



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

October 18, 2011

Board of Directors
Alternatives Incorporated
of Madison County
1309 Monticello Dr.
Anderson, IN 46011

We have reviewed the audit report prepared by Fitzgerald/Isaac, LLC, Independent Public Accountants, for the period July 1, 2008 to June 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 Alternatives Incorporated of Madison County, as of June 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

ALTERNATIVES INCORPORATED
OF MADISON COUNTY

Financial Statements

June 30, 2009 and 2008

ALTERNATIVES INCORPORATED OF MADISON COUNTY

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Alternatives Incorporated of Madison County

We have audited the accompanying statements of financial position of **Alternatives Incorporated of Madison County** ("Alternatives") as of June 30, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Alternatives' 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 above present fairly, in all material respects, the financial position of Alternatives Incorporated of Madison County as of June 30, 2009 and 2008, 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 August 27, 2009 on our consideration of Alternatives' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Alternatives 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.

Indianapolis, IN
August 27, 2009

Argonid / Lane LLC

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Statements of Financial Position

	June 30	
Assets	2009	2008
Current assets:		
Cash and cash equivalents	\$ 493,235	423,377
Short-term investments	39,675	42,472
Accounts receivable:		
Grants	90,399	102,585
Other	5,343	14,498
Prepaid expenses	9,753	8,793
Total current assets	638,405	591,725
Long-term investments	10,876	15,721
Property and equipment, net of accumulated depreciation	2,975,624	3,083,456
	\$ 3,624,905	3,690,902
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Note payable	\$ -	28,590
Accounts payable	14,321	10,545
Accrued expenses	63,691	40,781
Total current liabilities	78,012	79,916
Net assets:		
Unrestricted	3,520,153	3,576,379
Temporarily restricted	15,864	18,886
Permanently restricted	10,876	15,721
Total net assets	3,546,893	3,610,986
	\$ 3,624,905	3,690,902

See accompanying notes to financial statements.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Statements of Activities

	Year Ended June 30, 2009			Year Ended June 30, 2008		
	Unrestricted	Temporarily	Permanently	Unrestricted	Temporarily	Permanently
		Restricted	Restricted		Restricted	Restricted
Total	Total	Total	Total	Total	Total	
Revenue and Public Support						
Federal grants	\$ 662,290	-	-	\$ 501,891	-	-
State and local grants	156,220	4,000	-	204,372	2,195	-
Foundation and other grants	67,397	-	-	63,455	-	-
Contributions:						
Cash	314,401	14,697	-	300,635	13,955	-
In-kind	96,798	-	-	80,437	-	-
Service revenue	26,793	-	-	7,239	-	-
Fundraising income	62,091	-	-	55,444	-	-
Investment income	6,732	-	-	10,546	-	-
Realized and unrealized loss on investments	(6,334)	-	(4,845)	(3,338)	-	-
Net assets released from restriction	21,719	(21,719)	-	8,140	(8,140)	-
Total revenue and public support	1,408,107	(3,022)	(4,845)	1,228,821	8,010	-
Expenses						
Program services:						
Crisis residential	521,825	-	-	488,198	-	-
Transitional housing	121,568	-	-	110,037	-	-
Sexual assault	38,790	-	-	26,841	-	-
Children's advocacy	43,992	-	-	55,952	-	-
Children's outreach	192,391	-	-	169,830	-	-
Family violence outreach	381,308	-	-	275,121	-	-
Community education	9,767	-	-	13,980	-	-
Total program services	1,309,641	-	-	1,139,959	-	-
Administrative and general	136,905	-	-	146,316	-	-
Fundraising	17,787	-	-	24,109	-	-
Total expenses	1,464,333	-	-	1,310,384	-	-
Increase (decrease) in net assets	(56,226)	(3,022)	(4,845)	(81,563)	8,010	-
Net assets, beginning of year	3,576,379	18,886	15,721	3,657,942	10,876	15,721
Net assets, end of year	\$ 3,520,153	15,864	10,876	\$ 3,576,379	18,886	15,721

See accompanying notes to financial statements.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Statement of Functional Expenses

Year Ended June 30, 2009

	Program Services										Administrative and General	Fundraising	Total
	Crisis Residential	Transitional Housing	Sexual Assault	Children's Advocacy	Children's Outreach	Family Violence Outreach	Community Education	Total	General	Fundraising			
Salaries	\$ 222,280	38,808	16,345	22,355	107,641	136,665	3,308	547,402	82,187	9,991	639,580		
Employee benefits	57,156	9,936	3,765	5,741	25,404	37,915	957	140,874	19,398	3,082	163,354		
Professional fees	12,859	1,399	521	776	3,883	40,835	107	60,380	2,695	537	63,612		
Insurance	10,313	6,464	1,314	1,428	1,043	1,133	214	21,909	2,906	283	25,098		
Supplies	88,930	8,284	2,321	1,023	28,000	118,320	1,819	248,697	949	498	250,144		
Telephone	2,885	609	191	304	2,220	5,676	35	11,920	922	141	12,983		
Postage	1,190	154	77	67	363	745	10	2,606	244	147	2,997		
Occupancy	42,406	21,493	4,232	4,583	4,583	10,171	683	88,151	8,962	861	97,974		
Interest	274	183	36	39	18	17	6	573	124	7	704		
Equipment, maintenance and repairs	3,668	862	240	370	2,295	3,114	62	10,611	1,090	209	11,910		
Printing	1,937	215	1,335	104	739	6,207	10	10,547	679	81	11,307		
Travel	764	21	1,524	59	7,252	15,179	46	24,845	458	58	25,361		
Training and registration	355	-	130	-	1,540	1,936	694	4,655	130	175	4,960		
Direct client assistance	23,254	-	-	-	1,948	-	-	25,202	-	-	25,202		
Dues and fees	1,465	36	195	31	106	262	756	2,851	83	24	2,958		
Depreciation	49,638	33,104	6,564	7,112	3,300	3,133	1,060	103,911	13,877	1,334	119,122		
Miscellaneous	2,451	-	-	-	2,056	-	-	4,507	2,201	359	7,067		
	<u>\$ 521,825</u>	<u>121,568</u>	<u>38,790</u>	<u>43,992</u>	<u>192,391</u>	<u>381,308</u>	<u>9,767</u>	<u>1,309,641</u>	<u>136,905</u>	<u>17,787</u>	<u>1,464,333</u>		

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Statement of Functional Expenses

Year Ended June 30, 2008

	Program Services										Administrative and General		Total
	Crisis Residential	Transitional Housing	Sexual Assault	Children's Advocacy	Children's Outreach	Family Violence Outreach	Community Education	Total	General	Fundraising			
Salaries	\$ 211,684	29,818	7,444	27,841	95,542	140,932	4,139	517,400	78,495	15,585	611,480		
Employee benefits	58,731	8,027	1,723	7,749	26,223	39,146	1,190	142,789	22,279	3,818	168,886		
Professional fees	8,813	537	1,972	584	2,204	48,630	467	63,207	1,776	168	65,151		
Insurance	11,674	3,888	772	1,601	3,380	4,995	209	26,519	4,160	492	31,171		
Supplies	72,574	8,629	2,781	2,845	17,487	6,575	2,239	113,130	1,195	777	115,102		
Telephone	2,365	315	70	359	2,857	5,328	44	11,338	901	136	12,375		
Postage	1,227	126	29	125	435	1,017	472	3,431	358	158	3,947		
Occupancy	35,393	21,371	4,094	4,773	4,402	9,170	661	79,864	8,643	832	89,339		
Interest	3,409	1,955	388	420	195	185	63	6,615	935	79	7,629		
Equipment, maintenance and repairs	3,253	380	71	464	1,969	2,693	63	8,893	1,352	143	10,388		
Printing	1,947	141	41	174	729	1,668	1,635	6,335	577	91	7,003		
Travel	711	-	180	351	6,700	9,434	37	17,413	900	135	18,448		
Training and registration	90	-	290	1,150	1,670	1,767	524	5,491	436	60	5,987		
Direct client assistance	20,942	-	-	-	2,322	-	-	23,264	-	-	23,264		
Dues and fees	1,726	28	82	35	116	260	1,062	3,309	251	232	3,792		
Depreciation	52,215	34,822	6,904	7,481	3,471	3,296	1,115	109,304	14,598	1,403	125,305		
Loss on asset disposal	-	-	-	-	-	-	-	-	7,115	-	7,115		
Miscellaneous	1,444	-	-	-	128	25	60	1,657	2,345	-	4,002		
	<u>\$ 488,198</u>	<u>110,037</u>	<u>26,841</u>	<u>55,952</u>	<u>169,830</u>	<u>275,121</u>	<u>13,980</u>	<u>1,139,959</u>	<u>146,316</u>	<u>24,109</u>	<u>1,310,384</u>		

See accompanying notes to financial statements.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Statements of Cash Flows

	Year Ended June 30	
	2009	2008
Operating Activities		
Change in net assets	\$ (64,093)	(73,553)
Adjustment to reconcile change in net assets to cash flows from operating activities:		
Depreciation	119,122	125,305
Loss on investments	11,179	3,338
Loss on disposal of property and equipment	-	7,115
Change in:		
Accounts receivable	21,341	37,178
Unconditional promises to give	-	6,018
Prepaid expenses	(960)	191
Accounts payable	3,776	(8,741)
Accrued expenses	22,910	(3,410)
Net cash provided by operating activities	113,275	93,441
Investing Activities		
Purchase of property and equipment	(11,290)	(18,663)
Purchases of investments	(3,537)	(3,338)
Net cash used by investing activities	(14,827)	(22,001)
Financing Activities		
Principal payments on note payable	(28,590)	(223,500)
Net cash used by financing activities	(28,590)	(223,500)
Net increase (decrease) in cash	69,858	(152,060)
Cash and cash equivalents, beginning of year	423,377	575,437
Cash and cash equivalents, end of year	\$ 493,235	423,377
Supplemental disclosures:		
Cash paid for interest expense	704	7,629

See accompanying notes to financial statements.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Notes to Financial Statements

June 30, 2009 and 2008

(1) Summary of Significant Accounting Policies

General

Alternatives Incorporated of Madison County ("Alternatives") is a not-for-profit organization incorporated under the laws of the State of Indiana. Alternatives' purpose is to eradicate family violence in all its facets through education, prevention and intervention. Alternatives serves residents of Madison, Hamilton, Hancock, Henry and Marion counties in Indiana. Alternatives' foundation program is an emergency shelter and transitional housing for women and children who are victims of domestic violence, homelessness and sexual assault. Prevention and education services include collaborative projects with law enforcement organizations, healthcare providers, employers, governmental agencies and schools. Outreach services concentrate on rural communities and underserved populations. Children's services include in-shelter preschool, and an after school and summer tutoring and activity program for elementary aged children.

Financial Statement Presentation

Alternatives reports its financial position and activities according to three classes of assets as follows:

- Unrestricted net assets, which represent assets that the Board of Directors has discretionary control to use in carrying on the operations of the corporation in accordance with its articles of incorporation and by-laws.
- Temporarily restricted net assets, which represent assets restricted by the donor, grantor, or other outside party for a specific purpose or until the passage of time.
- Permanently restricted net assets, which represent assets that are subject to restriction by gift instruments requiring that the principal be invested in perpetuity and only the income be expended, or assets donated with the provision that they not be sold.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Accounting Estimates

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Contributions

Contributions received are measured at their fair values and are reported as an increase in net assets. Alternatives reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

Alternatives considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Reclassifications

Certain figures for 2008 that were previously reported have been reclassified to conform to the presentation for 2009.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Property and Equipment

Purchases of these assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$1,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment.....	5 to 10 years
Vehicles	7 years

Under the terms of Alternatives' grants, its Federal grantors and the State of Indiana reserve the right to approve any sale, transfer or disposition of property or equipment having a unit acquisition cost of \$5,000 or more purchased with grant funds. Furthermore, this equipment is eligible to be transferred at the discretion of the State to a program which is being, or has been, transferred to another grantee, to ensure continued use of the equipment if Alternatives can no longer meet the terms of the grant agreement.

Revenue Recognition

A portion of Alternatives' revenue is the product of cost reimbursement grants. Accordingly, Alternatives recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Revenue under fee for service arrangements is recognized at the time the service delivery requirements are met.

Taxes on Income

Alternatives has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. Accordingly, no provision has been made in the accompanying financial statements for federal or state income taxes.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Notes to Financial Statements

(2) Investments

Short-term investments represent resources in excess of normal operating needs invested to generate a higher return. All amounts at June 30, 2009 and 2008 were invested in a high-yield mutual fund.

Long-term investments represent a beneficial interest in assets held by Madison County Community Foundation, Inc. The assets are held in the Foundation's general investment fund.

(3) Accounts Receivable

Accounts receivable are primarily related to grants due from state and federal governmental agencies. Alternatives believes that all claims are within the terms of the grant agreements. As such, no allowance has been made for doubtful accounts.

(4) Property and Equipment

Property and equipment as of June 30 was comprised of the following:

	<u>2009</u>	<u>2008</u>
Building	\$3,152,099	3,143,314
Equipment.....	262,728	270,914
Vehicles	<u>47,822</u>	<u>47,822</u>
	3,462,649	3,462,050
Less accumulated depreciation.....	<u>(487,025)</u>	<u>(378,594)</u>
	<u>\$2,975,624</u>	<u>3,083,456</u>

Alternatives leases the land underneath its housing facility from Community Hospital of Anderson and Madison County, Inc. under a 35-year lease that terminates on June 30, 2038. The agreement provides for an annual lease payment of \$1. Alternatives has the option to extend the lease for three additional 5-year terms.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Notes to Financial Statements

(5) Restricted Net Assets

Temporarily restricted net assets represent resources received from grantors and contributors that had not been expended for donor-restricted purposes as of June 30, 2009 and 2008. Temporarily restricted net assets as of June 30, 2009 and 2008 were available for the following purposes:

	<u>2009</u>	<u>2008</u>
Drug use education	\$ 734	2,195
Playground construction	3,191	3,191
Storage building construction	-	8,785
School uniforms.....	5,171	3,719
Hispanic outreach	6,718	-
Other	<u>50</u>	<u>996</u>
	<u>\$15,864</u>	<u>18,886</u>

Net assets were released from donor restrictions by incurring expenses or purchasing assets satisfying the restricted purpose. The following purpose restrictions were accomplished:

	<u>2009</u>	<u>2008</u>
Drug use education	\$ 5,461	4,854
Playground construction	-	3,286
Storage shed.....	8,785	-
School uniforms.....	3,548	-
Hispanic outreach	2,979	-
Other	<u>946</u>	<u>-</u>
	<u>\$21,719</u>	<u>8,140</u>

Permanently restricted net assets represent investment assets held by Madison County Community Foundation, Inc. Income from the investments is available to support Alternatives' activities. Under terms of the agreement, the Foundation has been granted variance authority related to the fund assets and earnings.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Notes to Financial Statements

(6) Grant Funding

Grant funding for the years ended June 30, 2009 and 2008 was provided through the following sources:

	<u>2009</u>	<u>2008</u>
Federal grants:		
Title XX.....	\$ 41,638	41,638
Communities Against Rape Education.....	22,228	15,105
Family Violence and Prevention Services.....	57,525	58,885
Indiana Housing and Community Development Authority.....	33,615	34,600
Department of Education.....	66,566	80,346
Indiana Criminal Justice Institute.....	104,790	77,942
Office of Violence Against Women.....	172,430	64,417
Housing and Urban Development.....	109,645	77,503
Other.....	<u>53,853</u>	<u>51,455</u>
Total.....	<u>\$662,290</u>	<u>501,891</u>
State and local grants:		
Madison County Dept. of Child Service.....	\$ 60,802	102,999
Domestic Violence Prevention and Treatment	64,418	64,418
Indiana Coalition Against Domestic Violence	<u>35,000</u>	<u>39,150</u>
Total.....	<u>\$160,220</u>	<u>206,567</u>
Foundations and others:		
Hoosier Park.....	\$ 5,000	3,000
Madison County Community Foundation.....	2,600	6,740
Christ Church Cathedral.....	16,000	20,000
Episcopal Diocese of Indianapolis.....	12,000	12,000
Citigroup Foundation.....	10,000	-
Henry County Community Foundation.....	-	8,785
Verizon Wireless.....	9,697	-
Other.....	<u>12,100</u>	<u>12,930</u>
Total.....	<u>\$ 67,397</u>	<u>63,455</u>

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Notes to Financial Statements

(7) Lease Obligations

Alternatives leases an office copier under an agreement accounted for as an operating lease. Rent expense for the years ended June 30, 2009 and 2008 was \$4,879 and \$4,709, respectively.

Alternatives is obligated to make minimum future lease payments of \$1,248 in the year ending June 30, 2010.

(8) Retirement Plan

In 2006, Alternatives adopted a defined contribution retirement plan, which covers all employees over the age of 21 who work at least 1,000 hours per year and have completed one year of service. Under the plan, Alternatives makes elective contributions based on the total compensation of each individual. The contribution rate was 6% in each of the years ended June 30, 2009 and 2008. Expense recognized under the plan for 2009 and 2008 was \$28,889 and \$29,088, respectively.

(9) Risks and Uncertainties

The majority of revenues relate directly or indirectly to programs sponsored by federal and state legislation. Changes in government sponsored programs may significantly affect Alternatives.

Alternatives maintains the majority of its cash deposits at First Merchants Bank of Central Indiana. Balances at this institution are insured by the Federal Deposit Insurance Corporation and frequently exceed the insured amount.

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Schedule of Federal Awards

Year Ended June 30, 2009

<u>Federal Grantor</u>	<u>Pass-through Entity</u>	<u>Program Title</u>	<u>CFDA No.</u>	<u>Amount Expended</u>
Health and Human Services	Indiana Department of Health/ Purdue University	Communities Against Rape	93.136	\$ 4,778
Health and Human Services	Indiana Department of Health/ Indiana Coalition Against Sexual Assault	Communities Against Rape	93.136	18,946
Department of Education	Indiana Department of Education	Adult Education Outreach	84.002A	21,291
Department of Education	Anderson Community Schools	Education for Homeless Children	84.196	45,274
Housing & Urban Development	Indiana Housing and Community Development Authority	Emergency Shelter	14.231	33,615
Housing & Urban Development	N/A	Children's Outreach	14.235	109,644
Homeland Security	United Way of Central Indiana	Emergency Food and Shelter	97.024	3,000
Department of Justice	Indiana Criminal Justice Institute	Victims of Crime	16.575	35,816
Department of Justice	Indiana Criminal Justice Institute	Service Training Officers and Prosecutors	16.588	62,975
Department of Justice	Madison County, Indiana	Violence Against Women Prevention	16.590	172,428
Total Federal Awards				<u>\$ 507,767</u>

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

The Board of Directors
Alternatives Incorporated of Madison County

We have audited the financial statements of **Alternatives Incorporated of Madison County** ("Alternatives") as of and for the year ended June 30, 2009 and have issued our report thereon dated August 27, 2009. 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 Alternatives' 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 Alternatives' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alternatives' 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 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 than inconsequential will not be prevented or detected by the organization'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 organization'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 the financial statements of Alternatives 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 for the information of the Board of Directors, management, 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.

A handwritten signature in cursive script, appearing to read "Raymond / Isaac".

Indianapolis, IN
August 27, 2009

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Directors
Alternatives Incorporated of Madison County

Compliance

We have audited the compliance of **Alternatives Incorporated of Madison County** ("Alternatives") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Alternatives' 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 Alternatives' management. Our responsibility is to express an opinion on Alternatives' 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 Alternatives' 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 Alternatives' compliance with those requirements.

In our opinion, Alternatives 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 June 30, 2009.

Internal Control Over Compliance

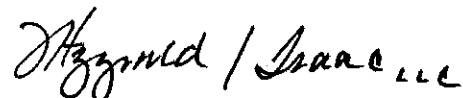
The management of Alternatives is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered Alternatives' internal control over compliance with 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 Alternatives' 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 noncompliance 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.

This report is intended solely for the information and use of the Board of Directors, management, 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.



Indianapolis, IN
August 27, 2009

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Noncompliance which is material to financial statements:	None Noted

Federal Awards

Internal control over major programs:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Type of auditors' report issued on compliance for major federal programs:	Unqualified
Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	None

ALTERNATIVES INCORPORATED OF MADISON COUNTY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2009

I. Summary of Auditors' Results, Continued

Identification of programs tested as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
16.590	Violence Against Women Prevention
14.235	Supportive Housing Program

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee: No

II. Financial Statement Findings

No matters were reported.

III. Federal Award Findings and Questioned Costs

No matters were reported.