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AN EQUAL OPPORTUNITY EMPLOYER

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July 8, 2009

Board of Directors
Council on Domestic Abuse, Inc.
1400 Hulman
Terre Haute, IN 47802

We have reviewed the audit report prepared by Kemper CPA Group, LLP, Independent Public Accountants, for the period July 1, 2006 to June 30, 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 Council on Domestic Abuse, Inc., as of June 30, 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. Pages 3 and 4 contain two current audit findings.

STATE BOARD OF ACCOUNTS

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

AUDITED FINANCIAL STATEMENTS

June 30, 2007 and 2006

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Certified Public Accountants and Consultants
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Council on Domestic Abuse, Inc.
Terre Haute, Indiana

We have audited the accompanying statements of financial position of Council on Domestic Abuse, Inc. (a not-for-profit organization) as of June 30, 2007 and 2006, 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 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 audits 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 in the first paragraph present fairly, in all material respects, the financial position of Council on Domestic Abuse, Inc. as of June 30, 2007 and 2006, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2007 on our consideration of Council on Domestic Abuse, Inc.'s internal control over financial reporting and on our tests of its 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 considered in assessing the results of our audits.

Kemper CPA Group LLP

Terre Haute, Indiana
December 20, 2007



Certified Public Accountants and Consultants
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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
Council on Domestic Abuse, Inc.
Terre Haute, Indiana

We have audited the financial statements of Council on Domestic Abuse, Inc. (a not-for-profit organization) as of and for the years ended June 30, 2007 and 2006, and have issued our report thereon dated December 20, 2007. We conducted our audits 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 Council on Domestic Abuse, 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 Council on Domestic Abuse, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting 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 combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more inconsequential will not be prevented or detected by the Organization's internal control.

Internal Control Over Financial Reporting (Continued)

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 financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the deficiencies described below to be significant deficiencies and material weaknesses in internal control over financial reporting.

FINDING 2007-1 Segregation of Duties

Criteria: A basic premise of internal control is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.

Condition: We noted that a lack of segregation of duties exists for all cash accounts.

Cause: The Organization does not have the resources to hire additional accounting staff to adequately segregate duties.

Effect: Because all duties are performed by the same individual, the Organization is at risk for misstatements to occur and not be prevented or detected in the processing of transactions.

Recommendation: We recommend that the duties among employees be segregated to the extent possible. We recommend that procedures be established that allow for different employees to handle transactions involving cash. Bank statements and cancelled checks should be received and reviewed by someone other than the individual responsible for reconciling them.

Management's Response: The Organization acknowledges this is a problem; however, the cost of correcting this material weakness would exceed the benefits to be derived.

FINDING 2007-2 Financial Statement Preparation

Criteria: The accounting staff of the Organization should possess the necessary accounting expertise to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: We noted that the Organization's accounting staff does not have the skills necessary to draft financial statements and footnotes prepared in accordance with accounting principles generally accepted in the United States of America.

Cause: The Organization does not have the resources to hire additional accounting staff necessary to prepare financial statements.

Effect: Financial statements are not prepared by the Organization's accounting staff in accordance with accounting principles generally accepted in the United States of America.

FINDING 2007-2 Financial Statement Preparation, Continued

Recommendation: We recommend, to the extent practicable, that the accounting staff develop procedures to allow them to prepare financial statements in accordance with accounting principles generally accepted in the United States of America.

Management's Response: The Organization does not intend to correct this finding in the next fiscal year.

Compliance

As part of obtaining reasonable assurance about whether Council on Domestic Abuse, 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 that are required to be reported under *Government Auditing Standards*.

Council on Domestic Abuse Inc.'s responses to the findings identified in our audit are described above. We did not audit those responses and, accordingly, we express no opinion on them.

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

Kemper CPA Group LLP

Terre Haute, Indiana
December 20, 2007

STATEMENTS OF FINANCIAL POSITION

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

	June 30, 2007	June 30, 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 77,273	\$ 84,441
Certificates of deposit	55,381	53,733
Investments	22,117	19,258
Accounts receivable	51,893	33,632
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	206,664	191,064
PROPERTY AND EQUIPMENT		
Land	72,603	72,603
Land and improvements	4,949	4,949
Building and improvements	1,263,364	1,263,364
Furniture and equipment	44,519	38,956
Office furniture and equipment	9,440	9,440
	<hr/>	<hr/>
	1,394,875	1,389,312
Less accumulated depreciation	(352,499)	(319,801)
	<hr/>	<hr/>
TOTAL PROPERTY AND EQUIPMENT	1,042,376	1,069,511
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,249,040	\$ 1,260,575
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,366	\$ 3,140
Payroll taxes withheld	1,188	0
Accrued interest payable	860	880
Current portion of long-term debt	10,156	15,127
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	14,570	19,147
LONG-TERM DEBT, less amount classified as current portion	169,984	180,115
	<hr/>	<hr/>
TOTAL LIABILITIES	184,554	199,262
NET ASSETS		
Unrestricted	1,064,486	1,061,313
	<hr/>	<hr/>
TOTAL NET ASSETS	1,064,486	1,061,313
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,249,040	\$ 1,260,575

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

STATEMENTS OF ACTIVITIES

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

	Year Ended June 30,	
	2007	2006
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues, gains and other support:		
Federal and state grants	\$ 355,960	\$ 353,764
Contributions	44,945	29,455
Contracted services income	13,125	17,500
Investment income	4,313	3,645
Rent	16,510	20,630
Miscellaneous income	260	410
Net assets released from restriction:		
Satisfaction of program restrictions	86,669	89,856
TOTAL REVENUES, GAINS AND OTHER SUPPORT	521,782	515,260
EXPENSES		
Program services	483,218	485,319
Management and general	35,391	73,890
TOTAL EXPENSES	518,609	559,209
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	3,173	(43,949)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Revenues, gains and other support:		
United Way allocations	86,669	89,856
Net assets released from restriction:		
Satisfaction of program restrictions	(86,669)	(89,856)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	0	0
INCREASE (DECREASE) IN NET ASSETS	3,173	(43,949)
Net assets at beginning of year	1,061,313	1,105,262
NET ASSETS AT END OF YEAR	<u>\$1,064,486</u>	<u>\$1,061,313</u>

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

STATEMENTS OF FUNCTIONAL EXPENSES

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

	Year Ended June 30,	
	2007	2006
PROGRAM SERVICES		
Salaries	\$ 314,142	\$ 309,591
Employee health benefits	23,429	33,187
Payroll taxes	26,063	25,618
Conferences and travel	11,832	12,555
Food and household items	6,550	5,977
Special programs	589	1,538
Printing and publications	2,297	2,444
Other occupancy expense	245	540
Equipment rental	0	360
Repairs and maintenance	10,283	7,581
Telephone	8,037	7,918
Office supplies	3,371	1,860
Postage	1,526	1,208
Insurance	22,329	20,113
Dues and memberships	1,415	710
Professional fees	5,249	5,820
Advertising	2,041	1,238
Miscellaneous	1,769	1,079
Interest expense	9,353	12,090
Depreciation	32,698	33,892
TOTAL PROGRAM SERVICES	483,218	485,319
MANAGEMENT AND GENERAL		
Salaries	8,302	46,160
Payroll taxes	635	3,531
Telephone	1,418	1,397
Utilities and trash	25,036	22,802
TOTAL MANAGEMENT AND GENERAL	35,391	73,890
TOTAL EXPENSES	\$ 518,609	\$ 559,209

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

STATEMENTS OF CASH FLOWS

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

	<u>Year Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 3,173	(\$ 43,949)
Adjustment to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,698	33,892
(Increase) decrease in accounts receivable	(18,261)	5,876
(Decrease) increase in accounts payable	(774)	798
Increase (decrease) in payroll taxes and amounts withheld from employee compensation	1,188	(1,161)
(Decrease) increase in accrued interest payable	(20)	29
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	18,004	(4,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,564)	0
Purchase of investments	(2,858)	0
Interest credited to certificates of deposit	(1,648)	(2,028)
NET CASH USED IN INVESTING ACTIVITIES	(10,070)	(2,028)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	(15,102)	(14,863)
NET CASH USED IN FINANCING ACTIVITIES	(15,102)	(14,863)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(7,168)	(21,406)
Cash and cash equivalents at beginning of year	84,441	105,847
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 77,273	\$ 84,441
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Forgiveness of City of Terre Haute loan	\$ 11,000	\$ 11,000
SUPPLEMENTAL DISCLOSURE:		
Additional Cash Flows Information:		
Cash paid for:		
Interest on mortgage payable	\$ 9,373	\$ 12,061

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

NOTES TO FINANCIAL STATEMENTS

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

June 30, 2007 and 2006

Note A - Summary of Significant Accounting Policies:

Organization - Council on Domestic Abuse, Inc, (the Organization) is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Council on Domestic Abuse, Inc., was formed in 1985 and is dedicated to preventing domestic abuse and providing aid to survivors. The Organization provides aid, shelter services and support services to survivors of domestic abuse in Vigo County, Indiana and its surrounding area.

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, temporarily restricted, and permanently restricted net assets.

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash Equivalents - For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash on hand and amounts due from banks.

Contributions - Contributions are recorded when received by the Organization, or when the Organization receives an unconditional promise to give, and are considered available for unrestricted use unless specifically restricted by the donor.

Donated Equipment and Services - Donated equipment is recorded as contributions in the statements at its fair market value at date of receipt. Also, a number of volunteers have donated significant amounts of their time in the Organization's program services. Their services have not been reflected in these financial statements.

Functional Allocation of Expenses - The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated to the programs and supporting services benefited.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

June 30, 2007 and 2006

Note A - Summary of Significant Accounting Policies (Continued):

Accounts Receivable - Amounts recorded as accounts receivable represent grant funds that have not been received. Accounts receivable are stated at the unpaid balances. No allowance for doubtful accounts has been recorded because the grant funds have already been awarded.

Property and Equipment - Property and equipment acquisitions are stated at cost, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of five to forty years have been used in the determination of depreciation expense. Assets acquired at less than \$500 per item are treated as ordinary expenditures.

Income Taxes - The Organization is a Not-for-Profit Organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income tax. It is classified by the Internal Revenue Service as an organization other than a private foundation.

Advertising - The Organization is not involved in direct-response advertising. The Organization's policy is to expense advertising costs as costs are incurred. Advertising costs charged to operations for the years ended June 30, 2007 and 2006 amounted to \$2,041 and \$1,238, respectively.

Note B - Certificates of Deposit:

Certificates of deposit totaling \$55,381 and \$53,733 at June 30, 2007 and 2006 are included on the accompanying Statements of Financial Position. The certificates bear interest ranging from 3.6% to 4.35% and 2.25% to 3.6% at June 30, 2007 and 2006 and have maturities ranging from thirty six to forty eight months, with penalties for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements.

Note C - Investments:

Investments in equity securities and debt securities are carried at market value at June 30, 2007 and 2006. A summary of investments is presented below.

	2007		
	Cost	Carrying Value (Market)	Unrealized Gains (Losses)
Mutual fund	\$18,267	\$22,117	\$ 3,850
	2006		
	Cost	Carrying Value (Market)	Unrealized Gains (Losses)
Mutual fund	\$17,437	\$19,258	\$ 1,821

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

COUNCIL ON DOMESTIC ABUSE, INC.
(A Not-For-Profit Organization)

June 30, 2007 and 2006

Note C - Investments (Continued):

As of June 30, 2007 and 2006, a stock fund was held in a brokerage account. Cost totaled \$18,267 and \$17,437, respectively; market totaled \$22,117 and \$19,258, respectively. Return on investments was \$830 in 2007 and \$1,136 in 2006 respectively. Net unrealized gains on investments carried at market value totaled \$3,850 and \$1,821 for the years ended June 30, 2007 and 2006, respectively. The Organization's policy is to include return on investment in unrestricted net assets unless it is derived from temporarily or permanently restricted assets.

Note D - Long-Term Debt:

A mortgage note is payable to a local bank in monthly installments through March, 2028. The loan balances at June 30, 2007 and 2006 are \$174,365 and \$178,467, respectively. Monthly installments are \$1,225, which includes a fixed rate of interest at 6%. The mortgage is secured by land and buildings with a carrying value of \$827,648 and \$852,684 at June 30, 2007 and 2006, respectively.

A loan from the City of Terre Haute Department of Redevelopment in the original amount of \$110,000 is fully forgivable as long as the Organization maintains a shelter on the present site for 10 years (until January 2008). The loan has a zero interest rate charge. An unrestricted contribution has been recorded in the Statement of Activities for the forgiveness of the loan. The balance of the loan is \$5,775 and \$16,775 at June 30, 2007 and 2006, respectively. Collateral is land and building at the shelter location.

Scheduled principal repayments on long-term debt for the next five years are as follows:

2008	\$ 10,156
2009	4,651
2010	4,938
2011	5,243
2012	5,566
After 2012	<u>149,586</u>
TOTAL	<u>\$180,140</u>

Note E - Concentration of Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with financial institutions. As of June 30, 2007 and 2006, the Organization does not have any deposits exceeding FDIC insured amounts.

Note F - Temporarily Restricted Net Assets:

Temporarily restricted net assets represent monies received from the United Way agency, which were to be used for specific purposes. All temporary restrictions were satisfied as of June 30, 2007 and 2006.