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November 12, 2014

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

We have reviewed the audit report prepared by BKD, LLP, for the period January 1, 2012 to December 31, 2012. 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 Crossroad Child & Family Services, Inc., as of December 31, 2012, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Crossroad Child & Family Services, Inc.

Auditor's Report and Financial Statements

December 31, 2012 and 2011



Crossroad Child & Family Services, Inc.

December 31, 2012 and 2011

Contents

Independent Auditor's Report.....	1
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Financial Statements

Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

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

We have audited the accompanying financial statements of Crossroad Child & Family Services, Inc. (Organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Fort Wayne, Indiana
June 26, 2013

Crossroad Child & Family Services, Inc.

Statements of Financial Position

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Cash and cash equivalents	\$ 81,297	\$ 127,837
Accounts receivable, net of allowance of \$50,000 for 2012 and 2011	808,370	1,188,730
Inventories	6,924	9,433
Prepaid expenses	50,234	35,206
Cash surrender value of life insurance	14,239	32,075
Contributions receivable from charitable remainder trusts	29,119	37,618
Investments	6,816,346	6,530,238
Interest in assets held at Fort Wayne Community Foundation	74,990	66,653
Property and equipment	4,367,746	4,591,612
Total assets	<u>\$ 12,249,265</u>	<u>\$ 12,619,402</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 111,212	\$ 87,057
Accrued expenses	387,812	427,772
Line of credit	200,000	200,000
Custodial funds	11,663	10,025
Total liabilities	<u>710,687</u>	<u>724,854</u>
Net Assets		
Unrestricted	11,278,500	11,475,144
Temporarily restricted	260,078	419,404
Total net assets	<u>11,538,578</u>	<u>11,894,548</u>
Total liabilities and net assets	<u>\$ 12,249,265</u>	<u>\$ 12,619,402</u>

Crossroad Child & Family Services, Inc.

Statements of Activities Years Ended December 31, 2012 and 2011

	2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue, Gains (Losses) and Other Support				
Fees for service	\$ 4,460,908	\$ -	\$ -	\$ 4,460,908
Contribution income	486,180	29,373	-	515,553
Grant income	55,559	-	-	55,559
Investment return designated for operations	258,056	-	-	258,056
Rental income	28,589	-	-	28,589
Miscellaneous	2,326	-	-	2,326
Net assets released from restrictions	188,699	(188,699)	-	-
 Total revenue, gains (losses) and other support	 5,480,317	 (159,326)	 -	 5,320,991
 Expenses				
Treatment services	5,267,159	-	-	5,267,159
Management and general	750,960	-	-	750,960
Fund raising	216,296	-	-	216,296
 Total expenses	 6,234,415	 -	 -	 6,234,415
 Change in Net Assets Before Investment Return Not Designated For Operations	 (754,098)	 (159,326)	 -	 (913,424)
 Investment Return Not Designated For Operations	 557,454	 -	 -	 557,454
 Change In Net Assets	 (196,644)	 (159,326)	 -	 (355,970)
 Net Assets, Beginning of Year	 11,475,144	 419,404	 -	 11,894,548
 Net Assets, End of Year	 \$ 11,278,500	 \$ 260,078	 \$ -	 \$ 11,538,578

See Notes to Financial Statements

2011

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 4,625,755	\$ -	\$ -	\$ 4,625,755
403,390	50,441	-	453,831
52,230	-	-	52,230
272,507	-	-	272,507
30,136	-	-	30,136
2,157	-	-	2,157
<u>36,933</u>	<u>(36,933)</u>	<u>-</u>	<u>-</u>
<u>5,423,108</u>	<u>13,508</u>	<u>-</u>	<u>5,436,616</u>
5,180,301	-	-	5,180,301
655,507	-	-	655,507
<u>257,623</u>	<u>-</u>	<u>-</u>	<u>257,623</u>
<u>6,093,431</u>	<u>-</u>	<u>-</u>	<u>6,093,431</u>
(670,323)	13,508	-	(656,815)
<u>(323,688)</u>	<u>-</u>	<u>-</u>	<u>(323,688)</u>
(994,011)	13,508	-	(980,503)
<u>12,469,155</u>	<u>405,896</u>	<u>-</u>	<u>12,875,051</u>
<u>\$ 11,475,144</u>	<u>\$ 419,404</u>	<u>\$ -</u>	<u>\$ 11,894,548</u>

Crossroad Child & Family Services, Inc.

Statements of Functional Expenses Years Ended December 31, 2012 and 2011

	2012			
	Program Services	Supporting Services		
	Treatment Services	Management and General	Fund Raising	Total
Salaries and related expenses	\$ 3,873,979	\$ 541,486	\$ 172,604	\$ 4,588,069
Other operating expenses	537,654	123,261	41,199	702,114
Occupancy	416,621	8,320	1,392	426,333
Purchased services	190,597	77,893	1,101	269,591
Total expenses before depreciation	5,018,851	750,960	216,296	5,986,107
Depreciation expense	248,308	-	-	248,308
Total expenses	<u>\$ 5,267,159</u>	<u>\$ 750,960</u>	<u>\$ 216,296</u>	<u>\$ 6,234,415</u>

2011

Program Services		Supporting Services		
Treatment Services	Management and General	Fund Raising	Total	
\$ 3,796,446	\$ 493,346	\$ 183,676	\$ 4,473,468	
533,611	96,785	68,669	699,065	
405,259	6,141	1,653	413,053	
184,071	59,235	3,625	246,931	
<hr/>				
4,919,387	655,507	257,623	5,832,517	
260,914	-	-	260,914	
<hr/>				
<u>\$ 5,180,301</u>	<u>\$ 655,507</u>	<u>\$ 257,623</u>	<u>\$ 6,093,431</u>	

Crossroad Child & Family Services, Inc.

Statements of Cash Flows Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	\$ (355,970)	\$ (980,503)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	248,308	260,914
Change in allowance for uncollectible accounts receivable	-	(50,000)
Net realized and unrealized (gains) losses on investments	(640,727)	219,802
Changes in		
Accounts receivable	380,360	60,936
Contributions receivable from charitable remainder trusts	8,499	7,869
Inventories	2,509	(646)
Prepaid expenses	(15,028)	(1,283)
Cash surrender value of life insurance	17,836	-
Accounts payable and accrued expenses	(15,805)	(27,211)
Net cash used in operating activities	(370,018)	(510,122)
Investing Activities		
Purchase of property and equipment	(24,442)	(110,722)
Purchase of investments	(174,678)	(169,344)
Proceeds from disposition of investments	520,961	383,903
Net cash provided by investing activities	321,841	103,837
Financing Activities		
Net proceeds from line of credit	-	200,000
Increase (decrease) in custodial fund for children	1,638	(2,966)
Net cash provided by financing activities	1,638	197,034
Decrease in Cash and Cash Equivalents	(46,539)	(209,251)
Cash and Cash Equivalents, Beginning of Year	127,837	337,088
Cash and Cash Equivalents, End of Year	\$ 81,297	\$ 127,837
Supplemental Cash Flows Information		
Interest paid	\$ 18,797	\$ 2,011

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

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 government 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, 2012 and 2011, cash equivalents consisted primarily of money market 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, 2012, the Organization's cash accounts did not exceed federally insured limits.

Pursuant to legislation enacted in 2010, the FDIC fully insured all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions. Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the \$250,000 limit on FDIC insurance per covered transaction.

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 and temporarily 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, 2012 and 2011

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

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

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 \$1,250,000.

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 2009.

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.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	<u>2012</u>	<u>2011</u>
Cash, cash equivalents and money market mutual funds	\$ 106,326	\$ 387,787
Equity securities		
Consumer discretionary	187,132	165,287

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

	2012	2011
Consumer staples	\$ 145,002	\$ 165,470
Industrial	158,596	137,228
Energy	141,753	168,334
Financials	275,688	189,896
Materials	86,405	69,296
Information technology	286,067	280,596
Utilities	33,024	40,813
Health care	196,646	174,493
Telecommunications	24,945	20,896
International	61,709	66,341
Mutual funds		
Fixed income fund	1,123,046	1,344,481
Equity fund	1,483,423	1,102,993
Real estate investment trusts (REITs)	179,880	162,113
Fund of funds, United Church Funds (A)	2,326,704	2,054,214
	\$ 6,816,346	\$ 6,530,238

(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:

	2012	2011
Interest and dividend income	\$ 174,777	\$ 168,407
Net realized and unrealized gains (losses) on investments	640,727	(219,802)
Total investment income	815,504	(51,395)
Other interest income	6	214
Total investment return	\$ 815,510	\$ (51,181)

The Organization has established an informal spending policy on the reserve funds for budgetary purposes. This amount is classified as investment return designated for operations.

	2012	2011
Investment return designated for operations	\$ 258,056	\$ 272,507
Investment return not designated for operations	557,454	(323,688)
	\$ 815,510	\$ (51,181)

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2012 and 2011

Investment fee expense was \$34,954 and \$34,271 for the year ended December 31, 2012 and 2011, respectively.

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 \$29,119 and \$37,618 at December 31, 2012 and 2011, respectively.

Note 4: Property and Equipment

Property and equipment at December 31 consists of:

	<u>2012</u>	<u>2011</u>
Land	\$ 4,865	\$ 4,865
Buildings and improvements	8,679,018	8,649,468
Machinery and equipment	1,902,899	1,577,927
Construction in progress	15,611	338,259
	<u>10,602,393</u>	<u>10,570,519</u>
Less accumulated depreciation and amortization	<u>(6,234,647)</u>	<u>(5,978,907)</u>
	<u>\$ 4,367,746</u>	<u>\$ 4,591,612</u>

Note 5: Line of Credit

The Organization has a \$750,000 revolving bank line of credit expiring in August 2013. At December 31 2012 and 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, 2012, and is payable monthly.

Note 6: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

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, 2012 and 2011:

	2012			
	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)
Investments				
Money market mutual funds	\$ 104,473	\$ 104,473	\$ -	\$ -
Equity securities				
Consumer discretionary	187,132	187,132	-	-
Consumer staples	145,002	145,002	-	-
Industrial	158,596	158,596	-	-
Energy	141,754	141,754	-	-
Financials	275,687	275,687	-	-
Materials	86,405	86,405	-	-
Information technology	286,067	286,067	-	-
Utilities	33,024	33,024	-	-
Health care	196,646	196,646	-	-
Telecommunications	24,945	24,945	-	-
International	61,709	61,709	-	-
Mutual funds				
Fixed income fund	1,123,046	1,123,046	-	-
Equity fund	1,483,423	1,483,423	-	-
Real estate investment trusts	179,880	179,880	-	-
Fund of funds, United Church Funds	2,326,704	-	2,326,704	-
Contributions receivable from charitable remainder trusts	29,119	-	-	29,119
Interest in assets held at the Community Foundation	74,990	-	-	74,990

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

	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)
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	1,334,481	-	-
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

Following is a description of the valuation methodologies and inputs 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 have been no significant changes in the valuation techniques during the year ended December 31, 2012. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. 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 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.

Level 3 Reconciliation

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:

	Contributions Receivable From Charitable Remainder Trust	Interest in Assets Held at the Community Foundation
Balance, January 1, 2011	\$ 45,487	\$ 72,737
Total realized and unrealized gains and losses included in change in net assets	<u>(7,869)</u>	<u>(6,084)</u>
Balance, December 31, 2011	37,618	66,653
Total realized and unrealized gains and losses included in change in net assets	<u>(8,499)</u>	<u>8,337</u>
Balance, December 31, 2012	<u>\$ 29,119</u>	<u>\$ 74,990</u>

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

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

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	Fair Value at 12/31/12	Valuation Technique	Unobservable Inputs	Range
Contributions Receivable From Charitable Remainder Trust	\$ 29,119	Discounted cash flow	Discount rates Mortality assumptions(*)	4.0% - 8.0%
Interest in Assets Held at the Community Foundation	74,990	Discounted cash flow	Portfolio Returns Liquidity and marketability discounts Discount rates	3.0% - 8.0%

*Based on the ages of designated beneficiaries in the trust instruments.

Note 7: Net Assets

Temporarily Restricted Net Assets

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

	2012	2011
For periods after December 31	\$ 29,119	\$ 37,618
Religion	6,413	7,417
Children's holidays	58,533	58,633
Education and scholarship	29,687	68,280
Maintenance and equipment	98,241	89,655
Staff training	-	1,923
Recreation	5,799	8,231
Fire starters program	-	27,705
Various other purposes	32,286	119,942
	<u>\$ 260,078</u>	<u>\$ 419,404</u>

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2012 and 2011

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.

	2012	2011
Religion	\$ 1,004	\$ -
Holiday	4,464	7,246
Education	38,868	23,347
Maintenance	16,274	-
Staff training	1,923	-
Recreation	3,432	-
Fire Starter Program	27,704	-
Various, other programs	95,030	6,340
Total	<u>\$ 188,699</u>	<u>\$ 36,933</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 \$63,513 and \$77,735 of pension expense for 2012 and 2011, respectively.

Note 9: Subsequent Event

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were issued.