



B35662

**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

---

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

February 2, 2010

Board of Directors  
Whittington Homes and Services for  
Children and Families, Inc.  
2423 Fairfield Ave.  
Fort Wayne, IN 46807-1210

We have reviewed the audit report prepared by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period January 1, 2006 to December 31, 2006. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Whittington Homes and Services for Children and Families, Inc., as of December 31, 2006, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**Whittington Homes and Services for Children and Families, Inc.**

Financial Statements for the Years Ended December 31, 2006 and 2005

## TABLE OF CONTENTS

	PAGE NO.
ACCOUNTANTS' REPORT ON FINANCIAL STATEMENTS .....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	2
Statements of Activities .....	3
Statements of Functional Expenses .....	4
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7



Dulin, Ward & DeWald, Inc.  
CPAs & ADVISORS

1610 Spy Run Avenue  
Fort Wayne, IN 46805  
260.423.2414  
800.232.8913  
Fax: 260.423.2419  
www.dwdcpa.com

Offices Located in Fort Wayne, Marion and Huntington, Indiana

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Whittington Homes and Services for Children and Families, Inc.  
Fort Wayne, Indiana

We have audited the accompanying statements of financial position of Whittington Homes and Services for Children and Families, Inc. (a nonprofit organization) as of December 31, 2006 and 2005 and the related statements of activities, functional expenses and cash flows for the years 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.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of Whittington Homes and Services for Children and Families, Inc. as of December 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Dulin, Ward & DeWald, Inc.*

Fort Wayne, Indiana  
May 15, 2007

**WHITINGTON HOMES AND SERVICES FOR CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2006 and 2005

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 565,637	\$ 596,416
Fees receivable	190,911	82,986
Prepaid expense	-	20,124
	<hr/>	<hr/>
<b>Total Current Assets</b>	756,548	699,526
 <b>FIXED ASSETS</b>		
Buildings and improvements	1,295,078	1,275,078
Auto equipment	77,939	75,779
Furniture and equipment	287,713	281,789
Land	17,326	17,326
	<hr/>	<hr/>
	1,678,056	1,649,972
Accumulated depreciation	611,740	548,240
	<hr/>	<hr/>
<b>Net Fixed Assets</b>	1,066,316	1,101,732
	<hr/>	<hr/>
<b>Total Assets</b>	<u>\$ 1,822,864</u>	<u>\$ 1,801,258</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,970	\$ 15,743
Accrued wages	19,758	14,666
Accrued medical reimbursement	27,915	14,512
Accrued vacation and sick leave	40,748	45,968
	<hr/>	<hr/>
<b>Total Liabilities</b>	97,391	90,889
 <b>NET ASSETS</b>		
Unrestricted	1,623,941	1,655,850
Temporarily restricted	101,532	54,519
	<hr/>	<hr/>
<b>Total Net Assets</b>	1,725,473	1,710,369
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,822,864</u>	<u>\$ 1,801,258</u>

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

**WHITINGTON HOMES AND SERVICES FOR CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years Ended December 31, 2006 and 2005

	Unrestricted	Temporarily Restricted	Total 2006
<b>CHANGES IN NET ASSETS</b>			
<b>Support, Revenues and Gains:</b>			
Services - per diem	\$ 1,034,705	\$ -	\$ 1,034,705
Services - Park Center	132,629	-	132,629
Reimbursements - medical and clothing	3,297	-	3,297
Grants	16,349	64,775	81,124
Contributions	10,605	25,299	35,904
Interest income	21,479	-	21,479
<b>Net Assets Released From Restrictions:</b>			
Satisfaction of program requirements	43,061	(43,061)	-
Satisfaction of purchase requirements	-	-	-
	1,262,125	47,013	1,309,138
<b>Total Support, Revenue and Gains</b>			
<b>Expenses:</b>			
<b>Programs:</b>			
Independent living skills	509,255	-	509,255
Therapeutic foster care	317,335	-	317,335
Scattered sites	28,141	-	28,141
Home-based therapy	11,503	-	11,503
Youth intensive care	49,619	-	49,619
General and administrative	325,319	-	325,319
Fundraising	52,862	-	52,862
	1,294,034	-	1,294,034
<b>Total Expenses</b>			
<b>CHANGE IN NET ASSETS</b>	(31,909)	47,013	15,104
<b>NET ASSETS - beginning of year</b>	1,655,850	54,519	1,710,369
<b>NET ASSETS - end of year</b>	\$ 1,623,941	\$ 101,532	\$ 1,725,473

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

Fund Raising	Total 2005
\$ 35,905	\$ 676,135
2,765	59,924
2,659	45,215
-	2,785
<hr/>	
41,329	784,059
-	162,616
-	16,766
-	10,459
-	9,749
-	6,138
-	5,473
-	5,382
-	4,303
-	1,151
-	510
17,993	62,356
3,317	30,914
-	26,730
757	19,377
789	19,000
76	13,099
458	10,650
683	10,339
12	10,161
531	6,877
-	4,945
-	4,935
-	3,473
176	3,379
-	1,822
-	701
<hr/>	
66,121	1,235,364
-	65,873
<hr/>	
<u>\$ 66,121</u>	<u>\$ 1,301,237</u>

**WHITINGTON HOMES AND SERVICES FOR CHILDREN AND FAMILIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2006

	Independent Living Skills	Therapeutic Foster Care	Scattered Sites	Home-Based therapy
Salaries	\$ 306,073	\$ 102,281	\$ 19,985	\$ 8,057
Payroll taxes	24,156	7,288	1,554	525
Employee benefits	24,737	9,446	1,230	983
Retirement benefits	532	162	5	-
<b>Total Salaries and Related Expenses</b>	<b>355,498</b>	<b>119,177</b>	<b>22,774</b>	<b>9,565</b>
Foster per diem	-	145,341	-	-
Resident:				
Other	19,581	173	-	-
Food	18,476	-	-	-
Medical	7,994	-	-	-
Clothing	6,836	-	-	-
Household	5,193	-	-	-
Personal care	5,324	-	-	-
Education	1,703	40	-	-
Child care	(45)	-	-	-
Rent	-	-	-	-
Professional fees	17,245	3,518	810	167
Insurance	-	-	-	-
Utilities	9,718	3,067	-	-
Telephone	8,844	2,734	660	181
Miscellaneous	3,070	7,664	12	201
Mileage	2,305	7,869	1,340	-
Office expense	4,546	1,851	756	504
Repairs and maintenance	5,519	1,411	-	-
Auto expense	9,190	25	25	-
Public relations	3,870	1,163	1,133	414
Staff professional development	1,593	1,378	255	463
Dues and subscriptions	-	-	-	-
Unbudgeted	-	-	-	-
Printing and postage	649	757	376	8
Leases	979	-	-	-
Meetings	-	-	-	-
<b>Total Expenses Before Depreciation</b>	<b>488,088</b>	<b>296,168</b>	<b>28,141</b>	<b>11,503</b>
Depreciation	21,167	21,167	-	-
<b>Total Expenses</b>	<b>\$ 509,255</b>	<b>\$ 317,335</b>	<b>\$ 28,141</b>	<b>\$ 11,503</b>

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

Unrestricted	Temporarily Restricted	Total 2005
\$ 1,012,323	\$ -	\$ 1,012,323
135,086	-	135,086
5,249	-	5,249
46,335	16,000	62,335
45,128	8,620	53,748
12,215	-	12,215
22,812	(22,812)	-
27,101	(27,101)	-
<u>1,306,249</u>	<u>(25,293)</u>	<u>1,280,956</u>
524,465	-	524,465
365,619	-	365,619
34,182	-	34,182
-	-	-
-	-	-
310,850	-	310,850
66,121	-	66,121
<u>1,301,237</u>	<u>-</u>	<u>1,301,237</u>
5,012	(25,293)	(20,281)
<u>1,650,838</u>	<u>79,812</u>	<u>1,730,650</u>
<u>\$ 1,655,850</u>	<u>\$ 54,519</u>	<u>\$ 1,710,369</u>

**WHITINGTON HOMES AND SERVICES FOR CHILDREN AND FAMILIES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended December 31, 2005

	Independent Living Skills	Therapeutic Foster Care	Scattered Sites	General and Administrative
Salaries	\$ 315,043	\$ 112,896	\$ 23,542	\$ 188,749
Payroll taxes	24,432	8,996	2,083	21,648
Employee benefits	21,471	9,644	1,712	9,729
Retirement benefits	722	608	230	1,225
<b>Total Salaries and Related Expenses</b>	<b>361,668</b>	<b>132,144</b>	<b>27,567</b>	<b>221,351</b>
Foster per diem	-	162,616	-	-
Resident:				
Food	16,646	-	120	-
Other	9,994	395	70	-
Child care	9,749	-	-	-
Clothing	6,012	-	126	-
Medical	5,473	-	-	-
Household	5,353	-	29	-
Personal care	4,241	-	62	-
Education	1,151	-	-	-
Rent	-	-	510	-
Professional fees	28,649	3,974	3,017	8,723
Miscellaneous	1,101	24,770	-	1,726
Insurance	-	-	-	26,730
Telephone	11,264	2,754	722	3,880
Utilities	11,702	3,059	-	3,450
Auto expense	12,589	217	179	38
Repairs and maintenance	6,977	1,504	-	1,711
Office expense	5,117	1,305	423	2,811
Mileage	1,277	8,250	124	498
Dues and subscriptions	-	-	-	6,346
Leases	1,117	-	-	3,828
Public relations	602	876	864	2,593
Printing and postage	461	558	343	2,111
Staff professional development	1,362	1,237	26	578
Unbudgeted	-	-	-	1,822
Meetings	-	-	-	701
<b>Total Expenses Before Depreciation</b>	<b>502,505</b>	<b>343,659</b>	<b>34,182</b>	<b>288,897</b>
Depreciation	21,960	21,960	-	21,953
<b>Total Expenses</b>	<b>\$ 524,465</b>	<b>\$ 365,619</b>	<b>\$ 34,182</b>	<b>\$ 310,850</b>

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

Youth Inten- sive Care	General and Administrative	Fund Raising	Total 2006
\$ 35,779	\$ 196,656	\$ 38,032	\$ 706,863
2,706	22,544	2,832	61,605
3,447	12,020	3,119	54,982
-	1,323	-	2,022
<hr/>	<hr/>	<hr/>	<hr/>
41,932	232,543	43,983	825,472
-	-	-	145,341
125	-	-	19,879
630	-	-	19,106
28	-	-	8,022
264	-	-	7,100
525	-	-	5,718
243	-	-	5,567
85	-	-	1,828
-	-	-	(45)
-	-	-	-
1,312	12,932	2,103	38,087
-	29,845	-	29,845
742	3,590	810	17,927
658	3,516	712	17,305
292	1,737	1,886	14,862
381	405	51	12,351
1,514	2,269	403	11,843
523	1,625	364	9,442
-	95	19	9,354
332	1,471	-	8,383
11	466	1,969	6,135
-	5,433	562	5,995
-	3,705	-	3,705
22	1,749	-	3,561
-	2,463	-	3,442
-	309	-	309
<hr/>	<hr/>	<hr/>	<hr/>
49,619	304,153	52,862	1,230,534
-	21,166	-	63,500
<hr/>	<hr/>	<hr/>	<hr/>
\$ 49,619	\$ 325,319	\$ 52,862	\$ 1,294,034

**WHITINGTON HOMES AND SERVICES FOR CHILDREN AND FAMILIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2006 and 2005

	2006	2005
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 15,104	\$ (20,281)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	63,500	65,873
Change in assets and liabilities:		
(Increase) decrease in:		
Fees receivable	(107,925)	106,372
Grants receivable	-	3,163
Prepaid expenses	20,124	(16,534)
Increase (decrease) in:		
Accounts payable	(6,773)	(5,973)
Accrued wages	5,092	-
Accrued medical reimbursement	13,403	1,955
Accrued vacation and sick leave	<u>(5,220)</u>	<u>(11,051)</u>
<b>Cash Flows From Operating Activities</b>	<b>(2,695)</b>	<b>123,524</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(28,084)</u>	<u>(34,106)</u>
 <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(30,779)</b>	<b>89,418</b>
 <b>CASH AND CASH EQUIVALENTS - beginning of year</b>	<u>596,416</u>	<u>506,998</u>
 <b>CASH AND CASH EQUIVALENTS - end of year</b>	<u><u>\$ 565,637</u></u>	<u><u>\$ 596,416</u></u>

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

WHITINGTON HOMES AND SERVICES FOR CHILDREN AND FAMILIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2006 and 2005

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization**

Whittington Homes and Services for Children and Families, Inc. is a non-profit organization located in Fort Wayne, Indiana, Allen County. The Organization operates programs designed to provide a positive and healthy environment for children, young men and women and, in select programs, the entire family. These programs are as follows:

Independent Living Skills – has the ability to accommodate up to 15 young women and 9 small children within its three apartments. The program is designed to provide an opportunity for the residents to learn the responsibilities of living on their own and how to care for a child, if applicable. Those most suitable for the program are teens needing independent living skills, pregnant teens, and teen mothers. Placement into the program is usually court-appointed, and the ages of the young women range from 16 to 21 years.

Therapeutic Foster Care – provides a home for those children who have been abused and neglected; pregnant, unwed mothers; and status offenders. The children range in age from infancy to 21 years. The foster parents receive continuous training and are supported by staff of the Organization. The children are provided a more stable and nurturing environment in which to live while in this program.

Scattered Sites – provides an opportunity for adolescents to practice the independent living skills that they have learned either through the Organization's independent living skills program, or through programs offered through other organizations. Individuals in this program receive minimum supervision, which is directed toward helping them manage their time and money. This program further develops the individuals' ability to make it on their own in a constructive manner. The goal is long-term health and permanency for the family and a positive environment for the child or children to grow.

(continued)

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(continued)

Youth Intensive Residential Care Program – provides around-the-clock supervision and on-site clinical intervention for children between the ages of 6 to 13 years. The program is for the stabilization of children who are deemed to be in the “hard-to-place” category, due to their overall needs. Previously, the children might have been placed in numerous foster care homes and subsequently removed due to the serious nature of their behavior and/or treatment needs.

Home Based Intensive Family Preservation and Reunification Services – provides intensive therapeutic in-home social services to families. The intensive in-home based programs are designed to prevent unnecessary out of home placement for children and to reunite families when children have been placed out of the home. For the long-term health of the family, therapists work as a team with the family in areas of parent training, behavioral management, and relapse prevention. As a result, these services give the family a chance to learn new behaviors and help them make better choices for their families.

The majority of fees for these services are charged to different county placement agencies. Consequently, the Organization’s ability to collect the amounts due is affected by local economic fluctuations.

**Tax-Exempt Status**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The Organization has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

**Estimates**

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

**Contributions**

Contributions of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a donor restriction is satisfied in the period the gift is received, this support is reported as unrestricted revenue. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statement of activities.

**Receivables**

Fees receivable are due from government and other significant funding sources. The Organization uses the direct write-off method to provide for doubtful accounts. No amounts were written off during 2006 and 2005.

**Fixed Assets**

Fixed assets are stated at cost or, if donated, at fair value at the date of the gift. Items with cost or value of \$500 or more or a useful life of one year or more are capitalized. The Organization follows the policy of providing depreciation on the straight-line method for financial reporting purposes over the estimated useful lives of the related assets. It is not the Organization's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

## 2. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are held for the following purposes:

	2006	2005
Therapeutic resources	\$ 8,602	\$ 8,602
Market web and billboard	648	1,061
Network upgrades	17,882	22,847
Computer resource position	898	8,033
New program furniture	356	356
Life skills programming	738	-
Substance abuse education	2,140	-
Clinical staffing	11,790	-
Roof repair project	58,478	8,620
Recruitment Dekalb County	<u>-</u>	<u>5,000</u>
	<u>\$ 101,532</u>	<u>\$ 54,519</u>

## 3. MEDICAL REIMBURSEMENT PLAN

The Organization accrues \$260 per month for each full-time employee which is used to reimburse its employees for medical-related expenses and health insurance premiums on policies acquired by the employee. This is done in lieu of a company-sponsored health and medical plan. Each employee pays for their own insurance and medical bills and submits a claim to the Organization for reimbursement. The Organization's liability is limited to the amount accrued.

## 4. DEFINED CONTRIBUTION PENSION PLAN

The Organization sponsors a defined contribution pension plan for all eligible employees. Employees who are 21 year of age with one year's service of 1,000 or more hours may participate in the plan. Individual contributions are not mandatory. The Organization matches 25% of an employee's contribution up to 6% of the employee's base salary. An employee is entitled to the employer's discretionary match after he or she has been employed for 3 years. Distributions from the plan are possible only after an individual has reached the age of 59 ½. Contributions to the plan totaled \$2,022 in 2006 and \$2,785 in 2005.

5. **THIRD PARTY REIMBURSEMENTS**

The Organization has agreements with various counties to provide therapeutic and group counseling to its residents. Often the residents require additional counseling, which is not covered in the agreement with the counties. If the residents are covered under Medicaid, the Organization will bill Medicaid and, in most cases, will be reimbursed for the additional counseling services.

The Organization also has an agreement with the various counties to be reimbursed for clothing purchased for the residents upon entering the residential program. The Organization has a clothing requirement, and to the extent an in-coming resident does not meet the requirement, the Organization will purchase the required amount and/or type of clothing for the resident. The agreement calls for the counties to reimburse the Organization for the purchased clothing. The reimbursable amount ranges from \$200 to \$300 per resident depending on the agreements with the counties.

6. **OPERATING LEASES**

The Organization leases equipment under an operating lease agreement which expires September 30, 2008. Total rental expense under this lease was \$2,463 in 2006 and \$3,828 in 2005.

Minimum future lease payments under the noncancelable lease having initial or remaining terms in excess of one year as of December 31, 2006 for each of the next five years and in the aggregate are:

2007	\$ 2,462
2008	1,847
2009 and thereafter	<u>-</u>
Total lease commitment	<u>\$ 4,309</u>

7. STATE GOVERNMENTAL REVENUE

Revenue from the State of Indiana is detailed as follows:

State of Indiana:

Department of Family and Children:

	2006	2005
Allen County	\$ 423,745	\$ 430,323
Elkhart County	-	26,035
Howard County	-	22,533
Kosciusko County	20,050	-
LaGrange County	-	27,013
Lake County	314,639	167,257
Madison County	13,511	30,229
Marion County	26,274	-
Miami County	-	504
Montgomery County	21,688	26,971
Porter County	28,470	-
Pulaski County	-	25,710
St. Joseph County	91,731	192,756
Steuben County	40,084	-
Wabash County	40,420	1,007
Whitley County	-	2,849
Department of Corrections	<u>17,390</u>	<u>64,385</u>
	<u>\$ 1,038,002</u>	<u>\$ 1,017,572</u>

8. CREDIT RISK AND CONCENTRATIONS

The Organization receives a significant amount of its funding from state and local government agencies. A substantial reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

The Organization maintains cash accounts at local banks. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000 per bank. At December 31, 2006, deposits in excess of the insured amount totaled \$310,773.

9. **RELATED PARTY TRANSACTIONS**

The Organization purchased supplies from a company that employs a member of its Board of Directors. The cost for these supplies totaled \$888 for 2006.