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June 8, 2018

Board of Directors  
Crisis Connection, Inc.  
1500 S. Meridian Road, P.O. Box 903  
Jasper, IN 47547

We have reviewed the report prepared by Crisis Connection, Inc. and opined upon by Monroe Shine & Co., Inc., Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition Crisis Connection, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Monroe Shine & Co., Inc. prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**CRISIS CONNECTION, INC. –  
JASPER, INDIANA**

**FINANCIAL STATEMENTS**

**YEARS ENDED  
DECEMBER 31, 2015 AND 2014**

**CRISIS CONNECTION, INC.**

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# MONROE SHINE

KNOWLEDGE FOR TODAY . . . VISION FOR TOMORROW

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## Independent Auditor's Report

Board of Directors  
**Crisis Connection, Inc.**  
Jasper, Indiana

We have audited the accompanying financial statements of **Crisis Connection, Inc.**, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Crisis Connection, Inc.** as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Monroe Shine*

New Albany, Indiana  
September 20, 2016

**CRISIS CONNECTION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2015 AND 2014**

**ASSETS**

	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 14,218	\$ 28,732
Contributions receivable	12,000	11,000
Grants receivable	102,583	80,724
Prepaid expense	6,288	10,290
<b>Total Current Assets</b>	<b>135,089</b>	<b>130,746</b>
<b>OTHER ASSET</b>		
Contributions receivable, net	44,508	-
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	61,910	60,550
Less accumulated depreciation	48,597	42,398
<b>Net Property and Equipment</b>	<b>13,313</b>	<b>18,152</b>
	<b>\$ 192,910</b>	<b>\$ 148,898</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Line of credit	\$ 15,000	\$ -
Note payable	10,000	-
Accounts payable	4,265	13,181
Accrued expenses	14,041	12,946
<b>Total Current Liabilities</b>	<b>43,306</b>	<b>26,127</b>
<b>NET ASSETS</b>		
Unrestricted	90,469	102,644
Temporarily restricted	59,135	20,127
<b>Total Net Assets</b>	<b>149,604</b>	<b>122,771</b>
	<b>\$ 192,910</b>	<b>\$ 148,898</b>

See notes to financial statements.

**CRISIS CONNECTION, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>		
<b>Revenues</b>		
United Way	\$ 38,330	\$ 43,298
Grant income	407,042	355,972
Donations	93,207	48,553
Interest income	20	34
Other	6,994	10,593
Net assets released from restrictions	17,500	29,628
<b>Total Revenues</b>	<u>563,093</u>	<u>488,078</u>
<b>Expenses</b>		
Program services	496,855	422,845
Supporting services:		
Management and general	64,240	53,557
Fundraising	14,173	11,060
<b>Total Expenses</b>	<u>575,268</u>	<u>487,462</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>	(12,175)	616
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:</b>		
<b>Revenues</b>		
Donations	56,508	6,500
Net assets released from restrictions	(17,500)	(29,628)
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>39,008</u>	<u>(23,128)</u>
<b>Total Change in Net Assets</b>	26,833	(22,512)
Net assets at beginning of year	122,771	145,283
<b>Net Assets at End of Year</b>	<u>\$ 149,604</u>	<u>\$ 122,771</u>

See notes to financial statements.

**CRISIS CONNECTION, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>				<u>2014</u>			
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
<b>Compensation and related expenses</b>								
Salaries	\$ 294,662	\$ 19,217	\$ 6,406	\$ 320,285	\$ 247,485	\$ 16,140	\$ 5,380	\$ 269,005
Employee benefits	53,860	3,513	1,171	58,544	33,812	2,205	735	36,752
Payroll taxes	23,368	1,524	508	25,400	19,662	1,282	427	21,371
	<u>371,890</u>	<u>24,254</u>	<u>8,085</u>	<u>404,229</u>	<u>300,959</u>	<u>19,627</u>	<u>6,542</u>	<u>327,128</u>
Client assistance	811	-	-	811	3,857	-	-	3,857
Educational	23	-	-	23	2,303	-	-	2,303
Training materials	3,973	-	-	3,973	890	-	-	890
Office supplies	34,718	6,945	4,630	46,293	23,303	4,660	3,267	31,230
Occupancy	40,174	12,925	-	53,099	42,079	12,853	-	54,932
Telephone	6,678	-	-	6,678	7,162	-	-	7,162
Advertising	3,502	-	-	3,502	4,126	-	-	4,126
Insurance	10,934	2,187	1,458	14,579	9,384	1,877	1,251	12,512
Depreciation	4,540	1,659	-	6,199	5,479	2,002	-	7,481
Professional dues	525	-	-	525	505	-	-	505
Professional services	-	16,270	-	16,270	8,000	12,538	-	20,538
Travel	11,964	-	-	11,964	10,803	-	-	10,803
Miscellaneous	7,123	-	-	7,123	3,995	-	-	3,995
<b>TOTAL EXPENSES</b>	<u>\$ 496,855</u>	<u>\$ 64,240</u>	<u>\$ 14,173</u>	<u>\$ 575,268</u>	<u>\$ 422,845</u>	<u>\$ 53,557</u>	<u>\$ 11,060</u>	<u>\$ 487,462</u>

See notes to financials statements.

**CRISIS CONNECTION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 26,833	\$ (22,512)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	6,199	7,481
Loss on disposal of property and equipment	-	188
Donated use of facilities	(45,508)	11,604
(Increase) decrease in current assets:		
Grants receivable	(21,859)	(22,012)
Prepaid expense	4,002	-
Increase (decrease) in current liabilities:		
Accounts payable	(8,916)	9,523
Accrued expenses	1,095	(3,044)
<b>Net Cash Used In Operating Activities</b>	<u>(38,154)</u>	<u>(18,772)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,360)	(8,418)
<b>Net Cash Used In Investing Activities</b>	<u>(1,360)</u>	<u>(8,418)</u>
<b>FINANCING ACTIVITIES</b>		
Net increase in line of credit	15,000	-
Proceeds from issuance of note payable	10,000	-
<b>Net Cash Provided By Financing Activities</b>	<u>25,000</u>	<u>-</u>
<b>Net Decrease in Cash</b>	(14,514)	(27,190)
Cash at beginning of year	28,732	55,922
<b>Cash at End of Year</b>	<u>\$ 14,218</u>	<u>\$ 28,732</u>
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:</b>		
In-kind contribution - donated use of facilities	\$ 57,508	\$ -
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash payments for:		
Interest	\$ 404	\$ -

See notes to financial statements.

**CRISIS CONNECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015 AND 2014**

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Organization provides educational and counseling services for individuals who have been exposed to domestic violence in Southern Indiana.

The Organization receives a majority of its revenue from United Way, government funding and donations.

**Basis of Presentation**

The financial statements have been prepared on the accrual basis of accounting.

The Organization reports information regarding its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. No permanently restricted net assets existed at December 31, 2015 and 2014. The terms are defined below:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. These 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 vary from the estimates that were used.

**Grant Revenue and Receivables**

The Organization's revenue is recognized when services are rendered. Receivables represent amounts owed by various government agencies pursuant to grant reimbursement agreements. The valuation of receivables is based upon an analysis of contractual agreements and collection history. When accounts are deemed uncollectible, they are written off.

**CRISIS CONNECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2015 AND 2014**

(1 – continued)

**Contributions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the entity reports the support as unrestricted.

Contributed property and equipment is recorded at fair value at the date of donation. The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed use of facilities is recorded at fair value at the date of donation. In the absence of donor-imposed stipulations regarding how long the contributed facilities must be used, the entity has adopted a policy of implying a time restriction on contributions of such facilities that expires over the original lease agreement; consequently, all contributed use of facilities, and of the assets contributed to use such facilities, are recorded as restricted support.

Contributed services that require specific expertise and would normally have been purchased and donated services that create or enhance non-financial assets are recorded at fair market value. Those donated services that do not meet these specific criteria are not reflected in the financial statements.

**Property and Equipment**

The Organization uses the straight-line method of computing depreciation at rates adequate to amortize the cost of the applicable assets over their useful lives. Purchased property and equipment is valued at cost. Maintenance and repairs are expensed as incurred. The asset cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts and any gain or loss is included in operations.

**Advertising**

The Organization uses advertising to promote its programs among the audiences it serves. The costs of advertising are expensed as incurred.

**Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies.

**CRISIS CONNECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2015 AND 2014**

(1 – continued)

Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not provide for income taxes.

The Organization has implemented the accounting guidance for uncertainty in income taxes. Under that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. As of December 31, 2015, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization files federal and Indiana income tax returns. Returns filed in these jurisdictions for the tax years ended on or after December 31, 2012 are subject to examination by the relevant taxing authorities. Management believes the Organization's tax-exempt status would be upheld upon examination.

**(2) CONTRIBUTIONS RECEIVABLE**

During 2015, the Organization renewed a five-year lease for its Jasper, Indiana office. Under the original lease agreement, the Organization made monthly rental payments of \$2,300 which increased to \$2,465 starting December 1, 2015. The estimated fair rental value of the premises was \$3,300 per month which increased to \$3,465 when renewed. The in-kind donations due under this lease agreement have been included in the financial statements as contributions receivable and revenue of the appropriate net asset category. Amounts due after one year are recorded after discounting to the present value of future cash flows. The donations have been discounted at 1.84% per annum.

The donations are expected to be realized in the following periods:

Amounts due in:

	<u>2015</u>	<u>2014</u>
Less than one year	\$ 12,000	\$ 11,000
One to five years	<u>47,000</u>	<u>-</u>
Total contributions receivable	59,000	11,000
Less unamortized discount	<u>(2,492)</u>	<u>-</u>
Net contributions receivable	<u>\$ 56,508</u>	<u>\$ 11,000</u>

**CRISIS CONNECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2015 AND 2014**

**(3) LINE OF CREDIT**

The Organization has a revolving line of credit with German American Bank in the amount of \$35,000. The interest rate charged on this line of credit is 6.0%. The line of credit is secured by substantially all the Organization's assets. At December 31, 2015, the Organization had borrowings of \$15,000 on the line of credit. At December 31, 2014, the Organization had no borrowings on the line of credit. This agreement matures on October 13, 2016. In February of 2016, an additional \$30,000 revolving line of credit was obtained. This line bears interest at 5.125% and is due on February 9, 2017.

**(4) NOTES PAYABLE**

The Organization secured a note payable with German American Bank during 2015. The note requires monthly payments of interest only at 6%, and is secured by substantially all the Organization's assets. The balance on the note at December 31, 2015 is \$10,000. The note was due on June 25, 2016 and was paid off during April 2016. In August of 2016, the organization obtained a new note payable of \$10,000. This note bears interest at 5.125% and is due in full on February 9, 2017.

**(5) TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2015 and 2014 are available for the following purpose:

	<u>2015</u>	<u>2014</u>
Donor restrictions – Sunshine Lady Foundation	\$ 2,627	\$ 2,627
Donor restrictions – Welborn Baptist Foundation	-	6,500
Contribution receivable	<u>56,508</u>	<u>11,000</u>
Total	<u>\$ 59,135</u>	<u>\$ 20,127</u>

At December 31, 2015 and 2014, the Organization had total temporarily restricted net assets of \$59,135 and \$20,127, respectively. Donor restricted net assets were \$2,627 and \$9,127 as of December 31, 2015 and 2014, respectively. Restrictions due to time as discussed in Note 2 totaled \$56,508 and \$11,000, respectively.

**(6) COMMUNITY FOUNDATION FUND**

During 2000, an account with the Dubois County Community Foundation, Inc. was created. The account was established with contributions of \$31,015 from the community. The contributions are an irrevocable transfer to the Community Foundation endowment account. The Organization receives an annual distribution of a portion of the allocable net earnings of the fund. This distribution totaled \$1,535 and \$1,445 during the years ended December 31, 2015 and 2014, respectively. The total value of the endowment at December 31, 2015 and 2014 was \$47,714 and \$50,571, respectively.

**CRISIS CONNECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2015 AND 2014**

**(7) LEASES**

The Organization conducts its activities from leased facilities in three locations; Jasper, Rockport and Tell City, Indiana. The leases are for various periods from one to five years. Management expects that, in the normal course of business, leases will be renewed or replaced by other leases. Total rent expense for 2015 and 2014 was \$51,165 and \$52,704, respectively. The in-kind rent value received under the agreement described in Note 2 in 2015 and 2014 was estimated at \$12,000.

The following are future minimum rental payments required under leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2015:

Year ending December 31:

2016	\$ 32,130
2017	29,580
2018	29,580
2019	<u>29,580</u>
Total	\$ <u>120,870</u>

**(8) FAIR VALUE MEASUREMENTS**

The Organization adopted the provisions of Accounting Standards Codification (ASC) 820 *Fair Value Measurements*, for financial assets and financial liabilities.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a fair value hierarchy that prioritizes the use of inputs used in valuation methodologies into the following three levels:

Level 1: Inputs to the valuation methodology are quoted prices, unadjusted, for identical assets or liabilities in active markets. A quoted market price in an active market provides the most reliable evidence of fair value and shall be used to measure fair value whenever available.

Level 2: Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; inputs to the valuation methodology include quoted market prices for identical or similar assets or liabilities in markets that are not active; or inputs to the valuation methodology that are derived principally from or can be corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using discounted cash flow methodologies, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

**CRISIS CONNECTION, INC.**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**DECEMBER 31, 2015 AND 2014**

(8-continued)

A description of the valuation methodologies used for instruments measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below. These valuation methodologies were applied to all of the Organization's financial assets and liabilities carried at fair value. The table below presents the balances of assets measured at fair value on a nonrecurring basis.

	<u>Level 1</u>	<u>Carrying Value</u>		<u>Total</u>
		<u>Level 2</u>	<u>Level 3</u>	
<b>As of December 31, 2015:</b>				
Contributions receivable	\$ -	\$ -	\$ 56,508	\$ 56,508
<b>As of December 31, 2014:</b>				
Contributions receivable	\$ -	\$ -	\$ 11,000	\$ 11,000

*Contributions Receivable.* Contributions receivable are reported at fair value on a non-recurring basis using level 3 inputs. The fair value is based on the present value of the expected future cash flows. All pledges due in one year or later are discounted using the rate in effect for the year of the original pledge. See Note 2 for details of the discount rate and time period used for discount calculations.

While management believes the Organization's valuation methodologies are appropriate and consistent, the use of different methodologies or assumptions to determine fair value could result in a different estimate of fair value at the reporting date.

**(9) DONATED SERVICES**

The Organization uses the services of a certified public accountant without charge. These services include bookkeeping and various tax preparation services. Amounts of \$975 and \$850 were recognized as revenue and expense for the years ended December 31, 2015 and 2014, respectively.

**(10) SUBSEQUENT EVENTS**

The Organization has evaluated whether any subsequent events that require recognition or disclosure in the accompanying financial statements and related notes thereto have taken place through September 20, 2016, the date these financial statements were available to be issued.

As described in Notes 3 and 4, the organization obtained additional debt financing in February and August of 2016.