



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B43192

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January 31, 2014

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

We have reviewed the audit report prepared by Haines, Isenbarger & Skiba, LLC, Independent Public Accountants, for the period October 1, 2008 to September 30, 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 the Stop Child Abuse and Neglect, Inc., as of September 30, 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

Financial Statements

**STOP CHILD ABUSE AND NEGLECT, INC.**

*Years ended September 30, 2009 and 2008  
with Report of Independent Auditors*

Stop Child Abuse and Neglect, Inc.

Financial Statements

Years ended September 30, 2009 and 2008

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## Report of Independent Auditors

Board of Directors  
Stop Child Abuse and Neglect, Inc.

We have audited the accompanying statements of financial position of Stop Child Abuse and Neglect, Inc. (SCAN) as of September 30, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of SCAN's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCAN at September 30, 2009 and 2008 and the results of its operations, changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2010, on our consideration of SCAN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Haines, Isenbarger & Skiba, LLC*

February 10, 2010

Stop Child Abuse and Neglect, Inc.

Statements of Financial Position

	September 30	
	2009	2008
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 536,060	\$ 182,225
Cash and cash equivalents, designated for Healthy Families program	285,375	548,343
Certificates of deposit	13,871	55,283
Government grants receivable	2,174,302	1,565,129
Pledges receivable	3,900	7,311
Prepaid expenses	9,013	9,879
Total current assets	<u>3,022,521</u>	<u>2,368,170</u>
Property and equipment:		
Land and land improvements	208,744	208,744
Building	1,116,171	1,116,171
Office equipment	436,494	436,494
Furnishings	201,602	160,910
	<u>1,963,011</u>	<u>1,922,319</u>
Less accumulated depreciation	946,294	875,234
Total property and equipment, net	<u>1,016,717</u>	<u>1,047,085</u>
Other assets:		
Beneficial interest in perpetual trust	212,486	222,847
Bond issuance costs	-	8,498
Total other assets	<u>212,486</u>	<u>231,345</u>
Total assets	<u>\$4,251,724</u>	<u>\$3,646,600</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 356,611	\$ 436,360
Accrued expenses	201,058	29,340
Current portion of long-term debt	-	33,667
Total current liabilities	<u>557,669</u>	<u>499,367</u>
Long-term debt, less current portion	-	59,770
Total liabilities	<u>557,669</u>	<u>559,137</u>
Net assets:		
Unrestricted	3,473,328	2,853,329
Temporarily restricted	3,241	6,287
Permanently restricted	217,486	227,847
Total net assets	<u>3,694,055</u>	<u>3,087,463</u>
Total liabilities and net assets	<u>\$4,251,724</u>	<u>\$3,646,600</u>

See accompanying notes.

Stop Child Abuse and Neglect, Inc.

Statements of Activities and Changes in Net Assets

	Year ended September 30		
	2009		2008
	Unrestricted	Temporarily Restricted	Temporarily Permanently Restricted
<b>Revenue, support, and other income</b>			
Contributions	\$ 843,313	\$ 15,979	\$ 859,292
Contributed goods and services	17,712	-	17,712
Government grants:			
Child Welfare Services, county and state	949,661	-	949,661
Community Alliance for Healthy Families	4,876,821	-	4,876,821
Community Partners for Child Safety	3,436,279	-	3,436,279
Program fees	529,793	-	529,793
United Way	140,984	-	140,984
Interest income	25,614	-	25,614
Change in value of beneficial interest in perpetual trust	-	(10,361)	(10,361)
Miscellaneous	278,897	-	278,897
Total revenue, support, and other income before net assets released from restrictions	11,099,074	15,979	11,104,692
Net assets released from restrictions	19,025	(19,025)	-
Total revenue, support, and other income	11,118,099	(3,046)	11,104,692
<b>Expenses</b>			
Program services:			
Home-Based Family Centered Case Management	633,458	-	633,458
Visitation Facilitation	404,796	-	404,796
Family Connections	85,144	-	85,144
Community Alliance for Healthy Families	4,639,737	-	4,639,737
Statewide Quality Assurance for Healthy Families	378,693	-	378,693
Building Strong Families	443,323	-	443,323
Community Partners for Child Safety	2,601,593	-	2,601,593
Community Partners for Child Safety Local Prevention	832,519	-	832,519
Starting School Successfully	95,577	-	95,577
Daybreak Crisis Homes	137,531	-	137,531
Total program services	10,252,371	-	10,252,371
Support services:			
Management and general	79,425	-	79,425
Fundraising	166,304	-	166,304
Total support services	245,729	-	245,729
Total expenses	10,498,100	-	10,498,100
<b>Increase (decrease) in net assets</b>	619,999	(3,046)	(10,361)
Net assets at beginning of year	2,853,329	6,287	227,847
Net assets at end of year	\$ 3,473,328	\$ 3,241	\$ 217,486
			\$ 3,694,055
			\$ 983,035
			\$ 16,419
			\$ 1,008,023
			\$ 4,296,900
			\$ 1,945,582
			\$ 726,085
			\$ 164,534
			\$ 31,522
			\$ (63,905)
			\$ 76,984
			\$ 9,235,584
			\$ 71,692
			\$ (58,192)
			\$ (63,905)
			\$ 13,500
			\$ (71,692)
			\$ (58,192)
			\$ (63,905)
			\$ 668,921
			\$ 519,740
			\$ 118,030
			\$ 4,978,132
			\$ 536,747
			\$ 2,024,301
			\$ 104,762
			\$ 150,781
			\$ 9,101,414
			\$ 112,780
			\$ 218,134
			\$ 330,914
			\$ 9,432,328
			\$ (125,052)
			\$ (58,192)
			\$ (63,905)
			\$ (247,149)
			\$ 2,978,381
			\$ 64,479
			\$ 291,752
			\$ 3,334,612
			\$ 2,853,329
			\$ 6,287
			\$ 227,847
			\$ 3,087,463

See accompanying notes.

Stop Child Abuse and Neglect, Inc.

Statement of Functional Expenses

Year ended September 30, 2009

	Program Services										Support Services					
	Family Restoration Services					Prevention Services					Management and General	Fundraising	Total Support Services	Total Expenses		
	Home-Based Family Centered Case Management	Visitation Facilitation	Restoration Services	Total Family	Community Alliance for Healthy Families	Statewide Quality Assurance for Healthy Families	Building Strong Families	Community Partners for Child Safety	Community Partners for Child Safety Local Prevention	Starting School Successfully					Daybreak Crisis Homes	Total Prevention Services
Salaries	\$ 407,101	\$ 366,302	\$ 773,403	\$ 61,583	\$1,708,989	\$ 200,826	\$181,410	\$ 644,097	\$ 101,839	\$ 101,839	\$ 49,398	\$3,007,955	\$ 28,807	\$ 93,409	\$122,216	\$ 3,903,574
Payroll taxes	34,107	27,272	61,379	4,201	129,995	15,707	14,047	46,929	3,495	3,495	3,884	223,395	3,198	9,171	12,369	297,143
Employee benefits	77,337	507	77,844	6,500	242,270	21,665	23,299	81,805	9,813	10,231	8,234	403,817	22,071	12,568	34,639	516,300
Contract services	14,863	3,575	18,438	1,995	2,168,994	4,462	55,894	1,552,081	694,088	1,086	61,311	4,539,011	5,224	2,234	7,458	4,564,907
Supplies and materials	14,318	2,452	16,770	2,004	93,140	21,053	99,671	66,623	3,497	1,617	3,211	290,816	4,014	40,024	44,038	351,624
Printing and publications	7,521	-	7,521	1,834	33,878	2,662	2,647	22,624	2,768	573	979	67,965	3,768	1,722	5,490	80,976
Postage	2,584	-	2,584	174	11,694	1,779	1,777	5,911	946	197	336	22,814	1,249	507	1,756	27,154
Telephone	14,939	780	15,719	1,546	27,310	2,318	1,884	27,262	1,696	623	1,328	63,967	2,962	846	3,808	83,494
Conferences and training	1,885	85	1,970	283	6,837	53,718	40,469	2,884	538	88	451	105,268	1,256	471	1,727	108,965
Insurance	4,677	-	4,677	330	21,999	1,655	1,647	9,529	2,260	356	912	38,688	2,255	763	3,018	46,383
Utilities	3,265	-	3,265	210	14,706	1,102	1,149	11,233	1,211	249	425	30,285	1,820	510	2,330	35,880
Repairs and maintenance	10,886	610	11,496	2,367	44,419	3,480	6,738	28,378	3,896	815	1,280	91,373	7,200	1,536	8,736	111,605
Travel—mileage	24,653	282	24,935	472	70,585	17,431	4,739	73,256	300	13,769	3,402	183,954	2,971	151	3,122	212,011
Minor equipment purchases	2,757	280	3,037	154	13,255	28,341	1,677	14,012	726	173	896	59,234	1,923	356	2,279	64,550
Other costs	5,220	2,651	7,871	1,502	8,230	1,563	3,689	-	1,915	289	526	17,714	(20,386)	920	(19,466)	6,119
Total expenses before depreciation and interest expense	626,113	404,796	1,030,909	84,255	4,596,301	377,762	440,737	2,586,624	828,988	95,016	136,573	9,146,256	68,332	165,188	233,520	10,410,685
Depreciation expense	5,734	-	5,734	373	36,081	459	2,019	11,679	2,760	438	748	54,557	9,905	864	10,769	71,060
Interest expense and bank fees	1,611	-	1,611	516	7,355	472	567	3,290	771	123	210	13,304	1,188	252	1,440	16,355
Total expenses	\$ 633,458	\$ 404,796	\$1,038,254	\$ 85,144	\$4,639,737	\$ 378,693	\$443,323	\$2,601,593	\$ 832,519	\$ 95,577	\$137,531	\$9,214,117	\$ 79,425	\$ 166,304	\$245,729	\$10,498,100

Stop Child Abuse and Neglect, Inc.

Statement of Functional Expenses

Year ended September 30, 2008

	Program Services										Support Services			
	Family Restoration Services					Prevention Services					Support Services			
	Home-Based Family Centered Case Management	Visitation Facilitation	Total Family Restoration Services	Family Connections	Community Alliance for Healthy Families	Building Strong Families	Community Partners for Child Safety	Starting School Successfully	Daybreak Crisis Homes	Total Prevention Services	Management and General	Fundraising	Total Support Services	Total Expenses
Salaries	\$ 436,088	\$ 409,987	\$ 846,075	\$ 76,536	\$1,896,134	\$164,811	\$ 554,384	\$ 66,953	\$ 57,690	\$2,816,508	\$ 24,025	\$ 110,824	\$134,849	\$3,797,432
Payroll taxes	34,096	32,217	66,313	5,869	142,217	12,022	42,212	5,346	4,434	212,100	2,564	8,672	11,236	289,649
Employee benefits	66,935	12,948	79,883	4,119	250,124	27,028	42,081	9,875	11,313	344,540	5,385	11,178	16,563	440,986
Contract services	7,418	5,209	12,627	2,736	2,216,194	70,749	1,123,842	954	62,197	3,476,672	2,362	1,371	3,733	3,493,032
Supplies and materials	13,758	14,649	28,407	7,518	108,414	122,430	81,738	5,955	3,980	330,035	3,500	71,272	74,772	433,214
Printing and publications	9,072	5,923	14,995	1,243	40,626	3,763	25,120	1,358	1,118	73,228	4,033	2,621	6,654	94,877
Postage	3,070	2,055	5,125	394	14,506	2,890	5,124	463	388	23,765	1,620	968	2,588	31,478
Telephone	15,285	3,966	19,251	2,758	29,709	4,504	20,287	1,013	1,124	59,395	1,610	1,367	2,977	81,623
Conferences and training	2,484	1,655	4,139	5,079	20,807	103,923	2,212	939	328	133,288	1,176	386	1,562	138,989
Insurance	4,793	3,592	8,385	606	21,436	1,582	5,525	618	515	30,282	2,291	1,090	3,381	42,048
Utilities	3,506	3,512	7,018	598	17,337	1,210	4,182	170	360	23,857	699	921	1,620	32,495
Repairs and maintenance	10,946	7,323	18,269	3,012	50,897	7,317	14,987	1,652	1,361	79,226	4,004	2,383	6,387	103,882
Travel—mileage	36,190	484	36,674	766	75,798	3,448	70,526	6,698	3,654	160,890	2,662	213	2,875	200,439
Minor equipment purchases	7,401	5,067	12,468	908	40,900	2,899	13,658	1,520	1,019	60,904	2,738	1,618	4,356	77,728
Other costs	9,938	3,296	13,234	3,679	16,198	5,126	12,534	747	561	38,845	2,515	1,224	3,739	55,818
Total expenses before depreciation and interest expense	660,980	511,883	1,172,863	115,821	4,941,297	533,702	2,018,412	104,261	150,042	7,863,535	61,184	216,108	277,292	9,313,690
Depreciation expense	6,830	6,817	13,647	1,049	32,120	2,705	5,103	423	650	42,050	16,576	1,748	18,324	74,021
Interest expense and bank fees	1,111	1,040	2,151	1,160	4,715	340	786	78	89	7,168	35,020	278	35,298	44,617
Total expenses	\$ 668,921	\$ 519,740	\$1,188,661	\$ 118,030	\$4,978,132	\$536,747	\$2,024,301	\$ 104,762	\$ 150,781	\$7,912,753	\$ 112,780	\$ 218,134	\$330,914	\$9,432,328

Stop Child Abuse and Neglect, Inc.

Statements of Cash Flows

	<b>Year ended September 30</b>	
	<u>2009</u>	<u>2008</u>
<b>Operating activities</b>		
Increase (decrease) in net assets	\$ 606,592	\$ (247,149)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	71,060	74,021
Amortization	8,498	1,215
Changes in operating assets and liabilities:		
Government grants receivable	(609,173)	(550,191)
Pledges receivable	3,411	22,311
Prepaid expenses	866	805
Accounts payable	(79,748)	239,662
Accrued expenses	171,718	(144,155)
Beneficial interest in perpetual trust	10,361	63,905
Net cash provided for (used in) operating activities	<u>183,585</u>	<u>(539,576)</u>
<b>Investing activities</b>		
Purchases of property and equipment	(40,692)	(67,816)
Net change in certificates of deposit	41,412	(7,785)
Net cash provided for (used in) investing activities	<u>720</u>	<u>(75,601)</u>
<b>Financing activity—payment of long-term debt</b>	<u>(93,438)</u>	<u>(33,667)</u>
Increase (decrease) in cash and cash equivalents	90,867	(648,844)
Cash and cash equivalents at beginning of year	730,568	1,379,412
Cash and cash equivalents at end of year	<u>\$ 821,435</u>	<u>\$ 730,568</u>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	\$ 536,060	\$ 182,225
Cash and cash equivalents, designated for Healthy Families program	<u>285,375</u>	<u>548,343</u>
	<u>\$ 821,435</u>	<u>\$ 730,568</u>

See accompanying notes.

# Stop Child Abuse and Neglect, Inc.

## Notes to Financial Statements

September 30, 2009

### 1. Organization and Summary of Significant Accounting Policies

#### Organization

Stop Child Abuse and Neglect, Inc. (SCAN) was established in the state of Indiana. SCAN's mission is to eliminate the abuse and neglect of children through family services, education and community partnerships.

SCAN has two primary service areas: Prevention and Family Restoration. The Prevention programs include Healthy Families, The Network for Safe Families, Community Partners for Safe Families, Building Strong Families, Starting School Successfully, and Daybreak Crisis Homes. The Restoration programs include Home-Based Family Centered Case Management and Visitation Facilitation.

**Healthy Families**—SCAN's Healthy Families program is a part of the Community Alliance for Healthy Families, a four-agency collaboration that oversees the Healthy Families program in Allen County. The Healthy Families program helps prevent abuse and neglect by working one-on-one with overwhelmed families that are struggling to balance raising children with life's demands. Targeted to help parents of newborn children, Healthy Families enrolls parents during pregnancy or immediately after the birth of their child. Most parents are screened in the hospital, and if they show signs of being overwhelmed, are offered the program. One-on-one, in-home services begin weekly and can last up to five years. The Healthy Families program works with parents to teach appropriate discipline, to review child development and age-appropriate expectations of children, to assist parents in building a strong network of support from family, neighbors, and churches; to help parents develop budgeting, time-management, and stress-management skills to better balance parenting and home-management, and to link families to community resources for health care, financial aid, food, housing, school-readiness, child care, job training, substance-abuse treatment and other mental health assistance.

**Family Connections**—Family Connections offers programs to help people address conflict and changing family situations due to a divorce, separation, or paternity issue. Programs include Pre-Divorce workshops, Kids & Divorce workshops, Parenting Coordination, Supervised Parenting Time, and Conflict groups. Some of these programs require a judge's order, others are completely voluntary.

**Community Partners for Child Safety (The Network for Safe Families and Community Partners for Safe Families)**—The Community Partners for Child Safety is a state initiative designed to help families before they cross the line into child abuse or neglect. Through the Network and Community Partners programs, SCAN works with other local social service

# Stop Child Abuse and Neglect, Inc.

## Notes to Financial Statements (continued)

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

#### Organization (continued)

agencies to offer parents help with situations that are interfering with their ability to manage their families. The goal of these programs is to provide families with in-home, one-on-one services that strengthen the family and prevent child abuse or neglect. Network and Community Partners services are offered by expert providers in every county it serves. In addition, SCAN operates a Community Outreach and Education program within these programs to increase awareness of the programs and other child abuse and neglect prevention. The Network serves families living in Adams, Allen, DeKalb, Huntington, LaGrange, Noble, Steuben, Wells, and Whitley. Community Partners offers help to families living in the following counties: Elkhart, Kosciusko, Marshall, and St. Joseph.

**Building Strong Families**—Through the Healthy Families program, SCAN offers Healthy Couples, a program for moms and dads together who are expecting a baby, or who have just had welcomed a newborn into their lives. As part of the federal government's Building Strong Families initiative, Healthy Couples encourages long-term commitment between parents. This program teaches participants how to build trust and improve communication for a healthier relationship, learn skills necessary to be nurturing parents, and address financial, health, employment and family pressures in a productive way.

**Starting School Successfully (S3)**—A partnership between SCAN and the United Way of Allen County, S3 works with immigrant and refugee families who are non-English speaking and non-Hispanic to ensure that their children are prepared for school in Indiana. Through a strategic planning process, it was found that many preschool-aged children and their mothers live quite isolated lives. This lack of exposure to the English language and expectations of the Fort Wayne community leaves these children at great disadvantage, causing short-term and long-term problems for these families and the community. S3 provides home-based services to refugee and immigrant families. Family support workers who are fluent in the clients' language help stabilize the families, connect clients with basic resources including health care, food, shelter, transportation and clothing, and provide translation/interpretation services for these families as they interact in the community.

**Home-Based Family Centered Case Management**—A court-ordered program, Home-Based Family Centered Case Management works with parents who have abused or neglected their children. Our staff works with a family in their homes, one to two hours at a time, to establish stability and teach them how to end the cycle of violence in their lives. They:

- Support the family through crisis and stress.
- Teach the difference between discipline and punishment.

# Stop Child Abuse and Neglect, Inc.

## Notes to Financial Statements (continued)

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

#### Organization (continued)

- Teach parents skills to ensure their child's safety.
- Provide instruction, guidance and role-modeling of appropriate parenting and home management skills.
- Work to reunite families when children can be safe at home.
- Update the child welfare caseworker on the family's home environment. SCAN's Home-Based team members assess a family's situation, develop a plan to help the family, and supervise the family's progress in achieving their goals. In addition, we assist clients with:
  - Job search
  - Child development and care
  - Attending counseling
  - Furthering education
  - Communication
  - Budgeting
  - Nutrition and menu planning

**Visitation Facilitation**—Visitation Facilitation offers abused and neglected children a safe place to visit their parents, siblings, grandparents, and relatives. This program plays a crucial role in establishing or improving the bond between children and their families. Visits usually begin in SCAN's offices and can progress to in-home visits.

**Daybreak Crisis Homes**—SCAN's Daybreak Crisis Homes offers emergency short-term care for Allen County children whose parents are in crisis and have no one else to care for their children. Primarily serving newborns and children to 10 years of age, Daybreak can also accept older siblings. Children of other ages are approved on a case-by-case basis.

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

# Stop Child Abuse and Neglect, Inc.

## Notes to Financial Statements (continued)

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

#### Cash and Cash Equivalents and Certificates of Deposit

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. SCAN maintains cash accounts and certificates of deposit at local financial institutions. From time to time during the year, SCAN's cash accounts exceeded federally insured limits. At September 30, 2009, SCAN's cash accounts exceeded federally insured limits by \$143,887.

#### Property and Equipment

Property and equipment are stated at cost or if donated, at fair market value at date of donation, except for building and equipment that has been impaired. For impaired assets, the carrying amount is reduced to the estimated fair market value. There were no impaired assets as of September 30, 2009 and 2008. Property and equipment with a cost of \$2,500 or more and a useful life of one year or more are capitalized. Depreciation is computed by the straight-line method over the following estimated useful lives:

Land improvements	10 years
Building	25 years
Office equipment and furnishings	3 – 7 years

Expenditures for normal repairs and maintenance are expensed when incurred.

#### Net Assets

Net assets are allocated to and accounted for based upon the donor's intended purpose. Unrestricted net assets have no donor-imposed restrictions placed upon them. In addition, SCAN has received certain net assets for specific purposes or for later periods of time or after specified dates, and these amounts are reported as temporarily or permanently restricted net assets. Temporarily restricted net assets include amounts whose use is limited by donor imposed stipulations that can be met and removed by actions of SCAN pursuant to those stipulations, occurrence of a stated event, or passage of a specified time period. When donor imposed restrictions are met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Permanently restricted net assets include amounts whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently, but permits

## Stop Child Abuse and Neglect, Inc.

### Notes to Financial Statements (continued)

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

##### **Net Assets (continued)**

SCAN to expend part or all of the income derived from the donated assets for either unrestricted or temporarily restricted purposes. Resources arising from the results of operations or assets set aside by the Board of Directors are not considered to be donor restricted.

##### **Contributions and Pledges Receivable**

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

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

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

SCAN provides an allowance for doubtful accounts, which is based on historical collection experience and management's estimate of the losses that will be incurred in the collection of all receivables. As of September 30, 2009 and 2008, no allowance for doubtful accounts was deemed necessary.

Contributions of services are recognized as revenue if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills and typically need to be purchased if not provided by donation. During the years ended

# Stop Child Abuse and Neglect, Inc.

## Notes to Financial Statements (continued)

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

#### **Contributions and Pledges Receivable (continued)**

September 30, 2009 and 2008, the fair market value of contributed goods and services recognized as revenue and expense in the accompanying statements of activities and changes in net assets were \$17,712 and \$16,419, respectively.

#### **Government Grants**

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

#### **Functional Allocation of Expenses**

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

#### **Use of Estimates**

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

### **2. Beneficial Interest Trust (Perpetual Trust)**

SCAN has a beneficial interest in a perpetual trust administered by an outside party. Pursuant to the terms of the trust, SCAN has the irrevocable right to receive income earned on the trust assets in perpetuity, but will never receive the assets held in trust. The estimated value of SCAN's beneficial interest in the perpetual trust was \$212,486 and \$222,847 at September 30, 2009 and 2008, respectively, which represents the fair market value of SCAN's proportional interest in the trust assets.

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

**3. Debt Arrangements**

Long-term debt at September 30, 2008 consisted of the following:

Indiana Economic Development Revenue Bond, Series 2000 (SCAN, Inc. building project), variable interest that was 76 percent of prime rate, payable in monthly payments of \$2,806 plus interest, collateralized by the building	\$ 93,437
Less current portion	<u>33,667</u>
	<u>\$ 59,770</u>

The Indiana Economic Development Revenue bond Series 2000 was paid off in August 2009.

Pursuant to a revolving line of credit arrangement with a bank, SCAN may borrow up to \$100,000 subject to certain terms and conditions. This line of credit arrangement is secured by SCAN's equipment, accounts receivable, and certain other assets. The line of credit arrangement bears interest at the prime rate (3.25 percent at September 30, 2009), which is due and payable monthly. There were no borrowings pursuant to this line of credit arrangement at September 30, 2009 and 2008.

Interest paid was \$9,901 and \$5,409 for the years ended September 30, 2009 and 2008, respectively.

**4. Net Assets**

Unrestricted net assets are as follows:

	<b>September 30</b>	
	<b>2009</b>	<b>2008</b>
Equipment, Healthy Families	\$ 18,471	\$ 29,287
Community Alliance for Healthy Families Fund	664,445	1,057,780
Board designated endowment funds	61,855	38,239
General operating funds	<u>2,728,557</u>	<u>1,728,023</u>
	<u>\$ 3,473,328</u>	<u>\$ 2,853,329</u>

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

**4. Net Assets (continued)**

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

- Equipment, Healthy Families represents the net book value of equipment acquired through funding by the Community Alliance for Healthy Families.
- Community Alliance for Healthy Families Fund consists of the accumulated funds generated from the Healthy Families program.
- Quasi-endowment funds consist of Board-designated assets set aside for the establishment of a permanent endowment.
- General operating funds consist of unrestricted assets that are available for support of SCAN's operations.

Temporarily restricted net assets are to be used for the Children's Garden, and were \$3,241 and \$6,287 for the years ended September 30, 2009 and 2008, respectively.

Permanently restricted net assets are restricted to:

	<b>September 30</b>	
	<b>2009</b>	<b>2008</b>
Beneficial interest in perpetual trust	\$ 212,486	\$ 222,847
Other	5,000	5,000
	<u>\$ 217,486</u>	<u>\$ 227,847</u>

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

	<b>Year ended September 30</b>	
	<b>2009</b>	<b>2008</b>
Children's Garden	\$ 19,025	\$ 32,696
Equipment purchases and other renovations	-	38,996
	<u>\$ 19,025</u>	<u>\$ 71,692</u>

Stop Child Abuse and Neglect, Inc.

Notes to Financial Statements (continued)

**5. Employee Benefits**

SCAN maintains a 403(b) employer contributory tax-deferred annuity plan for the benefit of substantially all of its employees, which allows for both employee and employer contributions. SCAN's contribution consists of a matching contribution of 100 percent of employee contributions, up to 2 percent of eligible employee compensation. SCAN's contribution to the plan was \$55,559 and \$39,837 for the years ended September 30, 2009 and 2008, respectively.

**6. Related Party Transactions**

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

**7. Subsequent Events**

Management has evaluated subsequent events through February 10, 2010, the date on which the financial statements were available to be issued.