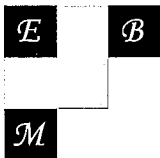


**DOMESTIC VIOLENCE PROGRAM, INC.
FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2008 AND 2007**

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Edmondson, Betzler & Montgomery, PLLC

(Certified Public Accountants)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Domestic Violence Program, Inc.

We have audited the accompanying statement of financial position of the Domestic Violence Program, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for 2007 were audited by other auditors, whose report dated October 30, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Domestic Violence Program, Inc. as of June 30, 2008, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental information on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for the portion marked "unaudited" on which we express no opinion, 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.

Edmondson, Betzler & Montgomery, PLLC

Murfreesboro, Tennessee
September 10, 2008

DOMESTIC VIOLENCE PROGRAM, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 18,526	\$ 61,355
Grants receivable	33,748	23,465
Unconditional promises to give	58,397	56,981
Total Current Assets	<u>110,671</u>	<u>141,801</u>
Property, Plant and Equipment		
Land	77,500	77,500
Building	1,567,452	1,567,452
Furniture, fixtures, and office equipment	152,042	150,342
	<u>1,796,994</u>	<u>1,795,294</u>
Less accumulated depreciation	(270,905)	(210,349)
	<u>1,526,089</u>	<u>1,584,945</u>
Beneficial interest - Community Foundation of Middle Tennessee	<u>46,426</u>	<u>-</u>
Total Assets	<u><u>\$ 1,683,186</u></u>	<u><u>\$ 1,726,746</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 895	\$ 730
Accrued expenses	4,438	4,899
Payroll taxes and withholdings payable	4,295	2,362
Current portion capital lease	3,384	3,141
Total Current Liabilities	<u>13,012</u>	<u>11,132</u>
Non-Current Liabilities		
Capital lease, less current portion	<u>9,661</u>	<u>13,045</u>
Total Liabilities	<u>22,673</u>	<u>24,177</u>
Net Assets		
Unrestricted	1,556,138	1,647,499
Temporarily restricted	57,949	55,070
Permanently restricted	46,426	-
Total Net Assets	<u>1,660,513</u>	<u>1,702,569</u>
Total Liabilities and Net Assets	<u><u>\$ 1,683,186</u></u>	<u><u>\$ 1,726,746</u></u>

The accompanying notes are an integral part of these financial statements.

DOMESTIC VIOLENCE PROGRAM, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2008 AND 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total	2007 Total
Support and Revenues					
Public Support					
Governmental grants					
Victims of Crime (VOCA) Division	\$ 145,851	\$ -	\$ -	\$ 145,851	\$ 118,851
State Shelter Service Division (Family Violence)	77,345	-	-	77,345	77,345
Emergency Shelter Program Division	11,825	-	-	11,825	11,500
STOP Violence Against Women	19,894	-	-	19,894	19,894
Emergency Food and Shelter Program	8,638	-	-	8,638	8,473
Tennessee Coalition Against Domestic and Sexual Violence	14,220	-	-	14,220	-
United Way of Rutherford County	5,295	57,949	-	63,244	62,551
Rutherford County	31,200	-	-	31,200	31,200
City of Murfreesboro	12,500	-	-	12,500	10,000
City of Smyrna	2,700	-	-	2,700	2,700
City of LaVergne	-	-	-	-	2,000
Donations	189,694	-	50,000	239,694	238,406
Net unrealized losses on beneficial interest	-	-	(3,574)	(3,574)	-
Miscellaneous income	743	-	-	743	6,123
	<u>519,905</u>	<u>57,949</u>	<u>46,426</u>	<u>624,280</u>	<u>589,043</u>
Net Assets Released from Restrictions					
Satisfaction of program restrictions	<u>55,070</u>	<u>(55,070)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUES	<u>574,975</u>	<u>2,879</u>	<u>46,426</u>	<u>624,280</u>	<u>589,043</u>
Expenses - unrestricted					
Client services	571,842	-	-	571,842	500,218
Supporting services	94,494	-	-	94,494	83,634
TOTAL EXPENSES	<u>666,336</u>	<u>-</u>	<u>-</u>	<u>666,336</u>	<u>583,852</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(91,361)</u>	<u>2,879</u>	<u>46,426</u>	<u>(42,056)</u>	<u>5,191</u>
NET ASSETS, BEGINNING OF YEAR	<u>1,647,499</u>	<u>55,070</u>	<u>-</u>	<u>1,702,569</u>	<u>1,697,378</u>
NET ASSETS, END OF YEAR	<u>\$ 1,556,138</u>	<u>\$ 57,949</u>	<u>\$ 46,426</u>	<u>\$ 1,660,513</u>	<u>\$ 1,702,569</u>

The accompanying notes are an integral part of these financial statements.

DOMESTIC VIOLENCE PROGRAM, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2008 AND 2007

	Client Services	Supporting Services	2008 Total	Client Services	Supporting Services	2007 Total
Salaries and wages	\$ 267,859	\$ 48,199	\$ 316,058	\$ 245,408	\$ 44,145	\$ 289,553
Payroll taxes and employee benefits	38,854	9,714	48,568	32,626	8,136	40,762
Total Salaries and Related Expenses	<u>306,713</u>	<u>57,913</u>	<u>364,626</u>	<u>278,034</u>	<u>52,281</u>	<u>330,315</u>
Conferences and meetings	2,615	-	2,615	2,376	-	2,376
Communications expense	22,416	2,082	24,498	15,623	1,451	17,074
Depreciation expense	54,500	6,056	60,556	54,511	6,057	60,568
Direct services expense	34,067	-	34,067	16,029	-	16,029
Equipment rental and maintenance	233	-	233	3,563	-	3,563
Insurance expense	15,196	-	15,196	15,595	-	15,595
Occupancy expense	55,674	13,919	69,593	45,274	11,319	56,593
Postage and shipping	1,884	-	1,884	1,569	-	1,569
Printing, publications and dues	-	11,648	11,648	-	9,610	9,610
Professional fees	5,148	1,452	6,600	5,584	1,575	7,159
Rent-in-kind	10,359	-	10,359	10,359	-	10,359
Supplies expense	13,303	-	13,303	13,020	-	13,020
Supplies-in-kind	45,917	-	45,917	36,213	-	36,213
Travel expense	3,817	-	3,817	2,468	-	2,468
Interest expense	-	1,208	1,208	-	463	463
Miscellaneous expense	-	216	216	-	878	878
TOTAL EXPENSES	<u>\$ 571,842</u>	<u>\$ 94,494</u>	<u>\$ 666,336</u>	<u>\$ 500,218</u>	<u>\$ 83,634</u>	<u>\$ 583,852</u>

The accompanying notes are an integral part of these financial statements.

DOMESTIC VIOLENCE PROGRAM, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash Flows from Operating Activities-		
Increase (decrease) in net assets	\$ (42,056)	\$ 5,191
Adjustments to reconcile decrease in net assets to net cash provided by operating activities-		
Depreciation	60,556	60,568
Gain on forgiveness of capital lease obligation	-	(3,896)
Loss on beneficial interest	3,574	-
Contributions permanently restricted	(50,000)	-
(Increase) decrease in:		
Grants receivable	(10,283)	(11,534)
Unconditional promises to give	(1,416)	(7,625)
Prepaid insurance and other assets	-	6,350
Increase (decrease) in:		
Accounts payable	165	(1,000)
Accrued expenses	(461)	(7,895)
Payroll taxes and withholdings payable	1,933	917
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(37,988)</u>	<u>41,076</u>
Cash Flows from Investing Activities-		
Acquisition of beneficial interest	(50,000)	-
Purchase of property, plant and equipment	(1,700)	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(51,700)</u>	<u>-</u>
Cash Flows from Financing Activities-		
Contributions permanently restricted	50,000	-
Net payments on line of credit	-	(29,794)
Payments on capital lease obligation	(3,141)	(3,399)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>46,859</u>	<u>(33,193)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(42,829)	7,883
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>61,355</u>	<u>53,472</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 18,526</u>	<u>\$ 61,355</u>
Supplemental Disclosure of Cash Flow Information-		
Interest paid	<u>\$ 1,208</u>	<u>\$ 463</u>
Supplemental Disclosure of Non-Cash Financing Activities-		
Equipment purchases financed through capital lease obligation	<u>\$ -</u>	<u>\$ 17,670</u>

The accompanying notes are an integral part of these financial statements.

**DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Domestic Violence Program, Inc. (the Organization) provides services and assistance to victims of domestic violence in the Murfreesboro, Tennessee area. Services include counseling, education, legal assistance, temporary housing, clothing and food, when necessary. The Organization is supported primarily through grants, the United Way, and donor contributions.

Basis of Accounting

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

Basis of Presentation

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, which represents the expendable resources restricted by donors as to purpose or by the passage of time; and permanently restricted net assets, which represents resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Property and Equipment

Fixed assets are stated at cost as of the date of acquisition or fair value as of the date of receipt in the case of gifts. Depreciation is computed using the straight-line method based on the estimated useful life of the asset. Expenditures for property and equipment in excess of \$500 are capitalized and maintenance and repairs are charged to operations when incurred. Major renewals and betterments are capitalized. When items of property and equipment are sold or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in operations. Depreciation expense for the years ended June 30, 2008 and 2007 is \$60,556 and \$60,568, respectively.

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Income Taxes

The Organization was officially chartered as a Tennessee tax-exempt, nonprofit corporation on April 22, 1986. On the federal level, the Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2008 and 2007.

Fair Values of Financial Instruments

The Organization estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying Statement of Financial Position.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expense

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

**DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2008 AND 2007**

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services and Noncash Gifts

Many individuals have donated time and services to advance the Organization's programs and objectives. The value of these services has not been recorded in the financial statements because they do not meet the definition for recognition under generally accepted accounting principles. Other noncash donations during 2008 consist of supplies of \$45,917 and rent forgiveness of \$10,359. The value of rent forgiveness is valued by local property managers. These noncash donations are included in donations in the statement of activities.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents and includes all certificates of deposit.

NOTE 2 - GRANTS RECEIVABLE

Grants receivable consist of the following grants due in one year or less:

	2008	2007
Victims of Crime Division (VOCA)	\$ 15,063	\$ 5,111
TN Coalition Against Domestic and Sexual Violence (ARREST)	9,030	-
State Shelter Service Division (Family Violence)	5,263	5,080
STOP Violence Against Women	2,392	774
City of Murfreesboro	-	10,000
Emergency Shelter Grant Program	2,000	2,500
	<u>\$ 33,748</u>	<u>\$ 23,465</u>

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 3 - LINE OF CREDIT

The Organization maintains a \$200,000 secured bank line of credit dated October 1, 2006. There were no outstanding balances under the line of credit at June 30, 2008 and 2007. The line has a one-year term, plus extensions, and includes a due on demand feature. The interest, which was at a rate of 5% as of June 30, 2008, is payable monthly. Real estate owned by the Organization is collateral for the note.

NOTE 4 - ACCRUED COMPENSATED ABSENCES

The Organization's employees are granted sick and vacation leave in accordance with current administrative policies. Prior to July 1, 1995, sick day payments that were earned by the employees for the fiscal year were accrued and were allowed to be carried forward indefinitely. The amount of accrued sick leave payable for the years prior to June 30, 1995 is \$4,438 for the years ending June 30, 2008 and 2007. The amounts are included in accrued expenses in the statement of financial position for the 2008 and 2007 fiscal years.

NOTE 5 - OBLIGATIONS UNDER CAPITAL LEASE

On December 18, 2006, Domestic Violence Program, Inc. entered into a capital lease agreement for a copier. An obligation under a capital lease has been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at an interest rate of 7.5%. The capitalized cost and accumulated depreciation of this equipment at June 30, 2008 was \$17,670 and \$5,301, respectively. The old copier, which was under capital lease obligation during the 2006 fiscal year, was forgiven when the new copier lease was signed. The obligation forgiven during the 2007 fiscal year was \$3,896.

Future minimum payments under the capital lease are as follows as of June 30, 2008:

<u>Fiscal Year</u>	
2009	\$ 4,248
2010	4,248
2011	4,248
2012	<u>2,124</u>
	14,868
Less: Amount representing interest	<u>(1,823)</u>
Present Value of Minimum Lease Payments	13,045
Less: Current Portion	<u>(3,384)</u>
Deferred Portion	<u>\$ 9,661</u>

DOMESTIC VIOLENCE PROGRAM, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 6 - LEASING ARRANGEMENTS

The Organization leases its administrative office space. Rental expense for real estate property for the years ended June 30, 2008 and 2007 was \$19,200 and \$18,600, respectively. Rental expense is included in occupancy expense in the accompanying statement of functional expenses. The administrative office space lease is a month to month lease; therefore, no future minimum payments are disclosed.

NOTE 7 - NET ASSETS

At June 30, 2008 and 2007, the Organization had temporarily restricted net assets in the amounts of \$57,949 and \$55,070, respectively.

At June 30, 2008 and 2007, the Organization had permanently restricted net assets for program services in the amounts of \$46,426 and \$0, respectively.

NOTE 8 - CLIENT SERVICES

Client-services encompass the expense incurred from providing shelter for victims in protected houses, the operation and maintenance of a shelter, and furnishing other related services for clients of the program.

NOTE 9 - BENEFICIAL INTEREST – COMMUNITY FOUNDATION OF MIDDLE TENNESSEE

The Organization is the sole beneficiary of the Domestic Violence Program, Inc. Endowment Fund with the Community Foundation of Middle Tennessee, which was opened in December, 2007. Under the terms of the endowment agreement, approximately 5% of the balance of the fund is available annually for the Organization's use. The Foundation measures its beneficial interest in the fund at fair value.

NOTE 10 - RISKS AND CONCENTRATIONS

Grants

The Organization received \$263,553 and \$236,063 in governmental grants for the years ending June 30, 2008 and 2007, respectively. These grants represent 56.2% and 44.2% of unrestricted support received during their respective year. These grant funds were used to fund the Organization's programs under the terms of the grant agreements.

DOMESTIC VIOLENCE PROGRAM, INC.
COMPARISON OF ACTUAL EXPENSES TO BUDGET
YEAR ENDED JUNE 30, 2008

	Actual Expenditures	Budget (Unaudited)	Expenditures Over (Under) Budget
Salaries and wages	\$ 316,058	\$ 308,287	\$ 7,771
Payroll taxes and employee benefits	48,568	42,560	6,008
Total Salaries and Related Expenses	364,626	350,847	13,779
Communications expense	24,498	16,240	8,258
Direct services expense	34,067	31,113	2,954
Postage and shipping	1,884	1,600	284
Equipment rental and maintenance	233	3,720	(3,487)
Occupancy expense	69,593	59,970	9,623
Insurance expense	15,196	14,375	821
Printing, publications and dues	11,648	900	10,748
Professional fees	6,600	8,400	(1,800)
Supplies expense	13,303	10,800	2,503
Conferences and meetings	2,615	2,500	115
Travel expense	3,817	1,469	2,348
Interest expense	1,208	-	1,208
Miscellaneous expense	216	2,500	(2,284)
Depreciation expense	60,556	-	60,556
In-kind expenses	56,276	-	56,276
 TOTAL EXPENSES	 \$ 666,336	 \$ 504,434	 \$ 161,902