

Flegal & Tibbitts

Certified Public Accountants

*Mary K. Flegal, CPA
Jana L. Tibbitts, CPA*

January 5, 2009

Board of Directors
Center for Women in Transition
Holland, Michigan

We have audited the financial statements of Center for Women in Transition for the year ended September 30, 2008, and have issued our report thereon dated January 5, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated September 2, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered Center for Women in Transition's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered 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 and to test and report on internal control over compliance in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.

As part of obtaining reasonable assurance about whether Center for Women in Transition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Center for Women in Transition's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Center for Women in Transition's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Center for Women in Transition's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for 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 Center for Women in Transition are described in the notes to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

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. Our audit procedures included inquiries about, and a review of, significant management judgments and accounting estimates.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No material audit adjustments were proposed.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 5, 2009.

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 agency'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.

Recommendations/Comments

In last year's management letter, we recommended that the minutes reflect any funds which the Board of Directors wished to designate. It was noted that the Board approved designating interest on the Capital Campaign and the Donna Cornwell fund.

The revised 990 form for 2008 asks to describe the processes for determining compensation for the executive director and top management. Part of the process should include full Board approval of the compensation in the board minutes.

For determining the amount of compensation, the emphasis is not on restricting executive compensation, but rather holding organizations and their boards accountable for determining a reasonable salary for executives. Nonprofits are permitted to pay reasonable compensation to their executives in the same way as for-profit organizations. The IRS defines reasonable compensation as the amount that would ordinarily be paid for like services by like enterprises. Nonprofit organizations must do their due diligence to determine this amount and document the process. Factors set forth in the federal regulations to determine reasonableness include comparing similarly situated organizations with similar services in the same geographic area.

We appreciated the helpful assistance from your staff in the audit process and are confident that we can continue serving your audit needs in the future.

This information is intended solely for the use of the Board of Directors and management of Center for Women in Transition and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Flegal + Tibbitts".

FLEGAL & TIBBITTS, CPA'S

CENTER FOR WOMEN IN TRANSITION

AUDIT REPORT

SEPTEMBER 30, 2008

(WITH COMPARATIVE TOTALS FOR 2007)

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Center for Women in Transition
Holland, Michigan

We have audited the accompanying statement of financial position of Center for Women in Transition (a nonprofit organization) as of September 30, 2008, and the related statements of activities and changes in net assets, functional expenses, cash flows, and the supplementary schedule for the year then ended. These financial statements are the responsibility of Center for Women in Transition management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the September 30, 2007, financial statements and, in our report dated December 11, 2007, we expressed an unqualified opinion on these financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and supplementary schedule referred to above present fairly, in all material respects, the financial position of Center for Women in Transition as of September 30, 2008, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2009, on our consideration of Center for Women in Transition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Center for Women in Transition taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the 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.



FLEGAL & TIBBITTS

January 5, 2009

CENTER FOR WOMEN IN TRANSITION
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 422,421	203,329	625,750	595,551
Grants receivable	197,553	31,290	228,843	302,710
Promises to give		67,549	67,549	65,391
Interest receivable	1,849		1,849	3,741
Client rent receivable	1,420		1,420	9,731
Other receivables	37,796		37,796	7,317
Prepaid expenses	27,696		27,696	18,657
	<u>688,735</u>	<u>302,168</u>	<u>990,903</u>	<u>1,003,098</u>
TOTAL CURRENT ASSETS				
PROPERTY AND EQUIPMENT				
Land	\$ 557,743		557,743	557,743
Buildings	810,293		810,293	810,293
Land and building improvements	1,832,146		1,832,146	1,832,146
Office furniture and equipment	446,038		446,038	448,766
Transportation equipment	66,352		66,352	66,352
	<u>3,712,572</u>		<u>3,712,572</u>	<u>3,715,300</u>
Less accumulated depreciation	<u>(887,723)</u>		<u>(887,723)</u>	<u>(779,810)</u>
	<u>2,824,849</u>		<u>2,824,849</u>	<u>2,935,490</u>
NET PROPERTY & EQUIPMENT				
OTHER ASSETS				
Beneficial interest in assets held at Community Foundations	\$ 23,922		23,922	27,493
	<u>23,922</u>		<u>23,922</u>	<u>27,493</u>
TOTAL ASSETS				
	<u>\$ 3,537,506</u>	<u>302,168</u>	<u>3,839,674</u>	<u>3,966,081</u>

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 105,383		105,383	82,042
Accrued wages and vacation pay	73,534		73,534	62,288
Accrued payroll taxes	10,342		10,342	11,226
Accrued retirement plan	7,494		7,494	9,106
Current portion of long-term liabilities	<u>2,778</u>		<u>2,778</u>	<u>1,529</u>
TOTAL CURRENT LIABILITIES	\$ <u>199,531</u>		<u>199,531</u>	<u>166,191</u>
LONG-TERM LIABILITIES				
Bank mortgage payable	\$ 92,967		92,967	94,200
MSHDA mortgages payable	111,100		111,100	111,100
Less current portion shown above	<u>(2,778)</u>		<u>(2,778)</u>	<u>(1,529)</u>
TOTAL LONG-TERM LIABILITIES	\$ <u>201,289</u>		<u>201,289</u>	<u>203,771</u>
TOTAL LIABILITIES	\$ <u>400,820</u>		<u>400,820</u>	<u>369,962</u>
NET ASSETS				
Unrestricted	\$ 3,112,708		3,112,708	3,317,003
Board designated funds	23,978		23,978	
Temporarily restricted		<u>302,168</u>	<u>302,168</u>	<u>279,116</u>
TOTAL NET ASSETS	\$ <u>3,136,686</u>	<u>302,168</u>	<u>3,438,854</u>	<u>3,596,119</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>3,537,506</u></u>	<u><u>302,168</u></u>	<u><u>3,839,674</u></u>	<u><u>3,966,081</u></u>

See accompanying notes

CENTER FOR WOMEN IN TRANSITION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008</u>	<u>2007</u>
REVENUES, GAINS, AND SUPPORT				
Grants - governmental agencies	\$ 1,213,339	12,500	1,225,839	1,300,794
Other grants	93,739	92,732	186,471	169,666
Contributions	342,108	10,000	352,108	289,772
United Way		133,257	133,257	135,784
Donated services, materials, and facilities	78,681		78,681	70,574
Transitional Housing Program income	12,766		12,766	43,903
Counseling and service fees	2,668	11,321	13,989	21,124
Girls on the Run - Registrations	122,274		122,274	88,043
Miscellaneous	26,518		26,518	32,165
Special events	122,157		122,157	98,192
Consignment sales	130		130	187
Building rent	23,672		23,672	21,270
Investment income	21,711		21,711	32,385
Capital campaign				1,808
Net assets released from restrictions	236,758	(236,758)		
TOTAL REVENUES, GAINS, AND SUPPORT	\$ 2,296,521	23,052	2,319,573	2,305,667
EXPENSES				
Program	\$ 2,077,896		2,077,896	2,209,829
Management and general	225,375		225,375	144,057
Fundraising	173,567		173,567	94,220
TOTAL EXPENSES	\$ 2,476,838		2,476,838	2,448,106
CHANGE IN NET ASSETS	\$ (180,317)	23,052	(157,265)	(142,439)
NET ASSETS, October 1	3,317,003	279,116	3,596,119	3,738,558
NET ASSETS, September 30	\$ 3,136,686	302,168	3,438,854	3,596,119

See accompanying notes

CENTER FOR WOMEN IN TRANSITION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	Program Services	Management and General	Fundraising	2008	2007
Salaries and wages	\$ 859,513	85,593	63,944	1,009,050	1,037,380
Fringe benefits	156,248	24,234	9,407	189,889	193,809
Assistance to individuals	281,741			281,741	261,697
Travel	30,796	69	1,561	32,426	31,513
Dues and publications	9,143	257	242	9,642	9,701
Supplies	98,374	840	710	99,924	114,779
Insurance		21,434		21,434	22,768
Seminars and training	4,823	80	938	5,841	7,412
Professional services		8,000		8,000	8,485
Communications	51,366	11,492	1,531	64,389	60,188
Miscellaneous	24,932	7,365	1,509	33,806	33,371
Service charges		1,229		1,229	1,343
Contributed services	72,673	3,674	1,834	78,181	70,574
Special events/Fundraising	3,430		65,118	68,548	58,549
Printing	2,000			2,000	8,427
Depreciation	127,037	9,945	2,158	139,140	129,746
Occupancy	111,741	2,230	1,489	115,460	99,317
Equipment rental & maintenance	14,051	687	3,729	18,467	19,679
Rental expenses		23,186		23,186	15,907
Contracted services	173,873	24,648	19,045	217,566	188,482
Advertising	17,886	412	352	18,650	15,428
Program match	38,269			38,269	59,551
TOTAL	\$ 2,077,896	225,375	173,567	2,476,838	2,448,106

See accompanying notes

CENTER FOR WOMEN IN TRANSITION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2008
(WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
FROM OPERATING ACTIVITIES		
Change in net assets	\$ (157,265)	(142,439)
Adjustment to reconcile net assets to net cash provided by operating activities:		
Depreciation	139,141	129,746
(Increase) Decrease in agency endowments	3,571	(2,620)
From change in assets and liabilities		
(Increase) decrease in:		
Grants receivable	73,867	(71,962)
Promises to give	(2,158)	54,680
Prepaid expenses/other receivables	(29,315)	(1,730)
Increase (decrease) in:		
Accounts payable	23,341	15,502
Accrued wages	11,246	(3,068)
Other current liabilities	(2,496)	8,939
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>59,932</u>	<u>(12,952)</u>
FROM INVESTING ACTIVITIES		
Purchase of property and equipment, net of disposals	\$ <u>(28,500)</u>	<u>(74,513)</u>
FROM FINANCING ACTIVITIES		
Payment of long-term liabilities	\$ (1,233)	(1,435)
MSHDA mortgage proceeds		<u>24,294</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ <u>(1,233)</u>	<u>22,859</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 30,199	(64,606)
CASH AND CASH EQUIVALENTS, October 1	<u>595,551</u>	<u>660,157</u>
CASH AND CASH EQUIVALENTS, September 30	\$ <u><u>625,750</u></u>	<u><u>595,551</u></u>

SUPPLEMENTAL DISCLOSURE - Operating activities reflect \$6,626 and \$6,005 of interest paid for the years ending September 30, 2008 and 2007, respectively.

See accompanying notes

CENTER FOR WOMEN IN TRANSITION
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF GRANTS - GOVERNMENTAL AGENCIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008
 (WITH COMPARATIVE TOTALS FOR 2007)

	<u>2008</u>	<u>2007</u>
City of Holland	\$ 12,500	7,250
Federal Department of Housing and Urban Development - Supportive Housing	267,801	334,134
Federal Emergency Management Agency	26,333	22,221
Federal Department of Justice - Transitional Housing and Specialized Services	60,275	69,333
Michigan Department of Community Health: Crime Victims Assistance	152,557	119,873
Michigan State Housing Development Authority: Homeless Emergency Shelter (non-federal) Tenant Based Rental Assistance Program	90,982	69,026 293
Ottawa County MI Works: Displaced Homemaker		37,931
Ottawa County Community Action Agency - Supportive Housing	10,000	10,000
County of Ottawa - Supervised Visits	31,427	
Michigan Coalition Against Domestic and Sexual Violence	48,582	53,625
State of Michigan Department of Human Services Domestic Violence (federal financial assistance) Domestic Violence (non-federal) STOP Violence Against Women (federal financial assistance) Domestic Violence Transitional Housing (federal financial assistance) Sexual Assault (federal financial assistance)	185,074 37,521 71,833 161,954 69,000	272,367 19,757 217,984 67,000
TOTAL GRANTS - GOVERNMENTAL AGENCIES	\$ <u>1,225,839</u>	<u>1,300,794</u>

See accompanying notes

CENTER FOR WOMEN IN TRANSITION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Center for Women in Transition's mission is to create and sustain an environment that enhances the voice and opportunities of women and girls, to encourage them to realize their potential and, in the process, promote stronger individuals, families, and communities. The Center for Women in Transition provides various services to individuals and groups in the West Michigan area. These services include providing information, referral services, emergency shelter, individual counseling, and twenty-four hour crisis response. Some of the topics of these services include domestic violence and rape, mid-life planning, assertiveness training, sexual harassment, divorce, and career development. Programs are available to anyone within the service district area.

The financial statements are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Center for Women in Transition is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

Property and equipment are recorded at cost or fair market value if donated. Depreciation is computed using the straight-line method over the estimated lives of the assets placed into service. The Organization has adopted the policy of capitalizing assets costing \$5,000 or more.

Center for Women in Transition uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

For the purposes of the statement of cash flows, cash and cash equivalents include several checking accounts, petty cash, short term certificates of deposits, and savings accounts.

Advertising costs are expensed as incurred.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2007, from which the summarized information was derived.

CONTRIBUTED SERVICES

Donated services totaling \$78,181 were recognized for the year ended September 30, 2008.

CENTER FOR WOMEN IN TRANSITION
 NOTES TO FINANCIAL STATEMENTS
 YEAR ENDED SEPTEMBER 30, 2008

CONTRIBUTED SERVICES (Continued)

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased.

The Organization also receives volunteer services and materials in conjunction with its exempt purpose which do not meet the criteria for recognition in the financial statements. Accordingly, no values have been recorded herein.

CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash accounts and certificates of deposit with several local financial institutions. Accounts were guaranteed by the Federal Deposit Insurance Corporation up to \$100,000 per financial institution. On October 3, 2008, the FDIC deposit insurance temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. Amounts in excess of insured limits were \$127,043 at September 30, 2008, and \$0 at October 3, 2008.

TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2008, the Organization's temporarily restricted net assets consisted of:

Unconditional promises to give from local United Ways which will be received and available for unrestricted purposes in the subsequent fiscal year	\$ 67,549
Capital campaign	121,870
Girls on the Run	64,299
Other contributions which are donor-restricted for various uses	<u>48,450</u>
Total Temporarily Restricted Net Assets	<u>\$302,168</u>

BOARD DESIGNATED FUNDS

The Board of Directors has designated funds as follows:

Resale seed money	\$ 9,145
Resale client assistance	230
Donna Cornwell Development Fund	4,800
Capital Campaign interest	<u>9,803</u>
Total Board Designated Funds	<u>\$ 23,978</u>

CENTER FOR WOMEN IN TRANSITION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008

RETIREMENT PLAN

The Organization has adopted a 403(b) plan covering full time employees after one year of service. The Organization may make discretionary contributions and 3% of eligible compensation was contributed this year. The Plan allows for employee salary deferrals and the Organization will make matching contributions equal to the employee's deferral, not to exceed 2% of compensation. The Organization's retirement contribution expense was \$30,923 for the year ended September 30, 2008.

OPERATING LEASES

The Organization conducts certain operations from facilities that are leased under operating leases. A total of \$25,300 was charged to expense under these leases during the year ended September 30, 2008.

The Organization also leased a copier. A total of \$8,867 was charged to expense under this lease during the year ended September 30, 2008.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of September 30, 2008, are:

2009	\$32,820
2010	<u>15,440</u>
	<u>\$48,260</u>

BANK MORTGAGE PAYABLE

The bank mortgage is payable to Macatawa Bank. The mortgage is secured by the related property and is payable in monthly installments of \$690, including interest at 6%. The balance of the mortgage at September 30, 2008, was \$92,967. The note matures as follows:

2009	\$ 2,778
2010	2,949
2011	3,131
2012	3,324
2013	<u>80,785</u>
	<u>\$92,967</u>

MSHDA MORTGAGES PAYABLE

Two separate mortgages were obtained from Michigan State Housing Development Authority (MSHDA) for acquiring and renovating property. Both loans are secured by the related property and do not accrue interest. Principal repayment is required only if the property is sold, transferred, or otherwise conveyed, voluntarily or involuntarily, through foreclosure or other

CENTER FOR WOMEN IN TRANSITION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2008

MSHDA MORTGAGES PAYABLE (Continued)

processes, or if the property is no longer operated as a homeless facility prior to a lock-out date. After the lock-out date, there is no obligation to repay the mortgages. The mortgages are forgiven as follows:

<u>Mortgage Amount</u>	<u>Lock-Out Date</u>
\$ 53,100	November 2, 2015
<u>58,000</u>	August 1, 2016
<u>\$111,100</u>	

ACCRUED VACATION PAY

The Organization has accrued vacation pay and paid time off earned by employees but unpaid as of September 30, 2008. The Organization's policy requires payment of unused vacation and paid time off upon termination of employment. The amount accrued at September 30, 2008, was \$38,100.

FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

CONTINGENCIES

Federal financial assistance grants are subject to review by the granting agencies and may be reviewed by the grantor for up to three years after the year of expenditure. Such grants have not been reviewed and approved, nor has any estimate been made for contingent liabilities, such as disallowed expenditures, arising out of any grantor review.

BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

Center for Women in Transition has adopted Statement of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* (SFAS No. 136). This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. SFAS No. 136 specifically requires that if a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the Organization must account for the transfer of such assets as a beneficial interest in funds held by the community foundation. The community foundation refers to such funds as agency fund endowments.

CENTER FOR WOMEN IN TRANSITION
NOTES TO SCHEDULE OF FEDERAL AWARDS
SEPTEMBER 30, 2008

BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS (Continued)

The foundation maintains variance power and legal ownership of agency endowment funds and, as such, continues to report the funds as assets of the foundation. However, in accordance with SFAS No. 136, an asset has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be received by the Organization.

At September 30, 2008, the balance of the agency fund endowments was \$23,922.

CENTER FOR WOMEN IN TRANSITION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Pass-through Grantor/ Program	CFDA #	Pass-through Entity Identifying #	Federal Expenditures
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Direct Awards:			
Supportive Housing Program	14.235		\$ 198,373
Passed through Good Samaritan Ministries for Transitional Housing:			
7/1/07 to 6/30/08	14.235	MI28B619002	53,724
7/1/08 to 6/30/09	14.235	MI28B719001	<u>15,704</u>
Total Supportive Housing Program			\$ <u>267,801</u>
TOTAL UNITED STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ <u>267,801</u>
UNITED STATES DEPARTMENT OF JUSTICE			
Direct Award:			
Transitional Housing and Specialized Services for Disabled and Elderly	16.736		\$ 60,275
Passed through Michigan Department of Community Health:			
Victims of Crime Assistance	16.575	CVA #20004-11V06	152,557
Passed through State of Michigan Department of Human Services:			
Stop Violence Against Women	16.588	STOP-08-70001	62,161
Passed through County of Ottawa:			
Supervised Visits	16.527	2007-CW-AX-0010	<u>31,427</u>
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			\$ <u>306,420</u>

See accompanying notes

CENTER FOR WOMEN IN TRANSITION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

Federal Grantor/Pass-through Grantor/ Program	CFDA #	Pass-through Entity Identifying #	Federal Expenditures
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Michigan Coalition Against Domestic Violence: 9/30/07 to 1/29/09	93.136	DELTA	\$ <u>48,582</u>
Passed through Michigan Department of Human Services:			
Temporary Assistance to Needy Families	93.558	DV-08-70001	134,188
Temporary Assistance to Needy Families	93.558	RPS-08-70001	52,203
Temporary Assistance to Needy Families	93.558	TSH-08-70001	<u>161,954</u>
Total Temporary Assistance to Needy Families			\$ <u>348,345</u>
Family Violence Preventative Services	93.671	DV-08-70001	\$ <u>50,886</u>
Preventative Health & Health Services Block Grant	93.991	RPS-08-70001	\$ 16,797
Preventative Health & Health Services Block Grant	93.991	STOP-08-70001	<u>9,672</u>
Total Preventative Health & Health Services Block Grants			\$ <u>26,469</u>
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ <u>474,282</u>
EMERGENCY FOOD AND SHELTER PROGRAM	97.024	456100-003	\$ <u>26,333</u>
TOTAL FEDERAL AWARDS			\$ <u><u>1,074,836</u></u>

See accompanying notes

CENTER FOR WOMEN IN TRANSITION
NOTES TO SCHEDULE OF FEDERAL AWARDS
SEPTEMBER 30, 2008

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Center for Women in Transition and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

MATCHING CONTRIBUTIONS

In accordance with the terms of the Crime Victim Assistant grant, Center for Women in Transition received in-kind matching contributions consisting of donated services. These services are valued at \$38,139.

**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**

To the Board of Directors
Center for Women in Transition
Holland, Michigan

We have audited the financial statements of Center for Women in Transition (a nonprofit organization) as of and for the year ended September 30, 2008, and have issued our report thereon dated January 5, 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 Center for Women in Transition's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Center for Women in Transition's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 generally accepted accounting principles, 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 Center for Women in Transition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of Center for Women in Transition in a separate letter dated January 5, 2009.

This report is intended solely for the information and use of management, the board of directors, 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 that reads "Flegal & Tibbitts".

FLEGAL & TIBBITTS

January 5, 2009

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

To the Board of Directors
Center for Women in Transition
Holland, Michigan

Compliance

We have audited the compliance of Center for Women in Transition (a nonprofit organization) 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 its major federal program for the year ended September 30, 2008. Center for Women in Transition's major federal program is 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 its major federal program is the responsibility of Center for Women in Transition's management. Our responsibility is to express an opinion on Center for Women in Transition's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-33, *Audit 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 Center for Women in Transition's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Center for Women in Transition's compliance with those requirements.

In our opinion, Center for Women in Transition complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended September 30, 2008.

Internal Control Over Compliance

The management of Center for Women in Transition is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Center for Women in Transition's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Center for Women in Transition's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of

control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that 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 management, the board of directors, 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.


FLEGAL & TIBBITTS

January 5, 2009

CENTER FOR WOMEN IN TRANSITION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion.
2. No significant deficiencies relating to the audit of the financial statements of Center for Women in Transition are reported.
3. No instances of noncompliance material to the financial statements of Center for Women in Transition were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program of Center for Women in Transition are reported.
5. The auditor's report on compliance for the major federal award program for Center for Women in Transition expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for Center for Women in Transition are reported.
7. The major program tested was Temporary Assistance to Needy Families, CFDA #93.558.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Center for Women in Transition was determined to be a low-risk auditee.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no audit findings noted in the prior year audit.