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May 27, 2009

Board of Directors
A Better Way Services, Inc.
P.O. Box 734
Muncie, IN 47308

We have reviewed the audit report prepared by Summers, Carroll, Whisler, LLC, Independent Public Accountants, for the period January 1, 2007 to December 31, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the A Better Way Services, Inc., as of December 31, 2007, 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.

We call your attention to the findings in the report. The management letter contains two comments.

STATE BOARD OF ACCOUNTS

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

A BETTER WAY SERVICES, INC.

**FAMILY SERVICES OF DELAWARE COUNTY
BUILDING CORPORATION**

DECEMBER 31, 2007

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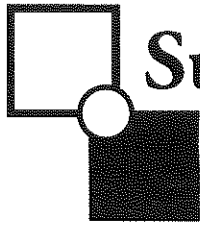
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

Independent Auditors' Report

Board of Directors A Better Way Services, Inc.

We have audited the accompanying combined statement of financial position of A Better Way Services, Inc. (a nonprofit organization) and affiliate as of December 31, 2007, and the related combined statements of activities, cash flow, and functional expenses for the year 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 audit.

We conducted our audit 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 audit provides 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 December 31, 2007, and the changes in their net assets and their cash flow for the year 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 June 10, 2008 on our consideration of A Better Way Services, Inc. and affiliate's internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report 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 read in conjunction with this report in considering the results of our audit.

Our audit was 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 accompanying schedule of expenditures of federal awards is 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 is 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 has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Summons, Carroll, Whisler L L C

Muncie, Indiana
June 10, 2008

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

December 31, 2007

ASSETS

CURRENT ASSETS

Cash	\$ 364,746
Unconditional promises to give	407,667
Accounts receivable	90,872
Prepaid expenses	12,141

Total current assets	<u>875,426</u>
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PROPERTY, BUILDINGS AND EQUIPMENT

Buildings and improvements	2,111,624
Equipment	176,298

Less accumulated depreciation	<u>2,287,922</u> 501,827
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Land	1,786,095 47,500
------	---------------------

1,833,595

OTHER ASSETS

Agency fund	157,786
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157,786

\$ 2,866,807

The accompanying notes are an integral part of this statement.

LIABILITIES AND NET ASSETS**CURRENT LIABILITIES**

Deposits	\$ 1,779
Other payables	5,120
Current maturities of long-term liabilities	7,997
Grants payable	146,409
Accrued and withheld liabilities	59,955

Total current liabilities	221,260
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LONG-TERM LIABILITIES

Mortgage payable, less current maturities	55,424
Contingent liabilities	950,000

	1,005,424
--	-----------

Total liabilities	1,226,684
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NET ASSETS

Unrestricted	1,122,493
Temporarily restricted	432,725
Permanently restricted	84,905

	1,640,123
--	-----------

	\$ 2,866,807
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**A Better Way Services, Inc.
Family Services of Delaware County Building Corporation**

COMBINED STATEMENT OF ACTIVITIES

Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support and revenue				
Public support	\$ 204,694	\$ 75,240	\$ 100	\$ 280,034
Revenue	2,009,319	345,094		2,354,413
	<hr/>	<hr/>	<hr/>	<hr/>
Total support and revenue	2,214,013	420,334	100	2,634,447
Net assets released from restrictions				
Expiration of time/usage restrictions	270,039	(270,039)		
Restrictions satisfied by payments	15,698	(15,698)		
	<hr/>	<hr/>	<hr/>	<hr/>
	2,499,750	134,597	100	2,634,447
Expenses				
Program services				
A Better Way Shelter	1,430,200			1,430,200
Afternoons R.O.C.K.	842,347			842,347
	<hr/>	<hr/>	<hr/>	<hr/>
	2,272,547			2,272,547
Supporting services				
Management and General	280,090			280,090
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	2,552,637			2,552,637
Other income (expense)				
Loss on disposal of assets	(1,161)			(1,161)
	<hr/>	<hr/>	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	(54,048)	134,597	100	80,649
Net assets at beginning of year	1,176,541	298,128	84,805	1,559,474
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets at end of year	<u>\$ 1,122,493</u>	<u>\$ 432,725</u>	<u>\$ 84,905</u>	<u>\$ 1,640,123</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 CASH FLOW

Year Ended December 31, 2007

Cash flow from operating activities:	
Increase in net assets	\$ 80,649
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	84,593
Loss on disposal of assets	1,161
Realized gain on investments	(11,704)
Unrealized loss on investments	6,184
(Increase) decrease in assets:	
Unconditional promises to give	(130,128)
Accounts receivable	101,824
Prepaid expenses	862
Increase (decrease) in liabilities:	
Deposits	966
Other payables	495
Grants payable	(81,841)
Accrued and withheld liabilities	5,421
	<hr/>
Net cash provided by operating activities	58,482
Cash flow from investing activities:	
Cash payments for the purchase of property	(13,516)
Proceeds from the sale of assets	50
Net change in investments	(5,505)
	<hr/>
Net cash used in investing activities	(18,971)
Cash flow from financing activities:	
Principal payments on long-term liabilities	(8,653)
	<hr/>
Net cash used in financing activities	(8,653)
	<hr/>
Net increase in cash and cash equivalents	30,858
Cash and cash equivalents at beginning of year	333,888
	<hr/>
Cash and cash equivalents at end of year	<u>\$ 364,746</u>
	<hr/>
Cash paid during the year for interest	\$ 6,033

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 December 31, 2007

	A Better Way Shelter	Afternoons R.O.C.K.	Total Program Services	Management and General	Total
Salaries	\$ 545,973	\$ 111,067	\$ 657,040	\$ 118,638	\$ 775,678
Employee benefits	176,137	34,225	210,362	31,822	242,184
Payroll taxes	42,078	7,044	49,122	8,939	58,061
Professional fees	98,180	6,532	104,712	3,653	108,365
Supplies	38,091	903	38,994	3,399	42,393
Telephone	8,505	2,017	10,522	2,470	12,992
Postage	1,286	481	1,767	816	2,583
Occupancy	51,571	950	52,521	1,700	54,221
Equipment rental and maintenance	10,735	1,096	11,831	5,538	17,369
Printing and publications	1,703	25	1,728	50	1,778
Conferences and training workshops	6,074	1,379	7,453	829	8,282
Interest				6,033	6,033
Employee allowance	1,581	3,554	5,135	486	5,621
Membership dues	1,530		1,530	728	2,258
Advertising	591	198	789	723	1,512
Insurance	28,489	2,390	30,879	7,956	38,835
Grants	369,574	645,988	1,015,562		1,015,562
Fund raising				1,535	1,535
Program materials	25,974	24,498	50,472		50,472
Program transportation	12,925		12,925		12,925
Miscellaneous	7,990		7,990	1,395	9,385
Total expenses before depreciation	1,428,987	842,347	2,271,334	196,710	2,468,044
Depreciation	1,213		1,213	83,380	84,593
Total expenses	\$ 1,430,200	\$ 842,347	\$ 2,272,547	\$ 280,090	\$ 2,552,637

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

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

During the year ending December 31, 2007, management of Family Services of Delaware County, Indiana, Inc. changed the organization's name to A Better Way Services, Inc. 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.

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 it's 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.

A Better Way is a nonprofit organization qualifying 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.

2. Basis of Presentation

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

3. Agency Funds

In accordance with *Statement of Financial Accounting Standards No. 136*, "Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others," 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 and are referred to as agency funds. 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.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

5. Property, Buildings and Equipment

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. The organizations' policies are to capitalize assets valued at \$1,000 or greater. They provide for depreciation using the straight-line method based upon the estimated useful lives of the assets. Upon retirement or sale of property, buildings and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss, if applicable, is recorded.

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. 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. The financial statement presentation follows the recommendations of the American Institute of Certified Public Accountants and its *Industry Audit Guide, Audits of Voluntary Health and Welfare Organizations*.

In accordance with *Statement of Financial Accounting Standards No. 117*, "Financial Statements of Not-For-Profit Organizations," 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.

8. Public Support and Revenue

In accordance with *Statement of Financial Accounting Standards No. 116*, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. 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.

10. 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 150 hours. An accrual in the amount of \$23,829 is included in the financial statements.

Full-time employees accrue 7.5 hours of sick time per month and may accumulate sick time up to a maximum of 487.5 hours. However, unused sick time expires upon termination. An accrual has not been made because the amount cannot be reasonably estimated.

11. Advertising Costs

Advertising costs are expensed as incurred and included in functional expenses. Advertising expenses totaled \$1,512 for the year ended December 31, 2007.

12. Use of Estimates

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

13. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2007

NOTE B - UNCONDITIONAL PROMISES TO GIVE

The amount due from funding sources consists of an operating allocation in the amount of \$72,000, a donation of \$3,240, and program grants in the amount of \$332,427 for the programs' terms. Uncollectible promises are expected to be insignificant. The amounts from these funding sources at December 31, 2007 are all due within one year.

NOTE C - INVESTMENTS - AGENCY FUNDS

An endowment (agency) fund was established at the Community Foundation of Muncie and Delaware County, Inc. in 1997 to benefit A Better Way Shelter program of A Better Way. Variance power was not granted for the transfers; thus, the beneficial interest in these assets held at the foundation is recorded at their fair market value. The fair market 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 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. At December 31, 2007, \$47,824 of "spendable funds" was available for withdrawal.

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Agency fund	\$136,224	\$157,786	\$157,786

The following schedule summarizes the investment return and its classification in the Combined Statement of Activities for the year ended December 31, 2007.

Revenue - Investment income, temporarily restricted	\$ 7,147
Revenue - Realized gain on investments, temporarily restricted	11,705
Revenue - Unrealized loss on investments, temporarily restricted	<u>(6,184)</u>
Total investment return	<u>\$12,668</u>

NOTE D - MORTGAGE PAYABLE

Through July 2007, the mortgage required monthly payments of \$1,235 with interest calculated at 7.360% per annum. Beginning August 16, 2007, monthly payments require interest to be calculated at the prime rate as published in the Wall Street Journal plus a margin of 2.610 percentage points for the next 76 payments. The monthly payments calculated using an interest rate of 10.86% are \$1,208. One final payment with interest calculated at the prime rate as published in the Wall Street Journal plus a margin of 2.610 percentage points due December 16, 2013 for all principal and accrued interest not yet paid, together with any other unpaid amounts due under this mortgage agreement. The loan is secured by the office building and land.

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

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2007

NOTE D - MORTGAGE PAYABLE - Continued

The minimum mortgage commitment is as follows.

	<u>Building Corporation</u>
Year ending December 31, 2008	\$ 7,997
2009	8,910
2010	9,928
2011	11,061
2012	12,324
Thereafter	<u>13,201</u>
	<u>\$63,421</u>

NOTE E - 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 it's 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.

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
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
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>\$950,000</u>

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

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2007

NOTE F - RESTRICTIONS ON ASSETS

Temporarily restricted net assets consist of unconditional promises to give in the form of a United Way allocation for the next fiscal year, a grant from the Indiana Tobacco Prevention Coalition for the next fiscal year, a 21st Century Community Learning grant for the next two fiscal years (anticipated to be entirely received during the next fiscal year), a use-restricted donation and the agency fund's spendable balance as allocated by the Community Foundation of Muncie and Delaware County, Inc.

Temporarily restricted net assets are available as follows.

United Way allocation for next fiscal year	\$ 72,000
Indiana Tobacco Prevention Coalition grant for the program's term	91,569
21 st Century Community Learning grant for the programs' term	240,858
Donation	3,240
Agency fund investment income allocation	<u>25,058</u>
	<u>\$432,725</u>

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

Time restriction expired on United Way allocation	\$ 78,823
Time restriction expired on 21 st Century Community Learning grant	150,431
Time restriction expired on Indiana Tobacco Prevention Coalition grant	40,785
Donor restrictions satisfied	7,500
Restrictions satisfied on the Community Foundation's allocation	<u>8,198</u>
	<u>\$285,737</u>

The following assets are temporarily restricted for the purpose of satisfying grants payable to subrecipients in the amount of \$68,400. These restrictions have no effect on temporarily restricted net assets at December 31, 2007.

Cash	\$61,200
Accounts receivable	<u>7,200</u>
	<u>\$68,400</u>

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

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

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2007

NOTE G - 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 2007 amounted to \$32,333.

NOTE H - INTEREST EXPENSE

Interest costs totaling \$6,033 were incurred during the year ended December 31, 2007. No interest costs were capitalized as part of the costs of assets acquired during the year.

NOTE I - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

A Better Way has concentrated its credit risk for cash by maintaining deposits in banks located within the same geographic region. The maximum loss that would have resulted from that risk totaled \$152,002 at December 31, 2007 for the excess of the balances over the amounts that would have been covered by federal insurance.

NOTE J - 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 K - 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 noncapital 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 L - 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 the criteria for recognition under *Statement of Financial Standards No. 116*, "Accounting for Contributions Received and Contributions Made," have not been satisfied. The 3,508.5 total volunteer hours received for the year ended December 31, 2007 has an estimated fair value of \$52,628.

SUPPLEMENTAL INFORMATION

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

COMBINED STATEMENT OF SUPPORT AND REVENUE

Year Ended December 31, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support				
Public support				
Contributions	\$ 132,694	\$ 3,240	\$ 100	\$ 136,034
United Way of Delaware County	72,000	72,000		144,000
	<u>204,694</u>	<u>75,240</u>	<u>100</u>	<u>280,034</u>
Revenue				
Community Development Block Grant	12,350			12,350
Criminal Justice Grant	112,859			112,859
Division of Addiction Services	666,400			666,400
Domestic Violence Grant	74,003			74,003
Emergency Shelters Grant	15,884			15,884
Family Violence Grant	57,715			57,715
Federal Emergency Management Agency Grant	12,000			12,000
Indiana Tobacco Prevention/Cessation Grant	91,569	91,569		183,138
Social Services Block Grant	23,376			23,376
21st Century Community Learning State Grant	219,142	240,858		460,000
US Dept. of Housing and Urban Development Program service fees	124,028			124,028
Program service fees	533,011			533,011
Rental income	28,244			28,244
Investment income	15,952	7,147		23,099
Realized gain on investments		11,704		11,704
Unrealized loss on investments		(6,184)		(6,184)
Outsourced services	8,725			8,725
Miscellaneous	14,061			14,061
	<u>2,009,319</u>	<u>345,094</u>		<u>2,354,413</u>
 Total support and revenue	 <u>\$ 2,214,013</u>	 <u>\$ 420,334</u>	 <u>\$ 100</u>	 <u>\$ 2,634,447</u>

A Better Way Services, Inc.
Family Services of Delaware County Building Corporation
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2007

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Grant Contract Number	Federal Expenditures
Department of Health and Human Services			
Pass-through programs from:			
Indiana Family & Social Services Administration:			
Division of Family and Children:			
Family Violence Protection	93.671	18-07-OT-0656	\$ 54,585
Social Services Block Grants: Domestic Violence Shelter	93.667	18-07-5B-0656	12,456
Division of Mental Health:			
Substance Abuse Prevention and Treatment (Note B)	93.959	18-08-SA-0656	865,205
			<hr/>
Total Department of Health and Human Services			932,246
Department of Justice			
Pass-through programs from:			
Indiana Criminal Justice Institute:			
Muncie Police Department - Crime Victim Assistance	16.575	2006-VA-GX-003	96,578
			<hr/>
Total Department of Justice			96,578
Department of Homeland Security			
Pass-through program from:			
United Way of Delaware County:			
Emergency Food and Shelter Program	97.024		12,000

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2007

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Grant Contract Number	Federal Expenditures
Department of Housing and Urban Development			
Supportive Housing Program	14.235	IN36B402022	122,971
Pass-through programs from:			
Muncie, Indiana Community Development Office:			
Community Development Block Grant:			
Telecare	14.218	287-91-439740	3,520
Children's Programs	14.218	287-91-439752	5,995
Indiana Family & Social Services Administration:			
Division of Family and Children:			
Emergency Shelter	14.231	ES-006-032	14,119
Total Department of Housing and Urban Development			146,605
Department of Education			
Pass-through program from:			
Indiana Department of Education:			
21st Century Community Learning State Grant (Note B)	84.287		300,241
Total expenditures of federal awards			\$ 1,487,670

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2007

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of A Better Way Services, Inc. and is presented on the cash basis of accounting, and accordingly, represents the total cash expended for the programs. It does not include transactions that might be included using the accrual basis of accounting as contemplated by generally accepted accounting principles. 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*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements of the federal programs.

NOTE B - 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	\$405,750
21st Century Community Learning State Grant	84.287	\$29,506

A Better Way Services, Inc.
Family Services of Delaware County Building Corporation
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
Year Ended December 31, 2007

State Grantor/Program	Grant Contract Number	State Expenditures
State of Indiana		
Pass-through programs from:		
Indiana Family & Social Services Administration:		
Division of Family and Children:		
Domestic Violence Prevention and Treatment	18-07-OF-0656	\$ 62,627
		<hr/>
Total Indiana Family & Social Services Administration		62,627
Indiana Tobacco Use Prevention and Cessation Executive Board		
Indiana Tobacco Use Prevention and Cessation Trust Fund	A5-8-COM18	82,356
		<hr/>
Total Indiana Tobacco Use Prevention and Cessation Executive Board		82,356
		<hr/>
Total expenditures of state awards		\$ 144,983
		<hr/> <hr/>
Local Grantor/Program	Grant Contract Number	Local Expenditures
Delaware County Commissioners:		
Domestic Violence Shelter	N/A	\$ 10,000
Delaware County Coordinating Council		
To Prevent Alcohol and Other Drug Abuse	N/A	1,522
		<hr/>
Total expenditures of local awards		\$ 11,522
		<hr/> <hr/>

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2007

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 noncompliance 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 "Report on Compliance With Requirements Applicable to 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

December 31, 2007

	<u>A Better Way Services</u>	<u>Building Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 286,050	\$ 78,696		\$ 364,746
Unconditional promises to give	407,667			407,667
Accounts receivable	90,872			90,872
Prepaid expenses	12,141			12,141
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	796,730	78,696		875,426
PROPERTY, BUILDINGS AND EQUIPMENT				
Buildings and improvements	1,335,463	776,161		2,111,624
Equipment	155,309	20,989		176,298
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation	1,490,772	797,150		2,287,922
	204,091	297,736		501,827
	<hr/>	<hr/>	<hr/>	<hr/>
Land	1,286,681	499,414		1,786,095
		47,500		47,500
	<hr/>	<hr/>	<hr/>	<hr/>
	1,286,681	546,914		1,833,595
OTHER ASSETS				
Agency fund	157,786			157,786
Note receivable, Building Corporation	141,860		\$ (141,860)	
	<hr/>	<hr/>	<hr/>	<hr/>
	299,646		(141,860)	157,786
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,383,057	\$ 625,610	\$ (141,860)	\$ 2,866,807
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	<u>A Better Way Services</u>	<u>Building Corporation</u>	<u>Eliminations</u>	<u>Combined</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Deposits	\$ 1,779			\$ 1,779
Other payables	5,120			5,120
Current maturities of long-term liabilities		\$ 7,997		7,997
Grants payable	146,409			146,409
Accrued and withheld liabilities	59,955			59,955
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	213,263	7,997		221,260
LONG-TERM LIABILITIES				
Mortgage payable, less current maturities		55,424		55,424
Note payable, Family Services		141,860	\$ (141,860)	
Contingent liabilities	950,000			950,000
	<hr/>	<hr/>	<hr/>	<hr/>
	950,000	197,284	(141,860)	1,005,424
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	1,163,263	205,281	(141,860)	1,226,684
NET ASSETS				
Unrestricted	702,164	420,329		1,122,493
Temporarily restricted	432,725			432,725
Permanently restricted	84,905			84,905
	<hr/>	<hr/>	<hr/>	<hr/>
	1,219,794	420,329		1,640,123
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 2,383,057	\$ 625,610	\$ (141,860)	\$ 2,866,807
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

COMBINED STATEMENT OF ACTIVITIES BY ENTITY

Year Ended December 31, 2007

	A Better Way Services		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Support and revenue			
Public support	\$ 204,694	\$ 75,240	\$ 100
Revenue	1,985,324	345,094	
	<hr/>	<hr/>	<hr/>
Total support and revenue	2,190,018	420,334	100
Net assets released from restrictions			
Expiration of time/usage restrictions	270,039	(270,039)	
Restrictions satisfied by payments	15,698	(15,698)	
	<hr/>	<hr/>	<hr/>
	2,475,755	134,597	100
Expenses			
Program services			
A Better Way Shelter	1,436,200		
Afternoons R.O.C.K.	846,955		
	<hr/>	<hr/>	<hr/>
	2,283,155		
Supporting services			
Management and General	247,408		
	<hr/>	<hr/>	<hr/>
Total expenses	2,530,563		
Other income (expense)			
Loss on disposal of assets	(100)		
	<hr/>	<hr/>	<hr/>
INCREASE (DECREASE) IN NET ASSETS	(54,908)	134,597	100
Net assets at beginning of year	757,072	298,128	84,805
	<hr/>	<hr/>	<hr/>
Net assets at end of year	\$ 702,164	\$ 432,725	\$ 84,905
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Building Corporation			
Unrestricted	Temporarily Restricted	Eliminations	Combined
\$ 39,595		\$ (15,600)	\$ 280,034 2,354,413
39,595		(15,600)	2,634,447
39,595		(15,600)	2,634,447
		(6,000) (4,608)	1,430,200 842,347
		(10,608)	2,272,547
37,674		(4,992)	280,090
37,674		(15,600)	2,552,637
(1,061)			(1,161)
860			80,649
419,469			1,559,474
\$ 420,329	\$ 0	\$ 0	\$ 1,640,123

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

COMBINED STATEMENT OF CASH FLOW BY ENTITY

Year Ended December 31, 2007

	A Better Way	Building Corporation	Eliminations	Combined
Cash flow from operating activities:				
Increase in net assets	\$ 79,789	\$ 860		\$ 80,649
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	57,383	27,210		84,593
Loss on disposal of assets	100	1,061		1,161
Realized gain on investments	(11,704)			(11,704)
Unrealized loss on investments	6,184			6,184
(Increase) decrease in assets:				
Unconditional promises to give	(130,128)			(130,128)
Accounts receivable	101,824			101,824
Prepaid expenses	862			862
Increase (decrease) in liabilities:				
Deposits	966			966
Other payables	495			495
Grants payable	(81,841)			(81,841)
Accrued and withheld liabilities	5,421			5,421
Net cash provided by operating activities	29,351	29,131	\$ 0	58,482
Cash flow from investing activities:				
Cash payments for the purchase of property	(12,585)	(931)		(13,516)
Proceeds from the sale of assets	50			50
Net change in investments	(5,505)			(5,505)
Net cash used in investing activities	(18,040)	(931)	0	(18,971)
Cash flow from financing activities:				
Principal payments on long-term liabilities		(8,653)		(8,653)
Net cash used in financing activities		(8,653)	0	(8,653)
Net increase in cash and cash equivalents	11,311	19,547		30,858
Cash and cash equivalents at beginning of year	274,739	59,149	0	333,888
Cash and cash equivalents at end of year	\$ 286,050	\$ 78,696	\$ 0	\$ 364,746
Cash paid during the year for interest		\$ 6,033		

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES BY ENTITY

Year Ended December 31, 2007

	A Better Way Services			
	A Better Way Shelter	Afternoons R.O.C.K.	Total Program Services	Management and General
Salaries	\$ 545,973	\$ 111,067	\$ 657,040	\$ 118,638
Employee benefits	176,137	34,225	210,362	31,822
Payroll taxes	42,078	7,044	49,122	8,939
Professional fees	98,180	6,532	104,712	3,653
Supplies	38,091	903	38,994	3,399
Telephone	8,505	2,017	10,522	2,470
Postage	1,286	481	1,767	816
Occupancy	57,571	5,558	63,129	6,692
Equipment rental and maintenance	10,735	1,096	11,831	1,134
Printing and publications	1,703	25	1,728	50
Conferences and training workshops	6,074	1,379	7,453	829
Interest				
Employee allowance	1,581	3,554	5,135	486
Membership dues	1,530		1,530	728
Advertising	591	198	789	723
Insurance	28,489	2,390	30,879	7,956
Grants	369,574	645,988	1,015,562	
Fund raising				1,535
Program materials	25,974	24,498	50,472	
Program transportation	12,925		12,925	
Miscellaneous	7,990		7,990	1,368
	1,434,987	846,955	2,281,942	191,238
Total expenses before depreciation				
Depreciation	1,213		1,213	56,170
	\$ 1,436,200	\$ 846,955	\$ 2,283,155	\$ 247,408
Total expenses				

Building Corporation		
Management and General	Eliminations	Combined
		\$ 775,678
		242,184
		58,061
		108,365
		42,393
		12,992
		2,583
\$ 4,404	\$ (15,600)	54,221
		17,369
		1,778
		8,282
6,033		6,033
		5,621
		2,258
		1,512
		38,835
		1,015,562
		1,535
		50,472
		12,925
27		9,385
10,464	(15,600)	2,468,044
27,210		84,593
<u>\$ 37,674</u>	<u>\$ (15,600)</u>	<u>\$ 2,552,637</u>

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

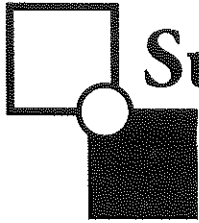
COMBINED STATEMENT OF SUPPORT AND REVENUE BY ENTITY

Year Ended December 31, 2007

	A Better Way Services		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Support			
Public support			
Contributions	\$ 132,694	\$ 3,240	\$ 100
United Way of Delaware County	72,000	72,000	
	204,694	75,240	100
Revenue			
Community Development Block Grant	12,350		
Criminal Justice Grant	112,859		
Division of Addiction Services	666,400		
Domestic Violence Grant	74,003		
Emergency Shelters Grant	15,884		
Family Violence Grant	57,715		
Federal Emergency Management Agency Grant	12,000		
Indiana Tobacco Prevention/Cessation Grant	91,569	91,569	
Social Services Block Grant	23,376		
21st Century Community Learning State Grant	219,142	240,858	
US Dept. of Housing and Urban Development	124,028		
Program service fees	533,011		
Rental income	8,284		
Investment income	11,917	7,147	
Realized gain on investments		11,704	
Unrealized loss on investments		(6,184)	
Outsourced services	8,725		
Miscellaneous	14,061		
	1,985,324	345,094	
 Total support and revenue	 \$ 2,190,018	 \$ 420,334	 \$ 100

Building Corporation			
Unrestricted	Temporarily Restricted	Eliminations	Combined
			\$ 136,034
			144,000
			<u>280,034</u>
			12,350
			112,859
			666,400
			74,003
			15,884
			57,715
			12,000
			183,138
			23,376
			460,000
			124,028
			533,011
\$ 35,560		\$ (15,600)	28,244
4,035			23,099
			11,704
			(6,184)
			8,725
			14,061
			<u>2,354,413</u>
39,595		(15,600)	2,354,413
<u>\$ 39,595</u>	<u>\$ 0</u>	<u>\$ (15,600)</u>	<u>\$ 2,634,447</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 nonprofit organization) and affiliate as of and for the year ended December 31, 2007, and have issued our report thereon dated June 10, 2008. We conducted our audit 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 audit, 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 and 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

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

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

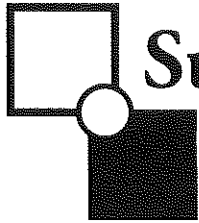
Compliance and Other Matters

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, noncompliance 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 LLC

Muncie, Indiana
June 10, 2008



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
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 the compliance of A Better Way Services, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. 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 audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether noncompliance 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 audit provides a reasonable basis for our opinion. Our audit does 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 requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The 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 audit, 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

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

Our consideration of the internal control over compliance was for the limited purpose described in the preceding first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control 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.

Summers, Carroll, Whisler LLC

Muncie, Indiana
June 10, 2008



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

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STATE BOARD OF ACCOUNTS

To the Board of Directors and Teresa Clemmons, Executive Director
of A Better Way Services, Inc.

In planning and performing our audit of the financial statements of A Better Way Services, Inc. as of and for the year ended December 31, 2007, in accordance with U.S. generally accepted auditing standards, we considered A Better Way Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control. We consider the following deficiencies to be significant deficiencies in internal control.

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flow, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). As part of the audit, management requested us to prepare a draft of your financial statements, including the related footnote disclosures. The outsourcing of these services is not unusual in organizations of your size and is a result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost. Management reviewed, approved, and accepted responsibility for those financial statements prior to their issuance; however, management does not have the ability to evaluate the completeness of financial statement disclosures. The absence of this control procedure is considered a significant deficiency because the potential exists that a more than inconsequential but less than material misstatement of the financial

statements could occur and not be prevented or detected by the Organization's internal control. In addition, we noted other matters involving the internal control and its operation that we have reported to management of A Better Way Services, Inc. in a separate letter dated July 3, 2008.

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

Summus, Carroll, Whisler LLC

Muncie, Indiana
July 3, 2008



Summers, Carroll, Whisler *LLC*

Certified Public Accountants

July 3, 2008

To the Board of Directors and Teresa Clemmons, Executive Director
of A Better Way Services, Inc.

In planning and performing our audit of the financial statements of A Better Way Services, Inc. as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered A Better Way Services, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. A separate report dated July 3, 2008 contains our report on significant deficiencies in the Organization's internal control. This letter does not affect our report dated June 10, 2008 on the financial statements of A Better Way Services, Inc.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

Summers, Carroll, Whisler LLC

Management Letter Points

Segregate All Extension Program Expenses

One of A Better Way Services, Inc.'s major programs is its Afternoons R.O.C.K. program. As the recipient of federal monies for this program, grant compliance requires A Better Way Services, Inc.'s Role Players personnel run at least one extension program themselves for each of their two designated service areas per each session. Role Players personnel runs more than the minimum required extension programs in order to fulfill additional grant compliance requirements and meet the needs of the counties they serve. Many of the costs attributed to Role Players' extension program are recorded in the bookkeeping software of A Better Way Services, Inc. under a separate subset of the expense accounts designated for the extension program (subset 46). However, most of the allocated overhead and administrative costs allowable to the extension program are not segregated into these subset expense accounts. In order to more easily trace and tie the extension program's direct and allocated expenses to ensure compliance with the extension program's allowable expenses, we suggest that all allocated overhead and administrative costs be recorded separately in the bookkeeping software into the extension program's subset expense accounts (subset 46).

The change in recording these expenses would not affect A Better Way Services, Inc.'s changes in net assets, but would enable A Better Way Services, Inc.'s management and Role Players personnel to evaluate costs related to the extension program more readily and serve as an additional internal control monitoring procedure when comparing bookkeeping's recorded expenses for the extension program with the spreadsheet of extension program expenses maintained by Role Players personnel.

Constantly Monitor Extension Program Expenses

Per the grant contract, each subrecipient of monies for the Afternoons R.O.C.K. program receives an allotment to be spent for each child served per each session. Role Players' extension program performs like a subrecipient. While we applaud Role Players personnel for their diligence to controlling costs, the grant not only allots but *requires* these monies to be spent during the course of each grant period. A subrecipient is not allowed to reap the benefits of running an extremely efficient program. In order to ensure that all the required monies are spent during each program session, we suggest that management of A Better Way Services, Inc. and Role Players personnel maintain a constant dialog regarding the status of extension program monies expended and the expense opportunities available to maintain compliance requirements with the grant contracts.