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October 14, 2011

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, 2008 to September 30, 2009. 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, 2009, 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

**FANINANCIAL STATEMENTS**

**2009**

**DOULOS, INC**

DOULOS, INC.

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## 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, 2009, 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, 2009, 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 January 10, 2010, 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, P.C.*

Vision Accounting & Financial Services, PC  
Newburgh, IN  
January 10, 2010

**DOULOS, INC.**  
**Statement of Financial Position**  
**September 30, 2009**

<b>Assets</b>	<b>Unrestricted Total 2009</b>
<b>Current Assets</b>	
Cash & Equivalents	\$ 24,311
Grants Receivable	88,524
Prepaid Expenses	3,231
<b>Total Current Assets</b>	<b>116,066</b>
<b>Fixed Assets</b>	
Equipment & Furniture	48,681
Building & Improvements	100,000
Land	16,800
Accumulated Depreciation	(61,946)
<b>Total Fixed Assets</b>	<b>103,535</b>
 <b>Total Assets</b>	 <b>\$ 219,601</b>
 <b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 418
Accrued Expenses	15,348
Line of Credit	29,876
Mortgage Note	5,560
Deferred Revenue	62,600
<b>Total Current Liabilities</b>	<b>113,802</b>
<b>Long Term Liabilities</b>	
Mortgage Note	61,266
 <b>Net Assets - Unrestricted</b>	 <b>44,533</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 219,601</b>

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

DOULOS, INC.  
**Statement of Activities**  
**For the Year Ended September 30, 2009**

	<b>Unrestricted</b>
	<b>Total 2009</b>
<b>Support &amp; Revenue</b>	
Grants	\$ 638,459
Program Service Fees	131,983
Special Events	125
Contributions	16,742
Other	4,088
<b>Total Revenue &amp; Support</b>	<b>\$ 791,397</b>
<b>Expenses</b>	
Program Services	760,147
Management & General	83,479
<b>Total Operating Expenses</b>	<b>\$ 843,626</b>
<b>Change in Net Assets</b>	<b>(52,229)</b>
<b>Net Assets- Beginning of Year</b>	<b>96,762</b>
<b>Net Assets- End of Year</b>	<b>\$ 44,533</b>

The accompanying notes are an integral part of the financial statements

**DOULOS, INC.**  
**Statement of Cash Flows**  
**September 30, 2009**

	2009
<b>Cash Flows Operating Activities</b>	
Increase (Decrease) In Net Assets	\$ (52,229)
Adjustments to reconcile the change in net assets to net cash provided by operations	
Depreciation	7,721
Changes in assets and Liabilites	
(Increase) decrease in Grants Receivable	(9,015)
(increase) decrease in Other Assets	1,769
Increase (decrease) in Unearned Revenue	703
Increase (decrease) in Accrued Expenses	(21,616)
Increase (decrease) Payroll Taxes	(15,103)
	(43,262)
 Net cash provided by operating activities	 (87,770)
 <b>Cash Flows From Investing Activities</b>	
Purchase of Fixed Assets	(200)
 <b>Cash Flows From Financing Activities</b>	
Payments on Mortgage Note	(1,153)
Payments on Line of Credit	(4,842)
Net Cash Used by Financing Activities	(5,995)
 Net Increase (Decrease) in Cash	 (93,965)
 Cash at Beginning of Period	 112,952
 Cash at End of Year	 \$ 18,987

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

**DOULOS, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2009**

	Program Services	Management and General	Total
	2009	2009	2009
<b>Operating Expenses</b>			
Communications	13,273	3,494	16,767
Contractual Services	27,238	-	27,238
Depreciation	-	7,721	7,721
Employee Benefits	91,116	2,971	94,087
Fundraising Supplies	-	-	-
Insurance	16,371	1,489	17,860
Instruction & Training	9,418	-	9,418
Interest Expense	-	6,575	6,575
Miscellaneous	489	-	489
Office Supplies	5,203	773	5,976
Payroll & Taxes	475,754	47,843	523,597
Postage & Delivery	236	128	364
Printing	1,324	1,533	2,857
Program Supplies	42,736	4,148	46,884
Professional Fees	1,350	1,050	2,400
Repairs & Maintenance	6,426	1,349	7,775
Travel	64,069	4,405	68,474
Utilities	5,144	-	5,144
<b>Total Expenses</b>	<b>\$ 760,147</b>	<b>\$ 83,479</b>	<b>\$ 843,626</b>

The accompanying notes are an integral part of the financial statements

**DOULOS, INC.**  
**Notes to Financial Statements**  
**SEPTEMBER 30, 2009**

**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:

- 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, 2009**

**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, 2009. Organization received 81% 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 2009 was \$7,721.

**DOULOS, INC.**  
**Notes to Financial Statements**  
**SEPTEMBER 30, 2009**

**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, 2009 was \$11,859.

**NOTE 3 – LINE OF CREDIT**

The Organization has a \$50,000 revolving line of credit. At September 30, 2009, there was a balance of \$29,876. 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 \$66,826. 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:

2010	\$5,560
2011	5,949
2012	6,365
2013	6,811
2014	<u>7,102</u>
Thereafter	\$ 35,039

**DOULOS, INC.**  
**Schedule of Federal Awards**  
For The Year Ended September 30, 2009

<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	638,660	669,241
		<u>\$ 638,660</u>	<u>\$ 669,241</u>

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

**SUPPLEMENTARY INFORMATION**

**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, 2009, and have issued our report thereon dated January 10, 2010. 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 any 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*.

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 Auto & Fin Service, P.C.*  
Vision Accounting & Financial Services, PC  
January 10, 2010

**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, 2009. 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, 2009.

**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,

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. internal control 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 PC

January 10, 2010

***DOULOS, INC.***

***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

YEAR ENDED SEPTEMBER 30, 2009

**A. 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, 2009**

**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, 2009**

None