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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

January 21, 2010

Board of Directors
Albion Fellows Bacon Center, Inc.
P.O. Box 3164
Evansville, IN 47731-3164

We have reviewed the audit report prepared by Brown, Smith & Settle, LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 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 Albion Fellows Bacon Center, Inc., as of December 31, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report except for such adjustments, if any, that might have resulted had the collection of cash contributions been susceptible to satisfactory audit tests.

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

STATE BOARD OF ACCOUNTS

**ALBION FELLOWS BACON CENTER, INC.
A NONPROFIT ORGANIZATION**

FINANCIAL STATEMENTS

**DECEMBER 31, 2008
AND 2007**

ALBION FELLOWS BACON CENTER, INC.
A NONPROFIT ORGANIZATION

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777 Oak Hill Road
Evansville, Indiana 47711
Tel: 812 424-3388
Fax: 812 429-1567

Jerry A. Smith
Earl F. Settle
Lonny L. Dus
Stephen L. Reffelt
Larry D. Bitter

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Albion Fellows Bacon Center, Inc.
Evansville, Indiana

We have audited the accompanying statement of financial position of Albion Fellows Bacon Center, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of activities, functional expenses, and cash flows for the year 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. The prior year summarized comparative information has been derived from the organization's 2007 financial statements and, in our report dated September 23, 2008, we expressed a qualified opinion on those financial statements.

We conducted our audit 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 our audit provides a reasonable basis for our opinion.

No accounting controls are exercised over cash contributions prior to the initial recording of such contributions in the accounting records. Accordingly, it was not practical to extend our examination of such receipts beyond the amounts recorded.

In our opinion, except for such adjustments, if any, that might have resulted had the collection of cash contributions referred to in the preceding paragraph been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the financial position of Albion Fellows Bacon Center, Inc., as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brown, Smith and Settle, LLC

August 21, 2009

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Statement of Activities
Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT				
RECEIVED DIRECTLY				
Contributions	\$ 104,661	\$ 15,994	\$ 0	\$ 120,655
Membership dues	11,740	0	0	11,740
Special events	62,666	0	0	62,666
RECEIVED INDIRECTLY				
Allocated by United Way	<u>104,575</u>	<u>10,541</u>	<u>0</u>	<u>115,116</u>
TOTAL PUBLIC SUPPORT	<u>283,642</u>	<u>26,535</u>	<u>0</u>	<u>310,177</u>
GRANTS FROM GOVERNMENTAL AGENCIES				
	<u>382,153</u>	<u>0</u>	<u>0</u>	<u>382,153</u>
OTHER REVENUE				
Interest income	595	0	0	595
Dividend income	1,575	0	0	1,575
Miscellaneous	66	0	0	66
Unrealized loss on investments	<u>(16,447)</u>	<u>0</u>	<u>0</u>	<u>(16,447)</u>
TOTAL OTHER REVENUE	<u>(14,211)</u>	<u>0</u>	<u>0</u>	<u>(14,211)</u>
NET SUPPORT AND REVENUE	651,584	26,535	0	678,119
NET ASSETS RELEASED FROM RESTRICTIONS				
	<u>21,241</u>	<u>(21,241)</u>	<u>0</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>672,825</u>	<u>5,294</u>	<u>0</u>	<u>678,119</u>
FUNCTIONAL EXPENSES				
Program services	524,672	0	0	524,672
Administrative	175,490	0	0	175,490
Fund raising	<u>47,155</u>	<u>0</u>	<u>0</u>	<u>47,155</u>
TOTAL FUNCTIONAL EXPENSES	<u>747,317</u>	<u>0</u>	<u>0</u>	<u>747,317</u>
CHANGE IN NET ASSETS	(74,492)	5,294	0	(69,198)
NET ASSETS - BEGINNING OF YEAR	<u>414,612</u>	<u>12,600</u>	<u>0</u>	<u>427,212</u>
NET ASSETS - END OF YEAR	<u>\$ 340,120</u>	<u>\$ 17,894</u>	<u>\$ 0</u>	<u>\$ 358,014</u>

See independent auditors' report and accompanying notes

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Statement of Activities
Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT				
RECEIVED DIRECTLY				
Contributions	\$ 115,940	\$ 25,265	\$ 0	\$ 141,205
Membership dues	10,895	0	0	10,895
Special events	71,666	0	0	71,666
RECEIVED INDIRECTLY:				
Allocated by United Way	134,101	9,999	0	144,100
TOTAL PUBLIC SUPPORT	<u>332,602</u>	<u>35,264</u>	<u>0</u>	<u>367,866</u>
GRANTS FROM GOVERNMENTAL AGENCIES	<u>365,167</u>	<u>0</u>	<u>0</u>	<u>365,167</u>
OTHER REVENUE				
Interest income	3,486	0	0	3,486
Dividend income	904	0	0	904
Miscellaneous	60	0	0	60
Unrealized gain on investments	(908)	0	0	(908)
TOTAL OTHER REVENUE	<u>3,542</u>	<u>0</u>	<u>0</u>	<u>3,542</u>
NET SUPPORT AND REVENUE	701,311	35,264	0	736,575
NET ASSETS RELEASED FROM RESTRICTIONS	<u>32,664</u>	<u>(32,664)</u>	<u>0</u>	<u>0</u>
TOTAL SUPPORT AND REVENUE	<u>733,975</u>	<u>2,600</u>	<u>0</u>	<u>736,575</u>
FUNCTIONAL EXPENSES				
Program services	539,761	0	0	539,761
Administrative	150,868	0	0	150,868
Fund raising	45,714	0	0	45,714
TOTAL FUNCTIONAL EXPENSES	<u>736,343</u>	<u>0</u>	<u>0</u>	<u>736,343</u>
CHANGE IN NET ASSETS	(2,368)	2,600	0	232
NET ASSETS - BEGINNING OF YEAR	<u>416,980</u>	<u>10,000</u>	<u>0</u>	<u>426,980</u>
NET ASSETS - END OF YEAR	<u>\$ 414,612</u>	<u>\$ 12,600</u>	<u>\$ 0</u>	<u>\$ 427,212</u>

See independent auditors' report and accompanying notes

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Statements of Financial Position

	December 31,	
	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 111,504	\$ 101,011
Grants receivable	51,216	104,889
TOTAL CURRENT ASSETS	162,720	205,900
PROPERTY AND EQUIPMENT		
Less accumulated depreciation	475,693	464,867
	277,294	260,832
	198,399	204,035
OTHER ASSETS		
Investments	33,311	44,232
TOTAL ASSETS	\$ 394,430	\$ 454,167
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,929	\$ 5,985
Accrued expenses	18,624	13,103
Payroll withholdings and liabilities	6,863	7,478
Other current liabilities	0	389
TOTAL CURRENT LIABILITIES	36,416	26,955
NET ASSETS		
Unrestricted	340,120	414,612
Temporarily restricted	17,894	12,600
TOTAL NET ASSETS	358,014	427,212
TOTAL LIABILITIES AND NET ASSETS	\$ 394,430	\$ 454,167

See independent auditors' report and accompanying notes

Albion Fellows Bacon Center, Inc..
A Nonprofit Organization
Statements of Cash Flows

	Years Ended December 31,	
	2008	2007
OPERATING ACTIVITIES		
Change in net assets	\$ (69,198)	\$ 232
Adjustments for noncash transactions:		
Depreciation	16,462	16,234
Unrealized (gain) loss on investments	16,447	908
Reinvestment of dividends and interest	(231)	(2,760)
Changes in operating assets and liabilities:		
Grants receivable	53,673	(37,588)
Accounts payable	4,944	1,882
Other liabilities	4,517	18,039
Net cash provided by (used in) operating activities	26,614	(3,053)
INVESTING ACTIVITIES		
Purchases of property and equipment	(10,826)	(18,840)
Purchase of investments	(5,295)	(8,000)
Net cash used in investing activities	(16,121)	(26,840)
Increase (decrease) in cash and cash equivalents	10,493	(29,893)
Cash and cash equivalents at beginning of year	101,011	130,904
Cash and cash equivalents at end of year	\$ 111,504	\$ 101,011
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES		
Reinvestment of dividends and interest	\$ 231	\$ 2,760

See independent auditors' report and accompanying notes

Albion Fellows Bacon Center, Inc.
Statements of Functional Expenses
for the Year Ended December 31, 2008,
with Comparative Totals for 2007

	Program Services	Administration	Fund Raising	Total	
				2008	2007
Salaries	\$ 328,226	\$ 123,680	\$ 23,785	\$ 475,691	\$ 479,558
Payroll taxes	26,952	8,492	1,477	36,921	43,890
Workers' compensation insurance	3,260	1,027	179	4,466	6,506
Employee health insurance	57,295	18,052	3,139	78,486	69,693
Employee benefits	4,078	1,286	224	5,588	4,898
Total salaries and related expenses	419,811	152,537	28,804	601,152	604,545
Activities	4,917	0	0	4,917	243
Advertising and printing	1,316	55	0	1,371	930
Books and subscriptions	533	0	0	533	841
Building and grounds insurance	5,834	307	0	6,141	7,981
Conference expenses	2,538	52	0	2,590	2,956
Depreciation	15,639	823	0	16,462	16,234
Dues	725	0	0	725	0
Emergency aid	5,352	0	0	5,352	5,909
Fees	0	1,179	0	1,179	0
Food	10,452	0	0	10,452	9,155
Interest expense	0	56	0	56	0
Maintenance and repairs	13,533	712	0	14,245	12,784
Miscellaneous	387	7,345	0	7,732	3,504
Office supplies	3,675	202	162	4,039	5,191
Penalty	0	5,711	0	5,711	0
Postage	1,694	62	310	2,066	2,648
Professional services	5,168	3,445	0	8,613	7,117
Rental equipment	1,077	0	0	1,077	760
Special events	0	0	17,635	17,635	20,655
Supplies	5,601	1,740	0	7,341	7,616
Telephone	7,223	388	155	7,766	10,471
Transportation	4,249	89	89	4,427	3,219
Utilities	14,948	787	0	15,735	13,584
	<u>\$ 524,672</u>	<u>\$ 175,490</u>	<u>\$ 47,155</u>	<u>\$ 747,317</u>	<u>\$ 736,343</u>

See independent auditors' report and accompanying notes

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Notes to Financial Statements
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The organization assists women and children in crisis, predominantly in southwestern Indiana, through maintenance of a safe and comfortable facility and through counseling, outreach and legal advocacy. The Albion Fellows Bacon Center, Inc. is supported primarily through government grants, donor contributions, the United Way and special events.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting; consequently, revenues are recognized when earned and expenses are recognized when incurred. This basis conforms to accounting standards generally accepted in the United States of America.

Financial Statement Presentation

The organization complies with 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.

Income Taxes

Albion Fellows Bacon Center, Inc. is a nonprofit organization exempt from federal, state and local income taxes under section 501(c) (3) of the United States Internal Revenue Code.

Cash Equivalents

The organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from grantors. Management determines a balance to be uncollectible only when notified by the grantor that the organization will not be receiving the funds. The direct charge-off method is used to account for losses in collection of grants receivable. There were no uncollectible grants for the years December 31, 2008 and December 31, 2007, respectively.

Property and Equipment

Albion Fellows Bacon Center, Inc. follows the practice of capitalizing all expenditures for property and equipment in excess of \$100. Property and equipment are valued at cost less accumulated depreciation. Donated property and equipment is recorded at fair market value at the date of donation. Expenditures for replacements are capitalized and the replaced items are retired. Maintenance and repairs are charged to operations when paid. Provisions for depreciation of property and equipment have been computed on the straight-line method at rates based on their estimated useful lives. Upon disposition, the cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in operations for the period.

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Notes to Financial Statements
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in restricted net assets unless the restriction expires within the reporting period.

Contributions

The organization also complies with SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. The organization rarely receives unconditional promises to give in the future, that is, nearly all unconditional contributions are received at the time the promise is made. At December 31, 2008 and 2007, the organization had no unconditional pledges receivable.

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.

Contributed Services

The value of contributed services have not been reflected in the financial statements since no objective basis is available to measure the value of such services. Nevertheless, a substantial number of individuals volunteer significant amounts of their time and perform a variety of tasks that assist in the organization's program services and its fund raising campaigns.

Advertising

The organization follows the policy of charging the costs of advertising to expense.

Use of Estimates

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

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Notes to Financial Statements
December 31, 2008 and 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value of Financial Instruments

At December 31, 2008 and 2007, the fair value of all financial instruments approximates carrying value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Grants Receivable and Accounts Payable

The carrying value of cash and cash equivalents, grants receivable and accounts payable approximates fair value due to the short-term nature of these instruments.

Investments

Fair value is based on quoted market prices at the reporting date. Donated investments are initially recorded at market value on the date of donation and thereafter reported in accordance with the above provisions.

NOTE 2 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2008 and 2007 consisted of the following:

	2008		2007	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Buildings, land and improvements	\$ 348,040	\$ 168,245	\$ 342,185	\$ 157,149
Vehicles	17,713	17,713	17,713	17,713
Furniture and equipment	109,940	91,336	104,969	85,970
	<u>\$ 475,693</u>	<u>\$ 277,294</u>	<u>\$ 464,867</u>	<u>\$ 260,832</u>

Depreciation for the years ended December 31, 2008 and 2007 was \$16,462 and \$16,234, respectively.

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Notes to Financial Statements
December 31, 2008 and 2007

NOTE 3 - INVESTMENTS

Investments as of December 31, 2008 and 2007 are summarized as follows:

	Fair Value	
	2008	2007
Unrestricted:		
AMCAP Fund Inc	\$ 6,780	\$ 10,965
Capital Income Bldr Fd	14,663	15,382
Wash Mutl Invs Fd Inc	11,868	17,885
	\$ 33,311	\$ 44,232

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2008 and 2007:

	Unrestricted	
	2008	2007
Interest	\$ 595	\$ 3,486
Dividends	1,575	904
Unrealized gain (loss)	(16,447)	(908)
	\$ (14,277)	\$ 3,482

NOTE 4 - CONTINGENCY

Albion Fellows Bacon Center, Inc. is substantially funded by grants awarded indirectly by the federal government and the State of Indiana. The majority of the grants contain provisions which permit the arrangements to be terminated or the funds provided to be reduced if the unit of government does not appropriate any or an adequate supply of funds to maintain the current funding levels. Any deferred revenue or excess funds on hand from federal government and state grants at the termination date would be subject to refund if such funds exceeded the accrued expenditures allowable under the grants and contracts at that date.

NOTE 5 - CONCENTRATION OF CREDIT RISK

The organization maintains its cash balance at several financial institutions located in Evansville, Indiana. Accounts at each institution are insured by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation up to \$250,000. At December 31, 2008 and 2007, the company's total uninsured balance was \$0 in each year.

Albion Fellows Bacon Center, Inc. received approximately 56 and 50 percent of its total revenue from government agencies for the years ended December 31, 2008 and 2007, respectively.

The organization holds its investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that the changes in the values of the investments will occur in the near term and that such changes could materially affect the organization's investment holdings and the amounts reported on the statements of financial position.

Albion Fellows Bacon Center, Inc.
A Nonprofit Organization
Notes to Financial Statements
December 31, 2008 and 2007

NOTE 6 - BOARD DESIGNATED FUNDS

The Board of Directors has designated certain unrestricted net assets to be set aside for future special projects. The total amount of designated net assets at December 31, 2008 and 2007 was \$56,576 and \$68,203, respectively.

NOTE 7 - RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets at December 31, 2008 and 2007 represent amounts received but not yet expended for the children's program and capital purchases and projects. Those restrictions are considered to expire when payments are made for goods or services related to the restricted purpose. The total amount expended for these purposes during 2008 and 2007 was \$15,779 and \$32,664, respectively. Total temporarily restricted net assets at December 31, 2008 and 2007 was \$17,894 and \$12,600, respectively.

NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing services have been summarized on a functional basis in the statement of activities. Expenses specifically identified as relating to one of the functional categories are charged accordingly. Other expenses determined to relate to more than one of the categories are allocated based on estimated percentages. The allocated costs included various expense types.

NOTE 9 - EMPLOYEE BENEFITS

The organization maintains a 403(b) plan which allows for employee tax-deferred contributions for those employees who meet certain length of service and age requirements. The organization may make a matching contribution on behalf of each participant at its discretion. Employee benefit expense under this plan was \$5,588 and \$4,898 for the years ended December 31, 2008 and 2007, respectively.

NOTE 10 - FINANCIAL STATEMENT PRESENTATION

The financial statements include certain prior-year comparative total amounts. Such total amounts do not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such amounts should be read in conjunction with the organization's financial statements for the year ended December 31, 2007, from which the comparative total amounts were derived.