

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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May 22, 2009

Board of Directors
Stop Child Abuse and Neglect, Inc.
500 W. Main St.
Fort Wayne, IN 46802

We have reviewed the audit report prepared by Haines, Isenbarger & Skiba, LLC, Independent Public Accountants, for the period October 1, 2006 to September 30, 2007. 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 Stop Child Abuse and Neglect, Inc., as of September 30, 2007, 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

Financial Statements

STOP CHILD ABUSE AND NEGLECT, INC.

*Years ended September 30, 2007 and 2006
with Report of Independent Auditors*

Stop Child Abuse and Neglect, Inc.

Financial Statements

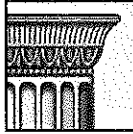
Years ended September 30, 2007 and 2006

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Report of Independent Auditors

Board of Directors
Stop Child Abuse and Neglect, Inc.

We have audited the accompanying statements of financial position of Stop Child Abuse and Neglect, Inc. (SCAN) as of September 30, 2007 and 2006, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of SCAN'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 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 audits 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 SCAN at September 30, 2007 and 2006 and the results of its operations, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2008, on our consideration of SCAN'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.

Haines, Isenbarger & Skiba, LLC

January 28, 2008

Stop Child Abuse and Neglect, Inc.

Statements of Financial Position

	September 30	
	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$ 363,785	\$ 457,431
Cash and cash equivalents, designated for Healthy Families program	1,015,627	1,163,232
Certificates of deposit	47,498	7,498
Grants receivable	1,014,938	642,928
Pledges receivable, Children's Garden	29,622	9,153
Prepaid expenses	10,684	7,339
Total current assets	<u>2,482,154</u>	<u>2,287,581</u>
Property and equipment:		
Land	159,450	150,000
Building	1,097,649	1,072,842
Office equipment	436,494	416,918
Furnishings	160,910	131,675
	<u>1,854,503</u>	<u>1,771,435</u>
Less accumulated depreciation	801,213	714,004
Total property and equipment	<u>1,053,290</u>	<u>1,057,431</u>
Other assets:		
Beneficial interest in perpetual trust	286,752	265,675
Bond issuance costs	9,713	10,926
Total other assets	<u>296,465</u>	<u>276,601</u>
Total assets	<u><u>\$3,831,909</u></u>	<u><u>\$3,621,613</u></u>
Liabilities and net assets		
Current liabilities:		
Current portion of long-term debt	\$ 33,667	\$ 33,667
Accounts payable	196,698	283,697
Accrued expenses	173,495	162,748
Total current liabilities	<u>403,860</u>	<u>480,112</u>
Long-term debt, less current portion	93,437	127,104
Net assets:		
Unrestricted	2,978,381	2,734,569
Temporarily restricted	64,479	9,153
Permanently restricted	291,752	270,675
Total net assets	<u>3,334,612</u>	<u>3,014,397</u>
Total liabilities and net assets	<u><u>\$3,831,909</u></u>	<u><u>\$3,621,613</u></u>

See accompanying notes.

Stop Child Abuse and Neglect, Inc.

Statements of Activities and Changes in Net Assets

	Year ended September 30			2006		
	2007		Total	2006		Total
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted	
Revenue, support, and other income						
Contributions	\$ 890,836	\$ 87,585	\$ 978,421	\$ 913,537	\$ 109,129	\$ 1,022,666
Contributed goods and services	110,005	-	110,005	3,600	-	3,600
Government grants:						
Indiana Child Abuse Prevention Fund	-	-	-	9,780	-	9,780
Child Welfare Services, county and state	907,815	-	907,815	876,331	-	876,331
Community Alliance for Healthy Families	4,176,053	-	4,176,053	3,888,011	-	3,888,011
Community Partners for Child Safety	554,487	-	554,487	-	-	-
Program fees	419,556	-	419,556	327,264	-	327,264
United Way	163,952	-	163,952	153,455	-	153,455
Interest income	58,539	-	58,539	67,127	-	67,127
Change in value of beneficial interest in perpetual trust	-	21,077	21,077	-	-	6,041
Miscellaneous	93,378	-	93,378	98,403	-	98,403
Total revenue, support, and other income	7,374,621	87,585	7,483,283	6,337,508	109,129	6,452,678
before net assets released from restrictions	32,259	(32,259)	-	120,974	(120,974)	-
Net assets released from restrictions	7,406,880	55,326	7,483,283	6,458,482	(11,845)	6,452,678
Total revenue, support, and other income						
Expenses						
Program services:						
Parents and Partners	491,812	-	491,812	465,106	-	465,106
Intensive Intervention Team	207,129	-	207,129	217,682	-	217,682
In-Office Supervised Visitation	424,327	-	424,327	297,157	-	297,157
Daybreak	187,949	-	187,949	156,767	-	156,767
Prevention through Education	101,256	-	101,256	101,046	-	101,046
Family Connection	76,337	-	76,337	127,845	-	127,845
Community Alliance for Healthy Families	4,212,758	-	4,212,758	4,103,136	-	4,103,136
Building Strong Families	533,156	-	533,156	374,684	-	374,684
Community Partners for Child Safety	558,066	-	558,066	11,056	-	11,056
Starting School Successfully	49,490	-	49,490	76,810	-	76,810
Total program services	6,842,280	-	6,842,280	5,931,289	-	5,931,289
Support services:						
Management and general	128,777	-	128,777	75,753	-	75,753
Fundraising	192,011	-	192,011	174,165	-	174,165
Total support services	320,788	-	320,788	249,918	-	249,918
Total expenses	7,163,068	-	7,163,068	6,181,207	-	6,181,207
Increase (decrease) in net assets	243,812	55,326	21,077	277,275	(11,845)	6,041
Net assets at beginning of year	2,734,569	9,153	270,675	2,457,294	20,998	264,634
Net assets at end of year	\$ 2,978,381	\$ 64,479	\$ 291,752	\$ 2,734,569	\$ 9,153	\$ 270,675
			\$ 3,334,612			\$ 3,014,397

See accompanying notes.

Stop Child Abuse and Neglect, Inc.
Statement of Functional Expenses
Year ended September 30, 2007

	Program Services											Support Services				
	Family Restoration Services					Prevention Services					Management and General Fundraising Services					
	Parents and Partners	Intensive Intervention Team	In-Office Supervised Visitation	Daybreak	Total Family Restoration Services	Prevention through Education	Family Connection	Community Alliance for Healthy Families	Building Strong Families	Community Partners for Child Safety	Starting School Successfully	Total Prevention Services	Management and General	Fundraising	Total Support Services	
Salaries	\$903,022	\$144,281	\$328,266	\$ 51,226	\$ 826,795	\$ 65,638	\$ 44,232	\$1,478,091	\$250,921	\$233,068	\$ 29,968	\$2,101,918	\$ 9,915	\$100,864	\$110,779	\$3,039,492
Payroll taxes	24,602	11,613	27,661	4,049	67,925	5,032	3,461	115,622	20,573	15,347	2,468	162,503	1,446	9,148	10,594	241,022
Employee benefits	55,309	9,546	8,985	8,987	82,827	5,712	1,952	178,035	24,575	9,939	3,640	223,853	5,867	10,864	16,731	323,411
Contract services	11,285	14,678	7,654	72,152	105,769	2,333	3,987	2,050,559	46,562	214,712	2,350	2,370,503	691	1,859	2,550	2,428,822
Supplies and materials	11,442	5,579	11,004	35,474	63,499	2,664	4,737	84,967	100,709	16,667	2,697	212,441	833	54,262	55,095	331,035
Printing and publications	7,324	3,487	6,073	1,799	18,683	1,617	4,936	35,775	7,657	5,685	1,547	57,217	1,790	2,318	4,108	80,008
Postage	1,817	865	1,547	321	4,550	1,272	311	8,721	3,138	1,424	384	15,250	150	751	901	20,701
Telephone	10,339	1,932	3,451	1,172	16,894	853	3,410	27,330	5,823	8,332	1,065	46,813	620	1,630	2,250	65,957
Conferences and training	1,954	885	1,558	967	5,364	385	129	30,312	32,160	4,517	387	67,890	-	579	579	73,833
Insurance	4,252	2,005	3,900	705	10,862	897	685	20,529	4,041	2,568	807	29,527	1,707	1,373	3,080	43,469
Utilities	2,846	1,355	2,446	500	7,147	599	432	13,601	2,888	2,169	595	20,284	768	903	1,671	29,102
Repairs and maintenance	8,968	4,271	7,636	1,587	22,462	1,886	2,605	42,864	12,367	6,083	1,896	67,701	2,228	2,838	5,066	95,229
Travel—mileage	34,104	1,072	322	5,187	40,685	9,800	64	59,346	6,835	25,353	155	101,553	2,521	210	2,731	144,969
Minor equipment purchases	2,744	989	2,435	368	6,536	469	1,512	19,894	4,512	2,489	439	29,315	57,671	657	58,328	94,179
Other costs	5,655	1,810	3,394	2,818	13,677	753	1,810	15,021	7,032	8,390	678	33,684	851	1,537	2,388	49,749
Total expenses before depreciation and interest expense	485,663	204,368	416,332	187,312	1,293,675	99,910	74,263	4,180,667	529,793	556,743	49,076	5,490,452	87,058	189,793	276,851	7,060,978
Depreciation expense	5,904	2,231	6,454	516	14,205	1,088	1,082	25,908	2,725	1,076	337	32,216	38,995	1,792	40,787	87,208
Interest expense and bank fees	1,145	530	1,541	121	3,337	258	992	6,183	638	247	77	8,395	2,724	426	3,150	14,882
Total expenses	\$491,812	\$207,129	\$424,327	\$187,949	\$1,311,217	\$101,256	\$76,337	\$4,212,758	\$533,156	\$558,066	\$ 49,490	\$5,531,063	\$128,777	\$192,011	\$320,788	\$7,163,068

Stop Child Abuse and Neglect, Inc.

Statement of Functional Expenses

Year ended September 30, 2006

	Program Services										Support Services					
	Family Restoration Services					Prevention Services					Management and General		Total Support Services	Total Expenses		
	Parents and Partners	Intervention Team	In-Office Supervised Visitation	Daybreak	Total Family Restoration Services	Prevention through Education	Family Connection	Community Alliance for Healthy Families	Building Strong Families	Community Partners for Child Safety	Starting School Successfully	Total Prevention Services			General	Fundraising
Salaries	\$281,837	\$145,746	\$232,619	\$59,042	\$719,244	\$63,995	\$67,063	\$1,590,208	\$157,704	\$5,262	\$42,377	\$1,976,609	\$8,632	\$106,663	\$115,295	\$2,761,148
Payroll taxes	25,780	11,783	18,703	4,797	61,063	5,216	5,366	133,100	13,277	699	4,816	162,474	1,195	9,145	10,340	233,877
Employee benefits	44,452	6,718	5,582	3,759	60,511	7,715	3,368	163,961	7,085	459	3,621	186,209	9,585	9,602	19,187	265,907
Contract services	8,224	23,481	4,223	69,321	105,249	1,535	5,332	1,828,228	23,151	681	3,410	1,862,537	8,911	2,400	11,311	1,979,097
Supplies and materials	12,734	4,533	6,064	4,837	28,188	3,694	25,181	99,875	73,213	1,638	6,210	209,811	8,660	32,324	40,984	278,983
Printing and publications	8,850	4,503	4,161	1,839	19,353	913	5,757	40,494	3,390	638	3,281	54,473	1,047	2,792	3,839	77,665
Postage	2,102	1,222	1,103	359	4,786	794	399	9,698	2,147	161	774	13,973	195	632	827	19,586
Telephone	6,606	1,698	1,518	1,004	10,826	381	3,031	22,329	1,548	281	1,432	29,002	570	1,230	1,800	41,628
Conferences and training	380	195	349	375	1,299	253	1,905	22,369	54,964	31	4,513	84,035	279	117	396	85,730
Insurance	4,799	2,254	2,822	1,295	11,170	1,005	1,194	24,488	1,563	344	1,640	30,234	1,434	1,575	3,009	44,413
Utilities	2,513	1,176	3,818	384	7,891	317	474	15,758	664	2	8	17,223	4,653	1,012	5,665	30,779
Repairs and maintenance	5,775	3,094	2,735	1,097	12,701	593	1,112	27,616	2,499	506	2,603	34,929	1,738	1,912	3,650	51,280
Travel—mileage	38,005	757	31	3,479	42,272	11,008	1,298	63,601	5,231	-	5	81,143	2,528	178	2,706	126,121
Minor equipment purchases	1,055	480	593	181	2,309	60	110	6,533	18,895	-	441	26,039	14,288	335	14,641	42,989
Other costs	4,681	2,024	2,630	2,010	11,345	594	2,602	18,673	1,747	323	1,530	25,469	1,293	1,368	2,661	39,475
Total expenses before depreciation and interest expense	447,793	209,684	286,951	153,779	1,098,207	98,073	124,392	4,066,931	367,078	11,025	76,661	4,744,160	65,008	171,303	236,311	6,078,678
Depreciation expense	16,139	7,420	8,713	2,798	35,070	2,810	2,514	29,250	7,249	-	-	41,823	7,857	1,679	9,536	86,429
Interest expense and bank fees	1,174	578	1,493	190	3,435	163	939	6,955	357	31	149	8,594	2,888	1,183	4,071	16,100
Total expenses	\$465,106	\$217,682	\$297,157	\$156,767	\$1,136,712	\$101,046	\$127,845	\$4,103,136	\$374,684	\$11,056	\$76,810	\$4,794,577	\$75,753	\$174,165	\$249,918	\$6,181,207

Stop Child Abuse and Neglect, Inc.

Statements of Cash Flows

	Year ended September 30	
	2007	2006
Operating activities		
Increase in net assets	\$ 320,215	\$ 271,471
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Noncash contribution of property and equipment	(19,979)	-
Depreciation	87,208	86,431
Amortization	1,213	1,215
Changes in operating assets and liabilities:		
Receivables	(392,479)	47,197
Prepaid expenses	(3,345)	3,517
Accounts payable	(86,999)	(253,873)
Accrued expenses	10,747	(171,408)
Deferred revenue	-	(8,241)
Beneficial interest in perpetual trust	(21,077)	(6,041)
Net cash used in operating activities	<u>(104,496)</u>	<u>(29,732)</u>
Investing activities		
Purchases of property and equipment	(63,088)	(97,133)
Net change in certificates of deposit	(40,000)	-
Net cash used in investing activities	<u>(103,088)</u>	<u>(97,133)</u>
Financing activity—payment on long-term debt	<u>(33,667)</u>	<u>(33,667)</u>
Decrease in cash and cash equivalents	(241,251)	(160,532)
Cash and cash equivalents at beginning of year	1,620,663	1,781,195
Cash and cash equivalents at end of year	<u>\$1,379,412</u>	<u>\$1,620,663</u>
Cash and cash equivalents		
Cash and cash equivalents	\$ 363,785	\$ 457,431
Cash and cash equivalents, designated for Healthy Families program	<u>1,015,627</u>	<u>1,163,232</u>
	<u>\$1,379,412</u>	<u>\$1,620,663</u>

See accompanying notes.

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements

September 30, 2007

1. Organization and Summary of Significant Accounting Policies

Organization

Stop Child Abuse and Neglect, Inc. (SCAN) was established in the state of Indiana. SCAN's mission is to prevent the abuse and neglect of children through direct service, education, coordination and advocacy in northeast Indiana.

During 2005, SCAN took over the programming of Daybreak Children's Shelter. SCAN began to provide the services of Daybreak Children's Shelter under the program Daybreak Crisis Homes.

SCAN is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code, and qualifies for the 50 percent charitable deduction limitation. SCAN has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Cash and Cash Equivalents and Certificates of Deposit

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. SCAN maintains cash accounts and certificates of deposit at local banks. From time to time during the year, SCAN's cash accounts exceeded federally insured limits. At September 30, 2007, SCAN's cash accounts exceeded federally insured limits by \$1,044,004.

Property and Equipment

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for building and equipment that has been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets as of September 30, 2007 and 2006. Depreciation is computed by the straight-line method over the following estimated useful lives:

Building	25 years
Furnishings and equipment	3 – 7 years

Expenditures for normal repairs and maintenance are expensed when incurred.

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Net Assets

Net assets are allocated to and accounted for based upon the donor's intended purpose. Unrestricted net assets have no donor-imposed restrictions placed upon them. In addition, SCAN has received certain net assets for specific purposes or for later periods of time or after specified dates, and these amounts are reported as temporarily or permanently restricted net assets. Temporarily restricted net assets include amounts whose use is limited by donor imposed stipulations that can be met and removed by actions of SCAN pursuant to those stipulations, occurrence of a stated event, or passage of a specified time period. When donor imposed restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets include amounts whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently, but permits SCAN to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

Contributions and Pledges Receivable

Contributions, including gifts, bequests, pledges, and other unconditional promises to give, without restrictions or stipulations are recorded as support (revenue) in the period received. Contributions are reported as temporarily restricted or permanently restricted support if they are received with donor imposed stipulations that limit their use. If a donor restriction expires in the same reporting period that the contribution was made, such contribution is reported as an unrestricted contribution in the statements of activities and changes in net assets.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their fair market value. SCAN reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, SCAN reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. SCAN reclassifies these temporarily restricted net assets to unrestricted net assets at that time.

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Contributions and Pledges Receivable (continued)

SCAN provides an allowance for doubtful accounts, which is based on historical collection experience and management's estimate of the losses that will be incurred in the collection of all receivables. As of September 30, 2007 and 2006, no allowance for doubtful accounts was deemed necessary.

Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation. During the years ended September 30, 2007 and 2006, the fair market value of contributed services recognized as revenue and expense in the accompanying statements of activities and changes in net assets were \$110,005 and \$3,600, respectively.

Government Grants

Support funded by government grants is recognized as SCAN performs the contracted services pursuant to grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. The government grants were received from the Indiana Department of Child Services pursuant to programs, primarily temporary assistance for needy families, awarded by the United States Department of Health of Human services.

Functional Allocation of Expenses

The cost of providing the program and other activities has been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

Preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

1. Organization and Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts as of and for the year ended September 30, 2006 have been reclassified to conform with the presentation as of and for the year ended September 30, 2007. The reclassifications had no impact on net assets as of September 30, 2006 or increase in net assets for the year then ended.

2. Beneficial Interest Trust (Perpetual Trust)

SCAN has a beneficial interest in a perpetual trust administered by an outside party. Pursuant to the terms of the trust, SCAN has the irrevocable right to receive income earned on the trust assets in perpetuity, but will never receive the assets held in trust. The estimated value of SCAN's beneficial interest in the perpetual trust was \$286,752 and \$265,675 at September 30, 2007 and 2006, respectively, which represents the fair market value of SCAN's proportional interest in the trust assets.

3. Debt Arrangements

Long-term debt consists of the following:

	September 30	
	2007	2006
Indiana Economic Development Revenue Bond, Series 2000 (SCAN, Inc. building project), variable interest that is 76 percent of prime rate, (5.89 percent at September 30, 2007) payable in monthly payments of \$2,806 plus interest, final payment due December 1, 2015, collateralized by the building	\$ 127,104	\$ 160,771
Less current portion	33,667	33,667
	<u>\$ 93,437</u>	<u>\$ 127,104</u>

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

3. Debt Arrangements (continued)

Maturities on the long-term debt as of September 30, 2007 are as follows:

2008	\$ 33,667
2009	33,667
2010	26,103
	<u>\$ 93,437</u>

Pursuant to a revolving line of credit arrangement with a bank, SCAN may borrow up to \$100,000 subject to certain terms and conditions. This line of credit arrangement is secured by SCAN's equipment, accounts receivable, and certain other assets. The line of credit arrangement bears interest at the prime rate (7.75 percent at September 30, 2007), which is due and payable monthly. There were no borrowings pursuant to this line of credit arrangement at September 30, 2007 and 2006.

Interest paid was \$9,200 and \$10,273 for the years ended September 30, 2007 and 2006, respectively.

4. Net Assets

Unrestricted net assets are as follows:

	September 30	
	2007	2006
Equipment, Healthy Families	\$ 53,217	\$ 63,443
Community Alliance for Healthy Families Fund	791,550	742,633
Quasi-endowment funds	38,239	38,239
General operating funds	2,095,375	1,890,254
	<u>\$ 2,978,381</u>	<u>\$ 2,734,569</u>

Unrestricted net assets include the following general and Board of Directors (Board)-designated assets and liabilities of SCAN.

- Equipment, Healthy Families represents the net book value of equipment acquired through funding by the Community Alliance for Healthy Families.

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

4. Net Assets (continued)

- Community Alliance for Healthy Families Fund consists of the accumulated funds generated from the Healthy Families program.
- Quasi-endowment funds consist of Board-designated assets set aside for the establishment of a permanent endowment.
- General operating funds consist of unrestricted assets that are available for support of SCAN's operations.

Temporarily restricted net assets are to be used for the following purposes:

	September 30	
	2007	2006
Children's Garden	\$ 25,483	\$ 9,153
Children's playground	38,996	-
	\$ 64,479	\$ 9,153

Permanently restricted net assets are restricted to:

	September 30	
	2007	2006
Endowment	\$ 5,000	\$ 5,000
Beneficial interest in perpetual trust	286,752	265,675
	\$ 291,752	\$ 270,675

Net assets released from donor restrictions as a result of incurring expenses to satisfy the restricted purposes or by occurrence of other events specified by donors were as follows:

	Year ended September 30	
	2007	2006
Children's Garden	\$ 7,250	\$ 17,875
Equipment purchases and other renovations	25,009	103,099
	\$ 32,259	\$ 120,974

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

5. Employee Benefits

SCAN maintains a 403(b) employer contributory tax-deferred annuity plan for the benefit of substantially all of its employees, which allows for both employee and employer contributions. SCAN's contribution consists of a matching contribution of 100 percent of employee contributions, up to 2 percent of eligible employee compensation. SCAN's contribution to the plan was \$29,350 and \$31,694 for the years ended September 30, 2007 and 2006, respectively.

6. Related Party Transactions

Certain members of the Board of Directors are employed by companies providing construction, banking, insurance, and other services to SCAN. The fees paid to these companies were based on customary and reasonable rates for such services.