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STATE OF INDIANA

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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, 2012 to December 31, 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 Crisis Connection, Inc., as of December 31, 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

CRISIS CONNECTION, INC. – JASPER, INDIANA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2012 AND 2011

CRISIS CONNECTION, INC.

CONTENTS

MONROE SHINE
KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW
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Independent Auditor's Report

Board of Directors
Crisis Connection, Inc.
Jasper, Indiana

We have audited the accompanying financial statements of **Crisis Connection, Inc.**, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, an all material respects, the financial position of **Crisis Connection, Inc.** as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Monroe Shine

New Albany, Indiana
September 17, 2013

CRISIS CONNECTION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2012 AND 2011

ASSETS

	2012	2011
CURRENT ASSETS		
Cash	$ 55,829	$ 38,501
Contributions receivable	12,000	12,000
Grants receivable	61,250	92,838
Prepaid expense	10,261	9,792
Total Current Assets	139,340	153,131
OTHER ASSET		
Contributions receivable, net	22,312	32,960
PROPERTY AND EQUIPMENT		
Equipment	71,127	59,669
Less accumulated depreciation	46,769	38,806
Net Property and Equipment	24,358	20,863
	$ 186,010	$ 206,954

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES		
Line of credit	$ -	$ 15,000
Current installments of long-term debt	-	3,196
Accounts payable	3,248	4,909
Accrued expenses	15,592	12,544
Total Current Liabilities	18,840	35,649
NET ASSETS		
Unrestricted	130,692	122,809
Temporarily restricted	36,478	48,496
Total Net Assets	167,170	171,305
	$ 186,010	$ 206,954

See notes to financial statements.

CRISIS CONNECTION, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
CHANGES IN UNRESTRICTED NET ASSETS:		
Revenues		
United Way	$ 38,023	$ 29,595
Grant income	318,148	296,977
Donations	68,038	77,139
Interest income	21	121
Other	11,412	1,065
Net assets released from restrictions	12,018	10,646
Total Revenues	447,660	415,543
Expenses		
Program services	376,444	348,584
Supporting services:		
Management and general	46,294	39,866
Fundraising	17,039	14,691
Total Expenses	439,777	403,141
CHANGE IN UNRESTRICTED NET ASSETS	7,883	12,402
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
Revenues		
Donations	-	1,534
Net assets released from restrictions	(12,018)	(10,646)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(12,018)	(9,112)
Total Change in Net Assets	(4,135)	3,290
Net assets at beginning of year	171,305	168,015
Net Assets at End of Year	$ 167,170	$ 171,305

See notes to financial statements.

CRISIS CONNECTION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				2011			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Compensation and related expenses								
Salaries	$ 224,262	$ 14,626	$ 4,875	$ 243,763	$ 187,139	$ 12,205	$ 4,068	$ 203,412
Employee benefits	28,529	1,861	620	31,010	30,562	1,993	664	33,219
Payroll taxes	19,247	1,255	418	20,920	14,298	932	311	15,541
	272,038	17,742	5,913	295,693	231,999	15,130	5,043	252,172
Client assistance	2,235	-	-	2,235	10,470	-	-	10,470
Educational	162	-	-	162	2,203	-	-	2,203
Training materials	2,048	-	-	2,048	770	-	-	770
Office supplies	16,406	3,281	9,879	29,566	18,180	970	8,889	28,039
Occupancy	41,508	12,645	-	54,153	43,398	12,787	-	56,185
Telephone	8,798	-	-	8,798	8,894	-	-	8,894
Advertising	2,934	-	-	2,934	5,429	-	-	5,429
Insurance	9,352	1,870	1,247	12,469	5,695	1,141	759	7,595
Depreciation	5,832	2,131	-	7,963	6,947	2,538	-	9,485
Professional dues	1,540	-	-	1,540	670	-	-	670
Professional services	-	8,625	-	8,625	-	7,300	-	7,300
Travel	9,272	-	-	9,272	10,075	-	-	10,075
Miscellaneous	4,319	-	-	4,319	3,854	-	-	3,854
TOTAL EXPENSES	$ 376,444	$ 46,294	$ 17,039	$ 439,777	$ 348,584	$ 39,866	$ 14,691	$ 403,141

See notes to financials statements.

CRISIS CONNECTION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
OPERATING ACTIVITIES		
Change in net assets	$ (4,135)	$ 3,290
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,963	9,485
Loss on disposal of property and equipment	-	9,985
Donated equipment	-	(7,800)
Donated use of facilities	10,648	10,646
(Increase) decrease in current assets:		
Grants receivable	31,588	(41,462)
Prepaid expense	(469)	1,414
Increase (decrease) in current liabilities:		
Accounts payable	(1,661)	300
Accrued expenses	3,048	(263)
Net Cash Provided By (Used In) Operating Activities	46,982	(14,405)
INVESTING ACTIVITY		
Purchase of equipment	(11,458)	(3,581)
FINANCING ACTIVITIES		
Net increase (decrease) in short-term debt	(15,000)	15,000
Repayment of long-term debt	(3,196)	(3,345)
Net Cash Provided By (Used In) Financing Activities	(18,196)	11,655
Net Increase (Decrease) in Cash	17,328	(6,331)
Cash at beginning of year	38,501	44,832
Cash at End of Year	$ 55,829	$ 38,501
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Donated equipment received	$ -	$ 7,800
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash payments for:		
Interest	$ 474	$ 298

See notes to financial statements.

CRISIS CONNECTION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

(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, 2012 and 2011. 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.

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 has implemented 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, 2012, 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, 2009 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:	2012	2011
Less than one year	$ 12,000	$ 12,000
One to five years	23,000	35,000
Total contributions receivable	35,000	47,000
Less unamortized discount	(688)	(2,040)
Net contributions receivable	$ 34,312	$ 44,960

(3) LINE OF CREDIT

The Organization had 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, 2012, the Organization had no borrowings on the line of credit. At December 31, 2011, the Organization borrowed $15,000 on the line of credit. This agreement matures on October 13, 2013.

(4) LONG-TERM DEBT

Long term debt at December 31, 2012 and 2011 was as follows:

	2012	2011
4.50% note payable to Old National Bank in monthly installments of $298, including interest, secured by a vehicle	$ -	$ 3,196
Less payments due within one year	-	3,196
Total long-term debt	$ -	$ -

(5) TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2012 and 2011 are available for the following purpose:

	2012	2011
Donor restrictions – Sunshine Lady Foundation	$ 2,166	$ 3,536
Contribution receivable	34,312	44,960
Total	$ 36,478	$ 48,496

At December 31, 2012 and 2011, the Organization had total temporarily restricted net assets of $36,478 and $48,496, respectively. Donor restricted net assets were $2,166 and $3,536 as of December 31, 2012 and 2011, respectively. Restrictions due to time as discussed in Note 2 totaled $34,312 and $44,960, respectively.

(6) COMMUNITY FOUNDATION FUND

During 2000, an account with the Dubois County Community Foundation, Inc. was created. The account was established with contributions of $31,015 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. This distribution totaled $1,250 and $935 during the years ended December 31, 2012 and 2011, respectively. The total value of the endowment at December 31, 2012 and 2011 was $43,913, and $40,369, respectively.

(7) LEASES

The Organization conducts its activities from leased facilities in three locations; Jasper, Rockport 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 2012 and 2011 was $52,500 and $56,275, respectively. The in-kind rent value received under the agreement described in Note 2 in 2012 and 2011 was estimated at $12,000.

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, 2012:

Year ending December 31:

2013	$ 30,500
2014	27,600
2015	25,300
Total	$ 83,400

(8) FAIR VALUE MEASUREMENTS

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

ASC 820 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, 2012:				
Assets Measured on a Recurring Basis				
Contributions receivable	$ -	$ -	$ 34,312	$ 34,312
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

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.

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, 2012	$ 7,800	$ 44,960
Discounts on rent received	-	(12,000)
Equipment placed in service	(7,800)	-
Decrease in discount to net present value	-	1,352
December 31, 2012	$ -	$ 34,312

(9) DONATED SERVICES

The Organization uses the services of a certified public accountant without charge. These services include bookkeeping and various tax preparation services. Amounts of $2,000 and $1,800 were recognized as revenue and expense for the year ended December 31, 2012 and 2011, respectively.

(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 17, 2013, the date these financial statements were available to be issued. The Organization has determined that there are no such subsequent events.