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January 30, 2014

Board of Directors  
Crossroad  
2525 Lake Ave.  
Fort Wayne, IN 46805-5457

We have reviewed the audit report prepared by BKD CPAs & Advisors, Independent Public Accountants, for the period January 1, 2009 to December 31, 2009. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Crossroad, as of December 31, 2009, 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, 2009 and 2008



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

December 31, 2009 and 2008

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## 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, 2009 and 2008, 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, 2009 and 2008, 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.

BKD<sub>LLP</sub>

May 18, 2010

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

**Statements of Financial Position**

**December 31, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 124,290	\$ 286,604
Accounts receivable, net of allowance of \$452,000 and \$108,000 for 2009 and 2008	1,250,996	1,525,552
Inventories	10,447	11,903
Prepaid expenses	46,953	39,201
Cash surrender value of life insurance	32,074	29,197
Contribution receivable from charitable remainder trusts	45,487	40,130
Investments	7,449,352	6,418,032
Property and equipment	5,067,541	5,134,132
Total assets	\$ 14,027,140	\$ 13,484,751
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 167,513	\$ 323,579
Accrued expenses	453,830	484,121
Line of credit	713,766	87,029
Custodial funds	10,350	9,393
Debt	78,198	90,374
Total liabilities	1,423,657	994,496
<b>Net Assets</b>		
Unrestricted	12,074,690	11,970,834
Temporarily restricted	329,267	319,895
Permanently restricted	199,526	199,526
Total net assets	12,603,483	12,490,255
Total liabilities and net assets	\$ 14,027,140	\$ 13,484,751

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

**Statements of Activities  
Years Ended December 31, 2009 and 2008**

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Revenue, Gains (Losses) and Other Support</b>				
Fees for service	\$ 6,116,452	\$ -	\$ -	\$ 6,116,452
Contributions	809,424	92,139	-	901,563
Grants	86,079	-	-	86,079
Investment return	1,250,768	-	-	1,250,768
Rent	35,083	-	-	35,083
Miscellaneous	2,589	-	-	2,589
Net assets released from restrictions	<u>82,767</u>	<u>(82,767)</u>	<u>-</u>	<u>-</u>
 Total revenue, gains (losses) and other support	 <u>8,383,162</u>	 <u>9,372</u>	 <u>-</u>	 <u>8,392,534</u>
<b>Expenses</b>				
Treatment services	6,445,163	-	-	6,445,163
Management and general	1,550,254	-	-	1,550,254
Fund raising	<u>283,889</u>	<u>-</u>	<u>-</u>	<u>283,889</u>
 Total expenses	 <u>8,279,306</u>	 <u>-</u>	 <u>-</u>	 <u>8,279,306</u>
 <b>Change in Net Assets</b>	 103,856	 9,372	 -	 113,228
 <b>Net Assets, Beginning of Year</b>	 <u>11,970,834</u>	 <u>319,895</u>	 <u>199,526</u>	 <u>12,490,255</u>
 <b>Net Assets, End of Year</b>	 <u>\$ 12,074,690</u>	 <u>\$ 329,267</u>	 <u>\$ 199,526</u>	 <u>\$ 12,603,483</u>

2008

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 7,261,412	\$ -	\$ -	\$ 7,261,412
559,503	156,986	-	716,489
98,775	-	-	98,775
(1,827,186)	-	-	(1,827,186)
29,146	-	-	29,146
5,738	-	-	5,738
<u>170,123</u>	<u>(170,123)</u>	<u>-</u>	<u>-</u>
<u>6,297,511</u>	<u>(13,137)</u>	<u>-</u>	<u>6,284,374</u>
7,339,881	-	-	7,339,881
865,668	-	-	865,668
<u>303,775</u>	<u>-</u>	<u>-</u>	<u>303,775</u>
<u>8,509,324</u>	<u>-</u>	<u>-</u>	<u>8,509,324</u>
(2,211,813)	(13,137)	-	(2,224,950)
<u>14,182,647</u>	<u>333,032</u>	<u>199,526</u>	<u>14,715,205</u>
<u>\$ 11,970,834</u>	<u>\$ 319,895</u>	<u>\$ 199,526</u>	<u>\$ 12,490,255</u>

**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, 2009 and 2008**

	2009			
	Program Services	Supporting Services		
	Treatment Services	Management and General	Fund Raising	Total
Salaries and related expenses	\$ 4,951,415	\$ 722,755	\$ 165,741	\$ 5,839,911
Other operating expenses	597,217	686,862	101,183	1,385,262
Occupancy	491,859	6,245	1,965	500,069
Purchased services	133,659	134,392	15,000	283,051
Total expenses before depreciation	6,174,150	1,550,254	283,889	8,008,293
Depreciation expense	271,013	-	-	271,013
Total expenses	\$ 6,445,163	\$ 1,550,254	\$ 283,889	\$ 8,279,306

2008

Program Services		Supporting Services		
Treatment Services	Management and General	Fund Raising	Total	
\$ 5,563,303	\$ 638,831	\$ 182,691	\$ 6,384,825	
707,859	108,333	118,014	934,206	
605,027	8,000	3,070	616,097	
<u>205,712</u>	<u>110,504</u>	<u>-</u>	<u>316,216</u>	
7,081,901	865,668	303,775	8,251,344	
<u>257,980</u>	<u>-</u>	<u>-</u>	<u>257,980</u>	
<u>\$ 7,339,881</u>	<u>\$ 865,668</u>	<u>\$ 303,775</u>	<u>\$ 8,509,324</u>	

# 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, 2009 and 2008

	2009	2008
<b>Operating Activities</b>		
Change in net assets	\$ 113,228	\$ (2,224,950)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	271,013	257,980
Allowance for uncollectible accounts receivable	583,854	34,223
Net realized and unrealized (gains) losses on investments	(1,058,311)	2,071,543
Increase in cash surrender value of life insurance	(2,877)	(4,153)
Changes in		
Accounts receivable	(309,298)	77,625
Pledges receivable	(5,357)	18,612
Inventories	1,456	(2,507)
Prepaid expenses	(7,752)	(14,473)
Accounts payable and accrued expenses	(186,357)	(133,760)
Net cash provided by (used in) operating activities	(600,401)	80,140
<b>Investing Activities</b>		
Purchase of property and equipment	(204,422)	(277,399)
Purchase of investments	(2,277,634)	(334,308)
Proceeds from disposition of investments	2,304,625	199,891
Net cash used in investing activities	(177,431)	(411,816)
<b>Financing Activities</b>		
Net proceeds from line of credit	626,737	87,029
Increase in custodial fund for children	957	2,768
Principal payments on notes payable to bank	(12,176)	(9,264)
Net cash provided by financing activities	615,518	80,533
<b>Decrease in Cash and Cash Equivalents</b>	(162,314)	(251,143)
<b>Cash and Cash Equivalents, Beginning of Year</b>	286,604	537,747
<b>Cash and Cash Equivalents, End of Year</b>	\$ 124,290	\$ 286,604
<b>Supplemental Cash Flows Information</b>		
Fixed assets in accounts payable	\$ -	\$ 106,409
Interest paid	13,778	6,600

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

## Notes to Financial Statements December 31, 2009 and 2008

### **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, 2009 and 2008, cash equivalents consisted primarily of money market mutual funds.

The financial institutions holding the Organization's cash accounts are participating in the FDIC's Transaction Account Guarantee Program. Under that program, through June 30, 2010, 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 is currently set to expire December 31, 2013. At December 31, 2009, the Organization's interest-bearing cash accounts did not exceed 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

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

## Notes to Financial Statements December 31, 2009 and 2008

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.

### ***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, which ranges from 3 to 50 years.

### ***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

### ***Contributions***

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

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

## **Notes to Financial Statements December 31, 2009 and 2008**

### ***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.

The Organization files tax returns in the U.S. federal and Indiana jurisdictions with a few exceptions. The Organization is no longer subject to U.S. federal or state examinations by tax authorities for years before 2006.

### ***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.

### ***Reclassifications***

Certain reclassifications were made to the 2008 financial statements to conform to the 2009 financial statement presentation. The reclassifications had effect on the change in net assets.

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

## Notes to Financial Statements December 31, 2009 and 2008

### Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	2009	2008
Cash, cash equivalents and money market mutual funds	\$ 625,493	\$ 1,284,640
Equity securities	2,104,500	2,580,138
U.S. Government obligations	156,983	746,236
Corporate debt securities	168,739	317,869
Mutual funds	2,321,940	1,434,570
Real estate investment trusts (REITs)	151,040	-
Fund of funds, United Church Funds	1,852,799	-
Interest in assets held at Fort Wayne Community Foundation	67,858	54,579
	\$ 7,449,352	\$ 6,418,032

Total investment return is comprised of the following:

	2009	2008
Interest and dividend income	\$ 192,178	\$ 236,843
Net realized and unrealized gains (losses) on investments reported at fair value	1,058,311	(2,071,543)
Total investment income (loss)	1,250,489	(1,834,700)
Other interest income	279	7,514
Total investment return	\$ 1,250,768	\$ (1,827,186)

### 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 \$45,487 and \$40,130 at December 31, 2009 and 2008, respectively.

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

**Notes to Financial Statements  
December 31, 2009 and 2008**

**Note 4: Property and Equipment**

Property and equipment at December 31 consists of:

	<b>2009</b>	<b>2008</b>
Land	\$ 4,865	\$ 4,865
Buildings and improvements	8,740,489	8,555,842
Machinery and equipment	1,478,220	1,466,623
Construction in progress	331,966	347,089
	10,555,540	10,374,419
Less accumulated depreciation and amortization	(5,487,999)	(5,240,287)
	<b>\$ 5,067,541</b>	<b>\$ 5,134,132</b>

**Note 5: Line of Credit**

The Organization has a \$750,000 revolving bank line of credit expiring in October 2010. At December 31, 2009 and 2008, there was \$713,766 and \$87,029 borrowed against this line respectively. 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, 2009, and is payable monthly.

**Note 6: Debt**

	<b>2009</b>	<b>2008</b>
	<b>\$ 78,198</b>	<b>\$ 90,374</b>

- (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, 2009); secured by certain property and equipment.

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

## Notes to Financial Statements December 31, 2009 and 2008

Aggregate annual maturities of debt at December 31, 2009, are:

2010	\$	13,805
2011		14,114
2012		14,507
2013		14,911
2014		20,861
		<hr/>
	\$	78,198
		<hr/>

### Note 7: Disclosures About Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, 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. Topic 820 also specifies 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 inputs and 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 and liabilities 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 equity securities, mutual funds and money market mutual funds and real estate investment trusts. 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. The inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmarks yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications and are classified within Level 2 of the valuation hierarchy. Level 2 securities include U.S. Government obligations,

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

## Notes to Financial Statements December 31, 2009 and 2008

corporate debt securities and nonpublicly traded equity/bond funds (fund of funds). 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 equivalents 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 following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2009 and 2008:

	2009			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents and investments				
Money market mutual funds	\$ 619,822	\$ 619,822	\$ -	\$ -
Equity securities	2,104,500	2,104,500	-	-
U.S. Government obligations	156,983		156,983	-
Corporate debt securities	168,739		168,739	-
Mutual funds	2,321,940	2,321,940	-	-
Real estate investment trusts	151,040	151,040	-	-
Fund of funds, United Church Funds	1,852,799	-	1,852,799	-
Beneficial interest in charitable remainder trusts	45,487	-	-	45,487
Interest in assets held at the Community Foundation	67,858	-	-	67,858

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

## Notes to Financial Statements December 31, 2009 and 2008

	2008			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents and investments				
Money market mutual funds	\$ 1,100,194	\$ 1,100,194	\$ -	\$ -
Equity securities	2,580,138	2,580,138	-	-
U.S. Government obligations	746,236	-	746,236	-
Corporate debt securities	317,869	-	317,869	-
Mutual funds	1,434,570	1,434,570	-	-
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 statements 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
Total realized and unrealized losses included in change in net assets	(18,612)	(21,590)
Balance, December 31, 2008	40,130	54,579
Total realized and unrealized gains included in change in net assets	5,357	13,279
Balance, December 31, 2009	\$ 45,487	\$ 67,858

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

**Notes to Financial Statements  
December 31, 2009 and 2008**

**Note 8: Net Assets**

***Temporarily Restricted Net Assets***

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

	<b>2009</b>	<b>2008</b>
For periods after December 31	\$ 45,487	\$ 40,130
Religion	7,417	7,891
Children's holidays	51,136	42,418
Education and scholarship	65,646	58,850
Maintenance and equipment	6,978	6,978
Staff training	1,911	1,911
Recreation	8,231	8,231
Fire starters program	33,205	33,245
Various other purposes	109,256	120,241
	\$ 329,267	\$ 319,895

***Permanently Restricted Net Assets***

Permanently restricted net assets at December 31 are restricted to:

	<b>2009</b>	<b>2008</b>
Investment in perpetuity, the income of which is expendable to support program activities	\$ 199,526	\$ 199,526

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

## Notes to Financial Statements December 31, 2009 and 2008

### ***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.

	2009	2008
Holiday	\$ 5,700	\$ 10,006
Education	19,102	24,160
Recreation	875	7,599
Maintenance	-	30,062
Religious	480	800
Fire Starter Program	40	-
Various, other programs	56,570	78,884
Passage of time	-	18,612
Total	\$ 82,767	\$ 170,123

### **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 policies of the Organization.

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

## Notes to Financial Statements December 31, 2009 and 2008

The composition of net assets by type of endowment fund at December 31, 2009 and 2008, was:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted 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 \$75,390 and \$78,805 of pension expense for 2009 and 2008, 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, 2009 and 2008

## ***Significant Estimates and Concentrations***

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, declines in contributions, governmental 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 placements 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, allowances for receivables that could negatively impact the Organization's ability to maintain sufficient liquidity.

## **Note 12: Subsequent Event**

Subsequent events have been evaluated through May 18, 2010, which is the date the financial statements were available to be issued.