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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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August 25, 2014

Board of Directors
Crisis Connection, Inc.
1500 S. Meridian Road
P.O. Box 903
Jasper, IN 47547

We have reviewed the audit report prepared by Monroe Shine, for the period January 1, 2011 to December 31, 2011. 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 Crisis Connection, Inc., as of December 31, 2011, 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

CRISIS CONNECTION, INC. –
JASPER, INDIANA

FINANCIAL STATEMENTS

YEARS ENDED
DECEMBER 31, 2011 AND 2010

CRISIS CONNECTION, INC.

CONTENTS

MONROE SHINE
KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW
222 EAST MARKET STREET, P.O. BOX 1407, NEW ALBANY, INDIANA 47150 • PHONE: 812.945.2311 • FAX: 812.945.2603

Independent Auditor's Report

Board of Directors
Crisis Connection, Inc.
Jasper, Indiana

We have audited the accompanying statements of financial position of **Crisis Connection, Inc.** as of December 31, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of **Crisis Connection, Inc.** as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Monroe Shine
New Albany, Indiana
September 25, 2012

MONROE SHINE & CO., INC. ♦ CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS CONSULTANTS

CRISIS CONNECTION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash	$ 38,501	$ 44,832
Contributions receivable	12,000	12,000
Grants receivable	92,838	51,376
Prepaid expense	9,792	11,206
Total Current Assets	153,131	119,414
OTHER ASSET		
Contributions receivable, net	32,960	43,606
PROPERTY AND EQUIPMENT		
Leasehold improvements	-	19,136
Equipment	59,669	88,866
	59,669	108,002
Less accumulated depreciation	38,806	79,050
Net Property and Equipment	20,863	28,952
	$ 206,954	$ 191,972

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES		
Line of credit	$ 15,000	$ -
Current installments of long-term debt	3,196	3,333
Accounts payable	4,909	4,609
Accrued expenses	12,544	12,807
Total Current Liabilities	35,649	20,749
LONG TERM DEBT, less current installments	-	3,208
NET ASSETS		
Unrestricted	122,809	110,407
Temporarily restricted	48,496	57,608
Total Net Assets	171,305	168,015
	$ 206,954	$ 191,972

See notes to financial statements.

CRISIS CONNECTION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues		
United Way	$ 29,595	$ 32,424
Grant income	296,977	321,928
Donations	77,139	141,094
Interest income	121	57
Other	1,065	12,610
Net assets released from restrictions	10,646	-
Total Revenues	415,543	508,113
Expenses		
Program services	348,584	387,878
Supporting services:		
Management and general	39,866	129,997
Fundraising	14,691	11,599
Total Expenses	403,141	529,474
CHANGE IN UNRESTRICTED NET ASSETS	12,402	(21,361)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues		
Donations	1,534	55,959
Net assets released from restrictions	(10,646)	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(9,112)	55,959
Total Change in Net Assets	3,290	34,598
Net assets at beginning of year	168,015	133,417
Net Assets at End of Year	$ 171,305	$ 168,015

See notes to financial statements.

CRISIS CONNECTION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011				2010			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Compensation and related expenses								
Salaries	$ 187,139	$ 12,205	$ 4,068	$ 203,412	$ 208,742	$ 13,603	$ 4,534	$ 226,879
Employee benefits	30,562	1,993	664	33,219	33,610	2,192	731	36,533
Payroll taxes	14,298	932	311	15,541	15,901	1,037	346	17,284
	231,999	15,130	5,043	252,172	258,253	16,832	5,611	280,696
Client assistance	10,470	-	-	10,470	21,571	-	-	21,571
Educational	2,203	-	-	2,203	6,151	-	-	6,151
Training materials	770	-	-	770	840	-	-	840
Office supplies	18,180	970	8,889	28,039	16,412	413	5,175	22,000
Occupancy	43,398	12,787	-	56,185	45,878	13,511	-	59,389
Telephone	8,894	-	-	8,894	8,185	-	-	8,185
Advertising	5,429	-	-	5,429	3,289	-	-	3,289
Insurance	5,695	1,141	759	7,595	6,101	1,220	813	8,134
Depreciation	6,947	2,538	-	9,485	5,139	571	-	5,710
Professional dues	670	-	-	670	1,120	-	-	1,120
Professional services	-	7,300	-	7,300	-	97,450	-	97,450
Travel	10,075	-	-	10,075	10,853	-	-	10,853
Miscellaneous	3,854	-	-	3,854	4,086	-	-	4,086
TOTAL EXPENSES	$ 348,584	$ 39,866	$ 14,691	$ 403,141	$ 387,878	$ 129,997	$ 11,599	$ 529,474

See notes to financials statements.

CRISIS CONNECTION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
OPERATING ACTIVITIES		
Change in net assets	$ 3,290	$ 34,598
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	9,485	5,710
Loss on disposal of property and equipment	9,985	-
Donated equipment	(7,800)	(2,950)
Donated use of facilities	10,646	(55,606)
(Increase) decrease in current assets:		
Grants receivable	(41,462)	55,156
Prepaid expense	1,414	(1,757)
Increase (decrease) in current liabilities:		
Accounts payable	300	(1,002)
Accrued expenses	(263)	(66)
Net Cash Provided By (Used In) Operating Activities	(14,405)	34,083
INVESTING ACTIVITY		
Purchase of equipment	(3,581)	(2,112)
FINANCING ACTIVITY		
Net increase (decrease) in short-term debt	15,000	(15,000)
Repayment of long-term debt	(3,345)	(3,195)
Net Cash (Used In) Provided By Financing Activities	11,655	(18,195)
Net Increase (Decrease) in Cash	(6,331)	13,776
Cash at beginning of year	44,832	31,056
Cash at End of Year	$ 38,501	$ 44,832
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Donated equipment	$ 7,800	$ 2,950
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for:		
Interest	$ 298	$ 34

See notes to financial statements.

CRISIS CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Organization provides educational and counseling services for individuals who have been exposed to domestic violence in Southern Indiana.

The Organization receives a majority of its revenue from United Way, government funding and donations.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities in two classes of net assets: unrestricted and temporarily restricted net assets. No permanently restricted net assets existed at December 31, 2011 and 2010. The terms are defined below:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Certain prior year accounts have been reclassified to conform with current year presentations.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Grant Revenue and Receivables

The Organization's revenue is recognized when services are rendered. Receivables represent amounts owed by various government agencies pursuant to grant reimbursement agreements. The valuation of receivables is based upon an analysis of contractual agreements and collection history. When accounts are deemed uncollectible, they are written off.

(1 – continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed use of facilities is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed facilities must be used, the entity has adopted a policy of implying a time restriction on contributions of such facilities that expires over the original lease agreement; consequently, all contributed use of facilities, and of the assets contributed to use such facilities, are recorded as restricted support.

Contributed services that require specific expertise and would normally have been purchased and donated services that create or enhance non-financial assets are recorded at fair market value. Those donated services that do not meet these specific criteria are not reflected in the financial statements.

Property and Equipment

The Organization uses the straight-line method of computing depreciation at rates adequate to amortize the cost of the applicable assets over their useful lives. Purchased property and equipment is valued at cost. Maintenance and repairs are expensed as incurred. The asset cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts and any gain or loss is included in operations.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies.

(1 – continued)

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not provide for income taxes.

The Organization implemented has the accounting guidance for uncertainty in income taxes. Under that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of December 31, 2011, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization files federal and Indiana income tax returns. Returns filed in these jurisdictions for the tax years ended on or after December 31, 2008 are subject to examination by the relevant taxing authorities. Management believes the Organization's tax-exempt status would be upheld upon examination.

(2) CONTRIBUTIONS RECEIVABLE

During 2010, the Organization entered into a five-year lease for its Jasper, Indiana office. Under this lease agreement, the Organization makes monthly rental payments of $2,300. The estimated fair rental value of the premises is $3,300 per month. The in-kind donations due under this lease agreement have been included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Amounts due after one year are recorded after discounting to the present value of future cash flows. The donations have been discounted at 2.47% per annum.

The Organization considers all donations under this lease to be collectible and, accordingly, no allowance has been calculated. The donations are expected to be realized in the following periods:

Amounts due in:	2011	2010
Less than one year	$ 12,000	$ 12,000
One to five years	35,000	47,000
Total contributions receivable	47,000	59,000
Less unamortized discount	(2,040)	(3,394)
Net contributions receivable	$ 44,960	$ 55,606

(3) LINE OF CREDIT

The Organization has a revolving line of credit with German American Bank in the amount of $20,000. The interest rate charged on this line of credit is 6.0%. The line of credit is secured by substantially all the Organization's assets. At December 31, 2011, the Organization had borrowed $15,000 on the line of credit. At December 31, 2010, the Organization had no borrowings on the line of credit. The agreement matures on October 13, 2012.

(4) LONG-TERM DEBT

Long term debt at December 31, 2011 and 2010 was as follows:

	2011	2010
4.50% note payable to Old National Bank in monthly installments of $298, including interest, secured by a vehicle	$ 3,196	$ 6,541
Less payments due within one year	3,196	3,333
Total long-term debt	$ -	$ 3,208

The following is a schedule of maturity requirements on long-term debt as of December 31, 2011:

Year ending December 31:

2012	$ 3,196

(5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2011 and 2010 are available for the following purpose:

	2011	2010
Donor restrictions – Sunshine Lady Foundation	$ 3,536	$ 2,002
Contribution receivable	44,960	55,606
Total	$ 48,496	$ 57,608

At December 31, 2011 and 2010, the Organization had temporarily restricted net assets of $48,496 and $57,608, respectively. Donor restricted net assets were $3,536 and $2,002 as of December 31, 2011 and 2010, respectively. As of December 31, 2011 and 2010 the Organization had assets restricted due to time as discussed in Note 2 of $44,960 and $55,606, respectively.

(6) COMMUNITY FOUNDATION FUND

During 2000, an account with the Dubois County Community Foundation, Inc. was created. The account was originated with contributions of $31,015. The donations included contributions from the community. The contributions are an irrevocable transfer to the Community Foundation endowment account. The Organization receives an annual distribution of a portion of the allocable net earnings of the fund. The total value of the endowment at December 31, 2011 and 2010 was $40,369 and $42,249, respectively.

(7) LEASES

The Organization conducts its activities from leased facilities in four locations, Jasper, Rockport, English and Tell City, Indiana. The leases are for various periods from one to five years. Management expects that, in the normal course of business, leases will be renewed or replaced by other leases. Total rent expense for 2011 and 2010 was $56,275 and $58,738, respectively. The in-kind rent value received under the agreement described in Note 2 in 2011 and 2010 was estimated at $12,000 and $1,000, respectively.

The following are future minimum rental payments required under leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2011:

Year ending December 31:

2012	$ 30,500
2013	27,600
2014	27,600
2015	25,300
Total	$ 111,000

(8) FAIR VALUE MEASUREMENTS

The Organization adopted the provisions of ASC 820 Fair Value Measurements, for financial assets and financial liabilities. Nonfinancial assets and liabilities are determined at fair value.

ASC 820, *Fair Value Measurements,* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

(8-continued)

Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Organization's financial assets and liabilities carried at fair value. The table below presents the balances of assets measured at fair value on a recurring and nonrecurring basis.

		Carrying Value		
	Level 1	Level 2	Level 3	Total
As of December 31, 2011:				
Assets Measured on a Recurring Basis				
Contributions receivable	$ -	$ -	$ 44,960	$ 44,960
Assets Measured on a Non-Recurring Basis				
Equipment	$ -	$ -	$ 7,800	$ 7,800
As of December 31, 2010:				
Assets Measured on a Recurring Basis				
Contributions receivable	$ -	$ -	$ 55,606	$ 55,606
Assets Measured on a Non-Recurring Basis				
Equipment	$ -	$ -	$ 2,950	$ 2,950

Contributions Receivable. Contributions receivable are reported at fair value on a recurring basis using level 3 inputs. The fair value is based on the present value of the expected future cash flows. All pledges due in one year or later are discounted using the rate in effect for the year of the original pledge. See Note 2 for details of the discount rate and time period used for discount calculations.

(8 – continued)

Equipment. The fair value of contributed equipment held and used is determined, whenever possible, by reference to quoted market prices and other market information for similar assets. For other equipment held and used, fair value is estimated as the present value of expected future cash inflows or based on approximate replacement cost.

While management believes the Organization's valuation methodologies are appropriate and consistent, the use of different methodologies or assumptions to determine fair value could result in a different estimate of fair value at the reporting date.

The following table provides a summary of changes in fair value of the Organization's Level 3 assets.

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

	Equipment	Contributions Receivable
January 1, 2011	$ 2,950	$ 55,606
Contributions received	7,800	-
Discounts on rent received	-	(12,000)
Equipment placed in service	(2,950)	-
Decrease in discount to net present value	-	1,354
December 31, 2011	$ 7,800	$ 44,960

(9) DONATED SERVICES

The Organization uses the services of a certified public accountant without charge. These services include bookkeeping and various tax preparation services. An amount of $1,800 was recognized as revenue and expense for the year ended December 31, 2011 and 2010.

The Organization used the services of an attorney during the year ended December 31, 2010 without charge. These services were in relation to an Indiana Supreme Court case regarding the Organization's victim advocate privileges. There were no such services rendered for the year ended December 31, 2011. The amount recognized as revenue and expense for the year ended December 31, 2010 was 90,500.

(10) SUBSEQUENT EVENTS

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through September 25, 2012, the date these financial statements were issued. The Organization has determined that there are no such subsequent events.