

DOMESTIC AND SEXUAL ABUSE SERVICES
FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

AND

INDEPENDENT AUDITORS' REPORT



Layton & Richardson, P.C.
Certified Public Accountants

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Layton & Richardson, P.C.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Domestic and Sexual Abuse Services
Three Rivers, Michigan

We have audited the accompanying statements of financial position of DOMESTIC AND SEXUAL ABUSE SERVICES as of September 30, 2007 and 2006, 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 U.S. generally accepted auditing standards. 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 Domestic and Sexual Abuse Services as of September 30, 2007 and 2006, and the changes in net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules on pages 16-17 are presented for purposes of additional analysis and are 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, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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East Lansing, Michigan
April 14, 2008

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DOMESTIC AND SEXUAL ABUSE SERVICES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2007 AND 2006

	2007		
	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT			
Grants and reimbursements	\$ 646,554	\$ 19,500	\$ 666,054
Non-cash donations	101,562		101,562
Contributions and dues	46,925	5,000	51,925
Net assets released from restrictions	24,532	(24,532)	
TOTAL SUPPORT	<u>819,573</u>	<u>(32)</u>	<u>819,541</u>
REVENUE			
Fund raising - special events	22,799		22,799
Interest	1,136		1,136
Other income	3,924		3,924
TOTAL REVENUE	<u>27,859</u>		<u>27,859</u>
TOTAL SUPPORT AND REVENUE	<u>847,432</u>	<u>(32)</u>	<u>847,400</u>
EXPENSES			
Program Services			
Domestic Violence	431,255		431,255
Sexual Abuse	64,204		64,204
Transitional Support Housing	91,031		91,031
Healthy Relationships	5,670		5,670
Monitoring Exchange	20,880		20,880
STOP	84,404		84,404
Total Program Services	<u>697,444</u>		<u>697,444</u>
Supporting Services			
Management and general	114,230		114,230
Fund raising	9,511		9,511
Total Supporting Services	<u>123,741</u>		<u>123,741</u>
TOTAL EXPENSES	<u>821,185</u>		<u>821,185</u>
CHANGES IN NET ASSETS	<u>26,247</u>	<u>(32)</u>	<u>26,215</u>
NET ASSETS, OCTOBER 1	<u>149,722</u>	<u>3,032</u>	<u>152,754</u>
NET ASSETS, SEPTEMBER 30	<u>\$ 175,969</u>	<u>\$ 3,000</u>	<u>\$ 178,969</u>

See accompanying notes to financial statements.

2006

UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
\$ 623,219	\$ 20,794	\$ 644,013
94,119		94,119
52,392		52,392
39,191	(39,191)	
<u>808,921</u>	<u>(18,397)</u>	<u>790,524</u>
26,437		26,437
1,448		1,448
1,860		1,860
29,745		29,745
<u>838,666</u>	<u>(18,397)</u>	<u>820,269</u>
460,805		460,805
72,693		72,693
91,021		91,021
12,142		12,142
20,674		20,674
31,597		31,597
<u>688,932</u>		<u>688,932</u>
136,093		136,093
22,232		22,232
158,325		158,325
847,257		847,257
(8,591)	(18,397)	(26,988)
158,313	21,429	179,742
<u>149,722</u>	<u>3,032</u>	<u>152,754</u>

DOMESTIC AND SEXUAL ABUSE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2007

	PROGRAM SERVICES			
	DOMESTIC VIOLENCE	SEXUAL ABUSE	TRANSITIONAL SUPPORT HOUSING	HEALTHY RELATIONSHIPS
Salaries and wages	\$ 225,580	\$ 37,349	\$ 33,606	\$ 4,422
Payroll taxes	19,087	2,904	2,755	436
Worker's compensation				
Health insurance	18,761	7,203	4,355	
Staff education	2,003	355	400	
Donated services	22,302			
Repairs and maintenance	4,928		291	
Utilities	5,933		2,391	
Office supplies	1,789	356	376	23
Shelter expenses				
Supplies	3,994			
Program	386	5		
Training	14	3,815		
Donated materials	58,260			
Specific assistance	3		5,984	
Medical	47			
Rent	23,553	1,273	33,341	
Telephone	10,791	1,178	653	204
Postage	267	83	118	9
Copying	23	24		
Advertising	117	3,300		
Volunteer recognition				
Subscriptions	192	38	62	5
Transportation	7,393	3,267	1,732	186
Bank charges				
Miscellaneous	240	214	150	12
Licenses				
Insurance				
Depreciation				
Amortization				
Contract services	24,592	2,465	4,155	323
Professional fees	1,000	375	662	50
	<u>\$ 431,255</u>	<u>\$ 64,204</u>	<u>\$ 91,031</u>	<u>\$ 5,670</u>

See accompanying notes to financial statements.

PROGRAM SERVICES			SUPPORTING SERVICES		
RPS CAPACITY BUILDING	STOP	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES
\$ 5,033	\$ 49,604	\$ 355,594	\$ 55,571	\$	\$ 411,165
422	4,120	29,724	6,220		35,944
			3,578		3,578
104	4,572	34,891	3,801		38,692
	118	2,980	1,303		4,283
		22,302			22,302
		5,219	3,965		9,184
		8,324	301		8,625
6,949	512	10,005	3,661	672	14,338
4,652		3,994	150		3,994
47		5,043	12		5,193
					3,888
200		58,260			58,260
		6,187			6,187
		47			47
636	636	59,439	2,828	636	60,075
400	249	13,475	891	213	16,516
11	51	539		206	1,636
		47		179	226
1,568		4,985	93	410	5,488
			563		563
10	25	332	475	10	817
61	832	13,471	4,223		17,694
			815		815
40	60	716	2,252	6,132	9,100
			100		100
			9,179		9,179
			9,286		9,286
			2,108		2,108
647	23,375	55,557	2,855	953	56,510
100	250	2,437		100	5,392
<u>\$ 20,880</u>	<u>\$ 84,404</u>	<u>\$ 697,444</u>	<u>\$ 114,230</u>	<u>\$ 9,511</u>	<u>\$ 821,185</u>

DOMESTIC AND SEXUAL ABUSE SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2006

	PROGRAM SERVICES			
	DOMESTIC VIOLENCE	SEXUAL ABUSE	TRANSITIONAL SUPPORT HOUSING	HEALTHY RELATIONSHIPS
Salaries and wages	\$ 248,132	\$ 41,332	\$ 29,617	\$ 10,380
Payroll taxes	21,155	3,475	2,479	937
Worker's compensation	2,001	281	202	71
Health insurance	22,181	7,123	4,071	
Staff education	2,639	1,368	657	97
Donated services	11,657			
Repairs and maintenance	5,193	594	3,701	
Utilities	5,512		2,250	
Office supplies	2,427	2,578	201	90
Shelter expenses				
Supplies	3,726			
Children's needs	19			
Program	6,123	159	6	36
Training	40			
Fund raising				
Donated materials	61,462			
Personal	463	101	2,726	
Medical	41	6		
Rent	22,720	200	38,884	
Telephone	9,642	1,777	754	27
Postage	1,222	413	9	40
Copying				
Advertising	8	2		
Volunteer recognition				
Subscriptions	1,731	431		
Transportation	7,287	4,940	2,134	
Bank charges				
Miscellaneous				
Licenses				
Insurance	3,437	1,217	863	153
Depreciation	5,141	3,342		
Amortization				
Contract services	15,802	2,507	1,641	311
Professional fees	1,044	847	826	
	<u>\$ 460,805</u>	<u>\$ 72,693</u>	<u>\$ 91,021</u>	<u>\$ 12,142</u>

See accompanying notes to financial statements.

PROGRAM SERVICES			SUPPORTING SERVICES			
MONITORING EXCHANGE	STOP	TOTAL PROGRAMS	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL EXPENSES	
17,156		346,617	89,152	5,803	441,572	
1,678		29,724	7,612	493	37,829	
117		2,672	662	43	3,377	
92	20	33,395	7,823	488	41,706	
	190	5,043		102	5,145	
		11,657			11,657	
		9,488			9,488	
		7,762	2,587		10,349	
60	125	5,481	1,827	200	7,508	
		3,726			3,726	
		19			19	
17		6,341		11,775	6,341	
		40			40	
		61,462			11,775	
		3,290			61,462	
		47			3,290	
88		61,804	5,091		66,895	
		12,288	647		12,935	
65	30	1,779	94	542	2,415	
			215		215	
			757		767	
			525		525	
					2,248	
	249	2,162	5,068	86	2,248	
		14,610	200	19	19,697	
			640		200	
			640		640	
			30		30	
771		6,441	1,610	207	8,258	
		8,483	3,428		11,911	
			2,300		2,300	
472	30,983	51,716	5,825	401	57,942	
158		2,875		2,073	4,948	
<u>20,674</u>	<u>31,597</u>	<u>688,932</u>	<u>136,093</u>	<u>22,232</u>	<u>847,257</u>	

DOMESTIC AND SEXUAL ABUSE SERVICES
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED SEPTEMBER 30,	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES			
Changes in net assets	\$	26,215	\$ (26,988)
Adjustments to reconcile changes in net assets to net cash provided by operating activities			
Depreciation		9,286	11,911
Amortization		2,108	2,300
(Increase) decrease in Grants and reimbursements receivable		(6,167)	7,598
Prepaid expenses		936	737
Security deposits		(2,000)	1,005
Increase (decrease) in Accounts payable		2,045	(7,273)
Accrued expenses		(7,180)	1,551
Tenant security deposits		(700)	(700)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		<u>25,243</u>	<u>(9,859)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(9,700)	(7,277)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS, OCTOBER 1		15,543	(17,136)
CASH AND CASH EQUIVALENTS, OCTOBER 1		<u>60,428</u>	<u>77,564</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$	<u><u>75,971</u></u>	\$ <u><u>60,428</u></u>

See accompanying notes to financial statements.

DOMESTIC AND SEXUAL ABUSE SERVICES

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2007 AND 2006

NOTE 1: BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES

Background

Domestic and Sexual Abuse Services exists to alleviate human suffering by promoting and providing a safe place for those individuals affected by domestic violence and related abuse.

The Organization's accounting policies are in accordance with U.S. generally accepted accounting principles. Outlined below are those policies considered particularly significant.

Accrual Basis of Accounting

The accompanying financial statements were prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when incurred.

Property and Equipment

Improvements, furniture and office equipment are stated at cost or at fair market value as of the date of donation. Items over \$500 are capitalized. Depreciation is calculated using the straight line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred. The costs and fair market values at date of acquisition for fiscal years prior to 1989 have been estimated. Detailed records of those acquisitions are unavailable.

Improvements, furniture and office equipment are not accounted for in a separate plant fund as the Organization realizes no significant benefit from such accounting. The primary reason for using a separate fund to account for fixed assets is to designate the portion of fund balance which is unavailable for future operations and to promote greater accountability for the assets. The fund balance designation has been provided for on the balance sheet, and the method of accounting for the fixed assets provides for sufficient accountability.

Income Taxes

The Organization has qualified as an other than private foundation, and is exempt under Section 501 (c) (3) of the Internal Revenue Code.

Donated Materials and Services

Donated materials and services are reflected as contributions in the accompanying statements at their estimated value at date of receipt. Donated materials are valued at their estimated thrift store value. Donated services are valued based on the time involved and the type of service rendered using a standard fee schedule provided, in part, by the Domestic Violence Prevention and Treatment Board.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

DOMESTIC AND SEXUAL ABUSE SERVICES

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2007 AND 2006 - Continued

NOTE 1: **BACKGROUND AND SIGNIFICANT ACCOUNTING POLICIES - Concluded**

Contributions

The Organization has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." 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. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization does not use fund accounting.

Inventory

Inventory is stated at lower of cost or market.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Advertising

The Organization expenses advertising costs as incurred.

NOTE 2: **MAJOR FUNDING SOURCES**

The largest single source of support for the Organization comes from the Domestic Violence Prevention and Treatment Board of Michigan. The Organization is required to comply with the standards established by the Board in order to receive funding. The Board conducts a periodic program review, and the Organization has passed all prior reviews.

A second major funding source is the Victims of Crime Act Grant awarded through the Office of Criminal Justice of the Department of Management and Budget. The grant period is October 1, through September 30 of each year.

DOMESTIC AND SEXUAL ABUSE SERVICES
NOTES TO FINANCIAL STATEMENTS - Continued
SEPTEMBER 30, 2007 AND 2006

NOTE 3: PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

	COST	ACCUMULATED DEPRECIATION/ AMORTIZATION	NET BOOK VALUE	DEPRECIATION/ AMORTIZATION EXPENSE	LIFE
SEPTEMBER 30, 2007					
Leasehold improvements	\$ 126,994	\$ 93,662	\$ 33,332	\$ 1,558	5-10 years
Furniture	17,295	15,884	1,411	34	5 years
Equipment	84,530	74,902	9,628	7,694	5-10 years
Software	<u>6,900</u>	<u>6,900</u>	<u>—</u>	2,108	3 years
	<u>\$ 235,719</u>	<u>\$ 191,348</u>	<u>\$ 44,371</u>	<u>\$ 11,394</u>	
SEPTEMBER 30, 2006					
Leasehold improvements	\$ 121,935	\$ 91,347	\$ 30,588	\$ 3,227	5-10 years
Furniture	15,850	15,850	—	—	5 years
Equipment	81,335	67,966	13,369	8,683	5-10 years
Software	<u>6,900</u>	<u>4,791</u>	<u>2,109</u>	<u>2,300</u>	3 years
	<u>\$ 226,020</u>	<u>\$ 179,954</u>	<u>\$ 46,066</u>	<u>\$ 14,210</u>	

Fixed asset additions for the years ended September 30, 2007 and 2006 included furniture and equipment of \$9,700 and \$7,279, respectively. Fixed asset disposals for the year ended September 30, 2006 include furniture and equipment of \$19,961.

NOTE 4: CASH

Cash balances consisted of the following:

	BOOK BALANCE	BANK BALANCE	FDIC INSURED
SEPTEMBER 30, 2007			
Checking	\$ 75,545	\$ 92,373	\$ 92,373
Savings	<u>351</u>	<u>351</u>	<u>351</u>
	<u>\$ 75,896</u>	<u>\$ 92,724</u>	<u>\$ 92,724</u>
SEPTEMBER 30, 2006			
Checking	\$ 59,339	\$ 86,355	\$ 86,355
Savings	<u>1,014</u>	<u>1,014</u>	<u>1,014</u>
	<u>\$ 60,353</u>	<u>\$ 87,369</u>	<u>\$ 87,369</u>

The Organization also had petty cash as of September 30, 2007 and 2006 of \$75 and \$75, respectively.

DOMESTIC AND SEXUAL ABUSE SERVICES
 NOTES TO FINANCIAL STATEMENTS - Concluded
 SEPTEMBER 30, 2007 AND 2006

NOTE 5: GRANTS AND REIMBURSEMENTS RECEIVABLE

Grants and reimbursements receivable consist of the following at September 30:

	2007	2006
State of Michigan		
Department of Human Services	\$ 38,013	\$ 30,575
Department of Community Mental Health	18,427	32,995
Michigan State Housing Development Authority	8,018	
Salvation Army	14,796	7,164
Other miscellaneous	<u>8,250</u>	<u>10,603</u>
	<u>\$ 87,504</u>	<u>\$ 81,337</u>

NOTE 6: RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consist of the following at September 30:

	2007	2006
Specific purposes		
Healthy Relations Program	\$	\$ 3,032
Phone system purchase	3,000	

NOTE 7: LEASES

The building which houses the Organization in Three Rivers is leased from the First Presbyterian Church of Three Rivers and Centreville at an annual cost of \$1.00. The lease term is five years and expires February 20, 2012. The fair market value of the Three Rivers location is estimated at \$17,100 per year.

The Organization conducts weekly group sessions for victims at the First Presbyterian Church in Cassopolis. The fair market value of the unbilled rent is estimated at \$3,900.

NOTE 8: PROGRAMS

Domestic violence services provided for survivors of intimate partners, domestic violence and their children includes emergency shelter, 24 hour crisis line, supportive counseling, and support services.

Sexual assault services provided for survivors of sexual assault and their families include emergency shelter, 24 hour hotline, supportive counseling, and public awareness.

Transitional Supportive Housing provides safe, affordable housing along with supportive services to domestic violence and survivors and their children.

Healthy Relationships school based program is designed to teach young people about domestic violence, sexual assault and healthy relationships.

Monitored Exchange is a program designed to allow parents with child visitations to exchange the children in a safe environment in the presence of trained professionals.

STOP staff provided assistance with PPO and court accompaniment for survivors of domestic violence and sexual assault.

SUPPLEMENTARY INFORMATION

DOMESTIC AND SEXUAL ABUSE SERVICES
SCHEDULES OF GRANTS AND REIMBURSEMENTS

	2007	2006
FOR THE YEARS ENDED		
SEPTEMBER 30,		
2007		
	\$	\$
GRANTS FROM GOVERNMENTAL AGENCIES		
Domestic Violence Prevention and Treatment Board	247,319	215,626
Office of Criminal Justice, Victims of Crime Act	117,210	126,372
Transitional Housing	94,273	97,941
Rape Prevention and Services	34,702	35,250
Emergency Food and Shelter National Board Program	12,400	12,702
	<u>505,904</u>	<u>487,891</u>
TOTAL GRANTS FROM GOVERNMENTAL AGENCIES		
REIMBURSEMENTS FROM GOVERNMENTAL AGENCIES AND CONTRACTORS		
Department of Social Services		
Emergency Needs Program	6,500	6,500
Salvation Army, State Relief Program	51,300	46,884
	<u>57,800</u>	<u>53,384</u>
TOTAL REIMBURSEMENTS FROM GOVERNMENTAL AGENCIES AND CONTRACTORS		
OTHER GRANTS		
MSHDA Emergency Shelter Grant	30,129	22,217
St. Joseph County United Way	41,250	29,000
Cass County United Way	10,625	10,625
Other Grants	13,346	33,896
Strong Families/Safe Children	7,000	7,000
	<u>102,350</u>	<u>102,738</u>
TOTAL OTHER GRANTS		
	<u>\$ 666,054</u>	<u>\$ 644,013</u>

**DOMESTIC AND SEXUAL ABUSE SERVICES
SCHEDULES OF NON-CASH DONATIONS**

FOR THE YEARS ENDED
SEPTEMBER 30,
2007 2006

	2007	2006
NON-CASH DONATIONS		
Services	\$ 22,302	\$ 11,657
Materials	58,260	61,462
Facilities	<u>21,000</u>	<u>21,000</u>
	<u>\$ 101,562</u>	<u>\$ 94,119</u>

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Layton & Richardson, P.C.
Certified Public Accountants

LETTER OF COMMENTS AND RECOMMENDATIONS

Board of Directors
Domestic and Sexual Abuse Services
Three Rivers, Michigan

We have examined the financial statements of DOMESTIC AND SEXUAL ABUSE SERVICES for the year ended September 30, 2007, and have issued our report thereon dated April 14, 2008. As part of our audit, we made a study and evaluation of the Organization's system of internal accounting controls to the extent we considered necessary solely to determine the nature, timing and extent of our auditing procedures. Accordingly, we do not express an opinion on the system of internal accounting control taken as a whole.

The management of Domestic and Sexual Abuse Services is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all weaknesses in the system.

PRIOR YEAR RECOMMENDATION

None.

CURRENT YEAR RECOMMENDATIONS

Create Subsidiary Records and Reconcile General Ledger Monthly

We noted that there were no subsidiary records for the security deposits and they were not routinely reconciled to the general ledger. This practice serves as a check on the accuracy of the record keeping process and maintains the accounts on a more timely and accurate basis. The detail listing of security deposits should include the name, date received, property the deposit applies to, and then reconciled to the general ledger control accounts at the end of each month. Any differences should be investigated and resolved as soon as possible.

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CURRENT YEAR RECOMMENDATIONS - Continued

Record Storage and Retrieval

During our audit we noticed that accounting records frequently could not be located when needed. The causes of the problem were numerous:

- Lack of a clearly specified system for filing records
- Failure of those who removed records from the files to indicate who took the record
- Failure to return the record to the files or misfiling it when it was returned
- Lack of specific policies for removing prior year records from the files to a designated storage space

The result was that employees spent nonproductive time searching for needed documents. This condition could also present problems when we or other government agencies need documents in support of tax returns and other reports subject to audit. We recommend that the following steps be taken:

- Decide on a systematic manner of filing documents, e.g., vendor bills should be filed alphabetically by vendor name and by the date the check was written, journal entries by month, etc.
- Describe the system in the accounting manual or post a description on the filing cabinets or storage room so employees will know how to find and re-file documents.
- Institute use of "sign-out" cards to be filled out when a document is removed, showing who took the record. The card should be placed in the file in place of the removed document.

Grant Records and Reconciliations

At the time of the audit, Domestic and Sexual Abuse Services' grant records, supporting schedules, documents and other files were not in order and were in a general state of disarray. Some records could not be located by employees during the audit. In addition, supporting documentation for some grant reimbursement forms did not reconcile. We have made management aware of this, and we suggest that efforts be made during the current year to improve the accounting process and the condition of the records and files. Orderly accounting records and supporting document files should be maintained on a consistent basis, so information is readily available to the Organization. Financial statements should be well supported by the corresponding back up information that is included in these records.

Corporate Minutes: Improvement

We noted that the Organization's board minutes are not kept current. Minutes serve as a record of the events of the board meetings and should document all important topics discussed and decisions reached. Board minutes can be a crucial document in the event of future legal matters and in documenting compliance with IRS regulations and other regulatory issues. We suggest that the Board Secretary or an appointed record keeper who is responsible for taking board minutes, sign and date an official copy of the minutes which should be maintained in a permanent binder. All minutes should be created and processed within a reasonable time period after the meeting was held and filed in date order.

CURRENT YEAR RECOMMENDATIONS – Concluded

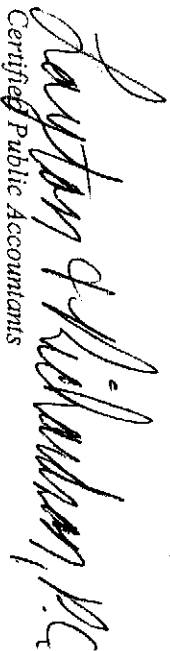
Outstanding Checks: Review Policy

Our review of accounting procedures revealed that several outstanding checks and/or deposits had been outstanding for several months. This hinders the accounting personnel's ability to reflect an accurate cash balance in the financial statements and adds an unnecessary step to the process of bank reconciliation. The accounting personnel should investigate all large outstanding items on a regular basis. Stop payment notices should be sent when necessary. This practice will provide a much stronger control over cash and the bank reconciliation process.

This report is intended solely for the use of management and federal and state agencies and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which, upon acceptance by Domestic and Sexual Abuse Services Board of Directors, is a matter of public record.

We are grateful to the officials and employees of Domestic and Sexual Abuse Services for the assistance and cooperation we received during the audit, and we thank them.

Very truly yours,


Certified Public Accountants

East Lansing, Michigan
April 14, 2008





Layton & Richardson, P.C.
Certified Public Accountants

To the Board of Directors and
Executive Director
Domestic and Sexual Abuse Services

In planning and performing our audit of the financial statements of Domestic and Sexual Abuse Services as of and for the year ended September 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Domestic and Sexual Abuse Services' internal control over financial reporting (internal control) 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 organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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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 a 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. We did not identify any deficiencies in internal control that we consider to be significant deficiencies, as defined above.

Stephen D. Plumb, JD, CPA
Principal
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This communication is intended solely for the information and use of management, the Board of Directors and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

David Layton, CPA
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Certified Public Accountants

April 14, 2008
East Lansing, Michigan



Layton & Richardson, P.C.
Certified Public Accountants

To the Board of Directors and
Executive Director
Domestic and Sexual Abuse Services

We have audited the financial statements of Domestic and Sexual Abuse Services for the year ended September 30, 2007, and have issued our report thereon dated April 14, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 11, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Domestic and Sexual Abuse Services. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Domestic and Sexual Abuse Services are described in Note one to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2007. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the allocation of functional expenses.

Management's estimate of the expense allocation is based on time spent on tasks within the various functions. We evaluated the key factors and assumptions used to develop the expense allocations in determining that they are reasonable in relation to the financial statements taken as a whole.

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Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is, cause future financial statements to be materially misstated if the adjustment was not recorded). The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the Organization's financial reporting process.

- a) Recording of contributed services and materials

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

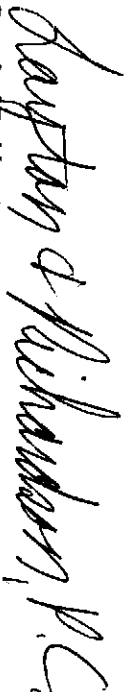
Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Directors and management of Domestic and Sexual Abuse Services, and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

April 14, 208
East Lansing, Michigan

