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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)

January 30, 2014

Board of Directors  
Crossroad Child & Family Services, Inc.  
2525 Lake Ave.  
Fort Wayne, IN 46805-5457

We have reviewed the audit report prepared by BKD CPAs & Advisors, Independent Public Accountants, for the period January 1, 2011 to December 31, 2011. 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 Crossroad Child & Family Services, Inc., as of December 31, 2011, 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

**Crossroad Child & Family Services, Inc.**

Accountants' Report and Financial Statements

December 31, 2011 and 2010



# Crossroad Child & Family Services, Inc.

December 31, 2011 and 2010

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## Independent Accountants' Report

Board of Directors  
Crossroad Child & Family Services, Inc.  
Fort Wayne, Indiana

We have audited the accompanying statements of financial position of Crossroad Child & Family Services, Inc. (Organization) as of December 31, 2011 and 2010, 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 audits.

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 Crossroad Child & Family Services, Inc. as of December 31, 2011 and 2010, 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.

*BKD, LLP*

May 17, 2012

**Crossroad Child & Family Services, Inc.**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

	2011	2010
<b>Assets</b>		
Cash and cash equivalents	\$ 127,837	\$ 337,088
Accounts receivable, net of allowance of \$50,000 and \$100,000 for 2011 and 2010	1,188,730	1,199,666
Inventories	9,433	8,787
Prepaid expenses	35,206	33,923
Cash surrender value of life insurance	32,075	32,075
Contributions receivable from charitable remainder trusts	37,618	45,487
Investments	6,530,238	6,958,515
Interest in assets held at Fort Wayne Community Foundation	66,653	72,737
Property and equipment	4,591,612	4,741,804
	\$ 12,619,402	\$ 13,430,082
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 87,057	\$ 78,069
Accrued expenses	427,772	463,971
Line of credit	200,000	-
Custodial funds	10,025	12,991
	724,854	555,031
<b>Net Assets</b>		
Unrestricted	11,475,144	12,469,155
Temporarily restricted	419,404	405,896
	11,894,548	12,875,051
Total net assets	11,894,548	12,875,051
Total liabilities and net assets	\$ 12,619,402	\$ 13,430,082

# Crossroad Child & Family Services, Inc.

## Statements of Activities Years Ended December 31, 2011 and 2010

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue, Gains (Losses) and Other Support</b>				
Fees for service	\$ 4,625,755	\$ -	\$ -	\$ 4,625,755
Contribution income	403,390	50,441	-	453,831
Grant income	52,230	-	-	52,230
Investment return	(51,181)	-	-	(51,181)
Rental income	30,136	-	-	30,136
Miscellaneous	2,157	-	-	2,157
Loss on sale of property and equipment	-	-	-	-
Net assets released from restrictions	36,933	(36,933)	-	-
	5,099,420	13,508	-	5,112,928
<b>Expenses</b>				
Treatment services	5,180,301	-	-	5,180,301
Management and general	655,507	-	-	655,507
Fund raising	257,623	-	-	257,623
	6,093,431	-	-	6,093,431
<b>Change in Net Assets Before Reclassification of Net Assets</b>	(994,011)	13,508	-	(980,503)
<b>Reclassification of Net Assets</b>	-	-	-	-
<b>Change in Net Assets</b>	(994,011)	13,508	-	(980,503)
<b>Net Assets, Beginning of Year</b>	12,469,155	405,896	-	12,875,051
<b>Net Assets, End of Year</b>	\$ 11,475,144	\$ 419,404	\$ -	\$ 11,894,548

**2010**

<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
\$ 5,215,912	\$ -	\$ -	\$ 5,215,912
610,752	109,620	-	720,372
64,710	-	-	64,710
736,954	-	-	736,954
28,531	-	-	28,531
1,024	-	-	1,024
(11,054)	-	-	(11,054)
32,991	(32,991)	-	-
6,679,820	76,629	-	6,756,449
5,060,597	-	-	5,060,597
1,203,833	-	-	1,203,833
220,451	-	-	220,451
6,484,881	-	-	6,484,881
194,939	76,629	-	271,568
199,526	-	(199,526)	-
394,465	76,629	(199,526)	271,568
12,074,690	329,267	199,526	12,603,483
\$ 12,469,155	\$ 405,896	\$ -	\$ 12,875,051

# Crossroad Child & Family Services, Inc.

## Statements of Functional Expenses Years Ended December 31, 2011 and 2010

	2011			
	Program Services	Supporting Services		Total
	Treatment Services	Management and General	Fund Raising	
Salaries and related expenses	\$ 3,796,446	\$ 493,346	\$ 183,676	
Other operating expenses	533,611	96,785	68,669	699,065
Occupancy	405,259	6,141	1,653	413,053
Purchased services	184,071	59,235	3,625	246,931
Total expenses before depreciation	4,919,387	655,507	257,623	5,832,517
Depreciation expense	260,914	-	-	260,914
Total expenses	\$ 5,180,301	\$ 655,507	\$ 257,623	\$ 6,093,431

**2010**

<b>2010</b>			
<b>Program Services</b>	<b>Supporting Services</b>		
<b>Treatment Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
\$ 3,844,969	\$ 561,248	\$ 128,704	\$ 4,534,921
463,762	533,375	78,573	1,075,710
381,948	4,849	1,526	388,323
103,791	104,361	11,648	219,800
4,794,470	1,203,833	220,451	6,218,754
266,127	-	-	266,127
<u>\$ 5,060,597</u>	<u>\$ 1,203,833</u>	<u>\$ 220,451</u>	<u>\$ 6,484,881</u>

# Crossroad Child & Family Services, Inc.

## Statements of Cash Flows Years Ended December 31, 2011 and 2010

	2011	2010
<b>Operating Activities</b>		
Change in net assets	\$ (980,503)	\$ 271,568
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	260,914	266,127
Loss on sale of property and equipment	-	11,054
Change in allowance for uncollectible accounts receivable	(50,000)	(173,944)
Net realized and unrealized (gains) losses on investments	219,802	(563,215)
Changes in		
Accounts receivable	60,936	225,273
Contributions receivable from charitable remainder trusts	7,869	-
Inventories	(646)	1,660
Prepaid expenses	(1,283)	13,030
Accounts payable and accrued expenses	(27,211)	(79,303)
Net cash used in operating activities	(510,122)	(27,750)
<b>Investing Activities</b>		
Purchase of property and equipment	(110,722)	(37,482)
Purchase of investments	(169,344)	(176,142)
Proceeds from sale of property and equipment	-	86,038
Proceeds from disposition of investments	383,903	1,157,457
Net cash provided by investing activities	103,837	1,029,871
<b>Financing Activities</b>		
Net proceeds (payments) from line of credit	200,000	(713,766)
Increase (decrease) in custodial fund for children	(2,966)	2,641
Principal payments on notes payable to bank	-	(78,198)
Net cash provided by (used in) financing activities	197,034	(789,323)
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(209,251)	212,798
<b>Cash and Cash Equivalents, Beginning of Year</b>	337,088	124,290
<b>Cash and Cash Equivalents, End of Year</b>	\$ 127,837	\$ 337,088
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 2,011	\$ 9,567

# **Crossroad Child & Family Services, Inc.**

## **Notes to Financial Statements**

**December 31, 2011 and 2010**

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

Crossroad Child & Family Services, Inc. (Organization) is a not-for-profit organization whose mission and principal activities are to provide treatment services to emotionally troubled children and their families placed by referring agencies primarily located in Indiana, Ohio and Michigan. The Organization's revenue and other support are derived principally from fees for services, contributions and federal and state grants, and its activities are conducted principally in the Fort Wayne, Indiana area.

#### ***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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2011 and 2010, cash equivalents consisted primarily of money market accounts and money market mutual funds. Uninvested cash and cash equivalents held for long-term purposes are classified as investments in the statements of financial position.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At December 31, 2011, the Organization's cash accounts did not exceed federally insured limits.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

#### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

# **Crossroad Child & Family Services, Inc.**

## **Notes to Financial Statements**

**December 31, 2011 and 2010**

### ***Accounts Receivable***

Accounts receivable are stated at the amount billed to customers. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

### ***Property and Equipment***

Property and equipment are stated at cost and depreciated on a straight-line basis over the estimated useful life of each asset, which ranges from 3 to 50 years.

### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

### ***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

### ***Government Grants***

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays

# **Crossroad Child & Family Services, Inc.**

## **Notes to Financial Statements**

**December 31, 2011 and 2010**

are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

### ***Self Insurance***

The Organization has elected to self-insure certain costs related to employee health benefit programs. Cost resulting from noninsured losses is charged to income when incurred. The Organization has purchased insurance that limits its exposure for individual claims in excess of \$50,000 with a maximum limit of liability of approximately \$1,000,000.

### ***Income Taxes***

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal and Indiana jurisdictions. With a few exceptions, the Organization is no longer subject to U.S. federal or state examinations by tax authorities for years before 2008.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Certain costs have been allocated among the program, management and general and fund raising categories based on units of service and other methods.

### ***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs and Level 3 (significant unobservable inputs) are recognized on the period beginning date.

### ***Subsequent Event***

Subsequent events have been evaluated through the date of the Independent Accountants' Report, which is the date the financial statements were available to be issued.

# Crossroad Child & Family Services, Inc.

## Notes to Financial Statements

December 31, 2011 and 2010

### Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	2011	2010
Cash, cash equivalents and money market mutual funds	\$ 387,787	\$ 585,145
Equity securities		
Consumer discretionary	165,287	239,114
Consumer staples	165,470	192,494
Industrial	137,228	175,837
Energy	168,334	180,030
Financials	189,896	221,420
Materials	69,296	110,898
Information technology	280,596	267,755
Utilities	40,813	84,302
Health care	174,493	209,524
Telecommunications	20,896	23,609
International	66,341	52,880
Corporate debt securities	-	171,788
Mutual funds		
Fixed income fund	1,344,481	1,057,702
Equity fund	1,102,993	1,130,925
Real estate investment trusts (REITs)	162,113	176,275
Fund of funds, United Church Funds (A)	2,054,214	2,078,817
	\$ 6,530,238	\$ 6,958,515

(A) The fund of funds investments do not have any unfunded commitments and can be redeemed at any time.

Total investment return is comprised of the following:

	2011	2010
Interest and dividend income	\$ 168,407	\$ 173,660
Net realized and unrealized gains (losses) on investments	(219,802)	563,215
Total investment income	(51,395)	736,875
Other interest income	214	79
Total investment return	\$ (51,181)	\$ 736,954

# Crossroad Child & Family Services, Inc.

## Notes to Financial Statements December 31, 2011 and 2010

### Note 3: Contributions Receivable From Charitable Remainder Trusts

Split-interest agreements consist primarily of beneficial interests in irrevocable charitable remainder trusts held by others. A charitable remainder trust provides for payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets will be available for the Organization's use. The amount of such assets held at the United Church Foundation (Trustee) amounted to \$37,618 and \$45,487 at December 31, 2011 and 2010 respectively.

### Note 4: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2011</u>	<u>2010</u>
Land	\$ 4,865	\$ 4,865
Buildings and improvements	8,649,468	8,637,908
Machinery and equipment	1,577,927	1,484,428
Construction in progress	338,259	332,597
	<u>10,570,519</u>	<u>10,459,798</u>
Less accumulated depreciation and amortization	<u>(5,978,907)</u>	<u>(5,717,994)</u>
	<u>\$ 4,591,612</u>	<u>\$ 4,741,804</u>

### Note 5: Line of Credit

The Organization has a \$500,000 revolving bank line of credit expiring in August 2012. At December 31 2011, there was \$200,000 borrowed against this line. The line is collateralized by substantially all of the Organization's assets. Interest varies with the bank's prime rate with a floor of 5.00%, which was 5.00% on December 31, 2011, and is payable monthly.

### Note 6: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

# Crossroad Child & Family Services, Inc.

## Notes to Financial Statements December 31, 2011 and 2010

- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There are no liabilities measured at fair value on a recurring basis. Additionally, there are no assets or liabilities measured at fair value on a nonrecurring basis.

### ***Cash Equivalents and Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities, fixed income mutual funds, equity mutual funds, money market mutual funds and real estate investment trusts. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. For investments other than the fund of funds, the inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmarks yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications and are classified within Level 2 of the valuation hierarchy. These Level 2 securities include corporate debt securities. The nonpublicly traded equity/bond fund (fund of funds) has sufficient activity and liquidity and is classified within Level 2 of the valuation hierarchy. Fair value is determined using the net asset value (or its equivalent) provided by the fund. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There were no cash equivalents or investments classified within Level 3 of the hierarchy.

### ***Contributions Receivable From Charitable Remainder Trusts***

The fair value is estimated at the present value of the future distribution expected to be received at the end of each of the trust's term. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

### ***Interest in Assets Held at Fort Wayne Community Foundation (Community Foundation)***

The fair value is estimated at the present value of the future distributions expected to be received over the term of the agreements. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

# Crossroad Child & Family Services, Inc.

## Notes to Financial Statements

December 31, 2011 and 2010

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2011 and 2010:

	2011			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents and investments				
Money market mutual funds	\$ 386,603	\$ 386,603	\$ -	\$ -
Equity securities				
Consumer discretionary	165,287	165,287	-	-
Consumer staples	165,470	165,470	-	-
Industrial	137,228	137,228	-	-
Energy	168,334	168,334	-	-
Financials	189,896	189,896	-	-
Materials	69,296	69,296	-	-
Information technology	280,596	280,596	-	-
Utilities	40,813	40,813	-	-
Health care	174,493	174,493	-	-
Telecommunications	20,896	20,896	-	-
International	66,341	66,341	-	-
Mutual funds				
Fixed income fund	1,344,481	1,344,481	-	-
Equity fund	1,102,993	1,102,993	-	-
Real estate investment trusts	162,113	162,113	-	-
Fund of funds, United Church Funds	2,054,214	-	2,054,214	-
Contributions receivable from charitable remainder trusts	37,618	-	-	37,618
Interest in assets held at the Community Foundation	66,653	-	-	66,653

# Crossroad Child & Family Services, Inc.

## Notes to Financial Statements

December 31, 2011 and 2010

	2010			
	Fair Value	Fair Value Measurements Using		
	(Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents and investments				
Money market mutual funds	\$ 585,002	\$ 585,002	\$ -	\$ -
Equity securities				
Consumer discretionary	239,114	239,114	-	-
Consumer staples	192,494	192,494	-	-
Industrial	175,837	175,837	-	-
Energy	180,030	180,030	-	-
Financials	221,420	221,420	-	-
Materials	110,898	110,898	-	-
Information technology	267,755	267,755	-	-
Utilities	84,302	84,302	-	-
Health care	209,524	209,524	-	-
Telecommunications	23,609	23,609	-	-
International	52,880	52,880	-	-
Corporate debt securities	171,788	-	171,788	-
Mutual funds				
Fixed income fund	1,057,702	1,057,702	-	-
Equity fund	1,130,925	1,130,925	-	-
Real estate investment trusts	176,275	176,275	-	-
Fund of funds, United Church Funds	2,078,817	-	2,078,817	-
Contributions receivable from charitable remainder trusts	45,487	-	-	45,487
Interest in assets held at the Community Foundation	72,737	-	-	72,737

# Crossroad Child & Family Services, Inc.

## Notes to Financial Statements December 31, 2011 and 2010

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	<b>Contributions Receivable From Charitable Remainder Trust</b>	<b>Interest in Assets Held at the Community Foundation</b>
Balance, January 1, 2010	\$ 45,487	\$ 67,858
Total realized and unrealized gains included in change in net assets	-	4,879
Balance, December 31, 2010	45,487	72,737
Total realized and unrealized losses included in change in net assets	(7,869)	(6,084)
Balance, December 31, 2011	\$ 37,618	\$ 66,653

The realized and unrealized gains all relate to assets still held at the reporting date and are included in investment return on the statements of activities.

### Note 7: Net Assets

#### *Temporarily Restricted Net Assets*

Temporarily restricted net assets at December 31 are available for the following purposes or periods:

	<b>2011</b>	<b>2010</b>
For periods after December 31	\$ 37,618	\$ 45,487
Religion	7,417	7,417
Children's holidays	58,633	59,361
Education and scholarship	68,280	53,754
Maintenance and equipment	89,655	89,655
Staff training	1,923	1,923
Recreation	8,231	8,231
Fire starters program	27,705	27,705
Various other purposes	119,942	112,363
	\$ 419,404	\$ 405,896

# Crossroad Child & Family Services, Inc.

## Notes to Financial Statements December 31, 2011 and 2010

### **Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2011</u>	<u>2010</u>
Holiday	\$ 7,246	\$ 5,533
Education	23,347	20,420
Fire Starter Program	-	5,500
Various, other programs	6,340	1,538
Total	<u>\$ 36,933</u>	<u>\$ 32,991</u>

### **Note 8: Retirement Plans**

The Organization sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code. All full-time employees at least 21 years of age and with one year and 1,000 hours of service are eligible to participate. The Plan, which provides for voluntary contributions from the participants, requires the Organization to match a discretionary percentage of the participants' salary deferrals up to a maximum of 5% of compensation. The Organization recognized \$77,735 and \$84,841 of pension expense for 2011 and 2010, respectively.

### **Note 9: Current Economic Conditions**

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, declines in contributions, governmental support, grant revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the Organization.

Current economic conditions have made it difficult for many donors to continue to contribute to not-for-profit organizations. A significant decline in contribution revenue and placements could have an adverse impact on the Organization's future operating results.

In addition, given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values, allowances for receivables, etc. that could negatively impact the Organization's ability to maintain sufficient liquidity.