



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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June 18, 2009

Board of Directors
LaPorte County Child Abuse
Prevention Council, Inc.
7451 W. Johnson Rd.
Michigan City, IN 46360

We have reviewed the audit report prepared by Applegate & Company, Independent Public Accountants, for the period January 1, 2007 to December 31, 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 LaPorte County Child Abuse Prevention Council, Inc., as of December 31, 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

LAPORTE COUNTY CHILD ABUSE
PREVENTION COUNCIL, INC.
Michigan City, Indiana

ANNUAL REPORT
December 31, 2007

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APPLEGATE & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors Report

Board of Directors
LaPorte County Child Abuse
Prevention Council, Inc.
Michigan City, Indiana

Paul E. Applegate, CPA
William E. Anderson, CPA
John E. Applegate, PA
(1920-1993)
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA
Ryan J. Skonieczny, CPA


We have audited the accompanying statements of financial position of LaPorte County Child Abuse Prevention Council, Inc. as of December 31, 2007 and 2006 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 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 LaPorte County Child Abuse Prevention Council, Inc. as of December 31, 2007 and 2006 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.

In accordance with Government Auditing Standards, we have also issued our report dated July 8, 2008, on our consideration of LaPorte County Child Abuse Prevention Council, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
July 8, 2008

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF ACTIVITIES
For the year ended December 31, 2007

| <u>PUBLIC SUPPORT AND REVENUE</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-------------------------------|-------------------------------|------------------|
| Public support: | | | | |
| Contributions - cash | \$ 12,256 | \$ 3,533 | \$126,455 | \$ 142,244 |
| Special events | 26,554 | 13,853 | | 40,407 |
| Allocated by The United Way | 48,297 | | | 48,297 |
| Total public support | <u>87,107</u> | <u>17,386</u> | <u>126,455</u> | <u>230,948</u> |
| Grants from governmental agencies: | | | | |
| Department of Education | 76,542 | 442 | | 76,984 |
| Healthy Families Indiana | 425,911 | | | 425,911 |
| Michigan City Area Schools | 55,588 | 8,910 | | 64,498 |
| Healthy Families | | | | |
| LaPorte County | 111,389 | | | 111,389 |
| ITPC | 2,885 | 6,345 | | 9,230 |
| Indiana State Department of Health | 56,066 | | | 56,066 |
| LaPorte County - Office of Family and Children | 93,841 | 24,012 | | 117,853 |
| Kids First - Bethune | | | | |
| Department Child Services - Lake County | 8,618 | | | 8,618 |
| Department Child Services - Pulaski County | 1,344 | | | 1,344 |
| Department Child Services - Indiana | 480,874 | | | 480,874 |
| LaPorte County Grant | 3,978 | | | 3,978 |
| LaPorte County Circuit Court | 20,000 | | | 20,000 |
| Total grants from governmental agencies | <u>1,337,036</u> | <u>39,709</u> | | <u>1,376,745</u> |
| Other operating revenue: | | | | |
| Income released from restrictions | | (141,377) | | (141,377) |
| Private grants | 221,585 | 77,894 | | 299,479 |
| Program service fees | 140,654 | | | 140,654 |
| Investment income | 10,821 | | 3,323 | 14,144 |
| Unrealized gain on investments (Note 3) | | | 4,743 | 4,743 |
| Miscellaneous revenue | 583 | | | 583 |
| Total other revenue | <u>373,643</u> | <u>(63,483)</u> | <u>8,066</u> | <u>318,226</u> |
| Total support and revenue | <u>1,797,786</u> | <u>(6,388)</u> | <u>134,521</u> | <u>1,925,919</u> |

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended December 31, 2007

| <u>EXPENSES</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|---------------------|-----------------------------------|-----------------------------------|--------------------|
| Program services | 1,661,094 | | | 1,661,094 |
| Management and general | 136,373 | | | 136,373 |
| Fund-raising | <u>61,539</u> | | <u>2,529</u> | <u>64,068</u> |
| Total expenses | <u>1,859,006</u> | | <u>2,529</u> | <u>1,861,535</u> |
| CHANGE IN NET ASSETS BEFORE BUILDING EXPANSION REVENUES | <u>(61,220)</u> | <u>(6,388)</u> | <u>131,992</u> | <u>64,384</u> |
| <u>BUILDING EXPANSION REVENUES/(EXPENSE)</u> | | | | |
| Private grants | 85,382 | | | 85,382 |
| Contributions - cash | 100 | | | 100 |
| Special events | 1,045 | | | 1,045 |
| Loss on disposition of fixed assets (Note 1) | (1,356) | | | (1,356) |
| Interest expense | <u>(24,451)</u> | | | <u>(24,451)</u> |
| Total building expansion revenues | <u>60,720</u> | | | <u>60,720</u> |
| CHANGE IN NET ASSETS | (500) | (6,388) | 131,992 | 125,104 |
| NET ASSETS AT BEGINNING OF YEAR | <u>1,559,383</u> | <u>141,377</u> | <u>120,301</u> | <u>1,821,061</u> |
| NET ASSETS AT END OF YEAR | <u>\$1,558,883</u> | <u>\$134,989</u> | <u>\$252,293</u> | <u>\$1,946,165</u> |

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

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF ACTIVITIES

For the year ended December 31, 2006

| <u>PUBLIC SUPPORT AND REVENUE</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-----------------------------------|------------------|
| Public support: | | | | |
| Contributions - cash | \$ 29,905 | \$ 3,991 | \$ 40,252 | \$ 74,148 |
| Special events | 30,167 | | | 30,167 |
| Allocated by The United Way | 8,885 | 21,808 | | 30,693 |
| Total public support | <u>68,957</u> | <u>25,799</u> | <u>40,252</u> | <u>135,008</u> |
| Grants from governmental agencies: | | | | |
| Department of Education | 668,111 | | | 668,111 |
| Healthy Families Indiana | 374,984 | 1,826 | | 376,810 |
| Evenstart - Michigan City Area Schools | 1,752 | | | 1,752 |
| Healthy Families LaPorte County | 119,696 | | | 119,696 |
| ITPC | 18,583 | | | 18,583 |
| Indiana State Department of Health | 61,974 | | | 61,974 |
| LaPorte County - Office of Family and Children | 175,201 | 1,534 | | 176,735 |
| Kids First - Bethune | 24,437 | | | 24,437 |
| Department Child Services - Lake County | 85,560 | | | 85,560 |
| Department Child Services - Indiana | 88,557 | | | 88,557 |
| LaPorte County Grant | 382 | 3,978 | | 4,360 |
| LaPorte County Circuit Court | | 20,000 | | 20,000 |
| Total grants from governmental agencies | <u>1,619,237</u> | <u>27,338</u> | | <u>1,646,575</u> |
| Other operating revenue: | | | | |
| Income released from restrictions | | (88,084) | | (88,084) |
| Private grants | 123,240 | 83,915 | | 207,155 |
| Program service fees | 119,570 | 4,325 | | 123,895 |
| Investment income | 5,380 | | 604 | 5,984 |
| Unrealized gain on invest- ments (Note 3) | | | 10,155 | 10,155 |
| Miscellaneous revenue | 1,925 | | | 1,925 |
| Total other revenue | <u>250,115</u> | <u>156</u> | <u>10,759</u> | <u>261,030</u> |
| Total support and revenue | <u>1,938,309</u> | <u>53,293</u> | <u>51,011</u> | <u>2,042,613</u> |

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended December 31, 2006

| <u>EXPENSES</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|--|------------------------|-----------------------------------|-----------------------------------|------------------------|
| Program services | 1,744,805 | | | 1,744,805 |
| Management and general | 143,903 | | | 143,903 |
| Fund-raising | <u>33,508</u> | | <u>288</u> | <u>33,796</u> |
| Total expenses | <u>1,922,216</u> | | <u>288</u> | <u>1,922,504</u> |
| CHANGE IN NET ASSETS BEFORE BUILDING EXPANSION REVENUES | <u>16,093</u> | <u>53,293</u> | <u>50,723</u> | <u>120,109</u> |
| <u>BUILDING EXPANSION REVENUES/(EXPENSE)</u> | | | | |
| Private grants | 14,617 | | | 14,617 |
| Contributions - cash | 12,867 | | | 12,867 |
| Contributions - in-kind (Note 6) | 750 | | | 750 |
| Special events | 764 | | | 764 |
| Loss on disposition of fixed assets (Note 1) | (1,044) | | | (1,044) |
| Interest expense | <u>(25,254)</u> | | | <u>(25,254)</u> |
| Total building expansion revenues | <u>2,700</u> | | | <u>2,700</u> |
| CHANGE IN NET ASSETS | 18,793 | 53,293 | 50,723 | 122,809 |
| NET ASSETS AT BEGINNING OF YEAR | <u>1,540,590</u> | <u>88,084</u> | <u>69,578</u> | <u>1,698,252</u> |
| NET ASSETS AT END OF YEAR | <u>\$1,559,383</u> | <u>\$141,377</u> | <u>\$120,301</u> | <u>\$1,821,061</u> |

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

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2007 and 2006

| | <u>ASSETS</u> | <u>2007</u> | <u>2006</u> |
|--|---------------|------------------------|------------------------|
| <u>CURRENT ASSETS</u> | | | |
| Cash and cash equivalents (Note 5) | | \$ 225,782 | \$ 335,720 |
| Accounts receivable | | | |
| Unity Foundation | | 48,110 | 2,348 |
| Grants from governmental agencies | | 230,828 | 151,971 |
| Prepaid expenses | | <u>11,901</u> | <u>4,941</u> |
| Total current assets | | <u>516,621</u> | <u>494,980</u> |
| <u>PROPERTY AND EQUIPMENT (Note 1)</u> | | | |
| Land and land improvements (Note 6) | | 92,205 | 92,205 |
| Building | | 1,504,775 | 1,504,775 |
| Furniture and fixtures | | <u>252,613</u> | <u>250,197</u> |
| Total cost | | 1,849,593 | 1,847,177 |
| Accumulated depreciation | | <u>316,277</u> | <u>245,307</u> |
| Total property and equipment | | <u>1,533,316</u> | <u>1,601,870</u> |
| <u>OTHER ASSETS</u> | | | |
| Loan fees | | 4,721 | 5,003 |
| Endowment fund (Note 3) | | 252,293 | 81,686 |
| Challenge fund (Note 3) | | | <u>35,545</u> |
| Total other assets | | <u>257,014</u> | <u>122,234</u> |
| Total assets | | <u>\$2,306,951</u> | <u>\$2,219,084</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| <u>CURRENT LIABILITIES</u> | | | |
| Current portion of long-term debt (Note 4) | | \$ 11,805 | \$ 11,064 |
| Accounts payable | | 84,180 | 8,500 |
| Payroll withholdings payable | | 3,018 | 2,798 |
| Retirement plan payable | | <u>2,588</u> | <u>1,397</u> |
| Total current liabilities | | <u>101,591</u> | <u>23,759</u> |
| <u>LONG-TERM DEBT (Note 4)</u> | | <u>259,195</u> | <u>374,264</u> |
| <u>NET ASSETS</u> | | | |
| Unrestricted | | 1,558,883 | 1,559,383 |
| Temporarily restricted (Note 5) | | 134,989 | 141,377 |
| Permanently restricted (Note 5) | | <u>252,293</u> | <u>120,301</u> |
| Total net assets | | <u>1,946,165</u> | <u>1,821,061</u> |
| Total liabilities and net assets | | <u>\$2,306,951</u> | <u>\$2,219,084</u> |

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

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|--|------------------|------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | |
| Change in net assets | \$125,104 | \$122,809 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Net change to endowment | (135,061) | (47,654) |
| Depreciation and amortization | 76,971 | 77,110 |
| Loss on disposition of fixed assets | 1,356 | 1,044 |
| Building contributions - in-kind | | (750) |
| (Increase)/decrease in assets | | |
| Accounts receivable | (124,619) | 48,310 |
| Prepaid expenses | (6,960) | (382) |
| Increase/(decrease) in liabilities | | |
| Accounts payable | 75,680 | 1,264 |
| Other current liabilities | <u>1,411</u> | <u>6</u> |
| Net cash from operating activities | <u>13,882</u> | <u>201,757</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | |
| Additions to property and equipment | <u>(9,492)</u> | <u>(18,142)</u> |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | |
| Debt reduction: | | |
| Long-term | <u>(114,328)</u> | <u>(10,542)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (109,938) | 173,073 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | <u>335,720</u> | <u>162,647</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$225,782</u> | <u>\$335,720</u> |
| Schedule of noncash investing and financing activities | | |
| Cost of assets acquired | \$ 9,492 | \$ 18,142 |
| Fixed assets loan | | |
| Cash payments for fixed assets | <u>\$ 9,492</u> | <u>\$ 18,142</u> |
| Interest paid | <u>\$ 24,451</u> | <u>\$ 25,254</u> |

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

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2007

| | <u>Program Services</u> | <u>Management & General</u> | <u>Fund- raising</u> | <u>Total Expenses</u> |
|--|-----------------------------|-------------------------------------|--------------------------|---------------------------|
| Salaries | \$ 900,484 | \$ 93,581 | \$37,718 | \$1,031,783 |
| Payroll taxes | 71,934 | 7,476 | 3,013 | 82,423 |
| Health insurance | 104,217 | 10,830 | 5,950 | 120,997 |
| Retirement plan | 15,961 | 1,659 | 871 | 18,491 |
| Professional fees | 5,110 | 5,110 | | 10,220 |
| Direct assistance | 4,199 | | | 4,199 |
| Contract services | 179,225 | | | 179,225 |
| House supplies | 4,175 | 121 | | 4,296 |
| Office supplies | 15,229 | 692 | | 15,921 |
| Telephone | 15,069 | 809 | 229 | 16,107 |
| Postage | 3,038 | 680 | 640 | 4,358 |
| Utilities | 15,238 | | | 15,238 |
| Insurance | 26,197 | 655 | | 26,852 |
| Repairs and maintenance | 16,827 | 552 | | 17,379 |
| Special programs | 104,444 | 26 | | 104,470 |
| Printing and copier | 19,275 | 539 | | 19,814 |
| Advertising | 3,643 | | 1,131 | 4,774 |
| Travel | 36,615 | 1,049 | 559 | 38,223 |
| Conferences and training | 31,673 | 1,590 | | 33,263 |
| Special events | 7,524 | | 10,504 | 18,028 |
| Membership dues | 340 | 1,362 | 75 | 1,777 |
| Management and bank fees | | 657 | | 657 |
| Incentive expense | 4,717 | 7 | | 4,724 |
| Amortization - loan costs | | 282 | | 282 |
| Miscellaneous | <u>6,940</u> | <u>1,027</u> | <u>3,378</u> | <u>11,345</u> |
| Total expenses before depreciation | 1,592,074 | 128,704 | 64,068 | 1,784,846 |
| Depreciation of building and equipment | <u>69,020</u> | <u>7,669</u> | <u> </u> | <u>76,689</u> |
| Total expenses | <u>\$1,661,094</u> | <u>\$136,373</u> | <u>\$64,068</u> | <u>\$1,861,535</u> |

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

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended December 31, 2006

| | <u>Program Services</u> | <u>Management & General</u> | <u>Fund- raising</u> | <u>Total Expenses</u> |
|--|-----------------------------|-------------------------------------|--------------------------|---------------------------|
| Salaries | \$ 981,826 | \$ 89,464 | \$16,638 | \$1,087,928 |
| Payroll taxes | 80,127 | 7,298 | 1,358 | 88,783 |
| Health insurance | 92,335 | 8,410 | 894 | 101,639 |
| Retirement plan | 17,191 | 1,566 | | 18,757 |
| Professional fees | 4,230 | 4,230 | | 8,460 |
| Contract services | 155,778 | 2,000 | | 157,778 |
| House supplies | 3,050 | 743 | | 3,793 |
| Office supplies | 14,895 | 1,602 | | 16,497 |
| Telephone | 15,179 | 1,235 | | 16,414 |
| Postage | 3,570 | 1,024 | 370 | 4,964 |
| Utilities | 16,702 | | | 16,702 |
| Insurance | 21,037 | 1,056 | | 22,093 |
| Repairs and maintenance | 15,858 | 965 | | 16,823 |
| Special programs | 107,505 | 2,990 | | 110,495 |
| Printing and copier | 13,905 | 683 | | 14,588 |
| Advertising | 9,802 | 1,322 | 4,557 | 15,681 |
| Travel | 53,769 | 1,154 | 160 | 55,083 |
| Conferences and training | 49,720 | 930 | | 50,650 |
| Special events | 8,520 | 2,569 | 8,265 | 19,354 |
| Membership dues | 5,625 | 1,480 | 200 | 7,305 |
| Management and bank fees | | 1,150 | | 1,150 |
| Incentive expense | 1,272 | 287 | | 1,559 |
| Amortization - loan costs | | 282 | | 282 |
| Miscellaneous | <u>3,763</u> | <u>3,781</u> | <u>1,354</u> | <u>8,898</u> |
| Total expenses before depreciation | 1,675,659 | 136,221 | 33,796 | 1,845,676 |
| Depreciation of building and equipment | <u>69,146</u> | <u>7,682</u> | | <u>76,828</u> |
| Total expenses | <u>\$1,744,805</u> | <u>\$143,903</u> | <u>\$33,796</u> | <u>\$1,922,504</u> |

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

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITY - The LaPorte County Child Abuse Prevention Council, Inc., d/b/a Dunebrook, is a voluntary, not-for-profit organization whose purpose is to promote positive family interaction and child development through education and supportive programs while maintaining an environment that enhances child advocacy efforts.

The agency was created in 1989 to be a center where intervention and prevention would work together toward the best interests of the children in LaPorte County. They envisioned Dunebrook as a child-centered, safe place devoted to nurturing families and protecting children. Their vision and the mission of Dunebrook have grown beyond the borders of LaPorte County. Nurturing families, helping parents, and advocating for children have become Dunebrook's greatest strengths.

The staff at Dunebrook works collaboratively with many agencies to provide parenting education and support to thousands of families in LaPorte County, the Northwest Indiana Region, and the state of Indiana. Many of the programs are offered in a home visitation model while others are offered at Dunebrook or at school sites, libraries, churches and various other places. Information and education are offered on-line through their web site: www.dunebrook.org <<http://www.dunebrook.org>>. Several of the Dunebrook programs are offered in English and Spanish. A substantial amount of the Organization's support is received from governmental agencies.

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION - The Organization uses Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations." Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Also, the Organization uses SFAS No. 116, "Accounting for Contributions Received and Contributions Made." In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions. Under SFAS No. 116, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the purpose restriction. Restricted support is reported as unrestricted, if the restrictions are met in the same reporting period when received.

DONATED MATERIALS - The Organization recognizes contribution revenues and corresponding expenses for materials at values provided by the vendors.

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNTS RECEIVABLE - LaPorte County Child Abuse Prevention Council, Inc. makes direct write-offs when specific accounts are determined to be uncollectible. It is the opinion of management that a further provision for doubtful accounts is not necessary at December 31, 2007 and 2006 and that the direct charge-off method does not differ materially from generally accepted accounting principles.

LAND, BUILDING AND EQUIPMENT - Land, building and equipment are recorded at cost. Donated assets are capitalized at the fair market value on the date of donation. Depreciation of building and equipment is calculated using both accelerated and straight-line methods over the estimated useful lives. For the years ended December 31, 2007 and 2006, depreciation totaled \$76,689 and \$76,828, respectively.

INCOME TAXES - LaPorte County Child Abuse Prevention Council, Inc. is exempt from tax on income under section 501(c) of the Internal Revenue Code. Therefore, these statements do not include any provision for income taxes.

CASH EQUIVALENTS - All highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents and are reflected as cash in the statement of cash flows.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at December 31, 2007 and 2006 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheets.

NOTE 3 - ENDOWMENT AND CHALLENGE FUNDS

The endowment fund is restricted in perpetuity to continue the purpose of the Organization and is managed by a third party trustee. Income generated by the assets held in the endowment fund is to be used for operations and is distributed to the Organization annually. Gains realized on the investments are recorded on the Organization's books, but are retained in the trust to be distributed to the Organization at the trustee's discretion. The endowment fund has been recorded at market value. At December 31, 2007 and 2006, allowances of \$19,396 and \$14,653, respectively, were recorded to account for the unrealized gain from the increase in market value. The increase in the allowance of \$4,743 and \$10,155 for the years ended December 31, 2007 and 2006, respectively, are reflected as changes in net assets on the statements of activities. The endowment fund totaled \$252,293 and \$81,686 as of December 31, 2007 and 2006, respectively. Contributions to the endowment totaled \$109,205 and \$2,684 for the years ended December 31, 2007 and 2006, respectively.

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 3 - ENDOWMENT AND CHALLENGE FUNDS (CONTINUED)

During 2006, the Organization established a challenge fund. Contributions to the challenge fund were used for matching funds for an incentive for another fund-raising campaign. The challenge fund balance of \$53,629 was transferred to the endowment fund during 2007. The fund is recorded at market value of \$35,545 for 2006. Contributions to the fund totaled \$17,250 and \$37,568 for 2007 and 2006 and had earnings of \$834 and \$1,047 in 2007 and 2006, respectively.

NOTE 4 - LONG-TERM DEBT

A schedule of the Organization's long-term debt at December 31, 2007 and 2006 follows:

| <u>Due to/(Security)</u> | <u>Interest Rate</u> | <u>Payment Amount and Maturity Date</u> | <u>2007 Amount</u> | <u>2006 Amount</u> |
|-------------------------------------|--------------------------|---|------------------------|------------------------|
| Horizon Bank/(Real estate mortgage) | Variable (rate 6.37%) | \$2,983 including interest due 07/19/25 | \$271,000 | \$385,328 |
| | Less current maturity | | <u>11,805</u> | <u>11,064</u> |
| | Net long-term debt | | <u>\$259,195</u> | <u>\$374,264</u> |

Long-term debt matures as follows:

| | |
|-----------|------------------|
| 2009 | \$ 12,595 |
| 2010 | 13,439 |
| 2011 | 14,339 |
| 2012 | 15,764 |
| 2013-2025 | <u>203,058</u> |
| Total | <u>\$259,195</u> |

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 5 - RESTRICTED NET ASSETS

The permanently restricted net assets of the Organization are funds held at the Unity Foundation of LaPorte County.

| | <u>2007</u> | <u>2006</u> |
|--|------------------|------------------|
| Permanently restricted net assets are restricted as follows: | | |
| Cash - in transit to challenge fund | | \$ 3,070 |
| Challenge fund | | 35,545 |
| Endowment fund | <u>\$252,293</u> | <u>81,686</u> |
| Total | <u>\$252,293</u> | <u>\$120,301</u> |

At December 31, 2007, the temporarily restricted net assets of \$134,989 represent cash collected in 2007 for grants, program service fees, and public support received designated for 2008 projects.

At December 31, 2006, the temporarily restricted net assets of \$141,377 represent cash collected for grants, service fees, and public support received in 2006 designed for 2007 projects.

NOTE 6 - DONATED MATERIALS

Materials donated to the Organization during the year ended December 31, 2006 were valued by the vendors at \$750. The amount is reflected in the financial statements as contribution revenue with a corresponding expense or asset as follows:

| | |
|----------------------------|--------------|
| | <u>2006</u> |
| Land and land improvements | <u>\$750</u> |

- Continued -

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2007 and 2006

NOTE 7 - SIMPLE RETIREMENT PLAN

LaPorte County Child Abuse Prevention Council, Inc. established a discretionary contributory simple retirement plan for qualifying employees. LaPorte County Child Abuse Prevention Council, Inc. contributes an amount equal to 2% of each participating employee's compensation. The expense for the years ended December 31, 2007 and 2006 was \$18,491 and \$18,757, respectively.

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

The LaPorte County Child Abuse Prevention Council, Inc. maintains cash balances at a local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2007, the Organization's uninsured cash balances total \$135,844.

NOTE 9 - SUBSEQUENT EVENT

In May 2008, the LaPorte County Child Abuse Prevention Council, Inc. refinanced its long-term debt at a lower interest rate and a shorter maturity date.

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2007

| <u>Federal Granting Agency</u> | <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Pass-Through Grantor</u> | <u>Pass-Through Number</u> | <u>Federal Expenditures</u> | <u>Amounts Provided to Sub-recipients</u> |
|---|---|----------------------------|---|----------------------------|-----------------------------|---|
| Department of Health and Human Services | Temporary Assistance for Needy Families | 93.558 | Indiana Family & Social Services Admin. | 46-02-60-1560 | \$425,911 * | |
| Department of Education | Parental Information and Resource Centers | 84.310A | N/A | N/A | 76,542 | |
| Department of Health and Human Services | Community For Child Safety | 93.590 | Indiana Department of Child Services | N/A | <u>480,874</u> | |
| Total | | | | | <u>\$983,327</u> | <u>\$ 0</u> |

* Approximately 82% Federal Funds

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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Paul E. Applegate, CPA
William E. Anderson, CPA
John E. Applegate, PA
(1920-1993)
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA
Ryan J. Skonieczny, CPA

Board of Directors
LaPorte County Child Abuse
Prevention Council, Inc.
Michigan City, Indiana

We have audited the financial statements of LaPorte County Child Abuse Prevention Council, Inc. as of and for the year ended December 31, 2006 and have issued our report thereon dated July 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether LaPorte County Child Abuse Prevention Council, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered LaPorte County Child Abuse Prevention Council, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk

- Continued -

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)

that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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


APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
July 8, 2008

1421 South Woodland Avenue
Michigan City, Indiana 46360
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REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

Paul E. Applegate, CPA
William E. Anderson, CPA
John E. Applegate, PA
(1920-1993)
Charles C. Fox, CPA
Jason M. Nichols, CPA
Brenda K. Novak, CPA
Ryan J. Skonieczny, CPA

Board of Directors
LaPorte County Child Abuse
Prevention Council, Inc.
Michigan City, Indiana

Compliance

We have audited the compliance of LaPorte County Child Abuse Prevention Council, Inc. with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to its major federal program for the year ended December 31, 2007. LaPorte County Child Abuse Prevention Council, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LaPorte County Child Abuse Prevention Council, Inc.'s management. Our responsibility is to express an opinion on LaPorte County Child Abuse Prevention Council, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LaPorte County Child Abuse Prevention Council, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of LaPorte County Child Abuse Prevention Council, Inc.'s compliance with those requirements.

- Continued -

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)

In our opinion, LaPorte County Child Abuse Prevention Council, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The management of LaPorte County Child Abuse Prevention Council, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirement of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LaPorte County Child Abuse Prevention Council, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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


APPLEGATE & COMPANY
Certified Public Accountants

Michigan City, Indiana
July 8, 2008

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2007

SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of LaPorte County Child Abuse Prevention Council, Inc.
2. No reportable conditions in internal control were disclosed by the audit of the financial statements.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of LaPorte County Child Abuse Prevention Council, Inc.
4. No reportable conditions in internal controls over major programs were disclosed by the audit of major federal programs.
5. The auditor's report on compliance for the major federal award programs for LaPorte County Child Abuse Prevention Council, Inc. expresses an unqualified opinion on its major federal program.
6. There are no audit findings or questioned costs related to the major federal award program for LaPorte County Child Abuse Prevention Council, Inc.
7. The program tested as major program was: Agency-Department of Health and Human Services; Title-Community Partners for Child Safety; CFDA #93.590.
8. The threshold used to distinguish between Type A and Type B programs was \$300,000.
9. LaPorte County Child Abuse Prevention Council, Inc. was determined to qualify as a low-risk auditee.
10. Findings related to financial statements that are required to be reported in accordance with GAGAS:

None.
11. Findings and questioned costs for federal awards including audit findings as described in OMB Circular A-133 Section 510(a):

None.

LAPORTE COUNTY CHILD ABUSE PREVENTION COUNCIL, INC.

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

For the year ended December 31, 2006

SUMMARY OF AUDIT RESULTS

1. The auditor's report expressed an unqualified opinion on the financial statements of LaPorte County Child Abuse Prevention Council, Inc.
2. No reportable conditions in internal control were disclosed by the audit of the financial statements.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of LaPorte County Child Abuse Prevention Council, Inc.
4. No reportable conditions in internal controls over major programs were disclosed by the audit of major federal programs.
5. The auditor's report on compliance for the major federal award programs for LaPorte County Child Abuse Prevention Council, Inc. expresses an unqualified opinion on its major federal program.
6. There are no audit findings or questioned costs related to the major federal award program for LaPorte County Child Abuse Prevention Council, Inc.
7. The program tested as major program was: Agency-Department of Education; Title-Parental Assistance; CFDA #84.310A.
8. The threshold used to distinguish between Type A and Type B programs was \$300,000.
9. LaPorte County Child Abuse Prevention Council, Inc. was determined to qualify as a low-risk auditee.
10. Findings related to financial statements that are required to be reported in accordance with GAGAS:

None.
11. Findings and questioned costs for federal awards including audit findings as described in OMB Circular A-133 Section 510(a):

None.