

STOP ABUSIVE FAMILY ENVIRONMENTS (S.A.F.E.), INC.

FINANCIAL REPORT

JUNE 30, 2007 AND 2006



PERSINGER & COMPANY, L.L.C.

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Stop Abusive Family Environments, Inc.
P.O. Box 234
Welch WV, 24801

We have audited the accompanying statements of financial position of Stop Abusive Family Environments, Inc. as of June 30, 2007 and 2006, and the related statements of activities and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Stop Abusive Family Environments, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 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 Stop Abusive Family Environments, Inc. as of June 30, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2008, on our consideration of Stop Abusive Family Environments, Inc.'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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Stop Abusive Family Environments, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Persinger + Company, L.L.C.

Covington, Virginia
February 15, 2008

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2007 and 2006

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,263,344	\$ 1,033,234
Temporarily restricted cash (Note 5)	29,822	25,406
Grants receivable	24,826	165,208
Other current assets	6,420	3,947
Housing Development Property (Note 2)	172,751	119,451
Current maturity of notes receivable (Note 4)	9,419	9,359
Total current assets	1,506,582	1,356,605
PROPERTY AND EQUIPMENT (Note 3)		
Transitional Housing, net	2,151,834	2,178,027
SAFE Housing and Economic Development, net	3,908,971	4,021,466
Total fixed assets	6,060,805	6,199,493
OTHER ASSETS		
Notes receivable (Note 4)	220,066	230,297
Escrow (Note 5)	39,552	38,103
Total other assets	259,618	268,400
TOTAL ASSETS	\$ 7,827,005	\$ 7,824,498
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 35,458	\$ 54,492
Current maturity of long term debt (Note 6)	1,186	5,109
Total current liabilities	36,644	59,601
LONG TERM DEBT (Note 6)	1,690,630	1,691,816
NET ASSETS		
Temporarily restricted net assets (Note 5)	69,374	63,509
Unrestricted net assets	6,030,357	6,009,572
Total net assets	6,099,731	6,073,081
TOTAL LIABILITIES AND NET ASSETS	\$ 7,827,005	\$ 7,824,498

See Notes to Financial Statements.

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2007 and 2006

	2007	2006
CHANGES IN UNRESTRICTED NET ASSETS		
SUPPORT		
Grants	\$ 705,525	\$ 1,026,704
Medicaid	260,431	219,614
Donations (Note 8)	65,593	56,188
Donated office space (Note 8)	1,447	1,447
Total support	1,032,996	1,303,953
REVENUE		
Rent	150,288	143,586
Gain on sale of housing	1,394	89,580
Loan subsidy (Note 6)	15,832	15,585
Interest income	37,099	11,905
Other income	5,327	4,909
Total revenue	209,940	265,565
 Total Unrestricted Support and Revenue	 1,242,936	 1,569,518
Net assets released from restriction:		
Satisfaction of program restrictions	(5,865)	5,941
 Total Unrestricted Support, Revenue, and Reclassifications	 1,237,071	 1,575,459
EXPENSES		
Transitional housing	664,437	680,335
SAFE Housing & Economic Development	409,096	545,002
General and administrative	142,753	239,598
Total expenses	1,216,286	1,464,935
 CHANGE IN UNRESTRICTED NET ASSETS	 \$ 20,785	 \$ 110,524

See Notes to Financial Statements.

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2007 and 2006

	2007	2006
TEMPORARILY RESTRICTED NET ASSETS		
Receipts	\$ 25,993	\$ 50,307
Assets released from restrictions	(20,128)	(56,248)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	5,865	(5,941)
 TOTAL INCREASE (DECREASE) IN NET ASSETS	 26,650	 104,583
 NET ASSETS, Beginning of Year	 6,073,081	 5,968,498
 NET ASSETS, End of Year	 \$ 6,099,731	 \$ 6,073,081

See Notes to Financial Statements.

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
STATEMENT OF CASH FLOWS
For The Years Ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets	\$ 26,650	\$ 104,583
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Depreciation	182,778	182,948
Escrow	(1,449)	3,507
(Increase) decrease in:		
Grant receivable	140,382	(31,374)
Other current assets	(2,476)	1,624
Housing Development Property	(53,300)	22,300
Notes receivable - Housing	10,171	(8,964)
(Increase) decrease in:		
Accounts payable	(19,031)	16,475
Deferred revenue	-	(225,019)
Total adjustments	257,075	(38,503)
NET CASH PROVIDED BY OPERATING ACTIVITIES	283,725	66,080
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(44,090)	(5,414)
NET CASH (USED) BY INVESTING ACTIVITIES	(44,090)	(5,414)
CASH FLOW FROM FINANCING ACTIVITIES		
Payments on notes payable	(5,109)	(5,036)
NET CASH (USED) BY FINANCING ACTIVITIES	(5,109)	(5,036)
NET INCREASE IN CASH	234,526	55,630
Cash and Equivalents, Beginning	1,058,640	1,003,010
Cash and Equivalents, End	\$ 1,293,166	\$ 1,058,640
Cash and equivalents consists of the following on the balance sheet:		
Unrestricted cash	\$ 1,263,344	\$ 1,033,234
Temporarily restricted cash	29,822	25,406
Total cash and equivalents	\$ 1,293,166	\$ 1,058,640
Supplemental Information		
Interest paid	\$ 23,206	\$ 23,355
Non-Cash Transactions		
Donated revenue and expense	\$ 54,104	\$ 53,776
Forgiveness of debt	\$ 4,000	\$ 4,000

See Notes to Financial Statements.

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities:

Stop Abusive Family Environments, Inc., also known as S.A.F.E., is a non-profit corporation organized under the laws of the State of West Virginia and is operated to provide services and transitional housing facilities for victims of domestic violence in McDowell County and other southern West Virginia counties. The organization also participates in the Community Housing Development program which provides single housing to eligible home buyers, and has constructed low income rental units which are subsidized by HUD.

S.A.F.E. is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an entity that is not a private foundation within the meaning of Section 509 (a).

A summary of the Organization's significant accounting policies follows:

Basis of accounting:

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Source of Revenue:

S.A.F.E. receives revenue from federal, state, and other grants along with various individual and corporate donations, sale of single family housing, and rent from tenants in the transitional housing facility, and HUD housing development known as Starland Heights.

Cash and cash equivalents:

S.A.F.E. considers all cash accounts which are not subject to withdrawal restrictions or penalties including checking, savings, and certificates of deposit as cash and cash equivalents.

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. 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.

Contributed goods and services:

Contributed services that create or enhance non-financial assets or require specialized skills are recorded as support and expense in the period that the services are performed. No amounts were recorded because these services did not meet the above criteria, and/or could not be reasonably estimated. Contributed goods are recorded as support and expense in the period that they are received and used. The amounts of these goods were recorded at the cost of each specific item.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Property and equipment:

Expenditures for the acquisition of property and equipment are capitalized at cost. The fair market value of donated property and equipment at the date of gift is similarly capitalized. Donated property and equipment for which it is impracticable to determine a value is not capitalized. Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful life of the property.

Functional allocation of expenses:

The costs of providing the programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting service benefited.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Note 2. Housing Development Property

S.A.F.E. is involved with a program with the West Virginia Housing Development Fund through HUD-HOMECHDO to develop and sell single family housing units to individuals and families who may not be able to purchase a house by any other means. S.A.F.E. had purchased or received by donation property for development and/or resale at fair market value of \$172,751 and \$119,451, respectively, as of June 30, 2007 and 2006.

Note 3. Property and Equipment

Property and equipment at June 30, 2007 and 2006 consist of the following:

	<u>2007</u>	<u>2006</u>
Transitional Housing:		
Land	\$ 500	\$ 500
Land improvements	20,500	20,500
Buildings and improvements	2,693,778	2,688,137
Office equipment and furniture	68,428	65,803
Vehicles	67,884	35,501
Program equipment and furniture	<u>23,906</u>	<u>20,465</u>
	2,874,996	2,830,906
Less accumulated depreciation	<u>723,162</u>	<u>652,879</u>
Total transitional housing	<u>\$ 2,151,834</u>	<u>\$ 2,178,027</u>

NOTES TO FINANCIAL STATEMENTS

Note 3. Property and equipment (continued)

	<u>2007</u>	<u>2006</u>
SAFE Housing & Economic Development Managed:		
Land – Kimball Office	\$ 10,000	\$ 10,000
Land – Starland Heights	357,322	357,322
Land improvements – Starland Heights	435,076	435,076
Building – Kimball Office	86,923	86,923
Building – Starland Heights	3,555,019	3,555,019
Office furniture and equipment	<u>10,865</u>	<u>10,865</u>
	4,455,205	4,455,205
Less accumulated depreciation	<u>546,234</u>	<u>433,739</u>
Total SAFE Housing & Economic Development	<u><u>3,908,971</u></u>	<u><u>4,021,466</u></u>

Note 4. Notes Receivable and Contingencies

One source of revenue for S.A.F.E. is the sale of single family housing to families that could not afford their own house by any other means. In regards thereto, S.A.F.E. has taken notes, with the first deed of trust, from the purchasers of these units. There are a total of 25 individual notes outstanding. Terms of these notes vary from 1% to 3% and from 15 years to 33 years. Notes receivable at June 30, 2007 amounted to \$229,485. These notes are collectible as follows:

<u>June 30,</u>	<u>Amount</u>
2008	\$ 9,419
2009	9,583
2010	9,750
2011	9,922
2012	10,094
Later years	<u>180,717</u>
	<u><u>\$ 229,485</u></u>

Note 5. Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes:

	<u>2007</u>	<u>2006</u>
Cash:		
Security deposits	\$ 5,856	\$ 4,844
USDA-RD Section 515 Reserve	<u>23,966</u>	<u>20,562</u>
Total Temporarily Restricted Cash	29,822	25,406
Escrow:		
WV Housing Development Fund		
Replacement/Insurance reserve	<u>39,552</u>	<u>38,103</u>
Temporarily Restricted Assets	<u><u>\$ 69,374</u></u>	<u><u>\$ 63,509</u></u>

NOTES TO FINANCIAL STATEMENTS

Note 6. Long Term Debt and Contingencies

S.A.F.E. has entered into agreements for funds to renovate property to be used for transitional housing. The following funds are considered a non-interest bearing promissory note, secured by certain real property, used for transitional housing. No payment on the notes will be required if the organization continues to use the property to serve this purpose for no less than 20 years, or converts the property to other agreed upon use. If there is a breach or default in the performance of these agreements, which expire June 30, 2016, the entire unpaid balances shall at once become due in full. Accordingly, revenue will be recognized as the debt is forgiven. At June 30, the balances were as follows:

	<u>2007</u>	<u>2006</u>
WVHDF	\$ 878,628	\$ 878,628
FHLB	120,000	120,000
HUD	<u>350,000</u>	<u>350,000</u>
	<u>\$ 1,348,628</u>	<u>\$ 1,348,628</u>

On September 28, 2001 the Region I Planning & Development Council 2001 Flood Assistance IJDC Forgivable Loan Program loaned S.A.F.E. \$20,000 at a 0% interest rate, forgivable 20% each year that the organization retains its principle place of business in certain counties in WV. At June 30, 2006 the forgivable loan balance was \$4,000 and the Region I Planning and Development Council had forgiven the full balance as of June 30, 2007.

During the year ended June 30, 2003 the United States Department of Agriculture Rural Housing Service loaned S.A.F.E. \$347,710 with interest fixed at 6.75%, secured by rental property and land known as Starland Heights, payable over 50 years in monthly payments of \$2,026, including principal and interest. Of the monthly payments, \$738 shall be paid by S.A.F.E. and \$1,288 will be applied as a subsidy from the lending agency. The balance at June 30, 2007 and 2006 was \$343,188 and \$344,297, respectively.

At June 30, 2007, the loan subsidy amount of \$15,832 reflected on the Statement of Activities includes \$4,000 from the Region I Planning and Development Council and \$11,832 from USDA as mentioned above.

Maturities of all long term debt are as follows:

<u>June 30,</u>	<u>Amount</u>
2008	\$ 1,186
2009	1,269
2010	1,357
2011	1,452
2012	1,553
Later years	<u>1,684,999</u>
	<u>\$ 1,691,816</u>

Note 7. Concentrations of Credit Risk

The organization maintains its cash in bank deposit accounts, including checking, savings, and certificates of deposit. In the past, the organization has exceeded federally insured limits for a brief period of time due to short timing differences between receiving large grants and dispensing those funds. S.A.F.E. is extremely cautious about the insured limit and has taken proper measures to reduce the risk. At the year end June 30, 2007, the organization did not have any account balances that exceeded the federally insured limit.

NOTES TO FINANCIAL STATEMENTS

Note 8. Donated Materials, Facilities, and Property

The organization received donated office space and donated materials during the years ended June 30, 2007 and 2006. The following amounts are reported in the accompanying financial statements as donations and expenses at June 30:

	<u>2007</u>	<u>2006</u>
Supplies, food, clothing, etc.	\$ 53,276	\$ 52,329
Office space	<u>1,447</u>	<u>1,447</u>
	<u>\$ 54,723</u>	<u>\$ 53,776</u>

Note 9. Compensated Absences

In accordance with the organization's personnel policies, its employees earn vacation leave and sick leave throughout the year. Up to 2 weeks (80 hours) can be carried over at the end of each year. Employees are paid any annual leave that is due to them upon termination. As of the end of each fiscal year, all unpaid leave expense is accrued under the rules of a vested plan. At June 30, 2007 and 2006 the balance in unpaid leave was \$23,402 and \$9,578, respectively.

Note 10. Commitments and Contingencies

The organization leases office space from Bluefield State College in Mercer County, WV and from the U.S. Postal Service in Wyoming County, WV. S.A.F.E. pays Bluefield State College \$99 per month, a reduced rate, with the lease expiring November 14, 2010. S.A.F.E. pays the Postal Service in Wyoming County \$250 per month, with the lease expiring August 31, 2008. The difference in the market rate and the rate charged by Bluefield State is booked as donated office space. Rental expense for the year ended June 30, 2007 and 2006 amounted to \$5,635 and \$5,911, respectively. At June 30, 2007 the organization is committed to non-cancelable operating leases as follows:

<u>June 30,</u>	<u>Amount</u>
2008	\$ 4,188
2009	1,688
2010	1,188
2011	<u>495</u>
	<u>\$ 7,559</u>

Note 11. Retirement Plan

Stop Abusive Family Environments, Inc. takes part in a 403 (b) pension plan that is available to all full time employees. The organization contributes 3% of each full time employee's salary to the plan and the employee has the option of making any other contributions. Employees are given the option to cash in, roll over, or leave the money in this fund upon termination. Pension expense for the year ended June 30, 2007 and 2006 was \$13,623 and \$14,239, respectively.



PERSINGER & COMPANY, L.L.C.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

Board of Directors
Stop Abusive Family Environments, Inc.
P.O. Box 234
Welch WV, 24801

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.

Persinger + Company, L.L.C.

Covington, Virginia
February 15, 2008

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2007

	TRANSITIONAL HOUSING	SAFE HOUSING AND ECONOMIC DEVELOPMENT	GENERAL AND ADMINISTRATIVE	TOTAL
Salaries and wages	\$ 301,878	\$ 75,469	\$ 60,918	\$ 438,265
Employee benefits and payroll taxes	71,408	17,852	14,410	103,670
Housing expense	-	37,291	-	37,291
Depreciation	62,735	97,825	22,218	182,778
TBAI Program	-	79,079	-	79,079
Utilities	26,154	31,966	8,303	66,423
Donated goods	50,457	-	2,819	53,276
Program supplies	61,949	-	-	61,949
Professional fees	1,000	5,805	6,804	13,609
Travel	14,366	7,172	3,800	25,338
Training	7,354	-	-	7,354
Insurance	14,000	6,911	-	20,911
Interest	-	23,206	-	23,206
Contract labor	17,770	-	-	17,770
Telephone	13,440	2,025	2,070	17,535
Maintenance	4,917	21,459	2,588	28,964
Office supplies	1,556	766	6,967	9,289
Advertising	-	-	3,803	3,803
Program	5,871	1,404	-	7,275
Rent	5,635	-	-	5,635
Printing	3,080	-	1,264	4,344
Dues and subscriptions	-	-	3,888	3,888
Miscellaneous	867	866	866	2,599
Postage	-	-	2,035	2,035
Total	\$ 664,437	\$ 409,096	\$ 142,753	\$ 1,216,286

See Notes to Financial Statements.

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2006

	TRANSITIONAL HOUSING	SAFE HOUSING AND ECONOMIC DEVELOPMENT	GENERAL AND ADMINISTRATIVE	TOTAL
Salaries and wages	\$ 325,344	\$ 71,898	\$ 107,520	\$ 504,762
Employee benefits and payroll taxes	73,089	16,150	24,160	113,399
Housing expense	-	191,239	-	191,239
Depreciation	62,735	97,825	22,388	182,948
TBAI Program	-	85,466	-	85,466
Utilities	24,376	26,534	7,273	58,183
Donated goods	49,712	-	2,616	52,328
Program supplies	47,850	-	-	47,850
Professional fees	3,674	15,246	16,716	35,636
Travel	19,887	10,093	5,291	35,271
Training	5,424	-	-	5,424
Insurance	14,306	13,785	-	28,091
Interest	-	-	23,355	23,355
Contract labor	22,093	-	-	22,093
Telephone	13,114	1,951	2,000	17,065
Maintenance	1,541	12,304	1,609	15,454
Office supplies	2,767	1,207	9,465	13,439
Advertising	-	-	9,659	9,659
Program	5,452	1,304	-	6,756
Rent	5,911	-	-	5,911
Printing	3,060	-	1,425	4,485
Dues and subscriptions	-	-	3,305	3,305
Miscellaneous	-	-	1,447	1,447
Postage	-	-	1,369	1,369
Total	<u>\$ 680,335</u>	<u>\$ 545,002</u>	<u>\$ 239,598</u>	<u>\$ 1,464,935</u>

See Notes to Financial Statements.



PERSINGER & COMPANY, L.L.C.

Certified Public Accountants

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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*

Board of Directors
Stop Abusive Family Environments, Inc.
P.O. Box 234
Welch WV, 24801

We have audited the financial statements of Stop Abusive Family Environments, Inc. as of and for the years ended June 30, 2007 and 2006, and have issued our report thereon dated February 15, 2008. We have 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 audits, we considered Stop Abusive Family Environments, Inc.'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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stop Abusive Family Environments, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, 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.

Persinger & Company, L.L.C.

Covington, Virginia
February 15, 2008



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

Board of Directors
Stop Abusive Family Environments, Inc.
P.O. Box 234
Welch WV, 24801

Compliance

We have audited the compliance of Stop Abusive Family Environments, Inc. (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 each of its major federal programs for the year ended June 30, 2007 and 2006. Stop Abusive Family Environments, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Stop Abusive Family Environments, Inc.'s management. Our responsibility is to express an opinion on Stop Abusive Family Environments, Inc.'s compliance based on our audits.

We conducted our audits of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Stop Abusive Family Environments, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion. Our audits do not provide a legal determination of Stop Abusive Family Environments, Inc.'s compliance with those requirements.

In our opinion, Stop Abusive Family Environments, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the years ended June 30, 2007 and 2006.

Internal Control Over Compliance

The management of Stop Abusive Family Environments, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audits, we considered Stop Abusive Family Environments, Inc.'s 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 the internal control over compliance in accordance with OMB Circular A-133.



Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others with the organization, 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.

Persinger + Company, LLC.
Covington, Virginia
February 15, 2008

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2007

I. Summary of the Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Stop Abusive Family Environments, Inc.
2. No reportable conditions in internal control were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Stop Abusive Family Environments, Inc. were disclosed during the audit.
4. No reportable conditions or material weaknesses in internal control over major programs were disclosed.
5. The auditor's report on compliance for the major federal award programs for Stop Abusive Family Environments, Inc., expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported relative to the major federal awards.
7. The program tested as major program includes:

14.231	ESG 2006/2007	\$ 48,000
23.002	ARC	73,739

8. The threshold for distinguishing Types A and B programs was \$ 300,000.
 9. Stop Abusive Family Environments, Inc. was determined to be a low-risk auditee.
- II. There were no findings relating to the financial statements which are required to be reported in accordance with GAGAS.
- III. No findings and questioned costs for Federal awards were disclosed.

STOP ABUSIVE FAMILY ENVIRONMENTS, INC.
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For The Year Ended June 30, 2007

<u>FEDERAL GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>AWARDS EXPENDED</u>	<u>PASS THROUGH NUMBER</u>	<u>PASS THROUGH AGENCY</u>
<u>Department of Housing and Urban Development</u>				
ESG 2006/2007	14.231	\$ 48,000	S-05-DC-54-001	WV Office of Econ. Opp.
HUD/SHP	14.235	69,077	WV28B408004	HUD
CDC - LISC	14.218	15,000	41218-0012	LISC
RHED	14.25	87,899	RH00WVI0064	HUD
<u>Department of Justice</u>				
VOCA	16.575	59,176	05-VA-036	WV Div. of Criminal Justice
LAV	16.524	7,996	2004-WL-AX-0040	WV Coalition Against DV
Rural DV	16.589	15,191	06-RVAW-005	WV Div. of Criminal Justice
<u>Department of Health and Human Services</u>				
FVP	93.671	66,888	8722-099	WVDHHR
<u>Appalachian Regional Commission</u>				
ARC	23.002	73,739	WW5258-302-2005	ARC
<u>Federal Emergency Management Agency</u>				
EFSG	83.523	<u>1,882</u>	900400-006	Emer. Food & Shelter Pro.
Total Federal Awards Expended		<u>\$ 444,848</u>		