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STATE OF INDIANA

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February 10, 2010

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, 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 Council on Domestic Abuse, 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. Pages 3 and 4 contain two current audit findings.

STATE BOARD OF ACCOUNTS

AUDITED FINANCIAL STATEMENTS

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

June 30, 2008 and 2007

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KEMPER
CPA GROUP LLP
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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, 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 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, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2009 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 important for assessing the results of our audits.

Kemper CPA Group LLP

Terre Haute, Indiana
January 26, 2009

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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, 2008 and 2007, and have issued our report thereon dated January 26, 2009. 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 but 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 2008-1 and 2008-2 to be significant deficiencies and material weaknesses in internal control over financial reporting.

FINDING 2008-1 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. The Organization has procedures in place that allow for more than one person handling transactions involving cash.

FINDING 2008-2 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 2008-2 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 acknowledges this is a problem; however, the cost of correcting this material weakness would exceed the benefits to be derived. The Organization uses Quickbooks software and prepares financial reports on the cash basis of accounting. These reports are reviewed by the board of directors at their meetings.

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
January 26, 2009

STATEMENTS OF FINANCIAL POSITION

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

	June 30, 2008	June 30, 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 40,047	$ 77,273
Certificates of deposit	37,228	55,381
Investments	20,229	22,117
Accounts receivable	50,208	51,893
TOTAL CURRENT ASSETS	147,712	206,664
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	39,986	44,519
Office furniture and equipment	8,967	9,440
	1,389,869	1,394,875
Less accumulated depreciation	(380,541)	(352,499)
TOTAL PROPERTY AND EQUIPMENT	1,009,328	1,042,376
TOTAL ASSETS	$ 1,157,040	$ 1,249,040
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 2,727	$ 2,366
Payroll taxes withheld	4,362	1,188
Accrued interest payable	839	860
Current portion of long-term debt	4,651	10,156
TOTAL CURRENT LIABILITIES	12,579	14,570
LONG-TERM DEBT, less amount classified as current portion	165,388	169,984
TOTAL LIABILITIES	177,967	184,554
NET ASSETS		
Unrestricted	979,073	1,064,486
TOTAL NET ASSETS	979,073	1,064,486
TOTAL LIABILITIES AND NET ASSETS	$ 1,157,040	$ 1,249,040

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, 2008	Year Ended June 30, 2007
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues, gains and other support:		
Federal and state grants	$ 358,331	$ 355,960
Contributions	26,647	44,945
Contracted services income	13,125	13,125
Investment return	(7)	4,313
Rent	25,330	16,510
Miscellaneous income	908	260
	424,334	435,113
Net assets released from restriction:		
Restrictions satisfied by payments	82,828	86,669
TOTAL REVENUES, GAINS AND OTHER SUPPORT	507,162	521,782
EXPENSES		
Program services	577,783	504,499
Management and general	14,792	14,110
TOTAL EXPENSES	592,575	518,609
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(85,413)	3,173
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Revenues, gains and other support:		
United Way allocations	82,828	86,669
Net assets released from restriction:		
Restrictions satisfied by payments	(82,828)	(86,669)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	0	0
(DECREASE) INCREASE IN NET ASSETS	(85,413)	3,173
Net assets at beginning of year	1,064,486	1,061,313
NET ASSETS AT END OF YEAR	$ 979,073	$ 1,064,486

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, 2008	2007
PROGRAM SERVICES		
Salaries	$ 344,036	$ 314,142
Employee health benefits	50,723	23,429
Payroll taxes	27,268	26,063
Conferences and travel	12,706	11,832
Food and household items	9,320	6,550
Special programs	1,245	589
Printing and publications	2,364	2,297
Other occupancy expense	0	245
Equipment rental	360	0
Repairs and maintenance	11,912	10,283
Telephone	8,849	8,037
Utilities and trash	25,116	21,281
Office supplies	4,987	3,371
Postage	1,319	1,526
Insurance	22,428	22,329
Dues and memberships	500	1,415
Professional fees	7,357	5,249
Advertising	631	2,041
Miscellaneous	2,037	1,769
Interest expense	11,577	9,353
Depreciation	33,048	32,698
TOTAL PROGRAM SERVICES	577,783	504,499
MANAGEMENT AND GENERAL		
Salaries	8,173	8,302
Payroll taxes	625	635
Telephone	1,562	1,418
Utilities and trash	4,432	3,755
TOTAL MANAGEMENT AND GENERAL	14,792	14,110
TOTAL EXPENSES	$ 592,575	$ 518,609

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)

	Year Ended June 30, 2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) increase in net assets	($ 85,413)	$ 3,173
Adjustment to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	33,048	32,698
Decrease (increase) in accounts receivable	1,685	(18,261)
Increase (decrease) in accounts payable	361	(774)
Increase in payroll taxes withheld	3,174	1,188
Decrease in accrued interest payable	(21)	(20)
Unrealized loss (gain) on investments	1,888	(2,858)
Interest credited to certificates of deposit	(670)	(1,648)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(45,948)	13,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	0	(5,564)
Proceeds from early withdrawal of certificate of deposit	18,823	0
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	18,823	(5,564)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of notes payable	(10,101)	(15,102)
NET CASH USED IN FINANCING ACTIVITIES	(10,101)	(15,102)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,226)	(7,168)
Cash and cash equivalents at beginning of year	77,273	84,441
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 40,047	$ 77,273
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Forgiveness of City of Terre Haute loan	$ 5,775	$ 11,000
SUPPLEMENTAL DISCLOSURE:		
Additional Cash Flows Information:		
Cash paid for:		
Interest on mortgage payable	$ 11,598	$ 9,373

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, 2008 and 2007

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.

Concentration of Grants - Approximately 71% and 68% of the Organization's funding for the years ended June 30, 2008 and 2007, respectively, is provided from federal, state and local grants.

Donated Property and Equipment - Donated property and equipment is recorded as contributions in the statements at its fair market value at date of receipt. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose or for a specific time period.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, special event programs and various committee assignments.

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.

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 - The Organization capitalizes all expenditures for property and equipment in excess of $500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using primarily 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.

Restricted and Unrestricted Revenue - Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

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, 2008 and 2007 amounted to $631 and $2,041, respectively.

Note B - Certificates of Deposit:

Certificates of deposit totaling $37,228 and $55,381 at June 30, 2008 and 2007 are included on the accompanying Statements of Financial Position. The certificates bear interest ranging from 3.60% to 4.25% and 3.60% to 4.25% at June 30, 2008 and 2007 and have maturities ranging from thirty-six to forty-eight months, with penalties for early withdrawal. The Organization incurred a penalty for early withdrawal for the year ended June 30, 2008 in the amount of $1,014.

Note C - Investments:

Investments in equity securities and debt securities are carried at market value at June 30, 2008 and 2007. A summary of investments is presented below.

	2008		
	Cost	Carrying Value (Market)	Unrealized Gains (Losses)
Mutual fund	$19,375	$20,229	$ 854

Note C - Investments (Continued):

	2007		
	Cost	Carrying Value (Market)	Unrealized Gains (Losses)
Mutual fund	$18,267	$22,117	$ 3,850

As of June 30, 2008 and 2007, a stock fund was held in a brokerage account. Cost totaled $19,375 and $18,267, respectively; market totaled $20,229 and $22,117, respectively. Return on investments was $1,096 in 2008 and $830 in 2007, respectively. Net unrealized gains on investments carried at market value totaled $854 and $3,850 for the years ended June 30, 2008 and 2007, 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 - Debt:

A mortgage note is payable to a local bank in monthly installments through March, 2028. The loan balances at June 30, 2008 and 2007 are $170,039 and $174,365, 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 $802,612 and $827,648 at June 30, 2008 and 2007, 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 $0 and $5,775 at June 30, 2008 and 2007, 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:

2009		$ 4,651
2010		4,938
2011		5,243
2012		5,566
2013		5,910
After 2013		143,731
	TOTAL	$170,039

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, 2008 and 2007, 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, 2008 and 2007.

Note G - Subsequent Event:

Subsequent to the end of the fiscal year ended June 30, 2008, credit and capital market disruptions resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Organization's mutual fund has incurred a significant decline in fair value since June 30, 2008.