

**THE SHELTER FOR ABUSED
WOMEN & CHILDREN, INC.**

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT THEREON

JUNE 30, 2012

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The Shelter for Abused Women & Children, Inc.
Naples, Florida

We have audited the accompanying statement of financial position of The Shelter for Abused Women & Children, Inc. (a nonprofit corporation) as of June 30, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of The Shelter for Abused Women & Children, Inc.'s 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 Organization's 2011 financial statements and, in our report dated October 25, 2011, we expressed an unqualified opinion on those 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 referred to above present fairly, in all material respects, the financial position of The Shelter for Abused Women & Children, Inc. as of June 30, 2012, and the changes in its net assets and its 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 October 12, 2012, on our consideration of The Shelter for Abused Women & Children, 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 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 The Shelter for Abused Women & Children, Inc. 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-Profits 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.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants
October 12, 2012

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012

(With Comparative Totals for 2011)

ASSETS

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,910,940	\$ 1,600,220
Investments - Note 3	3,989,943	3,722,690
Grants receivable	699,529	461,988
Pledges receivable - Note 6	236,137	384,978
Prepaid expenses	44,014	42,459
Inventory - resale store	110,527	102,059
Property and equipment, net of accumulated depreciation of \$2,565,708 in 2012 and \$2,285,179 in 2011 - Note 7	<u>7,517,470</u>	<u>7,771,145</u>
Total assets	<u>\$ 14,508,560</u>	<u>\$ 14,085,539</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 49,426	\$ 46,753
Accrued expenses	260,390	197,266
Deposits held	1,067	970
Long-term debt - Note 8	<u>108,000</u>	<u>117,000</u>
Total liabilities	<u>418,883</u>	<u>361,989</u>
Net assets:		
Unrestricted -		
Designated for Beau Venturi House capital improvements	98,097	101,498
Designated as endowment fund - Note 14	3,348,627	2,994,480
Designated for property and equipment	7,517,470	7,771,145
Undesignated	<u>2,300,456</u>	<u>2,291,111</u>
Total unrestricted net assets	13,264,650	13,158,234
Temporarily restricted - Note 13	602,772	508,421
Permanently restricted - Note 13 and Note 15	<u>222,255</u>	<u>56,895</u>
Total net assets	<u>14,089,677</u>	<u>13,723,550</u>
Total liabilities and net assets	<u>\$ 14,508,560</u>	<u>\$ 14,085,539</u>

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	2012			Totals	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2012	2011
REVENUES:					
Support from government units	\$ 814,086	\$ -	\$ -	\$ 814,086	\$ 956,424
United Way of Collier County	110,000	-	-	110,000	110,000
Transitional housing rents	8,852	-	-	8,852	8,002
Other public support	576,472	602,772	161,690	1,340,934	1,235,212
Other public support - in kind	616,943	-	-	616,943	694,754
Resale store revenues	1,326,327	-	-	1,326,327	1,293,662
Fund raising events	1,429,265	-	-	1,429,265	1,156,679
Investment return - Note 5	43,525	-	3,670	47,195	515,906
Total revenues	4,925,470	602,772	165,360	5,693,602	5,970,639
Net assets released from restrictions	508,421	(508,421)	-	-	-
Total revenues and net assets released from restrictions	5,433,891	94,351	165,360	5,693,602	5,970,639
EXPENSES AND LOSSES:					
Program services	3,947,424	-	-	3,947,424	3,975,020
Supporting services	1,380,051	-	-	1,380,051	1,342,283
Total expenses	5,327,475	-	-	5,327,475	5,317,303
INCREASE IN NET ASSETS	106,416	94,351	165,360	366,127	653,336
NET ASSETS - BEGINNING OF YEAR	13,158,234	508,421	56,895	13,723,550	13,070,214
NET ASSETS - END OF YEAR	\$ 13,264,650	\$ 602,772	\$ 222,255	\$ 14,089,677	\$ 13,723,550

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2011

	Program Services	Supporting Services			Total Expenses
		Resale Store	Fund Raising	Administrative	
Salaries and wages	\$ 1,826,567	\$ 150,474	\$ 221,264	\$ 279,156	\$2,477,461
Payroll taxes and employee benefits	409,684	34,977	49,955	51,221	545,837
Total salaries and related expenses	<u>2,236,251</u>	<u>185,451</u>	<u>271,219</u>	<u>330,377</u>	<u>3,023,298</u>
Advertising	8,067	12,819	158	-	21,044
Books, tapes, and subscriptions	2,152	-	324	276	2,752
Client assistance	202,221	-	-	-	202,221
Client assistance - in kind	694,754	-	-	-	694,754
Dues and membership	11,670	1,494	2,246	2,826	18,236
Fund raising event costs	-	-	160,697	-	160,697
Insurance	78,993	12,880	9,502	15,914	117,289
Miscellaneous	21,314	14,654	119	229	36,316
Postage and printing	17,478	3,371	6,429	5,252	32,530
Professional services	50,459	11,648	52,178	12,179	126,464
Rent	47,640	30,285	-	-	77,925
Repairs and maintenance	132,793	9,412	8,407	4,273	154,885
Supplies	47,808	5,044	5,120	3,439	61,411
Telephone	20,740	3,139	1,824	5,591	31,294
Training and recruiting	19,867	34	877	2,558	23,336
Travel	5,235	-	2,502	8,039	15,776
Trucking	26,364	52,580	-	-	78,944
Utilities	82,062	12,973	5,327	1,332	101,694
Volunteer/staff development	6,677	806	18,740	1,858	28,081
Uncollectible pledges	-	-	11,718	-	11,718
Gain/loss on disposal of asset	10,225	-	-	-	10,225
Depreciation	<u>252,250</u>	<u>26,172</u>	<u>3,167</u>	<u>4,824</u>	<u>286,413</u>
Total expenses	<u>\$ 3,975,020</u>	<u>\$ 382,762</u>	<u>\$ 560,554</u>	<u>\$ 398,967</u>	<u>\$5,317,303</u>

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012

	Program Services	Supporting Services			Total Expenses
		Resale Store	Fund Raising	Administrative	
Salaries and wages	\$ 1,931,292	\$ 145,706	\$ 241,346	\$ 223,508	\$2,541,852
Payroll taxes and employee benefits	444,495	35,122	55,352	44,959	579,928
Total salaries and related expenses	<u>2,375,787</u>	<u>180,828</u>	<u>296,698</u>	<u>268,467</u>	<u>3,121,780</u>
Advertising	8,041	11,846	300	-	20,187
Books, tapes, and subscriptions	1,354	11	100	412	1,877
Client assistance	148,234	-	-	-	148,234
Client assistance - in kind	616,943	-	-	-	616,943
Dues and membership	10,779	1,128	3,302	4,115	19,324
Fund raising event costs	-	-	280,761	-	280,761
Insurance	78,989	11,174	10,484	17,854	118,501
Miscellaneous	9,013	14,243	-	23,543	46,799
Postage and printing	16,878	2,287	7,761	2,373	29,299
Professional services	44,103	5,126	22,444	12,586	84,259
Rent	37,009	-	-	-	37,009
Repairs and maintenance	158,907	12,880	6,721	6,419	184,927
Supplies	41,799	4,966	4,330	2,379	53,474
Telephone	20,799	2,830	1,791	6,070	31,490
Training and recruiting	22,711	140	14,339	6,248	43,439
Travel	4,399	5	2,829	8,454	15,687
Trucking	24,568	45,395	-	-	69,963
Utilities	77,867	11,971	5,208	1,302	96,348
Volunteer/staff development	8,876	835	14,101	2,150	25,962
Uncollectible pledges	-	-	9,152	-	9,152
Gain/loss on disposal of asset	(8,468)	-	-	-	(8,468)
Depreciation	248,836	23,312	1,056	7,325	280,529
Total expenses	<u>\$ 3,947,424</u>	<u>\$ 328,977</u>	<u>\$ 681,377</u>	<u>\$ 369,697</u>	<u>\$5,327,475</u>

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from government units	\$ 746,946	\$ 1,113,716
Cash received from United Way of Collier County	110,000	110,000
Cash received from other public support	1,634,638	1,891,718
Cash received from resale store	1,326,327	1,293,662
Cash received from fund raising	1,578,107	1,060,063
Investment income received	47,195	515,906
Cash paid to suppliers and employees	<u>(4,991,075)</u>	<u>(5,000,474)</u>
Net cash provided by operating activities	<u>452,138</u>	<u>984,591</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Sales of investments	354,102	525,293
Purchases of investments	(621,355)	(499,353)
Purchases of property and equipment	<u>(26,855)</u>	<u>(140,547)</u>
Net cash (used) by investing activities	<u>(294,108)</u>	<u>(114,607)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions received for donor-restricted endowment	161,690	-
Payments on long term debt	<u>(9,000)</u>	<u>(9,000)</u>
Net cash provided/(used) by financing activities	<u>152,690</u>	<u>(9,000)</u>
NET INCREASE IN CASH	310,720	860,984
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,600,220</u>	<u>739,236</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,910,940</u>	<u>\$ 1,600,220</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	\$ 366,127	\$ 653,336
Depreciation	280,529	286,413
Contributions received for donor-restricted endowment	(161,690)	-
Changes in assets and liabilities -		
Grants and pledges receivable	(88,699)	38,926
Prepaid expenses	(1,555)	9,153
Inventory	(8,468)	10,225
Accounts payable and accrued expenses	<u>65,894</u>	<u>(13,462)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 452,138</u>	<u>\$ 984,591</u>

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2012 AND 2011

NOTE 1 - ORGANIZATION

The Shelter for Abused Women and Children, Inc. (the Organization), was organized in 1986 for the purpose of providing counseling, shelter, and other services to victims of domestic violence in Collier County, Florida.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

In Kind Contributions

In kind contributions are recorded as contributions at their estimated current value at the date of the contribution. Items contributed to the resale store that had not been sold at the balance sheet date are recorded as inventory at their estimated current value.

Contributed Services

During the years ended June 30, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. The Organization receives approximately 12,000 volunteer hours per year.

Inventory - Resale Store

Inventory of contributed resale merchandise at the resale store is carried at their estimated current value.

Investments

Investments in marketable securities are carried at fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property and Equipment

Property and equipment are recorded at cost or, if contributed, at the fair value on the date of contribution. Depreciation is provided on the straight-line basis over the estimated useful lives of five to fifteen years for furniture, fixtures and equipment and thirty-nine years for buildings and improvements.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers as cash and cash equivalents all highly liquid investments with an initial maturity of three months or less. Excluded from this definition of cash equivalents are such amounts that represent funds that have been designated by the Board of Directors for investment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2012 AND 2011

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES - continued

Comparative financial statements and reclassifications

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 June 30, 2011, from which the summarized information was derived.

Expense Allocation

The costs of providing program, management, fundraising, and thrift store 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.

NOTE 3 - INVESTMENTS

	<u>Cost</u> <u>2012</u>	<u>Fair Market Value</u> <u>2012</u>	<u>Fair Market Value</u> <u>2011</u>
Investments consist of the following:			
Certificates of deposits and money accounts	\$ 705,406	\$ 705,406	\$ 814,309
Equity securities	1,721,723	1,987,576	1,658,052
Fixed income securities	905,348	1,008,397	781,604
Real estate	63,714	64,196	74,687
Commodities	211,965	224,368	383,744
Accrued interest	-	-	10,294
Total investments	<u>3,608,156</u>	<u>3,989,943</u>	<u>3,722,690</u>
Less: permanently restricted investments	<u>222,255</u>	<u>222,255</u>	<u>56,895</u>
Unrestricted investments	<u>\$ 3,385,901</u>	<u>\$ 3,767,688</u>	<u>\$ 3,665,795</u>

NOTE 4 - FAIR VALUE MEASUREMENTS

The Organization measures fair value as set forth in the Statement of Financial Accounting Standard FASB ASC 820, "Fair Value Measurements." FASB ASC 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. FASB ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2012 AND 2011

NOTE 4 - FAIR VALUE MEASUREMENTS - continued

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2012:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Corporate Bonds	\$ 541,359	\$ -	\$ 541,359	\$ -
International Bonds	467,038	-	467,038	-
Equity Funds	1,987,576	1,987,576	-	-
Real Estate	64,196	64,196	-	-
Commodities	224,368	224,368	-	-
Cash Equivalents	705,406	705,406	-	-
		<u>\$ 2,981,546</u>	<u>\$ 1,008,397</u>	<u>\$ -</u>

NOTE 5 - INVESTMENT RETURN

Investment return is comprised of the following:

	<u>2012</u>	<u>2011</u>
Endowment fund:		
Interest and dividends	\$ 82,827	\$ 75,693
Realized gains and losses	(69,302)	(16,538)
Unrealized gains and losses	17,389	433,546
Investment return from board-designated endowment fund	<u>30,914</u>	<u>492,701</u>
All other sources:		
Interest, dividends and net investment loss	16,281	23,205
Investment return from all other sources	<u>16,281</u>	<u>23,205</u>
Total investment return	<u>\$ 47,195</u>	<u>\$ 515,906</u>

NOTE 6 - PLEDGES RECEIVABLE

Pledges receivable at June 30, 2012 are due as follows:

<u>Year ending June 30</u>	
2013	\$ 106,340
2014	58,600
2015	44,800
2016	44,800
	<u>254,540</u>
Less: unamortized discount	2,279
Less: reserve for uncollectable pledges	16,124
Total	<u>\$ 236,137</u>

Pledges receivable with due dates extending beyond one year are discounted using three-year U.S. Treasury interest rates.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2012 AND 2011

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 1,593,261	\$ 1,593,261
Building	7,579,624	7,579,624
Leasehold improvements	31,751	31,751
Transportation equipment	137,108	137,108
Furniture and equipment	741,434	714,580
	<u>10,083,178</u>	<u>10,056,324</u>
Less: accumulated depreciation	2,565,708	2,285,179
Total	<u>\$ 7,517,470</u>	<u>\$ 7,771,145</u>

NOTE 8 - LONG-TERM DEBT

	<u>2012</u>	<u>2011</u>
Mortgage note payable to Collier County, Florida in annual installments of \$9,000 principal; note is non-interest bearing and is collateralized by a second mortgage on the Shelter property.	<u>\$ 108,000</u>	<u>\$ 117,000</u>

Future maturities of long-term debt at June 30, 2012 are as follows:

Year ending June 30,	
2013	\$ 9,000
2014	9,000
2015	9,000
2016	9,000
2017	9,000
Thereafter	63,000
	<u>\$ 108,000</u>

NOTE 9 - COMMITMENTS

The State of Florida Department of Children and Families has been granted a security interest in the Organization's property of an amount not less than \$653,384, which it advanced to the Organization to assist in the construction of the shelter building. This interest has been reduced proportionally, and will continue to be reduced proportionally over a twenty year period, which ends in 2022.

NOTE 10 - INCOME TAXES

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is a not-for-profit Florida corporation and, therefore, is not subject to state income taxes. Should the Organization's tax exempt status be challenged in the future, its 2011, 2010 and 2009 tax years are open for examination by the IRS.

The Organization has evaluated its tax positions and concluded that the Organization has taken no uncertain tax positions, therefore no provision for income taxes was necessary for the year ended June 30, 2012.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2012 AND 2011

NOTE 11 - EMPLOYEE RETIREMENT PLAN

The Organization has adopted a retirement plan under Section 401(k) of the Internal Revenue Code. Employees with three months of service are eligible to make contributions to the plan and to receive matching contributions to be made by the Organization. The Organization contributed \$55,183 and \$42,726 to the plan during the years 2012 and 2011, respectively.

NOTE 12 - LEASES

In June 2011, the Organization began leasing space for its Immokalee, Florida office. Terms of the lease call for annual rent of \$35,100 through May 2013, with a increase of 5% each year for the two additional years on the lease.

Minimum future annual lease payments under this lease at June 30, 2012 are as follows:

2013	\$ 38,544
	<u>\$ 38,544</u>

NOTE 13 - NET ASSETS

A portion of the unrestricted net assets has been designated by the Board of Directors for capital improvements to the Beau Venturi House and for an endowment fund. Both of the designated funds are increased/(decreased) by the investment return. The endowment fund was increased by contributions received of \$32,967 for the year ended June 30, 2012.

Temporarily restricted net assets consist of the following contributions:

	<u>2012</u>	<u>2011</u>
Allstate Grant	\$ 7,467	\$ 22,000
Brookdale Foundation for Elder Abuse	-	79,326
A/C Grant	-	7,290
Children's Enrichment	40,000	50,000
Doris Day Foundation	-	1,308
Chico's Retail Grant	33,000	20,000
Fresh Start Income	-	-
GADV Funds	-	29,000
Friend and Family	50,000	-
Economic Empowerment	28,750	-
Smith Charitable Foundation	25,000	-
Martin Foundation	25,000	25,000
Naples Children & Education Foundation	313,000	240,117
Immokalee Emergency Shelter Fund	50,000	-
Roots & Shoots	24,851	26,243
Verizon Grant for Youth Advisory Council	-	5,574
Legal Services	3,750	-
TL Trust - Children's Enrichment	1,954	2,563
	<u>\$ 602,772</u>	<u>\$ 508,421</u>

Permanently restricted net assets consist of funds contributed by donors as an endowment funds, whose earnings are to be used to support current programs and expansion and to fund the shelter's kennel operations. See Note 15 for the change in permanently restricted net assets for fiscal year 2012.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2012 AND 2011

NOTE 14 - BOARD DESIGNATED ENDOWMENT FUND

The Board of Directors had designated a portion of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported in unrestricted net assets.

The Organization has a policy of appropriating for distribution each year, if needed, 5% of its board-designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment fund. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment fund to provide a total return that meets or exceeds the withdrawal rate as well as the annual rate of inflation.

To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make a maximum annual withdrawal of 5% of the three-year average market value of the fund as of June 30th of each year if needed, at the discretion of the Board.

Composition of and changes in endowment net assets for the year ended June 30, 2012, were as follows:

Board-designated endowment net assets, beginning of year	\$ 2,994,480
Endowment contributions	32,967
Investment income - Note 5	30,914
Board approved transfer from unrestricted - undesignated funds	302,110
Investment fees	(11,844)
Board-designated endowment net assets, end of year	<u>\$ 3,348,627</u>

NOTE 15 - DONOR DESIGNATED ENDOWMENT FUND

The Organization's endowment consists of funds established to support current programs and expansion. As required by generally accepted accounting principles, net assets associated with this donor designated endowment fund are classified and reported in permanently restricted net assets.

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS - JUNE 30, 2012 AND 2011

NOTE 15 - DONOR DESIGNATED ENDOWMENT FUND - continued

Investment Return Objectives, Risk Parameters and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Organization has a policy of appropriating for distribution each year a maximum of 5% of the endowment fund's average market value of the prior three-years through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Composition of and changes in endowment net assets for the year ended June 30, 2012 were as follows:

	<u>Endowment</u>	<u>Kennel Fund</u>	<u>Total</u>
Donor-designated endowment, beginning of year	\$ -	\$ 56,895	\$ 56,895
Endowment contributions	161,690	-	161,690
Investment income	-	3,670	3,670
Donor-designated endowment net assets, end of year	<u>\$ 161,690</u>	<u>\$ 60,565</u>	<u>\$ 222,255</u>

NOTE 16 - CONCENTRATION OF CREDIT RISK

The Organization places the majority of its interest bearing investments with several major financial institutions and, by policy, limits the amount of credit exposure to any one financial institution. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2012, all of the Organization's deposits were federally insured.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 12, 2012, the date the financial statements were available to be issued.

SINGLE AUDIT

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

	Federal CFDA Number	State Contract Number	Expenditures		
			Federal Funds	State Funds	Total Expenditures
United States Department of Health & Human Services -					
Florida Coalition Against Domestic Violence -					
Temporary Assistance for Needy Families	93.558	12-2228	141,476	-	141,476
Family Violence Prevention Services	93.671	12-2228	41,632	-	41,632
General Revenue		12-2228	-	44,550	44,550
Domestic Violence Trust Fund		12-2228	-	49,319	49,319
Domestic Violence Trust Fund-Prevention Initiative Projec		12-2228	-	20,000	20,000
Total U.S. Department of Health & Human Services pass-through programs			183,108	113,869	296,977
United States Department of Homeland Security -					
Federal Emergency Management Agency -					
Emergency Food & Shelter National Board -					
Emergency Food & Shelter Program	97.024	28-1590-00-010	19,322	-	19,322
Total U.S. Department of Homeland Security & Emergency Food & Shelter pass through programs			19,322	-	19,322
United States Department of Housing and Urban Development -					
Florida Department of Children & Families -					
Collier County, Florida -					
2011 Supportive Housing Program - COC	14.235	FL10295B4D06103	108,689	-	108,689 (a)
2010 Supportive Housing Program - COC	14.235	FL10295B4D06082	11,034	-	11,034 (a)
Subtotal Supportive Housing program			119,723	-	119,723
Community Development Block Grant	14.218	B-11-UC-12-0016	15,663	-	15,663
Community Development Block Grant	14.218	B-10-UC-12-0016	1,059	-	1,059
Subtotal Community Development Block Grant			16,722	-	16,722
Essential Services & Operating Grant	14.231	ES11-01	77,226	-	77,226 (a)
Homeless Assistance Challenge Grant	60.014	HFZ03	-	21,132	21,132
Total U.S. Department of Housing & Urban Development pass through programs			213,671	21,132	234,803
United States Department of Justice -					
Florida Office of the Attorney General -					
Victims of Crime Assistance	16.575	V11013	125,920	-	125,920 (a)
Victims of Crime Assistance	16.575	V10013	50,096	-	50,096 (a)
Subtotal of Victims of Crime Assistance program			176,016	-	176,016
Florida Coalition Against Domestic Violence -					
STOP Violence Against Women Linguistically & Culturally	16.016	11-2228	59,250	-	59,250 (a)
Subtotal STOP Violence Against Women program			59,250	-	59,250
Total U.S. Department of Justice pass through programs			235,266	-	235,266
Total			651,367	135,001	786,368

Significant Accounting Policies

This schedule has been prepared on the accrual basis.

(a) Major Programs

ROGERS WOOD HILL STARMAN & GUSTASON

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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
The Shelter for Abused Women & Children, Inc.
Naples, Florida

We have audited the financial statements of The Shelter for Abused Women & Children, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 12, 2012. 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

Management of The Shelter for Abused Women & Children, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered The Shelter for Abused Women & Children, Inc.'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 The Shelter for Abused Women & Children, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Shelter for Abused Women & Children, Inc.'s internal control over financial reporting.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Board of Directors
The Shelter for Abused Women & Children, Inc.
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Shelter for Abused Women & Children, 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 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 involving the internal control system and its operation that we reported to management of The Shelter for Abused Women & Children, Inc. in a separate letter dated October 12, 2012.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants
October 12, 2012

ROGERS WOOD HILL STARMAN & GUSTASON

PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
The Shelter for Abused Women & Children, Inc.
Naples, Florida

Compliance

We have audited the compliance of The Shelter for Abused Women & Children, 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, 2012. The Shelter for Abused Women & Children, 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 the management of The Shelter for Abused Women & Children, Inc. Our responsibility is to express an opinion on The Shelter for Abused Women & Children, Inc.'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-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 The Shelter for Abused Women & Children, Inc.'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 The Shelter for Abused Women & Children, Inc.'s compliance with those requirements.

In our opinion, The Shelter for Abused Women & Children, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of The Shelter for Abused Women & Children, 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 audit, we considered The Shelter for Abused Women & Children, Inc.'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 The Shelter for Abused Women & Children, Inc.'s internal control over compliance.

Board of Directors
The Shelter for Abused Women & Children, Inc.
Page Two

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

ROGERS WOOD HILL STARMAN & GUSTASON, P.A.
Certified Public Accountants
October 12, 2012

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of The Shelter for Abused Women & Children, Inc.
2. No material weaknesses or other reportable conditions identified not considered to be material weaknesses were found during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of The Shelter for Abused Women & Children, Inc. were disclosed during the audit.
4. No material weaknesses or other reportable conditions identified not considered to be material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs.
5. The auditor's report on compliance for the major federal award programs for The Shelter for Abused Women & Children, Inc. expresses an unqualified opinion on the major federal award programs.
6. The auditor's report contained no findings relating to major programs that the auditor would be required to report under Section 510(a) OMB Circular A-133.
7. Four federal programs or clusters were treated as major programs:

	<u>CFDA No.</u>	<u>Amount</u>
STOP Violence Against Women Linguistically & Culturally	16.016	\$ 59,250
Crime Victim Assistance (VOCA)	16.575	\$ 176,016
Essential Services & Operating (ESG)	14.231	\$ 77,226
Supportive Housing Program	14.235	\$ 119,723

8. The threshold for distinguishing Types A and B programs was \$300,000 for federal programs.
9. The Shelter for Abused Women & Children, Inc. was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

1. There are no reportable conditions, material weaknesses, or instance of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There are no reportable conditions, material weaknesses, or instance of noncompliance including questioned costs that are required to be reported in accordance with Circular A-133.

OTHER MATTERS

The management letter required by A.G. Rule Section 10.656(3)(e) is not included in this report because there were no findings required to be reported.

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit Act.

THE SHELTER FOR ABUSED WOMEN & CHILDREN, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2011

FINDINGS - FINANCIAL STATEMENT AUDIT

No findings were noted in the 2011 audit.

MANAGEMENT COMMENT

Not applicable.

CURRENT STATUS

No findings were noted in the 2011 audit.