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June 24, 2009

Board of Directors
Family Crisis Shelter, Inc.
P.O. Box 254
Crawfordsville, IN 47933

We have reviewed the audit report prepared by Hare, Russell & Holder, PC, Independent Public Accountants, for the period July 1, 2007 to June 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 Family Crisis Shelter, Inc., as of June 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.

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

STATE BOARD OF ACCOUNTS

FAMILY CRISIS SHELTER, INC.
AUDITED FINANCIAL STATEMENTS

June 30, 2008 and 2007

Hare, Russell & Holder, P.C.
2632B N. 9th Street
P.O. Box 249
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FAMILY CRISIS SHELTER, INC.

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Hare, Russell & Holder
A Professional Corporation

Thea R. Hare, CPA
Claudette B. Russell, CPA
David P. Holder, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Crisis Shelter, Inc.

We have audited the accompanying statements of financial position of Family Crisis Shelter, Inc. (an Indiana not-for-profit corporation) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows, for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Family Crisis Shelter, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of fees and grants - governmental agencies for the year ended June 30, 2008 is presented for purposes of additional analysis 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 presented in all material respects in relation to the basic financial statements taken as a whole.

Lafayette, Indiana
November 20, 2008

FAMILY CRISIS SHELTER, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2008 and 2007

	2008	2007
ASSETS		
Cash	\$ 45,548	\$ 35,784
Grants receivable	15,920	35,537
Unconditional promises to give	38,182	30,000
Prepaid expenses	5,481	6,076
Property and equipment	524,862	559,360
Endowment funds	303,082	337,441
TOTAL ASSETS	\$ 933,075	\$ 1,004,198
LIABILITIES AND NET ASSETS		
LIABILITIES		
Cash overdraft	\$ -	\$ 1,296
Accounts payable and accrued expenses	22,704	19,243
Total Liabilities	22,704	20,539
NET ASSETS		
Unrestricted		
Operating	128,684	178,515
Fixed assets	524,862	559,360
Board designated	248,975	245,784
Total Unrestricted Net Assets	902,521	983,659
Temporarily restricted Net Assets	7,850	-
Total Net Assets	910,371	983,659
TOTAL LIABILITIES AND NET ASSETS	\$ 933,075	\$ 1,004,198

See Accompanying Notes to Financial Statements.

FAMILY CRISIS SHELTER, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
SUPPORT AND REVENUE		
Contributions	\$ 17,819	\$ 20,172
Government grants and contracts	244,819	254,423
Montgomery United Fund For You	70,000	60,000
Other grants	3,500	4,950
Other income	533	262
Rent income	6,191	3,794
Endowment earnings	(24,359)	41,422
Interest income	701	1,480
Total Support and Revenue	<u>319,204</u>	<u>386,503</u>
EXPENSES		
Program services	314,926	329,186
Management and general	58,309	59,003
Fund raising	<u>27,107</u>	<u>28,173</u>
Total Expenses	<u>400,342</u>	<u>416,362</u>
CHANGE IN NET UNRESTRICTED ASSETS	(81,138)	(29,859)
TEMPORARILY RESTRICTED NET ASSETS		
Grants	<u>7,850</u>	<u>-</u>
CHANGE IN NET ASSETS	(73,288)	(29,859)
NET ASSETS AT BEGINNING OF YEAR	<u>983,659</u>	<u>1,013,518</u>
NET ASSETS AT END OF YEAR	<u>\$ 910,371</u>	<u>\$ 983,659</u>

See Accompanying Notes to Financial Statements

FAMILY CRISIS SHELTER, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 For the Years Ended June 30, 2008 and 2007

2008

Supporting Services

	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 245,788	\$ 196,630	\$ 29,495	\$ 19,663	\$ 49,158
Employee benefits	23,460	19,941	2,346	1,173	3,519
Payroll taxes and workers' compensation insurance	24,807	21,086	2,481	1,240	3,721
Professional fees	8,780	-	8,780	-	8,780
Office and general	3,804	2,549	1,255	-	1,255
Telephone	9,683	4,842	4,841	-	4,841
Postage	1,266	190	1,076	-	1,076
Occupancy	29,567	25,208	2,180	2,179	4,359
Staff and board development	2,123	1,592	266	265	531
Transportation	1,160	1,160	-	-	-
Outreach development	1,772	1,772	-	-	-
Dues and fees	795	-	795	-	795
Assistance to individuals	1,811	1,811	-	-	-
Insurance	11,028	8,822	2,206	-	2,206
Depreciation	34,498	29,323	2,588	2,587	5,175
	<u>\$ 400,342</u>	<u>\$ 314,926</u>	<u>\$ 58,309</u>	<u>\$ 27,107</u>	<u>\$ 85,416</u>

2007

Supporting Services

<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
\$ 238,171	\$ 190,536	\$ 28,580	\$ 19,055	\$ 47,635
36,790	31,271	3,679	1,840	5,519
23,467	19,948	2,347	1,172	3,519
8,500	-	8,500	-	8,500
3,520	2,359	1,161	-	1,161
9,128	4,564	4,564	-	4,564
1,165	175	990	-	990
40,381	34,324	3,028	3,029	6,057
1,412	1,059	177	176	353
1,020	1,020	-	-	-
2,260	2,260	-	-	-
1,377	-	1,377	-	1,377
1,998	1,998	-	-	-
8,488	6,790	1,698	-	1,698
<u>38,685</u>	<u>32,882</u>	<u>2,902</u>	<u>2,901</u>	<u>5,803</u>
<u>\$ 416,362</u>	<u>\$ 329,186</u>	<u>\$ 59,003</u>	<u>\$ 28,173</u>	<u>\$ 87,176</u>

See Accompanying Notes to Financial Statements

FAMILY CRISIS SHELTER, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2008 and 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 355,423	\$ 323,265
Cash received from other income	533	262
Cash received from rent income	6,191	3,794
Cash received from endowment earnings	10,000	9,500
Cash received from interest	701	1,480
Cash paid to vendors and employees	(363,084)	(375,334)
Net Cash Provided (Used) by Operating Activities	9,764	(37,033)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for purchase of fixed assets	-	(18,966)
INCREASE (DECREASE) IN CASH	9,764	(55,999)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,784	91,783
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 45,548	\$ 35,784

See Accompanying Notes to Financial Statements

FAMILY CRISIS SHELTER, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2008 and 2007

	2008	2007
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ (73,288)	\$ (29,859)
ADJUSTMENTS TO RECONCILE CHANGES IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Depreciation	34,498	38,685
Noncash endowment (earnings) loss	34,359	(31,922)
(INCREASE) DECREASE IN ASSETS		
Grants receivable	19,617	(11,280)
Unconditional promises to give	(8,182)	(5,000)
Prepaid expenses	595	972
INCREASE (DECREASE) IN LIABILITIES		
Cash overdraft	(1,296)	1,296
Accounts payable and accrued expenses	3,461	75
TOTAL ADJUSTMENTS	83,052	(7,174)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 9,764	\$ (37,033)

See Accompanying Notes to Financial Statements

FAMILY CRISIS SHELTER, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2008 and 2007

SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Family Crisis Shelter, Inc. (FCS) provides prevention and intervention services in a supportive environment, working to improve the rights and services for victims of domestic violence and sexual assault. FCS maintains a thirty bed shelter, outreach office, and a five unit transitional living program in Crawfordsville, Indiana and a two unit transitional living house in Covington, Indiana. All shelter services are open to men, women, and children who are survivors of domestic violence, sexual assault and/or child abuse or neglect. Services provided include emergency shelter; transitional living program; legal and educational advocacy; counseling; support groups; youth program; a 24 hour crisis line; clothing, food, and household pantry; case management and life planning; outreach and support services; and community education and training.

The Family Crisis Shelter is supported primarily through government grants, Montgomery United Fund for You, and contributions.

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 Organization 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. The Organization currently has no permanently restricted funds.

Property and Equipment

Assets are recorded at historical cost or fair value for donated items. The Organization's policy is to capitalize, at cost, all expenditures for fixed assets in excess of \$500. Depreciation is computed using the straight-line and declining balance methods over the following useful lives:

Parking lot	15 years
Buildings and improvements	10 to 25 years
Furniture and equipment	5 to 15 years

Maintenance and repairs are charged to expense as incurred.

FAMILY CRISIS SHELTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008 and 2007

SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

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.

GRANTS RECEIVABLE

Grants receivable is stated at the amount management expects to collect from outstanding balances and consists of amounts due from state and local funding agencies. These amounts are deemed to be fully collectible by management within the next several months.

PROMISES TO GIVE

At June 30, 2008 and 2007, unconditional promises to give consists of the balance due from Montgomery United Fund for You (MUFFY).

PROPERTY AND EQUIPMENT

The following is a summary of property and equipment at June 30, 2008 and 2007:

	2008	2007
Land	\$ 135,538	\$ 135,538
Parking lot	36,147	36,147
Building and improvements	632,716	632,716
Furniture and equipment	67,415	67,415
	871,816	871,816
Less: accumulated depreciation	(346,954)	(312,456)
	\$ 524,862	\$ 559,360

FAMILY CRISIS SHELTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008 and 2007

ENDOWMENT FUNDS

During the year ended June 30, 2003, FCS transferred \$190,000 to the Montgomery County Community Foundation and \$20,000 to the Covington Community Foundation to create designated endowment funds. The Family Crisis Shelter is the beneficiary of the annual earnings of the funds net of investment fees. The foundations' boards of directors have variance power and may use the income for other needs of the communities served by the foundations. The fair value of the endowment funds was \$272,780 and \$30,302 at June 30, 2008 and \$306,044 and \$31,397 at June 30, 2007. The fair value of the assets in the foundations are obtained from various quotation services and are provided to FCS by the foundations' management.

Net earnings on the funds was as follows:

	2008	2007
Montgomery County Community Foundation	\$ (23,264)	\$ 39,657
Covington Community Foundation	(1,095)	1,765
	\$ (24,359)	\$ 41,422

The Foundations determine the distributions of earnings to FCS. During the years ended June 30, 2008 and 2007, \$10,000 and \$9,500 was distributed to FCS from the Montgomery County Community Foundation. Covington Community Foundation distributed \$0 and \$438 of Family Crisis Shelter, Inc. funds to other organizations.

BOARD DESIGNATED NET ASSETS

The funds transferred to the Community Foundations are designated by the board of directors as an endowment.

Cash in the savings account is designated by the board of directors to be used for emergencies. Transfers from this fund must be authorized by the board.

At June 30, 2008 and 2007, designated funds are as follows:

	2008	2007
Montgomery County Community Foundation	\$ 190,000	\$ 190,000
Covington Community Foundation	20,000	20,000
Cash in savings accounts	38,795	35,784
	\$ 248,795	\$ 245,784

FAMILY CRISIS SHELTER, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2008 and 2007

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purpose at June 30, 2008:

Painting shelter and purchase of equipment	\$ 7,850
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INCOME TAXES

The Organization has been organized as a not-for-profit entity under Internal Revenue Code Section 501(c)(3) and, accordingly, no provision has been made for federal and state income taxes. Contributions to the Family Crisis Shelter, Inc. are deductible for income tax purposes.

LEASE

The organization entered into a three year lease for a copier in March 2008. Current base lease payments are \$123 per month. Total base lease payments during the year ended June 30, 2008 were \$492. Minimum future rentals for leases having terms in excess of one year at June 30, 2008 for each of the next three years are:

Year Ended June 30,	Amount
2009	\$ 1,476
2010	1,476
2011	984
	\$ 3,936

DONATED SERVICES AND SUPPLIES

A substantial number of unpaid volunteers have made significant contributions of their time in various aspects of the FCS's operations and programs. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied. The Organization received approximately 565 and 570 volunteer hours during the years ended June 30, 2008 and 2007.

Donated supplies, such as food and paper products, are not reflected in the statements since it is not feasible to objectively measure the large number of small items donated and used by clients in FCS.

SUBSEQUENT EVENT

In October 2008, the organization agreed to sell the Veedersburg property for \$8,500. This amount is approximately \$20,000 less than net book value.

FAMILY CRISIS SHELTER, INC.
SCHEDULE OF FEES AND GRANTS - GOVERNMENTAL AGENCIES
For the Year Ended June 30, 2008

FEDERAL AWARDS

Social Services Block Grant	\$ 23,080
Family Violence Prevention and Treatment Grant	66,245
Emergency Shelter Grant	26,596
HUD Supportive Housing Program	55,044
Indiana Department of Health Care Grants	6,222
Sexual Offense Service Grant	<u>6,733</u>
	183,920

STATE

Domestic Violence Prevention and Treatment Services	<u>60,899</u>
	<u>\$ 244,819</u>

See Independent Auditor's Report



Hare, Russell & Holder
A Professional Corporation

Thea R. Hare, CPA
Claudette B. Russell, CPA
David P. Holder, CPA

November 20, 2008

To the Board of Directors
Family Crisis Shelter, Inc.

In planning and performing our audit of the financial statements of Family Crisis Shelter, Inc. as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Family Crisis Shelter, 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. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements, but it did not include procedures to test the operating effectiveness of controls. In addition, our consideration was not directed to discovering significant deficiencies in 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the 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. We consider the following deficiencies to be significant deficiencies in internal control:

Oversight of the Financial Reporting Process

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial position, results of operations, cash flows and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). The Organization does not have a system of internal controls that would enable management to conclude that the financial statements and related disclosures are complete and presented in

accordance with GAAP. As such, management requested us to prepare a draft of the financial statements including the related footnote disclosures. The outsourcing of these services is not unusual in an organization of this size and is a result of a cost benefit decision to rely on our accounting expertise rather than incur this internal resource cost.

Use of the Budget

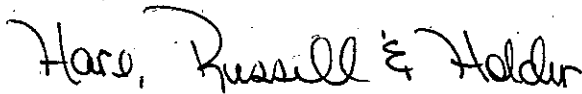
The organization prepares a detailed annual budget. However, actual performance was not measured against the budget during the 2007/2008 fiscal year. A review of operating results and budget variations will enable management and the board to recognize unusual trends that may indicate fraud, unwise use of resources, operational efficiencies, poor decision making, cash flow problems, and other business threats. We recommend a budget to actual review by management and the board no less than quarterly.

Paid Time Off Policy

The organization's paid time off (PTO) policy states that an employee becomes eligible for a full year's paid time off on their anniversary date. There is no requirement that an employee work for any amount of time after that date. PTO must be used during the year between anniversary dates and cannot be carried over. This policy creates an incentive for an employee to resign soon after their anniversary date and collect payment for PTO earned but not used. After the year end, a former employee resigned within a week of her anniversary date and collected approximately \$4600 in PTO. The policy needs to be amended to prevent this kind of significant expenditure to this organization.

We wish to thank the executive director and his staff for their support and assistance during the audit. We would also like to thank you for the opportunity to serve you again.

This communication is intended solely for the information and use by your management, the board of directors, and others you deem appropriate within the organization, and any governmental finding authorities with whom you need to share this information. It is not intended to be and should not be used by anyone other than these specified parties.



Hare, Russell & Holder