

WILLIAM H. CROSS & Co.

CERTIFIED PUBLIC ACCOUNTANTS

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January 9, 2007

To the Board of Directors
of Spouse Abuse, Inc.
Orlando, Florida

We have audited the financial statements of Spouse Abuse, Inc. for the year ended June 30, 2006. During the process of auditing the financial statements, we reviewed the accounting system, its' controls and related compliance issues. We tried to be constructive and helpful in the handling of various minor accounting and document related matters. Our consideration of these matters did not reveal any items that should be reported to management in a formal management letter.

Very truly yours,

William H. Cross + Co.

William H. Cross & Company

SPOUSE ABUSE, INC.

REPORT ON AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

for the year ended June 30, 2006

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Spouse Abuse, Inc.
Orlando, Florida

We have audited the accompanying statement of financial position of Spouse Abuse, Inc. (a not-for-profit organization) as of June 30, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Spouse Abuse, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 Spouse Abuse, Inc. as of June 30, 2006, 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.

Board of Directors
Spouse Abuse, Inc.

In accordance with Government Auditing Standards, we have also issued a report dated September 15, 2006, on our consideration of Spouse Abuse, 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.

Wm H. Cross + Co.

September 15, 2006

SPOUSE ABUSE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2006

ASSETS

Cash and cash equivalents	\$1,065,054
Grants and contracts receivable	172,200
Unconditional promises to give	309,524
Deposits	240
Land, buildings, equipment and vehicles, less accumulated depreciation of \$576,811	<u>364,049</u>
Total assets	<u>\$1,911,067</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 16,512
Accrued liabilities	<u>76,244</u>
Total liabilities	<u>92,756</u>
Net assets:	
Unrestricted	1,298,142
Temporarily restricted	<u>520,169</u>
Total net assets	<u>1,818,311</u>
Total liabilities and net assets	<u>\$1,911,067</u>

See accompanying notes to financial statements.

SPOUSE ABUSE, INC.
STATEMENT OF ACTIVITIES
for the year ended June 30, 2006

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Federal, state and local governments	\$1,477,663	\$ -	\$1,477,663
Heart of Florida United Way Contributions and other revenue	10,018	172,253	182,271
Fund-raising revenue, net of direct costs	238,668	60,645	299,313
Interest	277,391	-	277,391
Released from restrictions	15,901	-	15,901
	<u>362,077</u>	<u>(362,077)</u>	<u>-</u>
Total revenues	<u>2,381,718</u>	<u>(129,179)</u>	<u>2,252,539</u>
Expenses:			
Program services:			
Emergency services	709,091	-	709,091
Community Outreach	401,127	-	401,127
Court advocacy	323,928	-	323,928
Childrens' services	<u>172,220</u>	<u>-</u>	<u>172,220</u>
Total program services	<u>1,606,366</u>	<u>-</u>	<u>1,606,366</u>
Supporting activities:			
Management and general	326,360	-	326,360
Fund-raising	<u>124,449</u>	<u>-</u>	<u>124,449</u>
Total supporting activities	<u>450,809</u>	<u>-</u>	<u>450,809</u>
Total expenses	<u>2,057,175</u>	<u>-</u>	<u>2,057,175</u>
Increase (decrease) in net assets before other changes	324,543	(129,179)	195,364
Other changes:			
Depreciation	<u>(31,807)</u>	<u>-</u>	<u>(31,807)</u>
Increase (decrease) in net assets	292,736	(129,179)	163,557
Net assets at beginning of year	<u>1,005,406</u>	<u>649,348</u>	<u>1,654,754</u>
Net assets at end of year	<u>\$1,298,142</u>	<u>\$520,169</u>	<u>\$1,818,311</u>

See accompanying notes to financial statements.

SPOUSE ABUSE, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 for the year ended June 30, 2006

	<u>Program</u>		
	<u>Emergency Services</u>	<u>Community Outreach</u>	<u>Court Advocacy</u>
Salaries and wages	\$414,552	\$232,150	\$214,836
Temporary employees	11,620	-	-
FICA taxes	33,277	11,478	10,583
Insurance	24,482	20,601	21,142
Medicare taxes	7,682	2,640	2,454
Employee expenses	636	300	300
Retirement	7,059	5,499	3,849
Staff mileage	2,681	9,741	4,853
Life/Disability/ADD	5,403	2,360	1,983
Unemployment taxes	7,227	2,496	2,983
Workers Comp	4,675	1,822	1,857
Advertising	4,467	156	111
Audit fees	3,410	2,310	1,650
Board of directors expense	-	-	-
Child care supplies	-	-	-
Communications	5,694	6,372	317
Conferences	-	239	-
Copier	3,016	4,628	5,762
Donor cultivation expense	-	-	-
Dues	747	451	320
Expansion expense	5,223	-	-
Fundraising expenses	-	-	-
Insurance	12,190	8,494	6,131
Legal & professional	1,269	729	17,434
Licenses	390	100	-
Meeting expense	115	5	143
Miscellaneous	-	-	-
Office supplies	1,995	2,486	3,326
Postage	7	135	-
Printing	886	1,210	497
Program supplies	-	5,325	-
Publications	4	4	4
Rent	-	21,852	17,001
Repairs & maintenance-equipment	9,269	-	-
Repairs & maintenance-grounds	100,206	-	-
Repairs & Maintenance-office equipment	5,566	3,233	2,492
Security	57	-	31
Operational supplies	2,725	1,401	1,401
Special events	72	577	74
Special client needs	9,762	27,887	2,290
Sunshine Lady Fund	-	18,689	-
Staff training	403	3,706	104

<u>Services</u>		<u>Supporting Services</u>		
<u>Childrens' Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expense</u>
\$124,506	\$ 986,044	\$163,778	\$ -	\$1,149,822
-	11,620	-	-	11,620
5,926	61,264	9,024	-	70,288
11,198	77,423	22,679	-	100,102
1,394	14,170	2,131	-	16,301
183	1,419	301	-	1,720
1,521	17,928	5,632	-	23,560
1,004	18,279	3,115	-	21,394
1,599	11,345	2,668	-	14,013
1,666	14,372	1,511	-	15,883
585	8,939	1,857	-	10,796
623	5,357	3,649	-	9,006
1,100	8,470	2,530	-	11,000
-	-	670	-	670
715	715	-	-	715
4,723	17,106	9,879	-	26,985
-	239	-	-	239
372	13,778	5,251	-	19,029
-	-	33	-	33
355	1,873	1,410	-	3,283
-	5,223	-	-	5,223
-	-	-	124,449	124,449
4,452	31,267	9,084	-	40,351
400	19,832	686	-	20,518
-	490	423	-	913
3	266	346	-	612
-	-	3,384	-	3,384
540	8,347	6,721	-	15,068
-	142	2,530	-	2,672
337	2,930	3,804	-	6,734
72	5,397	-	-	5,397
60	72	304	-	376
-	38,853	-	-	38,853
648	9,917	200	-	10,117
13	100,219	1,834	-	102,053
2,222	13,513	8,932	-	22,445
31	119	31	-	150
1,778	7,305	1,470	-	8,775
11	734	973	-	1,707
71	40,010	-	-	40,010
-	18,689	-	-	18,689
87	4,300	220	-	4,520

SPOUSE ABUSE, INC.
STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
for the year ended June 30, 2006

	Program		
	<u>Emergency Services</u>	<u>Community Outreach</u>	<u>Court Advocacy</u>
Transportation	3,813	-	-
Uncollectable Harmony Breakfast pledges	-	-	-
Utilities	<u>18,511</u>	<u>2,051</u>	-
Total expenses before depreciation	709,091	401,127	323,928
Depreciation	<u>13,286</u>	<u>4,013</u>	-
Total expenses	<u>\$722,377</u>	<u>\$405,140</u>	<u>\$323,928</u>

See accompanying notes to financial statements.

<u>Services</u>		<u>Supporting Services</u>		
<u>Childrens' Services</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expense</u>
-	3,813	-	-	3,813
-	-	45,817	-	45,817
<u>4,025</u>	<u>24,587</u>	<u>3,483</u>	<u>-</u>	<u>28,070</u>
172,220	1,606,366	326,360	124,449	2,057,175
<u>6,174</u>	<u>23,473</u>	<u>8,334</u>	<u>-</u>	<u>31,807</u>
<u>\$178,394</u>	<u>\$1,629,839</u>	<u>\$334,694</u>	<u>\$124,449</u>	<u>\$2,088,982</u>

SPOUSE ABUSE, INC.
STATEMENT OF CASH FLOWS
for the year ended June 30, 2006

Cash flows from operating activities:		
Change in unrestricted net assets		\$ 292,736
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Loss on asset dispositions	\$ 4,958	
Depreciation	31,807	
Increase in deposits	(100)	
Increase in grants and contracts receivable	(54,783)	
Decrease in unconditional promises to give	64,275	
Decrease in accounts payable and accrued liabilities	<u>(13,749)</u>	<u>32,408</u>
Net cash provided by operating activities		325,144
Cash flows from investing activities:		
Purchases of equipment		(8,489)
Cash flows from financing activities:		
Change in temporarily restricted net assets		<u>(129,179)</u>
Net increase in cash and cash equivalents		187,476
Cash and cash equivalents at beginning of year		<u>877,578</u>
Cash and cash equivalents at end of year		<u>\$1,065,054</u>

See accompanying notes to financial statements.

SPOUSE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2006

1. Organization and Nature of Business - Spouse Abuse, Inc. (SAI) (incorporated as a not-for-profit on December 15, 1976) and doing business as Harbor House in Orange County, Florida, has provided comprehensive services for survivors of domestic violence. These life saving services include temporary emergency shelter, 24 hour crisis hotline, lethality assessments, safety planning, counseling for all ages, support groups, service management, community education and training, therapeutic child care for shelter residents, community referrals and advocacy on court accompaniment. The lifesaving services that Harbor House provides are truly homicide prevention.

Emergency Shelter and 24 Hour Crisis Hotline (Emergency Services) - The road back to independence is usually a long one, but it starts with that first courageous step taken when a survivor leaves her abusive situation. Most of the emergency shelter residents first come to Harbor House by calling the 24 hour crisis hotline. At the Harbor House emergency shelter, survivors are provided with a wide array of services to meet all their needs, both physical and emotional. A team of advocates is responsible for crisis counseling, lethality assessments, safety planning, individual and group counseling, advocacy, community referrals and service management. Harbor House believes these services help to meet many of the needs of those who have suffered abuse. Harbor House is committed to helping survivors find safety, peace and begin to heal from the trauma of abuse.

Community Outreach - The Community Outreach program at Harbor House provides women, men and children who are not in need of an emergency shelter but are in need of support and assistance, with services that include crisis intervention counseling, lethality assessments and safety planning, individual and group counseling, a transitional housing program, service management, and community referrals. The Harbor House Outreach program provides these critical services in several locations to increase the safety and well being of survivors of domestic violence in our community. In addition, Harbor House is committed to educating the community about the causes, effects and warning signs of domestic violence as well as to advocate for social changes. Harbor House staff works closely with employees of the Florida Department of Children and Families, Law Enforcement, Judicial Officials and community agencies.

Continued

SPOUSE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
for the year ended June 30, 2006

1. Organization and Nature of Business, Continued:

Court Advocacy - The Harbor House Court Advocacy program is a successful partnership between Harbor House, the Domestic Relations Court of the Ninth Judicial Circuit and the Clerk of Court of Orange County. Harbor House maintains an office in the Orange County Courthouse where persons wishing to obtain an injunction for protection from domestic violence can receive services. Protective orders are an important safety option, which bars the abuser from having further contact with the survivor. The focus of Harbor House's efforts with the Court Advocacy program is to assure all survivors of domestic violence who come to the Orange County Courthouse for help receive services they need to keep themselves and their children safe.

Childrens' Services - The relationship between domestic violence and child abuse has been well established. Recent reviews of more than two decades of studies have revealed that in families where the mother is being beaten, the children are frequently being beaten or mistreated. Even if a child escapes physical abuse, hearing and/or witnessing their parent being hit creates emotional scars that can last a lifetime. Harbor House has a therapeutic child care center located on the grounds of the emergency shelter. The center provides children with a number of constructive and structured activities that positively add to the child's life. Also children can participate in weekly psycho-educational groups that focus on safety planning, learning to express their feelings in appropriate ways and self esteem building.

2. Summary of Significant Accounting Policies:

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Continued

SPOUSE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
for the year ended June 30, 2006

2. Summary of Significant Accounting Policies, Continued:

Unrestricted net assets - Net assets not subject to donor imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor imposed stipulations that may or will be met by actions of Spouse Abuse, Inc. and/or the passage of time. Temporarily restricted net assets at June 30, 2006, are composed of an initial \$150,000 land and building value donation, and \$60,645 available to fund a special programs. In addition, \$172,253 in United Way funding and \$137,271 in Harmony Breakfast pledges will be released in future fiscal years.

Permanently restricted net assets - Net assets subject to donor imposed stipulations that they be maintained permanently by SAI. There were no permanently restricted net assets as of June 30, 2006.

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

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

Promises to Give - Contributions are recognized when the donor makes a promise to give that is, in substance unconditional. The promises to give at June 30, 2006, net of managements' allowance for collectibility are expected to be collected during the fiscal years ending June 30:

2007	\$213,990
2008	42,845
2009	23,220
2010	<u>5,327</u>
	<u>\$285,382</u>

Continued

SPOUSE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
for the year ended June 30, 2006

1. Summary of Significant Accounting Policies, Continued:

Property - All purchased property and equipment greater than \$300 is stated at cost, or if donated, at fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the depreciable assets.

Functional Allocation of Expenses - The costs of providing program services and supporting activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities according to management's best estimates.

Income Taxes - SAI is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and the laws of the state of Florida, and maintains non-private foundation status in accordance with the Internal Revenue Code. Operations are directed by a voluntary board whose members receive no compensation for their services.

Cash and Cash Equivalents - For purposes of the statement of cash flows, SAI considers all highly liquid investments purchased with an original maturity date of three months or less to be cash equivalents.

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. Accordingly, actual results could differ from those estimates.

3. Concentrations of Credit Risk:

Concentrations of credit risk with respect to grants and contracts receivable are limited due to the sources being various government agencies. However, the unconditional promises to give of \$285,382 are considered to be at risk in that there is no guarantee of receipt and is dependent upon collections from contributors. These monies are used for matching funds related to government grant programs.

SAI maintains cash balances at a local financial institution. Occasionally, balances will exceed insured limits. At June 30, 2006, the federally uninsured balance totaled \$426,278.

Continued

SPOUSE ABUSE, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 for the year ended June 30, 2006

4. Grants and Contracts Receivable:

Grants and contracts receivable are stated at the amount management expects to realize from outstanding balances. Accordingly, management considers all receivables to be collectible; therefore, there is no allowance for doubtful accounts at June 30, 2006.

5. Land, Buildings, Equipment and Vehicles:

At June 30, 2006, land, buildings, equipment and vehicles consisted of the following:

	<u>Estimated Useful Lives</u>	
Land		\$ 60,000
Buildings and improvements	10-40 years	471,344
Furniture, fixtures and equipment	3-10 years	384,692
Vehicles	5 years	<u>24,824</u>
		940,860
Less accumulated depreciation		<u>(576,811)</u>
		<u>\$364,049</u>

6. Accrued Liabilities:

At June 30, 2006, accrued liabilities consisted of the following:

Salaries and wages	\$ 43,283
Vacation earned	<u>32,961</u>
	<u>\$ 76,244</u>

7. Commitments and Contingencies:

On November 8, 1989, for confidentiality purposes, title to land and buildings valued at \$150,000 was quit claimed to OSO Properties, Inc. subject to a reverter clause. The property cannot be disposed of or used for purposes other than a residential spouse abuse shelter for a period of twenty years, without the transferors' permission. Violation of this covenant will result in the property reverting to the transferors. All officers and directors of OSO Properties, Inc. are currently members of the SAI Board of Directors.

Continued

SPOUSE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
for the year ended June 30, 2006

7. Commitments and Contingencies, Continued:

Some of the SAI's furniture, fixtures and equipment were acquired with government grant funds. Under the provisions of such grants, title to property acquired with grant funds remains with the government or reverts to the government upon completion of the grant programs and/or termination of SAI.

SAI receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on SAI's programs and activities.

At June 30, 2006, pursuant to an agreement with a local financial institution, SAI had available a \$50,000 unsecured line of credit; none of which is currently outstanding.

SAI's insurance policy deductibles are all less than or equal to \$1,000.

SAI is obligated under operating leases for office equipment. The future minimum rental payments under these leases are as follows for fiscal years ending June 30:

2007	\$2,940
2008	2,940
2009	<u>1,470</u>
	<u>\$7,350</u>

8. Retirement Plan:

SAI has adopted a retirement plan (amended effective July 1, 2005) covering all full-time employees who have completed one year of service. Contributions to the plan are discretionary up to 15% of eligible salaries. A contribution of \$23,560 was made for the year ended June 30, 2006.

Continued

SPOUSE ABUSE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
for the year ended June 30, 2006

9. Support from the State of Florida Which Required Match:

SAI received a substantial portion of its support from the State of Florida Department of Children and Families. These contracts must be renegotiated annually and currently require local matches of approximately 25%.

During the year ended June 30, 2006, the reimbursable expenses were as follows:

Total expenses		\$2,043,165
Less:		
Non-matching revenues	\$104,256	
Required match	<u>19,514</u>	
	123,770	
Non-reimbursable expenses	<u>124,449</u>	<u>248,219</u>
Reimbursable expenses		1,794,946
Amount of contracts received or receivable requiring match	446,247	
Match required	<u>134,802</u>	<u>581,049</u>
Excess match		<u>\$1,213,897</u>

10. Construction in Process/Subsequent Event:

During the year ended June 30, 2006, construction began on a 48-bed emergency shelter being funded almost entirely by in-kind and grant donations by a nationally known home builder (K.B. Home) and associated local subcontractors. Construction is on existing SAI land and is scheduled to be completed by December 31, 2006.

SUPPLEMENTAL INFORMATION

WILLIAM H. CROSS & Co.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM H. CROSS, CPA
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Board of Directors
Spouse Abuse, Inc.
Orlando, Florida

We have audited the basic financial statements of Spouse Abuse, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 15, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements of Spouse Abuse, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2006, on page 15, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) 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 for the year ended June 30, 2006, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wm H. Cross & Co.

September 15, 2006

SPOUSE ABUSE, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 for the year ended June 30, 2006

<u>Federal/Pass-Through Entity, Federal Programs</u>	<u>CFDA Number</u>	<u>Contract/ Grant Number</u>	<u>Expenditures</u>
Indirect programs:			
Department of Health and Human Services:			
Passed through State of Florida,			
Department of Children and Families:			
Federal Family Violence			
Contract year ended June 30, 2006	93.671	5011	\$167,368
Temporary Assistance for Needy Families			
Contract year ended June 30, 2006	93.558	5011	<u>428,818</u>
Total Department of Health and Human Services			<u>596,186</u>
U.S. Department of Justice:			
Passed through State of Florida,			
Office of Attorney General, Division of Victim Services & Criminal Justice:			
Victims of Crime Act (VOCA)			
Grant year ended September 30, 2005	16.575	V4138	21,345
Grant year ending September 30, 2006	16.575	V5042	55,539
Legal Assistance to Victims			
Grant year ended August 31, 2005	16.524	2003/wlbr 0035	<u>27,372</u>
Total U.S. Department of Justice			<u>104,256</u>
Total Expenditures of Federal Awards			<u>\$700,442</u>

Note 1 The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See independent auditors' report on Supplemental Schedule
 of Expenditures of Federal Awards

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INDEPENDENT AUDITORS' 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
Spouse Abuse, Inc.
Orlando, Florida

We have audited the financial statements of Spouse Abuse, Inc. (a not-for-profit organization) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Spouse Abuse, 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 over financial reporting 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.

Continued

Board of Directors
Spouse Abuse, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Spouse Abuse, Inc.'s financial statements are free of material misstatement, we performed tests of their 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.

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

Wm H. Cross + Co.

September 15, 2006

WILLIAM H. CROSS & Co.

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INDEPENDENT AUDITORS' 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
Spouse Abuse, Inc.
Orlando, Florida

Compliance

We have audited the compliance of Spouse Abuse, Inc. 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, 2006. Spouse Abuse, Inc.'s major federal programs are identified in the summary of auditors' 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 Spouse Abuse, Inc.'s management. Our responsibility is to express an opinion on Spouse Abuse, 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 Spouse Abuse, 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 on Spouse Abuse, Inc.'s compliance with those requirements.

Continued

Board of Directors
Spouse Abuse, Inc.

In our opinion, Spouse Abuse, 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, 2006.

Internal Control Over Compliance

The management of Spouse Abuse, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Spouse Abuse, 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 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 the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Wm H. Cross + Co.

September 15, 2006

SPOUSE ABUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2006

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Spouse Abuse, Inc.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditors' 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.
3. No instances of noncompliance material to the financial statements of Spouse Abuse, Inc., which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions in internal control relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
5. The auditors' report on compliance for the major federal award programs for Spouse Abuse, Inc. expresses an unqualified opinion on each of the major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>
Department of Health and Human Services	
-Federal Family Violence	93.671
-Temporary Assistance For Needy Families	93.558

8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Spouse Abuse, Inc. was determined to be a low-risk auditee for the year ended June 30, 2006.

Continued

SPOUSE ABUSE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
for the year ended June 30, 2006

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAMS
AUDIT

None