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STATE OF INDIANA

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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

February 17, 2010

Board of Directors
The Fort Wayne Children's Home of the
United Church of Christ, Inc. d/b/a Crossroad
2525 Lake Ave.
Fort Wayne, IN 46805

We have reviewed the audit report prepared by BKD, 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 Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad, 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.

STATE BOARD OF ACCOUNTS

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

Accountants' Report and Financial Statements

December 31, 2008 and 2007

BKD LLP
CPAs & Advisors

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

December 31, 2008 and 2007

Contents

BKD LLP
CPAs & Advisors

200 E. Main Street, Suite 700
Fort Wayne, IN 46802-1900
260.460.4000 Fax 260.426.2235 www.bkd.com

Independent Accountants' Report

Board of Directors
The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad
Fort Wayne, Indiana

We have audited the accompanying statements of financial position of The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad (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 Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad 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 7, in 2008 the Organization changed its method of accounting for fair value measurements in accordance with Statement of Financial Accounting Standards No. 157.

BKD LLP

May 29, 2009

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

Statements of Financial Position

December 31, 2008 and 2007

	2008	2007
Assets		
Cash and cash equivalents	$ 286,604	$ 537,747
Accounts receivable, net of allowance of $108,000 for 2008 and 2007	1,525,552	1,637,400
Contribution receivable from charitable remainder trusts	40,130	58,742
Inventories	11,903	9,396
Prepaid expenses	39,201	24,728
Cash surrender value of life insurance	29,197	25,044
Investments	6,418,032	8,355,158
Property and equipment	5,134,132	5,064,567
Total assets	$ 13,484,751	$ 15,712,782
Liabilities and Net Assets		
Liabilities		
Line of credit	$ 87,029	$ -
Custodial funds	9,393	6,625
Accounts payable	323,579	259,106
Accrued expenses	484,121	632,208
Debt	90,374	99,638
Total liabilities	994,496	997,577
Net Assets		
Unrestricted	11,970,834	14,182,647
Temporarily restricted	319,895	333,032
Permanently restricted	199,526	199,526
Total net assets	12,490,255	14,715,205
Total liabilities and net assets	$ 13,484,751	$ 15,712,782

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

Statements of Activities
Years Ended December 31, 2008 and 2007

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains and Other Support				
Contributions	$ 559,503	$ 156,986	$ -	$ 716,489
Grants	98,775	-	-	98,775
Investment return	(1,827,186)	-	-	(1,827,186)
Fees for service	7,261,412	-	-	7,261,412
Rent	29,146	-	-	29,146
Miscellaneous	5,738	-	-	5,738
Net assets released from restrictions	170,123	(170,123)	-	-
Total revenue, gains and other support	6,297,511	(13,137)	-	6,284,374
Expenses				
Treatment services	7,339,881	-	-	7,339,881
Management and general	865,668	-	-	865,668
Fund raising	303,775	-	-	303,775
Total expenses	8,509,324	-	-	8,509,324
Change in Net Assets	(2,211,813)	(13,137)	-	(2,224,950)
Net Assets, Beginning of Year	14,182,647	333,032	199,526	14,715,205
Net Assets, End of Year	$ 11,970,834	$ 319,895	$ 199,526	$ 12,490,255

See Notes to Financial Statements

2007			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 851,172	$ 139,449	$ -	$ 990,621
102,838	-	-	102,838
537,406	-	-	537,406
7,405,491	-	-	7,405,491
49,426	-	-	49,426
10,648	-	-	10,648
70,259	(70,259)	-	-
9,027,240	69,190	-	9,096,430
7,335,368	-	-	7,335,368
894,892	-	-	894,892
336,554	-	-	336,554
8,566,814	-	-	8,566,814
460,426	69,190	-	529,616
13,722,221	263,842	199,526	14,185,589
$ 14,182,647	$ 333,032	$ 199,526	$ 14,715,205

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

Statements of Functional Expenses
Years Ended December 31, 2008 and 2007

	2008			
	Program Services	Supporting Services		
	Treatment Services	Management and General	Fund Raising	Total
Salaries and related expenses	$ 5,563,303	$ 638,831	$ 182,691	$ 6,384,825
Other operating expenses	707,859	108,333	118,014	934,206
Occupancy	605,027	8,000	3,070	616,097
Purchased services	205,712	110,504	-	316,216
Total expenses before depreciation	7,081,901	865,668	303,775	8,251,344
Depreciation expense	257,980	-	-	257,980
Total expenses	$ 7,339,881	$ 865,668	$ 303,775	$ 8,509,324

2007							
Program Services		Supporting Services					
Treatment Services		Management and General		Fund Raising		Total	
$	5,662,046	$	632,860	$	180,623	$	6,475,529
	751,954		117,896		144,504		1,014,354
	479,594		5,878		2,372		487,844
	201,608		107,539		677		309,824
	7,095,202		864,173		328,176		8,287,551
	240,166		30,719		8,378		279,263
$	7,335,368	$	894,892	$	336,554	$	8,566,814

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

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

	2008	2007
Operating Activities		
Change in net assets	$ (2,224,950)	$ 529,616
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	257,980	279,263
Net realized and unrealized (gains) losses on investments	2,071,543	(228,869)
Changes in		
Accounts receivable	111,848	(221,226)
Pledges receivable	18,612	-
Inventories	(2,507)	(2,089)
Prepaid expenses	(14,473)	914
Cash surrender value of life insurance	(4,153)	(821)
Accounts payable and accrued expenses	(133,760)	53,397
Net cash provided by operating activities	80,140	410,185
Investing Activities		
Purchase of property and equipment	(277,399)	(167,525)
Purchase of investments	(334,308)	(377,809)
Proceeds from disposition of investments	199,891	138,414
Net cash used in investing activities	(411,816)	(406,920)
Financing Activities		
Net proceeds from line of credit	87,029	-
Increase (decrease) in custodial fund for children	2,768	(1,075)
Principal payments on notes payable to bank	(9,264)	(8,230)
Net cash provided by (used in) financing activities	80,533	(9,305)
Decrease in Cash and Cash Equivalents	(251,143)	(6,040)
Cash and Cash Equivalents, Beginning of Year	537,747	543,787
Cash and Cash Equivalents, End of Year	$ 286,604	$ 537,747
Supplemental Cash Flows Information		
Fixed assets in accounts payable	$ 106,409	$ 56,263
Interest paid	6,600	8,170

See Notes to Financial Statements

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

Notes to Financial Statements
December 31, 2008 and 2007

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

Nature of Operations

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2008 and 2007, cash equivalents consisted primarily of money market mutual funds.

The financial institution holding the Organization's cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2009, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

Effective October 3, 2008, the FDIC's insurance limits increased to $250,000. The increase in federally insured limits was set to expire December 31, 2009, but was subsequently extended through December 31, 2013. At December 31, 2008, the Organization's interest-bearing cash accounts did not exceeded federally insured limits.

Investments and Investment Return

Investments in equity securities, having a readily determinable fair value and in all debt securities, are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

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

The Organization's money market mutual funds are currently participating in the U.S. Treasury's Temporary Guarantee Program for Money Market Mutual Funds. This provides a guarantee based on the number of shares held in the funds at the close of business on September 19, 2008. At December 31, 2008, approximately $640,000 of the money market funds was guaranteed through April 30, 2009.

Accounts Receivable

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

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

Net Asset Classifications

The financial statements have been prepared in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. SFAS No. 117 requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted and permanently restricted.

The following classes of net assets are maintained:

Unrestricted Net Assets
The unrestricted net asset class includes general and board-designated assets and liabilities of the Organization. The unrestricted net assets of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Temporarily Restricted Net Assets
The temporarily restricted net asset class includes assets of the Organization related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Unconditional promises to give that are due in future periods and are not permanently restricted are classified as temporarily restricted net assets.

Permanently Restricted Net Assets
The permanently restricted net asset class includes assets of the Organization for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Contributions

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

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

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

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Self Insurance

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

Income Taxes

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

In accordance with Financial Accounting Standards Board (FASB) Staff Position No. FIN 48-3, the Organization has elected to defer the effective date of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes,* until its year ending December 31, 2009. The Organization has continued to account for any uncertain tax positions in accordance with literature that was authoritative immediately prior to the effective date of FIN 48, such as FASB Statement No. 109, *Accounting for Income Taxes,* and FASB Statement No. 5, *Accounting for Contingencies.*

Functional Allocation of Expenses

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

Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	2008	2007
Cash equivalents and money market mutual funds	$ 1,284,640	$ 1,155,116
Equity securities	2,580,138	4,499,666
U.S. Government obligations	746,236	326,419
Corporate debt securities	317,869	954,556
Mutual funds	1,434,570	1,343,232
Interest in assets held at Fort Wayne Community Foundation	54,579	76,169
	$ 6,418,032	$ 8,355,158

Total investment return is comprised of the following:

	2008	2007
Interest and dividend income	$ 236,843	$ 282,851
Net realized and unrealized gains (losses) on investments reported at fair value	(2,071,543)	228,869
Total investment income (loss)	(1,834,700)	511,720
Other interest income	7,514	25,686
Total investment return	$ (1,827,186)	$ 537,406

Note 3: Contributions Receivable From Charitable Remainder Trusts

Split-interest agreements consist primarily of beneficial interests in irrevocable charitable remainder trusts held by others. A charitable remainder trust provides for payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets will be available for the Organization's use. The amount of such assets held at the United Church Foundation (Trustee) amounted to $40,130 and $58,742 at December 31, 2008 and 2007, respectively.

Note 4: Property and Equipment

Property and equipment at December 31 consists of:

	2008	2007
Land	$ 4,865	$ 4,865
Buildings and leasehold improvements	8,555,842	8,355,334
Machinery and equipment	1,466,623	1,381,932
Construction in progress	347,089	313,008
	10,374,419	10,055,139
Less accumulated depreciation and amortization	(5,240,287)	(4,990,572)
	$ 5,134,132	$ 5,064,567

Note 5: Line of Credit

The Organization has a $750,000 revolving bank line of credit expiring in August 2009. At December 31, 2008, there was $87,029 borrowed against this line. The line is collateralized by substantially all of the Organization's assets. Interest varies with the bank's prime rate less .50%, which was 2.75% on December 31, 2008, and is payable monthly. At December 31, 2007, there were no funds borrowed against this line.

Note 6: Debt

	2008
Note payable, bank (A)	$ 90,374

(A) Due September 18, 2014; payable $1,309 monthly with a balloon payment at the maturity date, including interest at prime minus .50% (2.75% at December 31, 2008); secured by certain property and equipment.

Aggregate annual maturities of debt at December 31, 2008, are:

2009	$ 12,028
2010	12,437
2011	13,008
2012	13,606
2013	14,231
Thereafter	25,064
	$ 90,374

Note 7: Disclosures About Fair Value of Assets and Liabilities

Effective January 1, 2008, the Organization adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (FAS 157). FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. FAS 157 has been applied prospectively as of the beginning of the year.

FAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FAS 157 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

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

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

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

Cash Equivalents and Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stocks, exchange-traded mutual funds and money market mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. Level 2 securities include treasury notes, government agency securities, and government and corporate bonds. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There were no cash or investments classified within Level 3 of the hierarchy.

Beneficial Interest in Charitable Remainder Trusts

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

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

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

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

Notes to Financial Statements
December 31, 2008 and 2007

The following table presents the fair value measurements of assets recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the FAS 157 fair value hierarchy in which the fair value measurements fall at December 31, 2008:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents and investments	$ 6,340,259	$ 5,276,154	$ 1,064,105	$ -
Beneficial interest in charitable remainder trusts	40,130	-	-	40,130
Interest in assets held at the Community Foundation	54,579	-	-	54,579

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

	Beneficial Interest in Charitable Remainder Trust	Interest in Assets Held at the Community Foundation
Balance, January 1, 2008	$ 58,742	$ 76,169
Net realized and unrealized losses included in change in net assets	(18,612)	(21,590)
Balance, December 31, 2008	$ 40,130	$ 54,579

Note 8: Net Assets

Temporarily Restricted Net Assets

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

	2008	2007
For periods after December 31	$ 40,130	$ 58,742
Religion	7,891	8,691
Children's holidays	42,418	39,518
Education and scholarship	58,850	60,083
Maintenance and equipment	6,978	37,040
Staff training	1,911	1,911
Recreation	8,231	14,214
Fire starters program	33,245	23,985
Various other purposes	120,241	88,848
	$ 319,895	$ 333,032

Permanently Restricted Net Assets

Permanently restricted net assets at December 31 are restricted to:

	2008	2007
Investment in perpetuity, the income of which is expendable to support program activities	$ 199,526	$ 199,526

Net Assets Released from Restrictions

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

	2008	2007
Holiday	$ 10,006	$ 5,627
Education	24,160	23,722
Recreation	7,599	31,599
Maintenance	30,062	-
Religious	800	266
Fire Starter Program	-	1,243
Various, other programs	78,884	1,250
Passage of time	18,612	6,552
Total	$ 170,123	$ 70,259

Note 9: Endowment

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

The Organization's governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate donor restricted endowment funds: duration and preservation of the fund, purposes of the fund and investment polices of the Organization.

The composition of net assets by type of endowment fund at December 31, 2008 and 2007, was:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 199,526	$ 199,526
Board-designated endowment funds	-	-	-	-
Total endowment funds	$ -	$ -	$ 199,526	$ 199,526

The Organization has adopted an investment policy that attempts to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Organization's policies, endowment assets are invested in a manner that is intended to produce results sufficient to maintain or grow the purchasing power of investments while assuming an average level of investment risk. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization does not have a formal spending policy.

Note 10: Retirement Plans

The Organization sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code. All full-time employees at least 21 years of age and with one year and 1,000 hours of service are eligible to participate. The Plan, which provides for voluntary contributions from the participants, requires the Organization to match a discretionary percentage of the participants' salary deferrals up to a maximum of 5% of compensation. The Organization recognized $78,805 and $123,130 of pension expense for 2008 and 2007, respectively.

Note 11: Contingencies

The Organization is subject to claims and lawsuits that arise in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

The Fort Wayne Children's Home of the United Church of Christ, Inc. d/b/a Crossroad

Notes to Financial Statements
December 31, 2008 and 2007

Note 12: Significant Estimates and Concentrations

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

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

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