,627
Prepaid expenses		7,960
Increase (decrease) in liabilities:		
Deposits	560	124
Accounts payable	(1,893)	(5,769)
Grants payable	(38,670)	(34,125)
Accrued and withheld liabilities	(28,556)	6,571
	<hr/>	<hr/>
Net cash provided by operating activities	15,519	1,979
Cash flow from investing activities:		
Cash payments for the purchase of property	(2,850)	(23,094)
Net change in investments	55,987	(1,520)
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	53,137	(24,614)
Cash flow from financing activities:		
Principal payments on long-term liabilities	(8,784)	(8,149)
	<hr/>	<hr/>
Net cash used in financing activities	(8,784)	(8,149)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	59,872	(30,784)
Cash and cash equivalents at beginning of year	96,443	127,227
	<hr/>	<hr/>
Cash and cash equivalents at end of year	<u>\$ 156,315</u>	<u>\$ 96,443</u>

A Better Way Services, Inc.
Family Services of Delaware County Building Corporation
COMBINED STATEMENTS OF CASH FLOW - CONTINUED

Years Ended June 30,

	<u>2012</u>	<u>2011</u>
Supplemental information:		
Cash paid during the year for interest	<u>\$ 2,298</u>	<u>\$ 2,931</u>

The accompanying notes are an integral part of these statements.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2012

	A Better Way Shelter	Afternoons R.O.C.K.	Total Program Services	Management and General	Total
Salaries	\$ 575,071	\$ 127,431	\$ 702,502	\$ 102,729	\$ 805,231
Employee benefits	284,659	96,597	381,256	26,067	407,323
Payroll taxes	85,153	9,801	94,954	6,466	101,420
Professional fees	89,447	10,200	99,647	6,842	106,489
Supplies	26,410	566	26,976	1,255	28,231
Telephone	9,781	3,298	13,079	1,940	15,019
Postage	420	183	603	712	1,315
Occupancy	51,889	1,535	53,424	1,245	54,669
Equipment rental and maintenance	13,606	641	14,247	2,643	16,890
Conferences and training workshops	2,583	1,342	3,925	85	4,010
Interest				2,298	2,298
Employee allowance	2,757	3,396	6,153	129	6,282
Membership dues	2,911	20	2,931	257	3,188
Grants		528,750	528,750		528,750
Insurance	21,692	2,833	24,525	4,978	29,503
Fund raising				16,735	16,735
Program materials	20,840	18,237	39,077	1,000	40,077
Program transportation	37,568	1,152	38,720		38,720
Miscellaneous	1,825	160	1,985	1,961	3,946
Total expenses before depreciation	1,226,612	806,142	2,032,754	177,342	2,210,096
Depreciation	31,937		31,937	45,654	77,591
Total expenses	<u>\$ 1,258,549</u>	<u>\$ 806,142</u>	<u>\$ 2,064,691</u>	<u>\$ 222,996</u>	<u>\$ 2,287,687</u>

The accompanying notes are an integral part of this statement.

A Better Way Services, Inc.
Family Services of Delaware County Building Corporation
COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011

	A Better Way Shelter	Afternoons R.O.C.K.	Total Program Services	Management and General	Total
Salaries	\$ 620,926	\$ 126,184	\$ 747,110	\$ 101,444	\$ 848,554
Employee benefits	261,328	60,390	321,718	34,726	356,444
Payroll taxes	47,586	8,720	56,306	6,071	62,377
Professional fees	63,534	8,145	71,679	6,108	77,787
Supplies	30,581	3,323	33,904	2,043	35,947
Telephone	8,790	2,446	11,236	1,882	13,118
Postage	578	287	865	1,182	2,047
Occupancy	47,777	1,337	49,114	893	50,007
Equipment rental and maintenance	15,792	866	16,658	1,694	18,352
Conferences and training workshops	1,061	2,543	3,604	50	3,654
Interest				2,931	2,931
Employee allowance	3,281	4,240	7,521	135	7,656
Membership dues	900	250	1,150	182	1,332
Grants		573,215	573,215		573,215
Insurance	28,017	3,321	31,338	6,214	37,552
Fund raising				27,107	27,107
Program materials	17,015	14,494	31,509	989	32,498
Program transportation	30,656	1,152	31,808		31,808
Miscellaneous	751	194	945	2,093	3,038
Total expenses before depreciation	1,178,573	811,107	1,989,680	195,744	2,185,424
Depreciation	39,650		39,650	50,037	89,687
Total expenses	\$ 1,218,223	\$ 811,107	\$ 2,029,330	\$ 245,781	\$ 2,275,111

The accompanying notes are an integral part of this statement.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

A Better Way Services, Inc. (A Better Way) brings peace to families, strength to individuals and families, and positive impact to community, through crisis intervention, service, support, education and caring. One of A Better Way's programs, A Better Way Shelter, combats growing domestic violence. Financial support for these services consists primarily of grants and donations from private and public organizations and individuals. Approximately 41% and 20% of the Organization's support for the year ended June 30, 2012 came from grants authorized by the Department of Health and Human Services and the Department of Education, respectively; while approximately 39% and 19% of the Organization's support for the year ended June 30, 2011 came from these respective grants.

A Better Way's major programs (as relative to federal awards) are its Afternoons R.O.C.K. program, and the 21st Century Community Learning program within its A Better Way Shelter program. The majority of the funding for these programs consists of a Substance Abuse Prevention and Treatment Block Grant from the Department of Health and Human Services which is passed through from the Indiana Family & Social Services Administration's Division of Mental Health, and State Grant monies from the Department of Education which is passed through from the Indiana Department of Education. Collectively, these programs provide services to individuals in Delaware County, Indiana and sixteen other counties located in east-central Indiana.

Family Services of Delaware County Building Corporation (Building Corporation) was organized in 1991 for the exclusive purpose of holding title to property, collecting income therefrom and turning over the entire amount thereof, less expenses, to A Better Way.

2. Basis of Presentation

The financial statements of the Organizations are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

3. Combined Financial Statement Presentation

The Organizations, through a related directorate, coordinate their efforts in furtherance of A Better Way's goals. The Building Corporation's principal business activity is leasing property to A Better Way. Accordingly, the financial statements of these affiliated Organizations are presented on a combined basis. All intercompany accounts and transactions have been eliminated.

In accordance with GAAP, the Organizations report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organizations present a statement of cash flow.

4. Cash and Cash Equivalents

The Organizations maintain cash in accounts at local financial institutions which are insured by agencies of the U.S. Government. For purposes of the statement of cash flow, the Organizations consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

6. Accounts Receivable

The Organizations consider all receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. Should management deem any accounts receivable to be uncollectible, the outstanding balance is written-off to bad debts. Amounts written-off to bad debts have been immaterial to the financial statements.

7. Beneficial Interest in Investments Held by Others

In accordance with GAAP, contributions made to an organization, which acts as an agent on the behalf of others, are recorded as assets of the donor organization when it is the beneficiary. These assets, or investments, are recorded at their fair market value. Increases and decreases in the fair market value of the assets are recorded in revenue and expenses. Restricted gains, losses and investment income are reported as increases or decreases in unrestricted net assets if the restrictions expire in the fiscal year in which the investment return components are recognized.

8. Property, Buildings and Equipment

The Organizations' policies are to capitalize assets valued at \$1,000 or greater. Property, buildings and equipment are valued at cost for items purchased and at the approximate fair market value at the date of gift for items donated. Maintenance and repairs that do not improve or extend the useful lives of property and equipment are charged to expense as incurred. Upon retirement or sale of property, buildings and equipment, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss, if applicable, is reported in the statement of activities. Depreciation is calculated using the straight-line method based upon the estimated useful lives of the assets, ranging from five to forty years.

9. Income Tax Status

A Better Way is a non-profit organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Building Corporation is an organization exempt under Section 501(c)(2) of the Internal Revenue Code. As such, they are not liable for federal and state income taxes and no liability for such taxes appears in these statements.

The Organizations have no open tax years prior to 2008.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Public Support and Revenue

In accordance with GAAP, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Grant revenue that is restricted by the grantor is reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grant revenue is recognized. All other donor-restricted support is reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

11. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs, if not directly traceable, have been allocated between the program services and supporting services benefited.

12. Compensated Absences

Full-time employees are entitled to paid vacations, depending on length of service. The accumulation of vacation time is allowed up to a maximum of 160 hours. Full-time employees also accrue 8 hours of sick time per month and may accumulate sick time up to a maximum of 520 hours. However, unused sick time expires upon termination.

13. Advertising Costs

Advertising costs are expensed as incurred and included in functional expenses.

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual events and results could differ from those assumptions and estimates.

NOTE B - UNCONDITIONAL PROMISES TO GIVE

There are no contributions at June 30, 2012 that meet the criteria to be classified as an unconditional promise to give. Unconditional promises to give at June 30, 2011 consisted of the following.

United Way operating grant	\$100,000
Donor specific grant	7,500
Program grant	<u>25,000</u>
Total unconditional promises to give	<u>\$132,500</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE B - UNCONDITIONAL PROMISES TO GIVE - Continued

Amounts due in:	
Less than one year	\$132,500
One to five years	<u> </u>
	<u>\$132,500</u>

Uncollectible promises are expected to be insignificant.

NOTE C - BENEFICIAL INTEREST IN INVESTMENTS HELD BY OTHERS

An endowment fund is deposited with The Community Foundation of Muncie and Delaware County, Inc. (The Community Foundation) to benefit the A Better Way Shelter program of A Better Way. The Board of Directors of The Community Foundation has interpreted the Indiana Prudent Management of Institutional Funds Act (UPMIFA) as requiring the maintenance of historic dollar value of each endowed fund previously by the Uniform Management of Institutional Funds Act. The fair value is obtained from statements provided by The Community Foundation. Distributions available to A Better Way Shelter are based on the spending policy of The Community Foundation. Under this policy, a percentage of the subsequent year's expected market value of the investments of the fund are allocated annually for distributions, grants and expenses. The distributions will be used for the support of the charitable or educational purposes of A Better Way. At June 30, 2012 and 2011, \$11,857 and \$62,882, respectively, of "spendable funds" was available for withdrawal.

Changes in endowment net assets for the years ended June 30 were as follows.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, June 30, 2010	\$58,472	\$(7,564)	\$84,905	\$135,813
Investment income		3,432		3,432
Realized gains (losses)		2,953		2,953
Unrealized gains (losses)		22,141		22,141
Income allocation	4,410	(4,410)		
Investment expenses	<u> </u>	<u>(1,912)</u>	<u> </u>	<u>(1,912)</u>
Endowment assets, June 30, 2011	62,882	14,640	84,905	162,427
Investment income	3,363			3,363
Realized gains (losses)	1,098			1,098
Unrealized gains (losses)		(5,092)		(5,092)
Income allocation / withdrawal	(53,929)	(3,863)		(57,792)
Investment expenses	<u>(1,557)</u>	<u> </u>	<u> </u>	<u>(1,557)</u>
Endowment assets, June 30, 2012	<u>\$11,857</u>	<u>\$ 5,685</u>	<u>\$84,905</u>	<u>\$102,447</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE C - BENEFICIAL INTEREST IN INVESTMENTS HELD BY OTHERS - Continued

A Better Way's primary investment objective is to maximize total return within reasonable and prudent levels of risk while maintaining sufficient liquidity to meet disbursement needs and ensure preservation of capital. Income available under A Better Way's spending policy will be used for the support of the charitable purposes of the A Better Way Shelter program.

NOTE D - ENDOWMENT ACCOUNT

A Better Way is the beneficiary of an endowment account established with The Community Foundation of Muncie and Delaware County, Inc. Funds from this endowment are made available to A Better Way as allocated by The Community Foundation. The balance in this account at June 30, 2012 was \$29,631, with an available "spendable balance" of \$886. The balance in this account at June 30, 2011 was \$31,617, with an available "spendable balance" of \$2,304.

NOTE E - COMPENSATED ABSENCES

Accrued vacation included in the financial statements for the years ended June 30, 2012 and 2011 was \$27,186 and \$29,309, respectively. An accrual for sick time has not been made because the amount cannot be reasonably estimated.

NOTE F - MORTGAGE PAYABLE

Building Corporation has a mortgage consisting of a five-year term loan requiring monthly payments of \$923. In February 2011, the loan was modified to reduce the fixed interest rate; all other terms and conditions of the original note remain in full force. Interest is calculated at a fixed rate of 6.00% for both years ending June 30, 2012 and 2011. The loan matures January 2013 at which time a final payment of the entire unpaid balance of principal and interest will be due. The original loan agreement contains a post-maturity interest rate equal to 11.50% on any unpaid balance owing after maturity. The loan is secured by a mortgage on the office building and land and by an assignment of leases and rents. The outstanding balance at June 30, 2012 and 2011 was \$25,833 and \$34,617, respectively.

Annual maturities of long-term debt for the years ending June 30 are as follows.

Year ending June 30, 2013	<u>\$25,833</u>
---------------------------	-----------------

NOTE G - CONTINGENT LIABILITIES

A Better Way (under its former name of Family Services of Delaware County, Indiana, Inc.) received forgivable loans from governmental entities in connection with its Passage Way Project within its A Better Way Shelter program. Restrictions relating to occupancy requirements are dictated by the terms of each forgivable loan. The forgivable loans from these governmental entities are described below.

	<u>2012</u>	<u>2011</u>
United States Department of Housing and Urban Development, forgivable 20 years from the date of initial occupancy, with an allowable annual write-off of ten percent (10%) after ten years. Initial occupancy occurred in November 2004.	\$275,000	\$275,000

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE G - CONTINGENT LIABILITIES - Continued

	<u>2012</u>	<u>2011</u>
Affordable Housing Program of the Federal Home Loan Bank, forgivable 15 years after the date the project is completed. The project was completed in July 2004.	500,000	500,000
City of Muncie's Department of Community Development, forgivable 20 years after the date the final payment is disbursed by the City. The final payment was disbursed in August 2004.	<u>175,000</u>	<u>175,000</u>
	<u>\$950,000</u>	<u>\$950,000</u>

NOTE H - RESTRICTIONS ON ASSETS

At June 30, 2012, temporarily restricted net assets consist of the agency fund's non-spendable balance as allocated by The Community Foundation of Muncie and Delaware County, Inc., a donor-specific grant from Ball Brothers Foundation, as well as a donor-imposed restricted contribution, for which the funds were received during the year ended June 30, 2012.

At June 30, 2011, temporarily restricted net assets consist of unconditional promises to give in the form of an operating allocation from the United Way, a grant from The Community Foundation, a donor-specific grant from Ball Brothers Foundation, the agency fund's non-spendable balance as allocated by The Community Foundation, as well as a donor-imposed restricted contribution, for which the funds were received during the year ended June 30, 2011, and the remaining funds from a donor-imposed restricted contribution received during the year ended June 30, 2010.

Temporarily restricted net assets are available as follows.

	<u>2012</u>	<u>2011</u>
United Way grant for the programs' operations		\$100,000
The Community Foundation program grant		25,000
Ball Brothers Foundation Fellowship Program grant		7,500
Ball Brothers Foundation Marketing grant	\$20,000	
Agency fund investment income allocation	5,685	14,640
Donor-imposed restricted contribution not yet satisfied		7,838
Donor-imposed restricted contribution not yet satisfied	655	
Donor-imposed restricted contribution not yet satisfied	<u> </u>	<u>3,278</u>
	<u>\$26,340</u>	<u>\$158,256</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE H - RESTRICTIONS ON ASSETS - Continued

Net assets were released from donor restrictions by satisfying restrictions as follows.

	<u>2012</u>	<u>2011</u>
Time restriction expired on Indiana Tobacco Prevention Coalition		\$ 75,437
Time restriction expired on United Way grant	\$100,000	100,000
Time restriction expired on The Community Foundation grant	25,000	
Time restriction expired on Ball Brothers Foundation Fellowship grant	7,500	
Restrictions satisfied on donor-imposed contributions	11,116	17,542
Restrictions satisfied on The Community Foundation's allocation (net)	<u>3,863</u>	<u> </u>
	<u>\$147,479</u>	<u>\$192,979</u>

The following assets are temporarily restricted for the purpose of satisfying grants payable to subrecipients. These restrictions have no effect on temporarily restricted net assets at June 30.

	<u>2012</u>	<u>2011</u>
Accounts receivable	<u>\$100,810</u>	<u>\$139,480</u>

Permanently restricted net assets consist of the historical gifts to the agency fund investment in the amount of \$84,905.

NOTE I - PENSION PLANS

A Better Way maintains two defined-contribution pension plans and substantially all employees are eligible to participate. The tax-deferred annuity plan has voluntary employee contributions. The basic plan requires an employer contribution equal to 6% of participating employees' compensation. Pension expense for the years ending June 30, 2012 and 2011 amounted to \$39,318 and \$39,309, respectively.

NOTE J - INTEREST EXPENSE

Interest costs totaling \$2,298 and \$2,931 were incurred during the years ended June 30, 2012 and 2011, respectively. No interest costs were capitalized as part of the costs of assets acquired during the period.

NOTE K - DONATED SERVICES

A Better Way receives a significant amount of donated services from unpaid volunteers who provide varied assistance within its A Better Way Shelter program. No amounts have been recognized in the statement of activities because these services do not meet the criteria for recognition as contributed services. The 6,403.25 total volunteer hours received for the year ended June 30, 2012 has an estimated fair value of \$96,049. The 4,147.75 total volunteer hours received for the year ended June 30, 2011 has an estimated fair value of \$62,216.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE L - RESTRICTIVE COVENANT

In addition to the restrictions relating to occupancy requirements associated with the Passage Way Project's forgivable loans, a 30-year restrictive covenant against the property in the project requires the property to remain affordable housing for the duration of the covenant. This covenant is binding upon any successors in title and all subsequent owners and operators of the property.

NOTE M - FAIR VALUE MEASUREMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under GAAP are described below.

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable for the asset or liability or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following methods and assumptions were used to estimate fair value of certain financial instruments:

Beneficial interest in investments held by others: Fair value of the agency fund is based on quoted market prices as provided by The Community Foundation.

The following table provides information on those assets measured at fair value on a recurring basis as of June 30, 2012 and 2011.

	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)			
	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Beneficial interest in investments held by others	<u>\$88,104</u>	<u>\$102,447</u>	<u>\$142,991</u>	<u>\$162,427</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

NOTES TO COMBINED FINANCIAL STATEMENTS

June 30, 2012 and 2011

NOTE M - FAIR VALUE MEASUREMENTS - Continued

Management has determined that the remainder of the Organization's assets and liabilities fall under level 3 of the hierarchy and that it is not practicable to estimate the fair value of the financial and non-financial assets and liabilities for which the carrying value may not approximate the fair value and which would require a future cash flow and/or present-value calculation. This determination was based primarily on management's assessment that the cost of obtaining this information appears excessive.

NOTE N - COMMITMENTS AND CONTINGENCIES

The Organizations are subject to laws and regulations relating to the protection of the environment. The Organizations' policies are to accrue environmental and cleanup-related costs of a non-capital nature when it is both probable that a liability has been incurred and when the amount can be reasonably estimated. Although it is not possible to quantify with any degree of certainty the potential financial impact of the Organizations' continuing compliance efforts, management believes any future remediation or other compliance-related costs will not have a material adverse effect on the financial condition or reported results of operations of the Organizations.

NOTE O - SUBSEQUENT EVENTS

The Organizations have evaluated subsequent events through December 14, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF SUPPORT AND REVENUE

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support				
Public support				
Contributions	\$ 187,332	\$ 20,655		\$ 207,987
United Way of Delaware County	56,114			56,114
	<u>243,446</u>	<u>20,655</u>		<u>264,101</u>
Revenue				
Ball Brothers Fellowship Program Grant	20,000			20,000
Child and Adult Care Food Program	17,667			17,667
Community Development Block Grant	12,750			12,750
Community Development SART Grant	6,390			6,390
Community Foundation Grant	30,000			30,000
Criminal Justice Grant	112,018			112,018
Criminal Justice SOS Grant	5,000			5,000
Criminal Justice Stop Grant	10,645			10,645
Division of Addiction Services	784,263			784,263
Domestic Violence Grant	57,397			57,397
Emergency Shelters Grant	42,243			42,243
Family Service Society	75,110			75,110
Family Violence Grant	57,361			57,361
FEMA Grant	10,000			10,000
Social Services Block Grant	21,434			21,434
21st Century Community Learning State Grant	408,765			408,765
US Dept. of Housing and Urban Development	145,370			145,370
Program service fees	56,670			56,670
Rental income	10,397			10,397
Investment income	1,887			1,887
Realized gain on investments	1,098			1,098
Unrealized loss on investments		(5,092)		(5,092)
Outsourced services	8,700			8,700
Miscellaneous	7,925			7,925
	<u>1,903,090</u>	<u>(5,092)</u>		<u>1,897,998</u>
Total support and revenue	<u><u>\$ 2,146,536</u></u>	<u><u>\$ 15,563</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,162,099</u></u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF SUPPORT AND REVENUE

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support				
Public support				
Contributions	\$ 177,976			\$ 177,976
United Way of Delaware County	12,609	\$ 100,000		112,609
	190,585	100,000		290,585
Revenue				
Ball Brothers Fellowship Program Grant	37,500	7,500		45,000
Child and Adult Care Food Program	9,329			9,329
Community Development SART Grant	3,610			3,610
Community Foundation Grant	20,000	25,000		45,000
Criminal Justice Grant	108,914			108,914
Criminal Justice Stop Grants	53,318			53,318
Delaware County Treasurer	2,500			2,500
Division of Addiction Services	761,728			761,728
Domestic Violence Grant	53,367			53,367
Emergency Shelters Grant	21,884			21,884
Family Violence Grant	49,831			49,831
ONB - Positive Living & Learning Grant	1,722	3,278		5,000
Social Services Block Grant	22,444			22,444
21st Century Community Learning State Grant	414,785			414,785
US Dept. of Housing and Urban Development	150,718			150,718
Program service fees	51,375			51,375
Rental income	29,801			29,801
Investment income	1,645	63		1,708
Realized gain on investments	2,953			2,953
Unrealized gain on investments		22,141		22,141
Outsourced services	9,300			9,300
Miscellaneous	4,318			4,318
	1,811,042	57,982		1,869,024
Total support and revenue	\$ 2,001,627	\$ 157,982	\$ 0	\$ 2,159,609

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Contract Number</u>	<u>Expenditure</u>
Department of Health and Human Services			
Pass-through programs from:			
Indiana Criminal Justice Institute:			
Family Violence Prevention	93.671	D3-10-4827	\$ 69,248
Social Services Block Grants:			
Domestic Violence Shelter	93.667	D3-12-6579	21,434
Indiana Family & Social Services Administration:			
Division of Mental Health:			
Substance Abuse Prevention and Treatment (Note C)	93.959	18-10-2H-0656	790,453
			<hr/>
Total Department of Health and Human Services			881,135
Department of Justice			
Pass-through programs from:			
Indiana Criminal Justice Institute:			
Crime Victim Assistance	16.575	D3-12-6786	101,228
STOP Violence Against Women	16.588	D3-12-6683	10,645
SOS	93.991	D3-12-6153	5,000
			<hr/>
Total Department of Justice			116,873
Department of Homeland Security			
Pass-through program from:			
United Way of Delaware County:			
Emergency Food and Shelter Program	97.024	N/A	10,000
			<hr/>
Total Department of Homeland Security			10,000

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2012

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Contract Number</u>	<u>Expenditure</u>
Department of Agriculture			
Pass-through program from:			
Indiana Department of Education:			
Child and Adult Care Food Program	10.558		17,667
			<hr/>
Total Department of Agriculture			17,667
Department of Housing and Urban Development			
Supportive Housing Program	14.235	IN0043B5H021003	160,398
Pass-through program from:			
Indiana Housing Community Development Authority:			
Emergency Shelter	14.231	ES-010-001	41,296
Muncie, Indiana Community Development Office:			
Community Development Block Grant:			
Sexual Assault Response Team	14.218	N/A	10,000
Domestic Violence Shelter and Services Program	14.218	N/A	12,750
			<hr/>
			22,750
			<hr/>
Total Department of Housing and Urban Development			224,444
Department of Education			
Pass-through program from:			
Indiana Department of Education:			
21st Century Community Learning State Grant	84.287	A58-0-10DL-082	423,550
			<hr/>
Total Department of Education			423,550
			<hr/>
Total expenditures of federal awards			\$ 1,673,669
			<hr/> <hr/>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2012

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of A Better Way Services, Inc. under programs of the federal government for the year ended June 30, 2012. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of A Better Way Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flow of A Better Way Services, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C - SUBRECIPIENTS

A Better Way Services, Inc. provided the following federal awards to subrecipients.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Substance Abuse Prevention and Treatment Block Grant	93.959	\$518,035

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Contract Number</u>	<u>Expenditure</u>
Department of Health and Human Services			
Pass-through programs from:			
Indiana Criminal Justice Institute:			
Family Violence Prevention	93.671	D3-10-4827	\$ 45,753
Indiana Family & Social Services Administration:			
Indiana Criminal Justice Institute:			
Social Services Block Grants: Domestic Violence Shelter	93.667	18-10-5B-0656-02	22,444
Division of Mental Health:			
Substance Abuse Prevention and Treatment (Note C)	93.959	18-10-2H-0656	818,433
			<hr/>
Total Department of Health and Human Services			886,630
Department of Justice			
Pass-through programs from:			
Indiana Criminal Justice Institute:			
Crime Victim Assistance	16.575	2010-VA-GX-0100	116,222
STOP Violence Against Women	16.588	D3-11-5777	21,290
ARRA STOP Violence Against Women	16.588	D3-10-4757	46,811
			<hr/>
			68,101
			<hr/>
Total Department of Justice			184,323

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Grant Contract Number</u>	<u>Expenditure</u>
Department of Agriculture			
Pass-through program from:			
Indiana Department of Education:			
Child and Adult Care Food Program	10.558		9,329
			<hr/>
Total Department of Agriculture			9,329
Department of Housing and Urban Development			
Supportive Housing Program	14.235	IN0043B5G020802 IN0043B5H021003	135,513
Pass-through program from:			
Indiana Housing Community Development Authority			
Emergency Shelter	14.231	ES-010-001	21,844
			<hr/>
Total Department of Housing and Urban Development			157,357
Department of Education			
Pass-through program from:			
Indiana Department of Education:			
21st Century Community Learning State Grant	84.287	A58-0-10DL-082	400,000
			<hr/>
Total Department of Education			400,000
			<hr/>
Total expenditures of federal awards			\$ 1,637,639
			<hr/> <hr/>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2011

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of A Better Way Services, Inc. under programs of the federal government for the year ended June 30, 2011. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of A Better Way Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flow of A Better Way Services, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C - SUBRECIPIENTS

A Better Way Services, Inc. provided the following federal awards to subrecipients.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Substance Abuse Prevention and Treatment Block Grant	93.959	\$440,365

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS

Year Ended June 30, 2012

<u>State Grantor/Program</u>	<u>Grant Contract Number</u>	<u>State Expenditure</u>
State of Indiana		
Pass-through programs from:		
Indiana Criminal Justice Institute:		
Domestic Violence Prevention and Treatment	D3-12-6153	\$ 57,397
		<hr/>
Total Indiana Criminal Justice Institute		57,397
		<hr/>
Total expenditures of state awards		\$ 57,397
		<hr/> <hr/>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS

Year Ended June 30, 2011

<u>State Grantor/Program</u>	<u>Grant Contract Number</u>	<u>State Expenditure</u>
State of Indiana		
Pass-through programs from:		
Indiana Family & Social Services Administration:		
Division of Family Resources:		
Domestic Violence Prevention and Treatment	F1-0-18-10-OF-0656	\$ 53,367
		<hr/>
Total Indiana Family & Social Services Administration		53,367
Indiana Tobacco Use Prevention and Cessation Executive Board		
Indiana Tobacco Use Prevention and Cessation Trust Fund	A5-10-COM18	75,437
		<hr/>
Total Indiana Tobacco Use Prevention and Cessation Executive Board		75,437
		<hr/>
Total expenditures of state awards		\$ 128,804
		<hr/> <hr/>

<u>Local Grantor/Program</u>	<u>Grant Contract Number</u>	<u>Local Expenditure</u>
Delaware County Commissioners:		
Domestic Violence Shelter	N/A	\$ 800
Treasurer of Delaware County		
Domestic Violence Shelter	N/A	2,500
		<hr/>
Total expenditures of local awards		\$ 3,300
		<hr/> <hr/>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2012

1. The auditors' report expresses an unqualified opinion on the financial statements of A Better Way Services, Inc. and affiliate.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Independent Auditors' Report" on combined financial statements and schedule of federal awards.
3. No instances of non-compliance material to the financial statements of A Better Way Services, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133."
5. The auditors' report on compliance for A Better Way Services, Inc. expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for A Better Way Services, Inc.
7. The programs tested as major programs included:

<u>CFDA #</u>	<u>Name of Program</u>
93.959	Substance Abuse Prevention and Treatment Block Grant
84.287	21 st Century Community Learning State Grant

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. A Better Way Services, Inc. was determined to be a low-risk auditee.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

1. The auditors' report expresses an unqualified opinion on the financial statements of A Better Way Services, Inc. and affiliate.
2. No reportable conditions relating to the audit of the financial statements are reported in the "Independent Auditors' Report" on combined financial statements and schedule of federal awards.
3. No instances of non-compliance material to the financial statements of A Better Way Services, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133."
5. The auditors' report on compliance for A Better Way Services, Inc. expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for A Better Way Services, Inc.
7. The programs tested as major programs included:

<u>CFDA #</u>	<u>Name of Program</u>
93.959	Substance Abuse Prevention and Treatment Block Grant
84.287	21 st Century Community Learning State Grant

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. A Better Way Services, Inc. was determined to be a low-risk auditee.

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF FINANCIAL POSITION BY ENTITY

June 30, 2012

	<u>A Better Way</u>	<u>Building Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 82,691	\$ 73,624		\$ 156,315
Accounts receivable	227,071			227,071
Prepaid expenses	7,432			7,432
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	317,194	73,624		390,818
PROPERTY, BUILDINGS AND EQUIPMENT				
Buildings and improvements	1,355,051	814,999		2,170,050
Equipment	182,897	14,636		197,533
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation	1,537,948 424,736	829,635 416,837		2,367,583 841,573
	<hr/>	<hr/>	<hr/>	<hr/>
Land	1,113,212	412,798 47,500		1,526,010 47,500
	<hr/>	<hr/>	<hr/>	<hr/>
	1,113,212	460,298		1,573,510
OTHER ASSETS				
Beneficial interest in investments held by others	102,447			102,447
Note receivable, Building Corporation	92,012		\$ (92,012)	
	<hr/>	<hr/>	<hr/>	<hr/>
	194,459		(92,012)	102,447
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 1,624,865</u>	<u>\$ 533,922</u>	<u>\$ (92,012)</u>	<u>\$ 2,066,775</u>

	<u>A Better Way</u>	<u>Building Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Deposits	\$ 2,538			\$ 2,538
Accounts payable	2,883			2,883
Current maturities of long-term liabilities		\$ 25,833		25,833
Grants payable	108,745			108,745
Accrued and withheld liabilities	42,401			42,401
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	156,567	25,833		182,400
LONG-TERM LIABILITIES				
Note payable, A Better Way		92,012	\$ (92,012)	
Contingent liabilities	950,000			950,000
	<hr/>	<hr/>	<hr/>	<hr/>
	950,000	92,012	(92,012)	950,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,106,567	117,845	(92,012)	1,132,400
NET ASSETS				
Unrestricted	407,053	416,077		823,130
Temporarily restricted	26,340			26,340
Permanently restricted	84,905			84,905
	<hr/>	<hr/>	<hr/>	<hr/>
	518,298	416,077		934,375
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,624,865	\$ 533,922	\$ (92,012)	\$ 2,066,775
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF FINANCIAL POSITION BY ENTITY

June 30, 2011

	<u>A Better Way</u>	<u>Building Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 25,195	\$ 71,248		\$ 96,443
Unconditional promises to give	132,500			132,500
Accounts receivable	222,652			222,652
Prepaid expenses	7,432			7,432
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	387,779	71,248		459,027
PROPERTY, BUILDINGS AND EQUIPMENT				
Buildings and improvements	1,355,051	812,149		2,167,200
Equipment	190,041	14,636		204,677
	<hr/>	<hr/>	<hr/>	<hr/>
	1,545,092	826,785		2,371,877
Less accumulated depreciation	381,978	389,147		771,125
	<hr/>	<hr/>	<hr/>	<hr/>
Land	1,163,114	437,638		1,600,752
		47,500		47,500
	<hr/>	<hr/>	<hr/>	<hr/>
	1,163,114	485,138		1,648,252
OTHER ASSETS				
Beneficial interest in investments held by others	162,427			162,427
Note receivable, Building Corporation	95,246		\$ (95,246)	
	<hr/>	<hr/>	<hr/>	<hr/>
	257,673		(95,246)	162,427
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,808,566	\$ 556,386	\$ (95,246)	\$ 2,269,706
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<u>A Better Way</u>	<u>Building Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Deposits	\$ 1,978			\$ 1,978
Accounts payable	4,776			4,776
Current maturities of long-term liabilities		\$ 9,265		9,265
Grants payable	147,415			147,415
Accrued and withheld liabilities	70,957			70,957
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	225,126	9,265		234,391
LONG-TERM LIABILITIES				
Mortgage payable, less current maturities		25,352		25,352
Note payable, A Better Way		95,246	\$ (95,246)	
Contingent liabilities	950,000			950,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,175,126	129,863	(95,246)	1,209,743
NET ASSETS				
Unrestricted	390,279	426,523		816,802
Temporarily restricted	158,256			158,256
Permanently restricted	84,905			84,905
	<hr/>	<hr/>	<hr/>	<hr/>
	633,440	426,523		1,059,963
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>\$ 1,808,566</u>	<u>\$ 556,386</u>	<u>\$ (95,246)</u>	<u>\$ 2,269,706</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF ACTIVITIES BY ENTITY

Year Ended June 30, 2012

	A Better Way		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Support and revenue			
Public support	\$ 243,446	\$ 20,655	
Revenue	1,894,264	(5,092)	
	<hr/>	<hr/>	<hr/>
Total support and revenue	2,137,710	15,563	
Net assets released from restrictions			
Expiration of time/usage restrictions	147,479	(147,479)	
	<hr/>	<hr/>	<hr/>
	2,285,189	(131,916)	
Expenses			
Program services			
A Better Way Shelter	1,264,549		
Afternoons R.O.C.K.	812,160		
	<hr/>	<hr/>	<hr/>
	2,076,709		
Supporting services			
Management and General	191,705		
	<hr/>	<hr/>	<hr/>
Total expenses	2,268,414		
	<hr/>	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	16,775	(131,916)	
Net assets at beginning of year	390,278	158,256	\$ 84,905
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 407,053	\$ 26,340	\$ 84,905
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Building Corporation

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Eliminations</u>	<u>Combined</u>
\$ 23,284		\$ (14,458)	\$ 264,101 1,897,998
23,284		(14,458)	2,162,099
23,284		(14,458)	2,162,099 1
		(6,000)	1,258,549
		(6,018)	806,142
		(12,018)	2,064,691
33,731		(2,440)	222,996
33,731		(14,458)	2,287,687
(10,447)			(125,588)
426,524			1,059,963
<u>\$ 416,077</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 934,375</u>

A Better Way Services, Inc.
Family Services of Delaware County Building Corporation
COMBINED STATEMENT OF ACTIVITIES BY ENTITY

Year Ended June 30, 2011

	A Better Way		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Support and revenue			
Public support	\$ 190,585	\$ 100,000	
Revenue	1,789,935	57,982	
	<hr/>	<hr/>	<hr/>
Total support and revenue	1,980,520	157,982	
Net assets released from restrictions			
Expiration of time/usage restrictions	192,979	(192,979)	
	<hr/>	<hr/>	<hr/>
	2,173,499	(34,997)	
Expenses			
Program services			
A Better Way Shelter	1,224,223		
Afternoons R.O.C.K.	817,125		
	<hr/>	<hr/>	<hr/>
	2,041,348		
Supporting services			
Management and General	218,117		
	<hr/>	<hr/>	<hr/>
Total expenses	2,259,465		
	<hr/>	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	(85,966)	(34,997)	
Net assets at beginning of year	476,245	193,253	\$ 84,905
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 390,279	\$ 158,256	\$ 84,905
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Building Corporation

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Eliminations</u>	<u>Combined</u>
\$ 37,307		\$ (16,200)	\$ 290,585 1,869,024
37,307		(16,200)	2,159,609
37,307		(16,200)	2,159,609
		(6,000)	1,218,223
		(6,018)	811,107
		(12,018)	2,029,330
31,846		(4,182)	245,781
31,846		(16,200)	2,275,111
5,461			(115,502)
421,062			1,175,465
<u>\$ 426,523</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$1,059,963</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF CASH FLOW BY ENTITY

Year Ended June 30, 2012

	<u>A</u> <u>Better Way</u>	<u>Building</u> <u>Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
Cash flow from operating activities:				
Decrease in net assets	\$ (115,141)	\$ (10,447)		\$(125,588)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	49,902	27,689		77,591
Realized gain on investments	(1,098)			(1,098)
Unrealized loss on investments	5,092			5,092
(Increase) decrease in assets:				
Unconditional promises to give	132,500			132,500
Accounts receivable	(4,419)			(4,419)
Increase (decrease) in liabilities:				
Deposits	560			560
Accounts payable	(1,893)			(1,893)
Grants payable	(38,670)			(38,670)
Accrued and withheld liabilities	(28,556)			(28,556)
Net cash provided by (used in) operating activities	(1,723)	17,242		15,519
Cash flow from investing activities:				
Cash payments for the purchase of property		(2,850)		(2,850)
Net change in investments	55,987			55,987
Net cash provided by (used in) investing activities	55,987	(2,850)		53,137
Cash flow from financing activities:				
Principal payments on long-term liabilities		(12,016)	\$ 3,232	(8,784)
Receipt on note receivable	3,232		(3,232)	
Net cash used in financing activities	3,232	(12,016)		(8,784)
Net decrease in cash and cash equivalents	57,496	2,376		59,872
Cash and cash equivalents at beginning of year	25,195	71,248		96,443
Cash and cash equivalents at end of year	<u>\$ 82,691</u>	<u>\$ 73,624</u>	<u>\$ 0</u>	<u>\$ 156,315</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF CASH FLOW BY ENTITY - CONTINUED

Year Ended June 30, 2012

	<u>A</u> <u>Better Way</u>	<u>Building</u> <u>Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
Supplemental information:				
Cash paid during the year for interest	\$ 0	\$ 2,298	\$ 0	\$ 2,298

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF CASH FLOW BY ENTITY

Year Ended June 30, 2011

	A Better Way	Building Corporation	Eliminations	Combined
Cash flow from operating activities:				
Increase (decrease) in net assets	\$ (120,963)	\$ 5,461		\$(115,502)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation	61,953	27,734		89,687
Realized gain on investments	(2,953)			(2,953)
Unrealized gain on investments	(22,141)			(22,141)
(Increase) decrease in assets:				
Unconditional promises to give	34,500			34,500
Accounts receivable	43,627			43,627
Prepaid expenses	7,960			7,960
Increase (decrease) in liabilities:				
Deposits	124			124
Accounts payable	(5,769)			(5,769)
Grants payable	(34,125)			(34,125)
Accrued and withheld liabilities	6,571			6,571
Net cash provided by (used in) operating activities	(31,216)	33,195		1,979
Cash flow from investing activities:				
Cash payments for the purchase of property	(23,094)			(23,094)
Net change in investments	(1,520)			(1,520)
Net cash used in investing activities	(24,614)			(24,614)
Cash flow from financing activities:				
Principal payments on long-term liabilities		(18,149)	\$ 10,000	(8,149)
Receipt on note receivable	10,000		(10,000)	
Net cash provided by (used in) financing activities	10,000	(18,149)		(8,149)
Net increase (decrease) in cash and cash equivalents	(45,830)	15,046		(30,784)
Cash and cash equivalents at beginning of year	71,025	56,202		127,227
Cash and cash equivalents at end of year	\$ 25,195	\$ 71,248	\$ 0	\$ 96,443

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF CASH FLOW BY ENTITY - CONTINUED

Year Ended June 30, 2011

	<u>A</u> <u>Better Way</u>	<u>Building</u> <u>Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
Supplemental information:				
Cash paid during the year for interest	\$ 0	\$ 2,931	\$ 0	\$ 2,931

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES BY ENTITY

Year Ended June 30, 2012

	A Better Way			
	A Better Way Shelter	Afternoons R.O.C.K.	Total Program Services	Management and General
Salaries	\$ 575,071	\$ 127,431	\$ 702,502	\$ 102,729
Employee benefits	284,659	96,597	381,256	26,067
Payroll taxes	85,153	9,801	94,954	6,466
Professional fees	89,447	10,200	99,647	6,842
Supplies	26,410	566	26,976	1,255
Telephone	9,781	3,298	13,079	1,940
Postage	420	183	603	712
Occupancy	57,889	7,553	65,442	3,483
Equipment rental and maintenance	13,606	641	14,247	693
Conferences and training workshops	2,583	1,342	3,925	85
Interest				
Employee allowance	2,757	3,396	6,153	129
Membership dues	2,911	20	2,931	257
Grants		528,750	528,750	
Insurance	21,692	2,833	24,525	4,978
Fund raising				16,735
Program materials	20,840	18,237	39,077	1,000
Program transportation	37,568	1,152	38,720	
Miscellaneous	1,825	160	1,985	369
	1,232,612	812,160	2,044,772	173,740
Total expenses before depreciation				
Depreciation	31,937		31,937	17,965
	\$ 1,264,549	\$ 812,160	\$ 2,076,709	\$ 191,705
Total expenses				

Building Corporation			
Management and General	Eliminations	Combined	
		\$	805,231
			407,323
			101,420
			106,489
			28,231
			15,019
			1,315
\$ 202	\$ (14,458)		54,669
1,950			16,890
			4,010
2,298			2,298
			6,282
			3,188
			528,750
			29,503
			16,735
			40,077
			38,720
1,592			3,946
6,042	(14,458)		2,210,096
27,689			77,591
<u>\$ 33,731</u>	<u>\$ (14,458)</u>	<u>\$</u>	<u>2,287,687</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF FUNCTIONAL EXPENSES BY ENTITY

Year Ended June 30, 2011

	A Better Way			
	A Better Way Shelter	Afternoons R.O.C.K.	Total Program Services	Management and General
Salaries	\$ 620,926	\$ 126,184	\$ 747,110	\$ 101,444
Employee benefits	261,328	60,390	321,718	34,726
Payroll taxes	47,586	8,720	56,306	6,071
Professional fees	63,534	8,145	71,679	6,108
Supplies	30,581	3,323	33,904	2,043
Telephone	8,790	2,446	11,236	1,882
Postage	578	287	865	1,182
Occupancy	53,777	7,355	61,132	5,075
Equipment rental and maintenance	15,792	866	16,658	940
Conferences and training workshops	1,061	2,543	3,604	50
Interest				
Employee allowance	3,281	4,240	7,521	135
Membership dues	900	250	1,150	182
Grants		573,215	573,215	
Insurance	28,017	3,321	31,338	6,214
Fund raising				27,107
Program materials	17,015	14,494	31,509	989
Program transportation	30,656	1,152	31,808	
Miscellaneous	751	194	945	1,666
	1,184,573	817,125	2,001,698	195,814
Total expenses before depreciation				
Depreciation	39,650		39,650	22,303
	\$ 1,224,223	\$ 817,125	\$ 2,041,348	\$ 218,117
Total expenses				

Building Corporation		
Management and General	Eliminations	Combined
		\$ 848,554
		356,444
		62,377
		77,787
		35,947
		13,118
		2,047
\$ 754	\$ (16,200)	50,007
		18,352
		3,654
2,931		2,931
		7,656
		1,332
		573,215
		37,552
		27,107
		32,498
		31,808
427		3,038
4,112	(16,200)	2,185,424
27,734		89,687
<u>\$ 31,846</u>	<u>\$ (16,200)</u>	<u>\$ 2,275,111</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF SUPPORT AND REVENUE BY ENTITY

Year Ended June 30, 2012

	A Better Way		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Support			
Public support			
Contributions	\$ 187,332	\$ 20,655	
United Way of Delaware County	56,114		
	243,446	20,655	
Revenue			
Ball Brothers Fellowship Program Grant	20,000		
Child and Adult Care Food Program	17,667		
Community Development Block Grant	12,750		
Community Development SART Grant	6,390		
Community Foundation Grant	30,000		
Criminal Justice Grants	112,018		
Criminal Justice SOS Grant	5,000		
Criminal Justice Stop Grants	10,645		
Division of Addiction Services	784,263		
Domestic Violence Grant	57,397		
Emergency Shelters Grant	42,243		
Family Service Society Grant	75,110		
Family Violence Grant	57,361		
Federal Emergency Management Agency Grant	10,000		
Social Services Block Grant	21,434		
21st Century Community Learning State Grant	408,765		
US Dept. of Housing and Urban Development	145,370		
Program service fees	56,670		
Rental income	1,597		
Investment income	1,861		
Realized gain on investments	1,098		
Unrealized loss on investments		(5,092)	
Outsourced services	8,700		
Miscellaneous	7,925		
	1,894,264	(5,092)	
Total support and revenue	\$ 2,137,710	\$ 15,563	\$ 0

Building Corporation			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Eliminations</u>	<u>Combined</u>
			\$ 207,987
			56,114
			<u>264,101</u>
			20,000
			17,667
			12,750
			6,390
			30,000
			112,018
			5,000
			10,645
			784,263
			57,397
			42,243
			75,110
			57,361
			10,000
			21,434
			408,765
			145,370
			56,670
\$ 23,258		\$ (14,458)	10,397
26			1,887
			1,098
			(5,092)
			8,700
			7,925
<u>23,284</u>		<u>(14,458)</u>	<u>1,897,998</u>
<u>\$ 23,284</u>	<u>\$ 0</u>	<u>\$ (14,458)</u>	<u>\$ 2,162,099</u>

**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF SUPPORT AND REVENUE BY ENTITY

Year Ended June 30, 2011

	A Better Way		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Support			
Public support			
Contributions	\$ 177,976	\$	
United Way of Delaware County	12,609	100,000	
	<u>190,585</u>	<u>100,000</u>	
Revenue			
Ball Brothers Fellowship Program Grant	37,500	7,500	
Child and Adult Care Food Program	9,329		
Community Development SART Grant	3,610		
Community Foundation Grant	20,000	25,000	
Criminal Justice Grants	108,914		
Criminal Justice Stop Grants	53,318		
Delaware County Treasurer	2,500		
Division of Addiction Services	761,728		
Domestic Violence Grant	53,367		
Emergency Shelters Grant	21,884		
Family Violence Grant	49,831		
ONB - Positive Living & Learning	1,722	3,278	
Social Services Block Grant	22,444		
21st Century Community Learning State Grant	414,785		
US Dept. of Housing and Urban Development	150,718		
Program service fees	51,375		
Rental income	8,741		
Investment income	1,598	63	
Realized loss on investments	2,953		
Unrealized loss on investments		22,141	
Outsourced services	9,300		
Miscellaneous	4,318		
	<u>1,789,935</u>	<u>57,982</u>	
Total support and revenue	<u>\$ 1,980,520</u>	<u>\$ 157,982</u>	<u>\$ 0</u>

Building Corporation			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Eliminations</u>	<u>Combined</u>
			\$ 177,976
			112,609
			<u>290,585</u>
			45,000
			9,329
			3,610
			45,000
			108,914
			53,318
			2,500
			761,728
			53,367
			21,884
			49,831
			5,000
			22,444
			414,785
			150,718
			51,375
\$ 37,260		\$ (16,200)	29,801
47			1,708
			2,953
			22,141
			9,300
			4,318
<u>37,307</u>		<u>(16,200)</u>	<u>1,869,024</u>
<u>\$ 37,307</u>	<u>\$ 0</u>	<u>\$ (16,200)</u>	<u>\$ 2,159,609</u>

SPECIAL REPORTS



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

**Board of Directors
A Better Way Services, Inc.**

We have audited the combined financial statements of A Better Way Services, Inc. (a non-profit organization) and affiliate as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated December 14, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The financial statements of Family Services of Delaware County Building Corporation (affiliate) were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered A Better Way Services, Inc.'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 A Better Way Services, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the entity'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 was not designed to 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 A Better Way Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, the Indiana State Board of Accounts and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Summers, Carroll, Whisler & Co

Muncie, Indiana
December 14, 2012



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Board of Directors
A Better Way Services, Inc.**

Compliance

We have audited A Better Way Services, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of A Better Way Services, Inc.'s major federal programs for the years ended June 30, 2012 and 2011. A Better Way Services, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of A Better Way Services, Inc.'s management. Our responsibility is to express an opinion on A Better Way Services, Inc.'s compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audits to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about A Better Way Services, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of A Better Way Services, Inc.'s compliance with those requirements.

In our opinion, A Better Way Services, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2012 and 2011.

Internal Control Over Compliance

Management of A Better Way Services, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audits, we considered A Better Way Services, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of A Better Way Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Directors, management, the Indiana State Board of Accounts and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Summus, Carroll, Whisler & Co

Muncie, Indiana
December 14, 2012