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June 4, 2009

Board of Directors
Doulos, Inc.
1153 E. 150 South
Princeton, IN 47670

We have reviewed the audit report prepared by Vision Accounting & Financial Services, PC, Independent Public Accountants, for the period October 1, 2007 to September 30, 2008. 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 Doulos, Inc., as of September 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

DOULOS, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

DOULOS, INC.

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VISION

Accounting Financial Services, P.C.
Lance Stephens, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Doulos, Inc.
Princeton, IN

We have audited the accompanying statement of financial position of Doulos, Inc. (a nonprofit organization) as of September 30, 2008, and the related statements of activities 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 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 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 the 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 financial statements referred to above present fairly, in all material respects, the financial position of Doulos, Inc. as of September 30, 2008, and the changes in their net assets and their cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of Doulos, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Doulos, Inc. 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Vision Accounting & Financial Services, PC
Newburgh, IN
December 18, 2008

DOULOS, INC.
Statement of Financial Position
September 30, 2008

Assets	Unrestricted Total 2008
Current Assets	
Cash & Equivalents	\$ 112,952
Grants Receivable	53,915
Prepaid Expenses	5,000
Total Current Assets	171,867
Fixed Assets	
Equipment & Furniture	48,481
Building & Improvements	100,000
Land	16,800
Accumulated Depreciation	(54,225)
Total Fixed Assets	111,056
Total Assets	\$ 282,923
 Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	\$ 2,138
Accrued Expenses	35,243
Payroll Taxes	15,103
Line of Credit	34,718
Mortgage Note	5,757
Deferred Revenue	61,897
Total Current Liabilities	154,856
Long Term Liabilities	
Mortgage Note	66,023
Net Assets - Unrestricted	62,044
Total Liabilities and Net Assets	\$ 282,923

The accompanying notes are an integral part of the financial statements.

DOULOS, INC.
Statement of Activities
For the Year Ended September 30, 2008

	Unrestricted
	Total 2008
Support & Revenue	
Grants	\$ 689,894
Program Service Fees	181,653
Special Events	2,915
Contributions	59,950
Other	4,010
Total Revenue & Support	\$ 938,422
Expenses	
Program Services	806,032
Management & General	109,871
Total Operating Expenses	\$ 915,903
Change in Net Assets	22,519
Net Assets- Beginning of Year	39,525
Net Assets- End of Year	\$ 62,044

The accompanying notes are an integral part of the financial statements

DOULOS, INC.
Statement of Cash Flows
September 30, 2008

	2008
Cash Flows Operating Activities	
Increase (Decrease) In Net Assets	\$ 22,519
Adjustments to reconcile the change in net assets to net cash provided by operations	
Depreciation	15,755
Changes in assets and Liabilites	
(Increase) decrease in Grants Receivable	12,593
(increase) decrease in Other Assets	(3,028)
Increase (decrease) in Unearned Revenue	31,536
Increase (decrease) in Accrued Expenses	(14,313)
Increase (decrease) Payroll Taxes	1,845
	28,633
 Net cash provided by operating activities	 66,907
 Cash Flows From Investing Activities	
Purchase of Fixed Assets	(6,432)
 Cash Flows From Financing Activities	
Payments on Mortgage Note	(6,878)
Payments on Line of Credit	(12,999)
Net Cash Used by Financing Activities	(19,877)
 Net Increase (Decrease) in Cash	 40,598
 Cash at Beginning of Period	 72,354
 Cash at End of Year	 \$ 112,952

The accompanying notes are an integral part of the financial statements.

DOULOS, INC.
Statement of Functional Expenses
For the Year Ended September 30, 2008

	Program Services	Management and General	Total
	2008	2008	2008
Operating Expenses			
Communications	14,237	3,334	17,571
Contractual Services	29,497	-	29,497
Depreciation	-	15,755	15,755
Employee Benefits	97,198	7,945	105,143
Fundraising Supplies	-	98	98
Insurance	9,454	3,485	12,939
Instruction & Training	6,716	416	7,132
Interest Expense	-	7,073	7,073
Miscellaneous	79	341	420
Office Supplies	6,399	871	7,270
Payroll & Taxes	530,369	49,434	579,803
Postage & Delivery	889	461	1,350
Printing	1,778	1,774	3,552
Program Supplies	35,469	2,331	37,800
Professional Fees	2,970	835	3,805
Repairs & Maintenance	27	5,859	5,886
Travel	70,264	4,679	74,943
Utilities	686	5,180	5,866
Total Expenses	<u>\$ 806,032</u>	<u>\$ 109,871</u>	<u>\$ 915,903</u>

The accompanying notes are an integral part of the financial statements

DOULOS, INC.
Notes to Financial Statements
SEPTEMBER 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission-Our Mission is to strengthen families through the provision of services that meet emotional, social, and spiritual needs.

Our vision of future success is that we will have achieved

- Strengthen families through training;
- Provide a safe environment for family interaction
- A superior clinical program for families

Use of Estimates-The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting –

The organization has adopted Statement of Financial Accounting Standards No. 117 "Financial Statements of Not-For-Profit Organizations". Accordingly, the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets, and permanently restricted net assets.

Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

DOULOS, INC.

Notes to Financial Statements

SEPTEMBER 30, 2008

Income Taxes- The Organization is exempt from taxation under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made.

Cash and Cash Equivalents- All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents

Cost Allocations- Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective. Cost allocation methods are as follows:

Personnel

Organization administrative and financial personnel record the time they spend working on specific programs and general organization matters on their timesheets. The time specifically identifiable to a particular program is charged to that program. The time spent on general organization matters is charged to programs using an allocation based on full-time equivalent staff units and a percentage based on the direct labor charges to programs.

Space

Space costs are allocated based on the number of square feet of space each program occupies. Space occupied by administrative staff is allocated based upon the allocation of the administrative staff's time.

Other Joint Costs

Other joint costs are charged to organization programs based on the amounts used by each program or other appropriate methodology.

Economic Dependency- During the fiscal years ended September 30, 2008. Organization received 74% of its support from state and federal grant sources.

Property and Equipment- The equipment is carried at cost. Depreciation is calculated on the straight line method over its estimated useful life. Depreciation expense for the year ended 2008 was \$15,755.

DOULOS, INC.
Notes to Financial Statements
 SEPTEMBER 30, 2008

NOTE 2- RETIREMENT PLAN

Doulos, Inc. has a Simple IRA retirement plan. The plan is open to all employees who have been employed 90 days and are at least 18 years of age. The contribution for the year ended September 30, 2008 was \$12,151.

NOTE 3 – LINE OF CREDIT

The Organization has a \$50,000 revolving line of credit. At September 30, 2008, there was a balance of \$34,718. The line is collateralized by substantially all assets of the Organization. Interest varies with the bank's prime lending rate and is payable monthly.

NOTE 4 – MORTGAGE NOTE

The Organization has a mortgage note in the amount of \$71,780. It is collateralized by all real and personal property. The note carries a rate of 6.78% and is payable in installments of \$825.30.

Long term debt matures for the period ends September 30 as follows:

2009	\$ 5,197
2010	5,560
2011	5,949
2012	6,365
2013	<u>6,811</u>
Thereafter	\$41,898

SUPPLEMENTARY INFORMATION

DOULOS, INC.
Schedule of Federal Awards
For The Year Ended September 30, 2008

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>CFDA No.</u>	<u>Current Year Receipts</u>	<u>Current Year Expenditures</u>
U.S. Department of Health & Human Services	93.558	647,131	654,857
		<u>\$ 647,131</u>	<u>\$ 654,857</u>

Basis of Presentation: The schedule of federal awards is presented on the accrual basis of accounting.



Accounting Financial Services, P.C.
Lance Stephens, C.P.A.

**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**

Doulos, Inc.
Princeton, IN 47670

We have audited the financial statements of DOULOS, INC. as of and for the year ended September 30, 2008, and have issued our report thereon dated December 31, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered DOULOS, INC'S. internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Doulos, Inc'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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity's internal control.

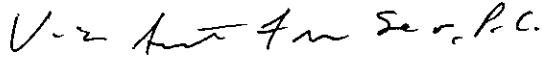
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify and deficiencies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

We noted certain matters that we reported to management of DOULOS, INC. in a separate letter dated December 31, 2008.

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



Vision Accounting & Financial Services, PC
December 31, 2008



Accounting Financial Services, P.C.
Lance Stephens, C.P.A.

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Doulos, Inc.
Princeton, IN 47670

Compliance

We have audited the compliance of DOULOS, INC. with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2008. DOULOS, INC'S major federal programs are identified in the summary of auditor's 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 DOULOS, INC'S management. Our responsibility is to express an opinion on DOULOS, 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 DOULOS 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 DOULOS, INC'S compliance with those requirements.

In our opinion, DOULOS, 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 September 30, 2008.

Internal Control Over Compliance

The management of DOULOS, 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 DOULOS, INC'S internal control over compliance with the 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 the Entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies,

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that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

DOULOS, INC'S. response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit DOULOS, INC'S. response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, 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.

Vision Accounting & Financial Services, P.C.

Vision Accounting & Financial Services PC

December 18, 2008

DOULOS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2008

A. SUMMARY SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Doulos, Inc..
2. No reportable conditions are reported in the "Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of Doulos, 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 an Internal Control Over Compliance in Accordance with OMB Circular A-133."
5. The auditor's report on compliance for the major federal award programs for Doulos, Inc. expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for Doulos, Inc. to be reported in this Schedule.
7. The programs tested as a major program included:
CCDF 93.558
8. The threshold for distinguishing Types A and B programs was \$500,000
9. Doulos, Inc. was determined to be a low risk auditee

DOULOS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED SEPTEMBER 30, 2008

B. FINDINGS- FINANCIAL STATEMENT AUDIT

No Findings

C. Findings and questioned costs – major federal award programs audit

Findings: None

Questioned Costs: None

DOULOS, INC, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2008

None