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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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February 4, 2010

Board of Directors
Child and Parent Services, Inc.
1000 W. Hively Ave., P.O. Box 773
Elkhart, IN 46517-1744

We have reviewed the audit report prepared by McGladrey & Pullen, LLP, Independent Public Accountants, for the period January 1, 2008 to December 31, 2008. 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 Child and Parent Services, Inc., as of December 31, 2008, 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.

We call your attention to the finding in the report. Pages 25 and 26 contain one current audit finding.

STATE BOARD OF ACCOUNTS

Child And Parent Services, Inc.

Financial and Compliance Report
12.31.2008

McGladrey & Pullen
Certified Public Accountants

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McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report
On The Financial Statements

To the Board of Directors
Child And Parent Services, Inc.
Elkhart, Indiana

We have audited the accompanying statements of financial position of Child And Parent Services, Inc. (a non-profit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Child And Parent Services, Inc.'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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child And Parent Services, Inc. as of December 31, 2008 and 2007, 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.

As discussed in Note 9 to the financial statements, in 2008 Child And Parent Services, Inc. adopted FASB Statement of Position FAS No. 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, which resulted in certain reclassifications between Child And Parent Services, Inc.'s classes of net assets.

As described in Note 13 to the financial statements, the 2007 financial statements have been restated for an error in the application of accounting principles relating to unrestricted and permanently restricted net assets. The previously issued auditor's report dated April 30, 2008 is not to be relied on because the previously-issued financial statements were materially misstated. The auditors' report dated April 30, 2008 is replaced by this auditor's report on the restated financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2009 on our consideration of Child And Parent Services, Inc.'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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. 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.

McGladrey & Pullen, LLP

Elkhart, Indiana
July 21, 2009

Child And Parent Services, Inc.

Statements of Financial Position
December 31, 2008 and 2007

	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	$ 268,486	$ 223,547
Pledges and accounts receivable	66,645	54,409
Grants receivable	390,155	202,766
Prepaid expenses	11,692	7,307
Total current assets	736,978	488,029
Property and Equipment		
Land	120,998	120,998
Building	124,229	124,229
Building improvements	708,032	706,003
Furniture and equipment	238,961	229,597
Total property and equipment	1,192,220	1,180,827
Less accumulated depreciation	548,375	452,772
Net property and equipment	643,845	728,055
Investments	1,032,437	1,472,220
Beneficial Interest in Foundation	107,038	168,529
Total assets	$ 2,520,298	$ 2,856,833
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 36,753	$ 68,690
Accrued payroll and withholdings	78,069	82,548
Accrued vacation	52,620	55,002
Total current liabilities	167,442	206,240
Net Assets		
Unrestricted		
Operating	47,504	409,297
Property and equipment	643,845	728,055
Board designated	398,574	420,075
Total unrestricted net assets	1,089,923	1,557,427
Temporarily restricted	662,721	502,954
Permanently restricted	600,212	590,212
Total net assets	2,352,856	2,650,593
Total liabilities and net assets	$ 2,520,298	$ 2,856,833

See Notes to Financial Statements.

Child And Parent Services, Inc.

Statements of Activities
Years Ended December 31, 2008 and 2007

	2008				2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue								
Contributions	$ 249,116	$ 145,604	$ 10,000	$ 404,720	$ 233,048	$ 222,451	$ 60,000	$ 515,499
Grant income	-	1,539,467	-	1,539,467	-	1,647,773	-	1,647,773
Service fees	121,846	-	-	121,846	59,714	-	-	59,714
Special fundraising events	333,337	50,019	-	383,356	135,528	-	-	135,528
Memorials	2,108	3,530	-	5,638	5,879	-	-	5,879
Change in beneficial interest in foundation	(61,491)	-	-	(61,491)	(3,202)	-	-	(3,202)
Investment income (loss)	(10,945)	(35,444)	-	(46,389)	90,942	-	-	90,942
Release from restrictions - used for programs	1,694,023	(1,694,023)	-	-	1,878,865	(1,878,865)	-	-
Total support and revenue	2,327,994	9,153	10,000	2,347,147	2,400,774	(8,641)	60,000	2,452,133
Program Expenses								
Child and Family Advocacy Center	122,867	-	-	122,867	116,227	-	-	116,227
Court appointed special advocate	224,802	-	-	224,802	228,238	-	-	228,238
Healthy Families	807,058	-	-	807,058	834,362	-	-	834,362
Building Blocks Preschool	215,706	-	-	215,706	250,796	-	-	250,796
Parent education	166,718	-	-	166,718	154,155	-	-	154,155
Supervised visits	121,376	-	-	121,376	113,677	-	-	113,677
Families First	287,308	-	-	287,308	427,638	-	-	427,638
Total program expenses	1,945,835	-	-	1,945,835	2,125,093	-	-	2,125,093
Supporting Services								
General and administrative	587,013	-	-	587,013	389,259	-	-	389,259
Fundraising	112,036	-	-	112,036	69,623	-	-	69,623
Total supporting services	699,049	-	-	699,049	458,882	-	-	458,882
Total expenses	2,644,884	-	-	2,644,884	2,583,975	-	-	2,583,975
Change in net assets	(316,890)	9,153	10,000	(297,737)	(183,201)	(8,641)	60,000	(131,842)
Net assets, beginning of year as restated (Note 13)	1,557,427	502,954	590,212	2,650,593	1,740,628	511,595	530,212	2,782,435
Net asset reclassification based on a change in accounting principle (Note 9)	(150,614)	150,614	-	-	-	-	-	-
Net assets, end of year	$ 1,089,923	$ 662,721	$ 600,212	$ 2,352,856	$ 1,557,427	$ 502,954	$ 590,212	$ 2,650,593

See Notes to Financial Statements.

Child And Parent Services, Inc.

Statement of Functional Expenses
Year Ended December 31, 2008

	Child and Family Advocacy Center	Court Appointed Special Advocate	Healthy Families	Building Blocks Preschool	Parent Education	Supervised Visits	Families First	Total Program	General and Administrative	Fund Raising	Total Supporting Services	Total Expenses
Salaries	$93,136	$162,454	$555,946	$143,549	$117,913	$84,272	$148,815	$1,306,085	$393,619	$45,432	$439,051	$1,745,136
Employee benefits	2,457	12,925	26,594	9,968	2,808	4,330	11,304	70,386	26,261	5,538	31,799	102,185
Payroll taxes	6,924	11,624	40,788	10,161	8,949	6,249	10,793	95,488	28,668	2,980	31,648	127,136
Professional fees	280	-	-	-	-	-	7,395	7,675	29,709	15,409	45,118	52,793
Food supplies	-	21	737	7,933	7,708	-	11	16,410	2,962	-	2,962	19,372
Supplies	2,641	1,428	12,214	2,136	8,454	1,009	24,724	52,606	11,138	473	11,611	64,217
Telephone	1,053	2,193	13,580	1,288	924	756	1,527	21,321	4,377	392	4,769	26,090
Postage	150	1,304	785	46	640	1,059	529	4,513	2,593	1,735	4,328	8,841
Utilities	1,479	2,306	13,982	2,088	1,845	1,219	2,041	24,960	5,376	802	6,178	31,138
Repairs and maintenance	2,160	3,321	14,419	3,418	2,932	1,765	3,004	31,019	16,862	1,144	18,006	49,025
Printing	152	604	1,727	263	485	394	26,360	29,985	3,428	1,119	4,547	34,532
Fund raising expense	-	-	-	-	-	-	9,449	9,449	-	28,628	28,628	38,077
Local transportation	335	9,964	40,465	696	1,691	284	2,087	55,522	1,467	414	1,881	57,403
Staff development	1,369	1,221	17,957	200	299	98	2,562	23,706	2,317	685	3,002	26,708
Subscriptions and membership	2,923	125	300	105	-	125	-	3,578	1,961	378	2,339	5,917
Insurance	1,777	3,223	12,286	3,060	2,772	1,726	3,138	27,982	8,357	1,323	9,680	37,662
Meetings	653	759	1,107	16	137		531	3,203	4,870	1,482	6,352	9,555
Advertising and marketing	95	442	557	-	547	-	22,728	24,369	12,080	-	12,080	36,449
Contracted transportation	-	-	-	21,436	-	12,615	-	34,051	-	-	-	34,051
Depreciation	4,543	8,230	31,470	7,846	7,087	4,514	8,038	71,728	20,871	3,005	23,876	95,604
Bank service charges	265	570	1,834	457	413	263	559	4,361	2,506	511	3,017	7,378
Rent expense	-	-	14,204	-	-	-	-	14,204	-	-	-	14,204
Computer support and repair	411	730	5,691	938	1,026	425	1,620	10,841	7,933	528	8,461	19,302
Miscellaneous	-	-	-	-	-	-	-	-	(751)	-	(751)	(751)
Bad debts	-	1,257	-	-	-	210	-	1,467	-	-	-	1,467
Security services	64	101	415	102	88	63	93	926	409	58	467	1,393
Total expenses	$122,867	$224,802	$807,058	$215,706	$166,718	$121,376	$287,308	$1,945,835	$587,013	$112,036	$699,049	$2,644,884

See Notes to Financial Statements.

Child And Parent Services, Inc.

Statement of Functional Expenses
Year Ended December 31, 2007

	Child and Family Advocacy Center	Court Appointed Special Advocate	Healthy Families	Building Blocks Preschool	Parent Education	Supervised Visits	Families First	Total Program	General and Administrative	Fund Raising	Total Supporting Services	Total Expenses
Salaries	$ 88,609	$ 165,483	$ 584,041	$ 163,106	$ 113,224	$ 81,083	$ 154,667	$ 1,350,213	$ 241,320	$ 44,848	$ 286,168	$ 1,636,381
Employee benefits	1,581	10,259	22,073	7,606	1,356	2,799	6,755	52,429	21,003	3,373	24,376	76,805
Payroll taxes	6,618	11,654	42,791	11,900	8,629	6,236	11,289	99,117	16,664	2,640	19,304	118,421
Professional fees	441	239	458	124	82	60	18,012	19,416	48,562	33	48,595	68,011
Food supplies	57	49	375	10,388	2,166	-	14	13,049	82	-	82	13,131
Supplies	2,481	2,901	15,193	4,732	7,731	1,425	57,835	92,298	26,286	660	26,946	119,244
Telephone	1,179	2,495	13,997	1,604	1,122	773	1,286	22,456	2,903	430	3,333	25,789
Postage	334	744	3,102	770	854	360	1,092	7,256	1,760	596	2,356	9,612
Utilities	1,047	2,240	13,978	2,345	1,549	1,130	1,549	23,838	1,800	628	2,428	26,266
Repairs and maintenance	1,765	3,776	17,539	5,790	3,000	1,906	3,374	37,150	4,147	1,059	5,206	42,356
Printing	159	1,839	1,579	355	229	488	56,395	61,044	3,134	95	3,229	64,273
Fund raising expense	-	-	-	-	-	-	-	-	-	8,847	8,847	8,847
Local transportation	137	5,406	31,211	400	1,012	589	970	39,725	1,730	6	1,736	41,461
Staff development	2,840	2,285	11,576	865	887	1,582	23,470	43,505	8,407	1,700	10,107	53,612
Subscriptions and membership	315	124	362	131	11	133	26	1,102	1,294	124	1,418	2,520
Insurance	1,994	4,267	16,471	4,467	2,951	2,157	2,951	35,258	3,328	1,196	4,524	39,782
Advertising	13	1,947	1,716	30	1,532	274	77,517	83,029	1,546	8	1,554	84,583
Contracted transportation	-	-	-	24,348	-	6,972	-	31,320	-	-	-	31,320
Depreciation	4,282	9,163	35,369	9,592	6,337	4,625	6,337	75,705	7,653	2,569	10,222	85,927
Bank service charges	293	628	2,424	657	434	317	434	5,187	2,205	427	2,632	7,819
Rent expense	-	-	14,222	-	-	-	-	14,222	-	-	-	14,222
Computer support and repair	655	1,392	5,369	1,450	959	702	3,575	14,102	2,701	348	3,049	17,151
Miscellaneous	-	-	-	-	-	-	-	-	209	-	209	209
Bad debts	1,366	1,217	-	-	-	-	-	2,583	(7,579)	-	(7,579)	(4,996)
Security services	61	130	516	136	90	66	90	1,089	104	36	140	1,229
Total expenses	$ 116,227	$ 228,238	$ 834,362	$ 250,796	$ 154,155	$ 113,677	$ 427,638	$ 2,125,093	$ 389,259	$ 69,623	$ 458,882	$ 2,583,975

See Notes to Financial Statements.

Child And Parent Services, Inc.

Statements Of Cash Flows
Years Ended December 31, 2008 and 2007

	2008	2007
Cash Flows From Operating Activities		
Change in net assets	$ (297,737)	$ (131,842)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	95,604	85,927
Undistributed change in beneficial interest in foundation	61,491	3,202
Loss on sale of assets	-	4,285
Permanently restricted contribution revenue	(10,000)	(60,000)
Realized (gain) on sale of investments	(105,873)	(76,216)
Unrealized loss on investments	208,249	55,323
(Increase) decrease in:		
Grants receivable	(187,389)	89,872
Pledges and accounts receivable	(12,236)	70,777
Prepaid expenses	(4,385)	2,521
(Decrease) increase in:		
Accounts payable	(31,937)	(12,031)
Accrued payroll and withholdings	(4,479)	22,627
Accrued vacation	(2,382)	8,142
Net cash provided by (used in) operating activities	(291,074)	62,587
Cash Flows From Investing Activities		
Purchase of property and equipment	(11,394)	(148,993)
Proceeds from sale of assets	-	11,286
Purchase of investments	(1,757,395)	(1,340,523)
Proceeds from sale of investments	2,094,802	1,386,836
Net cash provided by (used in) investing activities	326,013	(91,394)
Cash Flows From Financing Activities		
Permanently restricted contributions received	10,000	60,000
Increase in cash and cash equivalents	44,939	31,193
Cash and cash equivalents, beginning	223,547	192,354
Cash and cash equivalents, ending	$ 268,486	$ 223,547

See Notes to Financial Statements.

Note 1. Nature of Organization

Child And Parent Services, Inc. (the Organization), a not-for-profit corporation, was originally organized in 1943 to provide preventative health care for children. In the early 1970's, the Organization changed its mission and focus to child abuse prevention and early intervention with children and families.

The Organization's programs include Child and Family Advocacy Center, Court Appointed Special Advocate, Building Blocks Preschool, Healthy Families, Parent Education, Supervised Visitation and Families First.

Child and family advocacy center:

The Child and Family Advocacy Center (CFAC) is a resource to families and to the agencies which investigate and intervene into child abuse cases in Elkhart County. CFAC provides a kid-friendly environment, forensic interviews and assessments for children, advocacy and support for family members, and other programs focused on assisting the child victims and their families.

Court appointed special advocate:

Court Appointed Special Advocate (CASA) volunteers spend time weekly to advocate for children in the court system. A judge appointed CASA volunteers to an abuse or neglect case and is trained to interview everyone involved, including the child. They provide the judge with well-rounded and objective information and recommendations. CASA volunteers are a consistent voice for a child that has no voice.

Building blocks preschool:

The Building Blocks Preschool program is a preschool for children between the ages of 3-5 that have been abused, have emotional, social, or behavioral problems, or developmental delays. The safe, consistent and structured environment fosters growth in all those areas as well as prepares the child for success in school. This is a unique partnership with Oaklawn and requires intense parental involvement including home visitation and parenting classes.

Healthy families:

Healthy Families of Elkhart County exists to help parents of newborn infants by offering support and information about child development and what to expect as a new parent. Parenting requires enormous amounts of patience, self-control and sheer stamina. Healthy families support specialists visit homes on a regular basis to provide new parents with information, encouragement and support.

Parent education:

The Organization offers parent education programs in a variety of settings and formats. Series of classes and a Support Group are held regularly at the Joy Rose Center and in the community. These include Baby Think It Over, where computerized babies are used by eighth graders to learn about caring for a baby, and Welcome Baby, an initiative in partnership with the hospitals where information about child development and ways to access support services are distributed to all parents of newborns. In addition, parenting classes are offered at various times and locations in the community.

Supervised visitation:

The supervised visitation program provides an opportunity for children to enjoy a safe, neutral, visit with a non-custodial parent. Sometimes a judge may order that visits be supervised if more information is needed about the relationship between the parent and child, or if there are safety concerns. During the visit, each family has a private, home-like space for visiting. The environment is safe and secure. There are toys, play rooms, a gym and playground equipment available. During the visit, staff members document observation of the family on a form which is reviewed by the family services coordinator and then sent to the referring caseworker or judge and attorneys involved. The facilitator may be in and out of the room depending on the court order.

Families first:

The Organization is the managing partner of Families First. This community partnership brings together key community organizations who are dedicated to supporting parents in those critical years between birth and school. Families First operates under the guidance of several local agencies, businesses and volunteer leaders who have made the financial leadership commitment to see every child in Elkhart County enter kindergarten prepared to succeed.

Note 2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Classification and reporting of net assets:

The Organization's financial statement presentation follows the recommendations of the Financial Accounting Standards Board ("FASB") in its 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. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

- Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Use of estimates:

The preparation of financial statements 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Accounts receivable:

The Organization accounts for receivables based on the amount of services billed to local individuals, organizations, and government entities. Most billings and past due receivables are determined based on contractual terms. The Organization does not accrue interest on any of its receivables. Management periodically reviews the accounts receivable aging and writes off any accounts that appear to be uncollectible. However, management has determined that no allowance relating to accounts receivable is necessary at the statement of financial position date.

Investments:

Investments in marketable securities, U.S. treasury bonds, and common stocks with readily determinable fair values are stated at fair value based on quoted market prices. Donated securities are recorded at fair value on the date of donation. Investment income, including realized and unrealized gains and losses on investments, dividends and interest are reported under support and revenue in the statement of activities. Certificates of deposit are recorded at cost.

Property and equipment:

Property and equipment are stated at cost, or for donated property and equipment, at fair value as of the date of donation, and include expenditures for new additions and repairs that substantially increase the useful lives of existing property and equipment. Normal repairs and maintenance are recorded as operating expenditures. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited to or charged against operations for the period. Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Building and improvements	10-30
Furniture and equipment	3-10

Contributions, grants, and investment earnings:

It is the Organization's policy to record contributions, grants, and investment earnings that are restricted as to time of use or purpose of use as temporarily restricted net assets, and then transfer them to unrestricted net assets once the restriction is met. This policy is applied even if the restriction is met within the same year the contribution, grant, or earnings are received or earned. All other contributions, grants, and investment earnings are recorded as unrestricted or permanently restricted net assets depending on the presence or absence of donor restrictions.

Income taxes:

The Organization is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Third party reimbursement:

Certain revenues are obtained under governmental programs. Amounts claimed are credited to income; however, final determination may vary because of regulations pertaining to reimbursement. Differences in estimated amounts and actual settlements are reflected as charges and credits upon settlement or payment.

Recently issued accounting pronouncements:

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48 (FIN 48), "*Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement 109*." FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109, "*Accounting for Income Taxes*." FIN 48 prescribes a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return including positions that the organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of application of FIN 48 these will be accounted for as an adjustment to the opening balance of retained earnings. Additional disclosures about the amounts of such liabilities will be required also. The Organization presently recognizes income tax positions based on management's estimate of whether it is probable and can be reasonably estimated that a liability has been incurred for unrecognized income tax benefits by applying FASB Statement No. 5, "*Accounting for Contingencies*." The Organization has elected to defer the application of Interpretation 48 in accordance with FASB Staff Position (FSP) FIN 48-3. This FSP defers the effective date of Interpretation 48 for nonpublic enterprises, such as Child and Parent Services, Inc., included within its scope to the annual financial statements for fiscal years beginning after December 15, 2008. The Organizations will be required to adopt FIN 48 in its 2009 annual financial statements. Management has not assessed the impact of FIN 48 on its financial position and results of operations and has not determined if the adoption of FIN 48 will have a material effect on its financial statements.

The Organization adopted SFAS No. 157, "*Fair Value Measurements"* (SFAS 157) effective January 1, 2008. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure of fair value measurements. The adoption of SFAS 157 did not have a material impact on the financial statements or results of operations of the Organization. In accordance with Financial Accounting Standards Board Staff Position (FSP) No. 157−2, "*Effective Date of FASB Statement No. 157*," the Organization will delay application of SFAS 157 for certain non−financial assets and non−financial liabilities such as long-lived assets until January 1, 2009. SFAS 157 applies to all assets and liabilities that are measured and reported on a fair value basis. The Organization is currently assessing the potential effect of the adoption of the remaining provisions of SFAS No. 157 on its financial position, results of operations and cash flows.

Note 3. Pledges Receivable

Unconditional promises expected to be collected within one year are reported at net realizable value. Those expected in more than one year, if material to the financial statements, are reported at the present value of their estimated future cash flows using a risk-free interest rate at the date of the pledge to determine the discounts. Amortization of the discounts, if any, is included in contribution revenue. At December 31, 2008 and 2007, pledges receivable are approximately $19,000 and $35,000 respectively and all pledges are expected to be received within one year.

Note 4. Investments

Investment activity at December 31, 2008 and 2007 is summarized as follows:

	2008	2007
Common stocks	$ 549,883	$ 645,529
Corporate bonds	34,453	-
U.S. treasury bonds	448,101	717,490
Certificates of deposit	-	109,201
	$ 1,032,437	$ 1,472,220

No individual investments represented greater than 10% of the total investments at December 31, 2008 and 2007.

Investment securities in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

The credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the Organization’s investments may have incurred a further decline in fair value since December 31, 2008.

Investment return at December 31, 2008 and 2007 is summarized as follows:

	2008	2007
Interest and dividends	$ 71,284	$ 82,870
Net unrealized (losses)	(208,249)	(55,323)
Net realized gains on sale of investments	105,873	76,216
	(31,092)	103,763
Less: Investment fees	15,297	12,821
	$ (46,389)	$ 90,942

Note 5. Fair Value Disclosures

Effective January 1, 2008, the Organization adopted FASB Statement No. 157, "*Fair Value Measurements*" (SFAS 157). SFAS 157 applies to all assets and liabilities that are being measured and reported at fair value. SFAS 157 requires new disclosure that establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This statement enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to SFAS 157.

Investments held by the Organization are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange. The beneficial interest in the Elkhart County Community Foundation is considered a level 3 instrument and is based upon externally developed models that use unobservable inputs due to limited market activity of the instrument. The change in the beneficial interest measured at fair value for which the Organization has used level 3 inputs to determine fair value as of December 31, 2008 consisted of unrealized losses of approximately $61,500, which is included in the change in net assets (unrestricted) on the statement of activities.

Note 6. Beneficial Interest in Foundation

Contributions made to the Organization's fund with the Elkhart County Community Foundation (the "Foundation") by donors intending to benefit the Organization are recognized by the Organization as contributions and as a part of the beneficial interest in foundation, unless donors' intentions were to benefit the Foundation through the granting of variance power over the gifts placed with the Foundation.

The Foundation has been granted the power to invest the monies received by the Organization, for the purpose of generating income that is to be used to further the charitable purposes of the Organization. These assets are to be held by the Foundation in perpetuity, unless the Foundation loses its tax-exempt status as a public charitable organization, or is liquidated, at which time the assets are to revert back to the Organization. The amount of income to be distributed to the Organization by the Foundation is determined annually by its board of directors.

The guiding principle in determining the amount of the distribution is the preservation of the original principal transferred to the Foundation by the Organization.

Each year the net change in this asset is to be reflected in the statement of activities. For the years ended December 31, 2008 and 2007, the net change in the beneficial interest in foundation was approximately ($61,500) and ($3,200) respectively.

Note 7. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2008 and 2007 are restricted for the following purposes:

	2008	2007
Healthy Families Program	$ 278,629	$ 253,760
Supervised Visits	47,160	71,273
CFAC Program	110,971	96,505
Families First	110,791	81,416
Endowments	115,170	-
	$ 662,721	$ 502,954

Note 8. Permanently Restricted Net Assets

Permanently restricted net assets are invested in perpetuity for the purpose of generating income to be used for the Vision 2005 – Building Healthy Families for Generations project. This project is expected to generate enough earnings to enable the Organization to be a prominent community resource to parents by providing meaningful contact with every new family with a newborn child residing in Elkhart County. In addition, the Organization has received a donation from the Rose family in the amount of $50,000. The corpus is permanently restricted with the earnings to be used for the Angel Fund which provides reimbursement to our clients for special needs such as GED costs, camps, lessons and other extras that do not fit in their household budgets.

Note 9. Endowment Net Assets

Effective January 1, 2008, the Organization adopted the provisions of FASB Statement of Position No. FAS 117-1, "*Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds*" ("FSP FAS 117-1"). In accordance with the provisions of FSP FAS 117-1, the Organization was required to reclassify certain net assets between restriction categories, unrestricted and temporarily restricted. The net impact on the net asset categories was a decrease in unrestricted net assets of $150,614 and an increase in temporarily restricted net assets of $150,614.

The Organization's endowment consists of two individual funds established for purposes described in Note 8. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law:

The Board has interpreted Indiana Trust and Fiduciary Law as requiring realized and unrealized gains of permanently restricted net assets to be retained in a restricted net asset classification until appropriated by the Board for expenditure unless explicitly stated otherwise in the gift instrument. In addition, the Board has interpreted Indiana Trust and Fiduciary Law to appropriate as much of net appreciation of permanently restricted net assets as is prudent considering the duration and preservation of the endowment fund, the purposes of the Organization and endowment fund, general economic conditions, effect of inflation or deflation, expected total return on its investments, and the investment policy of the Organization.

The following is a summary of endowment net asset composition by type of fund at December 31, 2008 and 2007:

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor Restricted Endowment Funds	$ -	$ 115,170	$ 600,212	$ 715,382
Board Designated Funds	398,574	-	-	398,574
Total funds	$ 398,574	$ 115,170	$ 600,212	$ 1,113,956

	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor Restricted Endowment Funds	$ 150,614	$ -	$ 590,212	$ 740,826
Board Designated Funds	420,075	-	-	420,075
Total funds	$ 570,689	$ -	$ 590,212	$ 1,160,901

The following is a summary of the changes in endowment net assets for the years ended December 31, 2008 and 2007:

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Endowment net assets, beginning of year	$ 570,689	$ -	$ 590,212	$ 1,160,901
Investment return:				
Investment income	16,957	30,562	-	47,519
Net appreciation (realized and unrealized)	(38,458)	(66,006)	-	(104,464)
Total investment return	(21,501)	(35,444)	-	(56,945)
Contributions	-	-	10,000	10,000
Other changes:				
Reclassification based on change in accounting principle	(150,614)	150,614	-	-
Endowment net assets, end of year	$ 398,574	$ 115,170	$ 600,212	$ 1,113,956

	2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Endowment net assets, beginning of year	$ 529,356	$ -	$ 530,212	$ 1,059,568
Investment return:				
Investment income	34,795	-	-	34,795
Net appreciation (realized and unrealized)	6,538	-	-	6,538
Total investment return	41,333	-	-	41,333
Contributions	-	-	60,000	60,000
Endowment net assets, end of year	$ 570,689	$ -	$ 590,212	$ 1,160,901

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Indiana Trust and Fiduciary Law requires the Organization to retain as a fund of perpetual duration. At December 31, 2008 and 2007, there were no deficiencies of this nature reported.

Return Objectives and Risk Parameters:

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to support operations and programs of the Organization by its endowment while seeking to preserve the endowment assets in perpetuity. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to preserve the capital assets of the Organization in perpetuity as well as provide real growth through new gifts and investment return.

Strategies Employed for Achieving Objectives:

To satisfy the long-term return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets an investment allocation of approximately 65%-75% in domestic and international equities and approximately 25%-35% in debt securities, cash and cash equivalents.

Spending Policy and How the Investment Objectives Relate to Spending Policy:

The Organization has a policy of appropriating for distribution each year none of the investment appreciation or income. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term the Organization expects the current spending policy to allow its endowment fund to grow at an average 6% annually. This is consistent with the Organizations return objectives.

As of December 31, 2008 and 2007, the permanently restricted endowment funds are required to be retained permanently by explicit donor restriction and the temporarily restricted endowment funds represent the portion of perpetual endowment funds subject to time restrictions under Indiana Trust and Fiduciary Law, without purpose restrictions.

Note 10. Lease Commitment and Subsequent Event

During 2006, the Organization began leasing an office building with an unrelated party. The operating lease required monthly payments of $1,161 through October 2011, which includes maintenance, taxes, and insurance. Rent expense for the office was approximately $14,000 for each of the years ended December 31, 2008 and 2007.

Subsequent to December 31, 2008, the Organization exercised an early termination clause requiring continuance of monthly payments through May 2009. Future minimum lease payments for the year ending December 31, 2009 are approximately $5,800.

Note 11. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, and pledges receivable.

The Organization maintains deposits in insured financial institutions. At December 31, 2008, and at various times throughout the year, these deposits exceeded insured limits.

The Organization also receives reimbursement for services from governmental sources that are included in grant income in the Statements of Activities. During the years ended December 31, 2008 and 2007, the Organization received reimbursements from governmental sources of approximately $1,240,000 and $1,170,000 respectively.

Note 12. Reclassifications

Certain revenues and expenses on the statement of activities for the year ended December 31, 2007 have been reclassified with no effect on the change in net assets, to be consistent with the presentation for the year ended December 31, 2008.

Note 13. Prior Period Adjustment

In 2008, management of the Organization found that certain contributions received in 2007 and prior years were improperly classified as unrestricted rather than permanently restricted contributions. Accordingly, the 2007 beginning net assets and 2007 contribution revenue, both unrestricted and permanently restricted, have been restated to correct for this error. The effects on the 2007 financial statements were as follows:

	As Previously Stated	Restatement	As Restated
Beginning of year net assets:			
Unrestricted	$ 2,174,840	$ (434,212)	$ 1,740,628
Temporarily restricted	511,595	-	511,595
Permanently restricted	96,000	434,212	530,212
	$ 2,782,435	$ -	$ 2,782,435

	As Previously Stated	Restatement	As Restated
Contribution revenue:			
Unrestricted	$ 243,048	$ (10,000)	$ 233,048
Temporarily restricted	222,451	-	222,451
Permanently restricted	50,000	10,000	60,000
	$ 515,499	$ -	$ 515,499
End of year net assets:			
Unrestricted	$ 2,001,639	$ (444,212)	$ 1,557,427
Temporarily restricted	502,954	-	502,954
Permanently restricted	146,000	444,212	590,212
	$ 2,650,593	$ -	$ 2,650,593

As a result of the above restatement, cash flows from operating activities for 2007 decreased by $10,000 and cash flows from financing activities for 2007 increased by $10,000.

Child And Parent Services, Inc.

Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor Program Title	Pass-Through Grantor's Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Pass-Through Indiana Family and Social Services Administration: Division of Family and Children			
Children Welfare Services	20-07-72-0640-01	93.645	$ 76,648
Temporary Assistance for Needy Families	Various	93.558	608,598
Total Department of Health and Human Services			685,246
U.S. Department of Agriculture:			
Pass-Through Indiana Department of Education			
Child and Adult Care Food Program	1200220	10.558	5,451
Total Department of Agriculture			5,451
U.S. Department of Justice:			
Pass-Through Indiana Criminal Justice Institute			
Crime Victim Assistance	Various	16.575	44,709
Crime Victim Assistance (National Children's Alliance)	ELKH-IN-PS08	16.543	10,000
Total Department of Justice			54,709
Total Federal Awards Expended			$ 745,406

CFDA = Catalog of Federal Domestic Assistance

Note 1. Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Child And Parent Services, Inc. and is presented 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.

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report
On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Board of Directors
Child And Parent Services, Inc.
Elkhart, Indiana

We have audited the financial statements of Child And Parent Services, Inc. (the "Organization") as of and for the year ended December 31, 2008, and have issued our report thereon dated July 21, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency and a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 08-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider finding 08-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the finance committee, board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Elkhart, Indiana
July 21, 2009

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report
On Compliance With Requirements
Applicable To Each Major Program And On Internal Control Over
Compliance In Accordance With OMB Circular A-133

To the Board of Directors
Child And Parent Services, Inc.
Elkhart, Indiana

Compliance

We have audited the compliance of Child And Parent Services, Inc. (the "Organization") 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 each of its major federal programs for the year ended December 31, 2008. The Organization's major federal programs are 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 the Organization's management. Our responsibility is to express an opinion on the Organization '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 the Organization'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 on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization'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 but, not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

To the Board of Directors
Child And Parent Services, Inc.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the finance committee, board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Elkhart, Indiana
July 21, 2009

Child And Parent Services, Inc.

Schedule Of Findings And Questioned Costs
For The Year Ended December 31, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:	
Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Non-compliance material to financial statements noted?	No
Federal Awards:	
Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	
Temporary Assistance for Needy Families	93.558
Dollar threshold used to distinguish between type A and type B programs	$300,000
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in an OMB Circular A-133 audit.

Finding 08-1

Criteria or specific requirement:

Management is responsible for establishing and maintaining an effective and well-controlled financial statement close process. Generally Accepted Accounting Principles (GAAP) requires the classification of a not-for-profit organization's net assets and its revenues, expenses, gains, and losses to be based on the existence or absence of donor-imposed restrictions. GAAP requires the following three classes or net assets – permanently restricted, temporarily restricted, and unrestricted – to be displayed in the financial statements.

Condition:

During our audit, it was noted that net asset balances previously reported as unrestricted had donor-imposed permanent restrictions. As a result, a restatement of previously issued financial statement was required.

Context:

The amount of the restatement was approximately $444,000, reclassified from unrestricted net assets to permanently restricted net assets. At December 31, 2008, the Organization reported unrestricted net assets of $1,089,923, temporarily restricted net assets of $662,721, and permanently restricted net assets of $600,212.

Effect:

Inaccurate classification of net assets resulting in reclassification of net asset classes with no impact on total net assets.

Cause:

Management had not previously identified the donor restriction on these contributions.

Recommendation:

We recommend management implement controls to review the classifications of permanently restricted, temporarily restricted, and unrestricted contributions to ensure appropriate categorization of net assets on the statements of financial position and the statement of activities.

Finding 08-1 (continued)

Views of responsible officials and planned corrective actions:

The Organization has controls in place to identify the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – which are reviewed annually as part of the audit process. Management will consider all restrictions and authoritative guidance in the financial statement close process going forward.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTION COSTS SECTION

There were no audit findings required to be reported by Section 510(a) of Circular A-133.

McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report
On Supplementary Information

To the Board of Directors
Child And Parent Services, Inc.
Elkhart, Indiana

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis 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.

McGladrey & Pullen, LLP

Elkhart, Indiana
July 21, 2009

Child And Parent Services, Inc.

Schedule of Federal, State, and Local Grant Awards
For The Year Ended December 31, 2008
See Auditor's Report on Supplementary Information

	Pass-Through Grantor's Number	Revenues	Expenses
U.S. Department of Health and Human Services			
Passed Through:			
Indiana Family and Social Services Administration:			
Division of Family and Children:			
Temporary assistance for needy families	20-05-60-0640-05	$ 334,150	$ 334,150
Temporary assistance for needy families	20-09-60-0640-01	274,448	274,448
Child welfare services (Title IV B I)	20-07-72-0640-01	76,648	76,648
U.S. Department of Agriculture Passed Through:			
Indiana Department of Education:			
Child and adult care food program	1200220	5,451	5,451
U.S. Department of Justice Passed Through:			
Indiana Criminal Justice Institute:			
Crime victim assistance (ICJI)	07VA022	10,440	10,440
Crime victim assistance (ICJI)	07VA174	6,244	6,244
Crime victim assistance (ICJI)	08VA022	4,698	4,698
Crime victim assistance (ICJI)	07VA021	12,488	12,488
Crime victim assistance (ICJI)	07VA174	5,220	5,220
Crime victim assistance (ICJI)	08VA021	5,619	5,619
Crime victim assistance (NCA)	ELKH-IN-PS08	10,000	10,000
State of Indiana:			
Indiana Family and Social Services Administration:			
Division of Family and Children:			
Court appointed special advocate	N/A	61,625	61,625
Community Partners for Child Safety - SCAN	97-07-27-0901	74,084	74,084
Elkhart County Office of the Division of Family and Children:			
Temporary assistance for needy families	20-09-60-0640-02	49,688	49,688
Child welfare services (Title IV B I)	97-07-72-0640	260,848	260,848

N/A - Not applicable