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January 26, 2018

Board of Directors  
Children's Bureau, Inc.  
1575 Dr. Martin Luther King Jr. Street  
Indianapolis, IN 46202

We have reviewed the report prepared by Children's Bureau, Inc. and opined upon by Katz, Sapper & Miller, LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Children's Bureau, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Katz, Sapper & Miller, LLP prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

  
Paul D. Joyce, CPA  
State Examiner



CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2016 and 2015

# CHILDREN'S BUREAU, INC. AND CHILDREN'S BUREAU FOUNDATION, INC.

## CONTENTS

	<b>Page</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
Independent Auditors' Report	1-2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7-21
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Contract and Grant Activity for Federal, State, and Local Government Awards	22-23
Consolidating Schedule - Statement of Financial Position Information	24
Consolidating Schedule - Statement of Activities Information	25
Consolidating Schedule - Statement of Cash Flows Information	26

## *Independent Auditors' Report*

Board of Directors  
Children's Bureau, Inc. and  
Children's Bureau Foundation, Inc.

We have audited the accompanying consolidated financial statements of Children's Bureau, Inc. and Children's Bureau Foundation, Inc. (both Indiana not-for-profit organizations), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Children's Bureau, Inc. and Children's Bureau Foundation, Inc. as of December 31, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of contract and grant activity for federal, state, and local government awards and consolidating schedules of statement of financial position information, statement of activities information, and statement of cash flows information are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. The schedule of contract and grant activity for federal, state, and local government awards is required by the Indiana State Board of Accounts. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Katz, Sapper & Miller, LLP*

Indianapolis, Indiana  
April 6, 2017

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2016 and 2015**

	2016	2015
<b>ASSETS</b>		
Cash and equivalents	\$ 2,081,003	\$ 2,396,051
Accounts receivable, net	5,094,914	4,359,052
Contributions receivable, net	340,822	420,492
Prepaid expenses and other assets	203,256	170,248
Cash and equivalents - endowment	194,724	121,643
Investments - endowment	3,327,089	3,157,322
Property and equipment, net	<u>12,301,193</u>	<u>12,124,722</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 23,543,001</u></u>	<u><u>\$ 22,749,530</u></u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 1,064,288	\$ 887,394
Accrued payroll	893,897	1,028,334
Accrued pension expense	1,352,120	1,768,525
FSC loan	<u>1,143,900</u>	<u>1,252,459</u>
Total Liabilities	<u>4,454,205</u>	<u>4,936,712</u>
<b>NET ASSETS</b>		
Unrestricted:		
Board designated	3,230,628	3,201,727
Undesignated	<u>15,077,859</u>	<u>13,722,574</u>
	18,308,487	16,924,301
Temporarily restricted	535,470	643,678
Permanently restricted	<u>244,839</u>	<u>244,839</u>
Total Net Assets	<u>19,088,796</u>	<u>17,812,818</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 23,543,001</u></u>	<u><u>\$ 22,749,530</u></u>

*See accompanying notes.*

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2016 and 2015**

	Unrestricted	2016 Temporarily Restricted	2016 Permanently Restricted	Total
<b>REVENUE, GAINS AND SUPPORT</b>				
Contributions	\$ 707,062			\$ 707,062
Government grant revenue and Medicaid	19,127,490			19,127,490
Brokered government grant revenue	2,767,716			2,767,716
Non-government grants	275,031	\$ 104,749		379,780
Service revenue	6,026,119			6,026,119
United Way	508,668	340,822		849,490
Special events	149,257			149,257
Interest income	96,372	8,510		104,882
Net realized and unrealized gains (losses) on investments	133,033	11,971		145,004
Miscellaneous income	121,087	5,928		127,015
	<u>29,911,835</u>	<u>471,980</u>		<u>30,383,815</u>
Net assets released from restrictions	580,188	(580,188)		
Total Revenue, Gains and Support	<u>30,492,023</u>	<u>(108,208)</u>		<u>30,383,815</u>
<b>EXPENSES</b>				
Program services:				
Prevention programs	13,606,637			13,606,637
Preservation programs	3,000,932			3,000,932
Placement programs	8,397,861			8,397,861
Supporting services:				
Management and general	3,456,968			3,456,968
Fundraising	754,857			754,857
Total Expenses	<u>29,217,255</u>			<u>29,217,255</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	1,274,768	(108,208)		1,166,560
<b>NONOPERATING ACTIVITIES</b>				
Pension liability adjustment	109,418			109,418
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,384,186	(108,208)		1,275,978
<b>NET ASSETS</b>				
Beginning of Year	<u>16,924,301</u>	<u>643,678</u>	<u>\$ 244,839</u>	<u>17,812,818</u>
End of Year	<u>\$ 18,308,487</u>	<u>\$ 535,470</u>	<u>\$ 244,839</u>	<u>\$ 19,088,796</u>

See accompanying notes.

Unrestricted	2015		Total
	Temporarily Restricted	Permanently Restricted	
\$ 495,610			\$ 495,610
17,442,631	\$ 40,000		17,482,631
2,777,402			2,777,402
212,931	175,000		387,931
4,297,219			4,297,219
517,715	405,784		923,499
198,836			198,836
88,174	7,443		95,617
(127,941)	(13,038)		(140,979)
146,337	16,988		163,325
<u>26,048,914</u>	<u>632,177</u>		<u>26,681,091</u>
1,828,964	(1,828,964)		
<u>27,877,878</u>	<u>(1,196,787)</u>		<u>26,681,091</u>
12,525,424			12,525,424
2,405,796			2,405,796
7,548,530			7,548,530
2,654,282			2,654,282
617,729			617,729
<u>25,751,761</u>			<u>25,751,761</u>
2,126,117	(1,196,787)		929,330
139,916			139,916
<u>2,266,033</u>	<u>(1,196,787)</u>		<u>1,069,246</u>
14,658,268	1,840,465	\$ 244,839	16,743,572
<u>\$ 16,924,301</u>	<u>\$ 643,678</u>	<u>\$ 244,839</u>	<u>\$ 17,812,818</u>

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended December 31, 2016 and 2015**

	<b>Prevention Programs</b>		<b>Preservation Programs</b>		<b>Placement Programs</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Salaries expenses	\$ 5,899,866	\$ 5,435,502	\$ 1,993,877	\$ 1,570,522	\$ 3,630,845	\$ 2,939,600
Benefits expenses	1,800,049	1,472,211	506,949	392,379	861,636	705,603
Professional fees	1,912,077	1,851,621	32,789	12,673	557,419	715,707
Operation expenses	667,287	581,142	105,129	115,428	496,505	537,197
Equipment rental	136,323	148,176	20,167	19,426	31,304	25,066
Auto expenses	313,724	339,416	167,790	153,174	190,322	200,875
Fostercare and direct client costs	1,726,424	1,678,970	27,746	15,105	1,760,924	1,810,326
Occupancy	740,011	708,910	90,564	89,659	398,130	374,902
Depreciation	248,739	244,198	46,512	31,948	380,499	190,723
Maintenance and repairs	35,149	24,862	8,581	5,191	21,176	15,869
Interest expense						
Special events	121,387	39,296	122	291	64,443	30,180
Miscellaneous	5,601	1,120	706		4,658	2,482
<b>TOTAL EXPENSES</b>	<b><u>\$ 13,606,637</u></b>	<b><u>\$ 12,525,424</u></b>	<b><u>\$ 3,000,932</u></b>	<b><u>\$ 2,405,796</u></b>	<b><u>\$ 8,397,861</u></b>	<b><u>\$ 7,548,530</u></b>

*See accompanying notes.*

<b>Management and General</b>		<b>Fundraising</b>		<b>Total</b>	
<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
\$ 1,557,282	\$ 1,202,694	\$ 273,616	\$ 241,381	\$ 13,355,486	\$ 11,389,699
540,643	257,308	52,147	48,835	3,761,424	2,876,336
458,493	419,169	26,939	17,294	2,987,717	3,016,464
462,382	318,766	62,457	42,952	1,793,760	1,595,485
47,314	45,027	773	676	235,881	238,371
28,121	25,387	3,518	2,724	703,475	721,576
45,924	17,070	245,836	217,336	3,806,854	3,738,807
110,900	131,345	6,122	4,446	1,345,727	1,309,262
94,040	161,016	5,654	3,637	775,444	631,522
49,898	7,842	150	2,612	114,954	56,376
47,521	62,988			47,521	62,988
10,403	5,511	77,523	34,327	273,878	109,605
4,047	159	122	1,509	15,134	5,270
<u>\$ 3,456,968</u>	<u>\$ 2,654,282</u>	<u>\$ 754,857</u>	<u>\$ 617,729</u>	<u>\$ 29,217,255</u>	<u>\$ 25,751,761</u>

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2016 and 2015**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 1,275,978	\$ 1,069,246
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	775,444	631,522
Net gain on sales of property and equipment		(2,869)
Net realized and unrealized (gain) loss on investments	(145,004)	140,979
(Increase) decrease in certain assets:		
Accounts receivable	(735,862)	70,831
Contributions receivable	79,670	(50,001)
Prepaid expenses and other assets	(33,008)	(18,046)
Increase (decrease) in certain liabilities:		
Accounts payable and other liabilities	176,894	(210,293)
Accrued payroll	(134,437)	305,189
Accrued pension expense	(416,405)	(226,551)
Contributions for capital campaign		(368,165)
Net Cash Provided by Operating Activities	<u>843,270</u>	<u>1,341,842</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(951,915)	(1,415,845)
Purchases of investments	(1,340,052)	(1,118,740)
Sales and maturities of investments	1,315,289	1,023,418
(Increase) decrease in cash and equivalents - endowment	(73,081)	10,711
Net Cash Used by Investing Activities	<u>(1,049,759)</u>	<u>(1,500,456)</u>
<b>FINANCING ACTIVITIES</b>		
Cash collections of contributions for capital campaign		1,398,590
Principal payments on FSC loan	(108,559)	(93,011)
Net Cash Provided (Used) by Financing Activities	<u>(108,559)</u>	<u>1,305,579</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	(315,048)	1,146,965
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>2,396,051</u>	<u>1,249,086</u>
End of Year	<u>\$ 2,081,003</u>	<u>\$ 2,396,051</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 47,441	\$ 62,988
Noncash investing and financing activities:		
In-kind contributions received for capital campaign	30,521	47,917

See accompanying notes.

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2016 and 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General:** Children's Bureau, Inc. (the Bureau) is a private, not-for-profit agency formed in 1851, providing human services to families and children in Indiana. The Bureau offers prevention, preservation and placement services to at risk children and families throughout Indiana. The Bureau's primary sources of revenue are government grants and contracts, United Way Funding allocations, and contributions from donors. The Bureau's mission is preserving families and protecting the future of Indiana's children.

Children's Bureau Foundation, Inc. (the Foundation) operates for the benefit of and carries out the purposes of the Bureau. The Foundation's primary sources of revenue are contributions and investment earnings.

**Estimates:** Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could vary from those estimates.

**Principles of Consolidation:** The consolidated financial statements include the accounts of the Bureau and the Foundation (together, the Organizations). All material intra-entity accounts and transactions have been eliminated in consolidation.

**Basis of Presentation:** The consolidated financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and report the changes in and the total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, and permanently restricted. The following classes of net assets are maintained by the Organizations:

- *Unrestricted Net Assets* include general and board designated assets and liabilities which may be used at the discretion of management to support the Organizations' purposes and operations.
- *Temporarily Restricted Net Assets* include assets 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* include assets related to gifts with donor-imposed restrictions that stipulate the principal be held in perpetuity with the earnings there from being unrestricted.

**Cash and Equivalents:** For purposes of the consolidated statements of cash flows, cash equivalents include money market fund shares. The Organizations maintain their cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Organizations have not experienced any losses from their bank accounts.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables and Credit Policies:** Accounts receivable primarily represent balances due for services performed under government grants and contracts. The Bureau reviews its accounts receivable for collectability on a monthly basis for client accounts that exceed 60 days past due and older. Payments of accounts receivable are allocated to the specific invoices identified on the client’s remittance advice or, if unspecified, are applied to the earliest unpaid invoices. If necessary, the carrying amount of accounts receivable is reduced by an allowance that reflects management’s best estimate of the amounts that will not be collected. At December 31, 2016 and 2015, management determined that no allowance was necessary. Periodically, management makes a determination if write-offs are necessary.

**Contributions Receivable:** Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Investment Valuation and Income Recognition:** Investments are stated at fair value. Fair value is 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. See Note 2 for discussion of fair value measurements.

Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific-identification method. Realized and unrealized gains and losses on investments are included in the consolidated statements of activities.

**Property and Equipment:** Expenditures for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost, except for donated items, which are recorded at fair market value at the date of donation. The Organizations provide for depreciation on the straight-line method at rates designed to depreciate the cost of assets over estimated useful lives as follows:

Buildings and improvements	20-37.5 years
Leasehold improvements	5-20 years
Furnishings and equipment	5-10 years
Vehicles	5 years

The Organizations’ property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparison of the carrying amount to future net undiscounted cash flows expected to be generated by the related asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount exceeds the fair market value of the assets. To date, no adjustments to the carrying amount of property and equipment have been required.

**Support and Revenue:** The Organizations report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

**Government Grant and Service Revenue:** Support funded by grants is recognized as the Bureau performs the contracted services under grant agreements. Grant revenue is recognized as earned as the services are performed or 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 Bureau also receives support under various fee-for-service and per diem contracts from various state and county agencies for providing services to individuals.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***In-Kind Contributions:*** In addition to receiving cash contributions, the Bureau receives in-kind contributions from various donors. It is the policy of the Bureau to record the estimated fair market value of certain in-kind donations as an expense, property and equipment, or investments in its consolidated financial statements, and similarly increase contributions by a like amount. This adjustment amounted to \$308,797 for 2016 and \$266,413 for 2015 and consisted primarily of property contributed as part of a capital campaign and clothing and household goods utilized by the Bureau's shelters.

***Expense Allocation:*** Expenses are allocated directly or indirectly to various programs and supporting services as listed in the consolidated statements of functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining indirect costs are allocated based upon estimates of time spent by Bureau personnel or space utilized by each function.

***Income Taxes:*** The Organizations are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes has been included in the consolidated financial statements. In addition, the Organizations have been determined by the Internal Revenue Service not to be private foundations within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended December 31, 2016 and 2015.

The Organizations file U.S. federal and state of Indiana information tax returns. The Organizations are no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2013.

***Subsequent Events:*** The Organizations have evaluated the consolidated financial statements for subsequent events occurring through April 6, 2017, the date the consolidated financial statements were available to be issued.

## NOTE 2 - FAIR VALUE MEASUREMENTS

The Organizations have categorized their assets and liabilities that are measured at fair value into a three-level fair value hierarchy. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are described as follows:

***Level 1*** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organizations have the ability to access.

***Level 2*** – Inputs to the valuation methodology may include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and/or inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

***Level 3*** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. In situations where there is little or no market activity for the asset or liability, the Organizations make estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

## NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

**Assets and Liabilities Measured at Fair Value on a Recurring Basis:** Following is a description of the valuation methodologies used by the Organizations for assets and liabilities that are measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2016 and 2015.

**Registered Investment Companies and Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds held by the Organizations are deemed to be actively traded.

**Common Stocks, Municipal Bonds, and Exchange-Traded Funds:** Valued at the closing price reported on the active market on which the individual securities are traded.

**U.S. Treasury Notes, Corporate Bonds, and Government Agency Bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

**Accrued Pension Expense:** Valued using unadjusted market prices for the fair value of plan assets and the projected unit credit actuarial valuation method for the fair value of the benefit obligation.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations' management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain assets and liabilities could result in a different fair value measurement at the reporting date.

Following is a summary, by major nature and risks class within each level of the fair value hierarchy, of the Organizations' assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2016 and 2015:

2016	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash Equivalents:				
Money market fund shares	\$ 200,676			\$ 200,676
Investments:				
Fixed income investments:				
U.S. Treasury notes		\$ 79,675		79,675
Corporate bonds		311,412		311,412
Municipal bonds		43,802		43,802
Common stocks:				
Financials	173,842			173,842
Healthcare	144,548			144,548
Information technology	249,626			249,626
Industrials	146,594			146,594
Consumer discretionary	180,227			180,227
Other common stocks	316,077			316,077
Registered investment companies:				
Mid cap funds	353,241			353,241
Bond funds	212,523			212,523
Other mutual fund shares	445,236			445,236

**NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)**

<b>2016 (Continued)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Exchange-traded funds	<u>670,286</u>	<u>          </u>	<u>          </u>	<u>670,286</u>
Total Assets at Fair Value	<u>\$3,092,876</u>	<u>\$434,889</u>	<u>          </u>	<u>\$3,527,765</u>
<b>Liability</b>				
Accrued pension expense			<u>\$1,352,120</u>	<u>\$1,352,120</u>
Total Liabilities at Fair Value			<u>\$1,352,120</u>	<u>\$1,352,120</u>
<b>2015</b>				
<b>Assets</b>				
Cash Equivalents:				
Money market fund shares	\$ 127,595			\$ 127,595
Investments:				
Fixed income investments:				
U.S. Treasury notes		\$ 30,175		30,175
Corporate bonds		365,759		365,759
Government agency bonds		51,908		51,908
Municipal bonds		43,978		43,978
Common stocks:				
Financials	243,178			243,178
Healthcare	234,783			234,783
Information technology	329,047			329,047
Industrials	150,127			150,127
Consumer discretionary	239,249			239,249
Other common stocks	362,193			362,193
Registered investment companies:				
Mid cap funds	155,877			155,877
Other mutual fund shares	561,595			561,595
Exchange-traded funds	<u>389,453</u>	<u>          </u>	<u>          </u>	<u>389,453</u>
Total Assets at Fair Value	<u>\$2,793,097</u>	<u>\$491,820</u>	<u>          </u>	<u>\$3,284,917</u>
<b>Liability</b>				
Accrued pension expense			<u>\$1,768,525</u>	<u>\$1,768,525</u>
Total Liabilities at Fair Value			<u>\$1,768,525</u>	<u>\$1,768,525</u>

At December 31, 2016 and 2015, the Organizations had no other assets or liabilities that are measured at fair value on a recurring basis.

Changes in fair value of the Level 3 accrued pension expense for 2016 and 2015 and additional information about the valuation techniques and inputs used in the fair value measurements related to this liability are included in the details of the change in benefit obligation and the change in plan assets in Note 11.

### NOTE 3 - ENDOWMENT

The Foundation's endowment consists of one fund, which is maintained solely for the benefit of the Bureau. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as an endowment. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### *Interpretation of Relevant Law*

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted by Indiana in 2007. The Board of Directors of the Foundation has interpreted UPMIFA as requiring the 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 Foundation 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 the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation.

The endowment net asset composition by type of fund as of December 31, 2016 and 2015, was as follows:

<b>2016</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds		\$101,815	\$189,370	\$ 291,185
Board-designated funds	<u>\$3,230,628</u>	_____	_____	<u>3,230,628</u>
Total Funds	<u>\$3,230,628</u>	<u>\$101,815</u>	<u>\$189,370</u>	<u>\$3,521,813</u>
<b>2015</b>				
Donor-restricted endowment funds		\$81,334	\$189,370	\$ 270,704
Board-designated funds	<u>\$3,008,261</u>	_____	_____	<u>3,008,261</u>
Total Funds	<u>\$3,008,261</u>	<u>\$81,334</u>	<u>\$189,370</u>	<u>\$3,278,965</u>

### NOTE 3 - ENDOWMENT (CONTINUED)

Activity in the endowment by net asset class for 2016 and 2015, is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment at December 31, 2014	<u>\$3,059,034</u>	<u>\$ 86,929</u>	<u>\$189,370</u>	<u>\$3,335,333</u>
Investment return:				
Interest and dividends	85,999	8,764		94,763
Net depreciation, realized and unrealized	<u>(127,941)</u>	<u>(13,039)</u>		<u>(140,980)</u>
Total Investment Return	(41,942)	(4,275)		(46,217)
Investment fees	(12,950)	(1,320)		(14,270)
Designations by the board	<u>4,119</u>			<u>4,119</u>
Endowment at December 31, 2015	<u>3,008,261</u>	<u>81,334</u>	<u>189,370</u>	<u>3,278,965</u>
Investment return:				
Interest and dividends	95,175	9,699		104,874
Net appreciation, realized and unrealized	<u>133,033</u>	<u>11,971</u>		<u>145,004</u>
Total Investment Return	228,208	21,670		249,878
Investment fees	(13,216)	(1,189)		(14,405)
Designations by the board	<u>7,375</u>			<u>7,375</u>
Endowment at December 31, 2016	<u>\$3,230,628</u>	<u>\$101,815</u>	<u>\$189,370</u>	<u>\$3,521,813</u>

#### ***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. Deficiencies of this nature are reported against unrestricted net assets. There were no such deficiencies as of December 31, 2016 and 2015.

#### ***Return Objectives and Risk Parameters***

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Bureau while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index for core equity investments and Citigroup Government/Corporate (1-5 year) index for fixed income investments, as well as a blended index comprised of each asset class index weighted according to the target asset mix while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide a net real return (after fees and inflation) commensurate with the mix of the portfolio relative to market returns. Actual returns in any given year may vary from this expectation.

#### ***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation 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.

### NOTE 3 - ENDOWMENT (CONTINUED)

#### *Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Foundation may distribute on an annual basis an amount up to its current ordinary income to the Bureau. In order to distribute funds, the Bureau must submit a request for funding, including the programs to be benefited. The Board of Directors of the Foundation must review and approve the request before the distribution is made. In establishing this policy, the Foundation considered its desire to be flexible in providing support to the Bureau while maintaining a balance in the investment account. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

### NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable are as follows at December 31, 2016 and 2015:

	2016	2015
United Way - other	\$340,822	\$330,492
Other non-government grants	<u>                    </u>	<u>90,000</u>
Total Contributions Receivable	<u>\$340,822</u>	<u>\$420,492</u>

All contributions receivable at December 31, 2016 and 2015 are due to be received in less than one year.

### NOTE 5 - INVESTMENTS

Investments are as follows at December 31, 2016 and 2015:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Fixed income investments	\$ 426,604	\$ 434,889	\$ 480,736	\$ 491,820
Common stocks	918,968	1,210,914	1,329,142	1,558,577
Registered investment companies	946,293	1,011,000	703,696	717,472
Exchange-traded funds	<u>618,814</u>	<u>670,286</u>	<u>385,825</u>	<u>389,453</u>
Total Investments	<u>\$2,910,079</u>	<u>\$3,327,089</u>	<u>\$2,899,399</u>	<u>\$3,157,322</u>

Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the near term could materially affect the amounts reported in the Organizations' consolidated financial statements.

## NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment are as follows at December 31, 2016 and 2015:

	2016	2015
Land	\$ 224,825	\$ 224,825
Buildings and improvements	12,366,401	12,182,936
Leasehold improvements	2,470,295	1,982,913
Furnishings and equipment	3,523,315	3,272,769
Vehicles	<u>61,893</u>	<u>31,372</u>
	18,646,729	17,694,815
Less: Accumulated depreciation	<u>6,345,536</u>	<u>5,570,093</u>
Total Property and Equipment	<u>\$12,301,193</u>	<u>\$12,124,722</u>

## NOTE 7 - DEBT

The Bureau has a \$1,000,000 revolving line of credit for short-term bank borrowings. Interest on these borrowings is computed based on the higher of the bank's prime rate or 3.75% (3.75% at December 31, 2016). The line of credit, which expires on September 30, 2017, is secured by substantially all of the Bureau's accounts receivable and requires compliance with a financial covenant. At December 31, 2016 and 2015, there were no borrowings outstanding on the line of credit.

The Foundation has a term loan related to the construction of the Family Support Center in Indianapolis. The loan is payable in monthly installments of \$8,199, including interest, with a balloon payment due upon maturity in October 2019 for the remaining unpaid principal and interest. Interest on the loan is fixed at 3.90% and the balance at December 31, 2016 and 2015 was \$1,143,900 and \$1,252,459, respectively. The loan is secured by the Family Support Center building and an assignment of all rents on the Foundation's real property located in Marion County, Indiana. The loan is also guaranteed by the Bureau.

Total interest expense was \$47,441 in 2016 and \$62,988 in 2015.

At December 31, 2016, the aggregate maturities of long-term debt were as follows:

Payable In	Principal Payments
2017	\$ 49,563
2018	51,559
2019	<u>1,042,778</u>
	<u>\$1,143,900</u>

## NOTE 8 - LEASES

The Bureau has several operating leases, primarily for office space and equipment, expiring at various dates through October 2022. These leases generally contain renewal options for periods ranging from three to five years. Rental expense was \$775,052 in 2016 and \$777,773 in 2015.

**NOTE 8 - LEASES (CONTINUED)**

Future minimum lease payments required by all long-term noncancellable operating leases at December 31, 2016, are as follows:

Payable In	Rental Payments
2017	\$ 721,395
2018	652,427
2019	442,116
2020	285,028
2021	243,598
Thereafter	<u>274,097</u>
Total	<u>\$2,618,661</u>

**NOTE 9 - COMMITMENTS**

During 2016, the Organizations entered into a construction agreement to provide improvements to one of the buildings owned by the Organizations. The quoted total contract price including subsequent change orders through March 2017 is \$174,888, of which \$110,866 has been paid or is payable as of December 31, 2016.

**NOTE 10 - NET ASSETS**

Board designated net assets were available for the following purposes at December 31, 2016 and 2015:

	2016	2015
<b>Children's Bureau Foundation, Inc.</b>		
Board-designated endowment fund	\$3,230,628	\$3,008,261
Funds designated for capital improvements		<u>193,466</u>
Total Board Designated Net Assets	<u>\$3,230,628</u>	<u>\$3,201,727</u>

Temporarily restricted net assets were available for the following purposes at December 31, 2016 and 2015:

	2016	2015
<b>Children's Bureau, Inc.</b>		
United Way allocation - time restrictions	\$340,822	\$330,491
Education		165,000
Adoption	5,112	5,112
Johnson County	4,662	3,046
Food and shelter programs	5,928	8,695
Other purposes	77,131	50,000
<b>Children's Bureau Foundation, Inc.</b>		
Unappropriated appreciation on permanently restricted endowment	<u>101,815</u>	<u>81,334</u>
Total Temporarily Restricted Net Assets	<u>\$535,470</u>	<u>\$643,678</u>

## NOTE 10 - NET ASSETS (CONTINUED)

For the years ended December 31, 2016 and 2015, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows:

	2016	2015
<b>Children's Bureau, Inc.</b>		
United Way allocation – time restrictions	\$330,492	\$ 347,929
Courage Center capital project		1,241,221
Development		121,181
Adoption	6,000	6,000
Johnson County	22,132	25,944
Food and shelter programs	8,695	8,293
Fatherhood initiative	165,000	
Other purposes	<u>47,869</u>	<u>78,396</u>
Total Restrictions Released	<u>\$580,188</u>	<u>\$1,828,964</u>

As of December 31, 2016 and 2015, permanently restricted net assets consisted of the following:

	2016	2015
Donor-restricted endowment funds	\$189,370	\$189,370
Fund held by community foundation	<u>55,469</u>	<u>55,469</u>
Total Permanently Restricted Funds	<u>\$244,839</u>	<u>\$244,839</u>

## NOTE 11 - CONCENTRATIONS OF FUNDING

Government funding provided 92% of total revenue for the Organizations in 2016 and 2015.

As part of federal funding, the Community Partners Grants provided 30% and 33% of the Organizations' total revenue in 2016 and 2015, respectively.

## NOTE 12 - EMPLOYEE BENEFITS

### *Defined Benefit Pension Plan*

The Bureau sponsors a noncontributory defined benefit pension plan covering substantially all of its employees who met eligibility requirements prior to January 1, 2008. Plan benefits are determined by a formula based on earnings. The Bureau's funding policy is to generally make the minimum annual contribution required by applicable regulations.

On October 11, 2007, the Bureau's Board of Directors voted to amend the Plan to freeze Plan participation effective January 1, 2008. Plan participants who had met eligibility requirements before the effective date of the freeze continued to accrue benefits through December 31, 2011. All benefit accruals ceased effective December 31, 2011. All plan participants became fully vested in the Plan effective December 31, 2011.

**NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)**

The following table sets forth the Plan's funded status and amounts recognized in the consolidated financial statements at December 31, 2016 and 2015, and for the years then ended.

	<b>2016</b>	<b>2015</b>
Plan Obligations and Funded Status:		
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 7,495,136	\$ 8,010,183
Interest cost	308,785	303,985
Actuarial (gain) loss	117,198	(519,621)
Settlement gain	(123,944)	
Benefits paid	<u>(781,975)</u>	<u>(299,411)</u>
Benefit obligation at end of year	<u>7,015,200</u>	<u>7,495,136</u>
Change in Plan Assets:		
Fair value of plan assets at beginning of year	5,726,611	6,015,107
Actual return on plan assets	350,385	(114,085)
Employer contributions	368,059	125,000
Benefits paid	<u>(781,975)</u>	<u>(299,411)</u>
Fair value of plan assets at end of year	<u>5,663,080</u>	<u>5,726,611</u>
Funded Status at End of Year	<u><u>\$ (1,352,120)</u></u>	<u><u>\$ (1,768,525)</u></u>
Amount recognized in the consolidated statements of financial position as accrued pension expense	<u><u>\$ 1,352,120</u></u>	<u><u>\$ 1,768,525</u></u>
Amounts recognized in the consolidated statements of activities consist of:		
	<b>2016</b>	<b>2015</b>
Interest cost	\$ 308,785	\$ 303,985
Actual return on plan assets	(350,385)	114,085
Amortization of net loss	115,851	122,337
Difference between expected and actual return on plan assets	<u>(24,734)</u>	<u>(502,042)</u>
Net Periodic Benefit Cost for the Year	<u><u>\$ 49,517</u></u>	<u><u>\$ 38,365</u></u>
Other changes in plan assets and benefit obligations previously recognized in changes in unrestricted net assets:		
Net loss previously recognized in unrestricted net assets, not yet recognized as periodic pension cost at end of year	<u><u>\$ 1,946,454</u></u>	<u><u>\$ 2,175,640</u></u>

The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2017 is \$102,295.

## NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)

The following assumptions were used in accounting for the Plan:

	2016	2015
Weighted-average assumptions used to determine pension benefit obligations at year end:		
Discount rate	3.98%	4.21%
Rate of compensation increase	None	None
Mortality rates	RP-2014/MP-2016	RP-2014/MP-2015
Weighted-average assumptions used to determine net periodic pension benefit cost for the year:		
Discount rate	4.21%	3.87%
Expected long-term return on plan assets	6.50%	6.50%
Rate of compensation increase	None	None
Mortality rates	RP-2014/MP-2015	RP/MP-2014

The expected long-term rate of return on Plan assets is determined by those assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class. For 2017, the expected rate of return has remained at 6.50% for use in determining net periodic pension cost to reflect changes in asset allocation and economic expectations.

The Plan's investment policy is to seek primarily capital appreciation and to a lesser extent income for reinvestment or cash flow purposes, with the preservation of capital also being an important investment objective. Equity securities (mutual funds, exchange traded products, and common stock shares) have a target asset allocation of 59-71% of total Plan assets. Debt securities (U.S. Government securities and corporate bonds) have a target asset allocation of 17-23%. Cash and cash equivalents (money market fund shares) have a target asset allocation of 10-18%.

Following is a description of the valuation methodologies used by the Plan for investment assets measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2016 and 2015.

**Registered Investment Companies and Money Market Fund Shares:** Valued at the daily closing price as reported by the funds. These funds are required to publish their daily net asset value (NAV) and to transact at that price. These funds held by the Plan are deemed to be actively traded.

**Common Stocks, Exchange-Traded Funds and Real Estate Investment Trusts:** Valued at the closing price reported on the active market on which the individual securities are traded.

**Corporate Bonds:** Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

**U. S. Government Securities:** Valued using pricing models maximizing the use of observable inputs for similar securities.

**NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)**

Following is a summary, by major nature and risks class within each level of the fair value hierarchy (see Note 2), of the Plan's investment assets that are measured at fair value on a recurring basis as of December 31, 2016 and 2015:

<b>2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Money market fund shares (cash equivalents)	\$ 409,784		\$ 409,784
Registered investment companies	1,181,970		1,181,970
Common stocks	2,200,185		2,200,185
Corporate bonds		\$454,710	454,710
U.S. Government securities		390,022	390,022
Exchange-traded funds	918,528		918,528
Real estate investment trusts	<u>107,881</u>		<u>107,881</u>
<b>Total Plan Investments at Fair Value</b>	<b><u>\$4,818,348</u></b>	<b><u>\$844,732</u></b>	<b><u>\$5,663,080</u></b>
<b>2015</b>			
Money market fund shares (cash equivalents)	\$ 264,100		\$ 264,100
Registered investment companies	1,199,125		1,199,125
Common stocks	2,664,305		2,664,305
Corporate bonds		\$499,335	499,335
U.S. Government securities		453,551	453,551
Exchange-traded funds	547,242		547,242
Real estate investment trusts	<u>98,953</u>		<u>98,953</u>
<b>Total Plan Investments at Fair Value</b>	<b><u>\$4,773,725</u></b>	<b><u>\$952,886</u></b>	<b><u>\$5,726,611</u></b>

The Plan's total investments at fair value may vary from the fair value of plan assets due to cash and accrued income also included in the fair value of plan assets.

The Bureau expects to contribute \$250,000 to the Plan in 2017. No plan assets are expected to be returned to the Bureau during 2017.

The expected benefits to be paid in each of the next five years and thereafter are as follows:

<b>Payable In</b>	<b>Benefits</b>
2017	\$ 308,608
2018	306,264
2019	303,723
2020	306,579
2021	343,075
2022-2026	1,795,222

**NOTE 12 - EMPLOYEE BENEFITS (CONTINUED)***Defined Contribution Plan (401k)*

The Bureau also sponsors a defined contribution plan for all of its qualified employees. All plan participants are permitted to make salary reduction contributions to the Plan, and the Bureau contributes, on a matching basis, 100% of each participant's contribution up to 3% of each participant's annual compensation. The Bureau may also make a discretionary contribution, to be determined annually based on eligible earnings of participants. Participants become fully vested in the Bureau's contributions and earnings thereon after five years of service. The Bureau contributed \$119,860 in 2016 and \$97,125 in 2015 to the Plan.

**NOTE 13 - EMPLOYEE INSURANCE OBLIGATION**

The Bureau self-insures its employee group medical plan. Claim expenses are recorded as incurred. Insurance policies in force at December 31, 2016 limit the Bureau's maximum plan cost to approximately \$3,170,000 in the plan year. The Bureau's portion of the predetermined funding provision is charged to expense each month. A reinsurance policy is in place to limit the Bureau's maximum claim liability to \$50,000 per covered individual, unless a specific stop-loss deductible is noted in the policy for an individual. The self-insurance liability was \$144,329 and \$321,873 at December 31, 2016 and 2015, respectively, which represents management's estimate of unpaid claims incurred prior to December 31, 2016 and 2015.

**NOTE 14 - RELATED PARTY TRANSACTIONS**

The Bureau recognized \$17,688 in 2016 and \$40,316 in 2015 as contributions from members of its Board of Directors.

## **SUPPLEMENTARY INFORMATION**

**CHILDREN'S BUREAU, INC.**

**SCHEDULE OF CONTRACT AND GRANT ACTIVITY FOR FEDERAL, STATE,  
AND LOCAL GOVERNMENT AWARDS  
Year Ended December 31, 2016**

	Type of Funding	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b>FEDERAL AWARDS</b>				
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed through the Indiana Family and Social Services Administration:				
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Fee for service	93.596	F1-2-49-12-34-0437	\$ 3,162,197
Passed through the Indiana Department of of Child Services:				
Community Partners for Child Safety (CPCS) - Operations	Fee for service	N/A	N/A	6,253,933
Therapeutic Fostercare	Fee for service	N/A	N/A	2,229,842
Home Based Case Work	Fee for service	N/A	N/A	2,179,145
Older Youth Services	Fee for service	N/A	N/A	2,117,800
CPCS - Brokered Funds	Fee for service	N/A	N/A	1,894,586
Shelter - Respite	Fee for service	N/A	N/A	1,664,771
Fatherhood Initiative	Fee for service	N/A	N/A	1,605,250
Home Based Counseling - Home Based Therapy	Fee for service	N/A	N/A	980,555
Post Adoption Services	Fee for service	N/A	N/A	734,691
Adoption Recruitment And Retention	Fee for service	N/A	N/A	600,383
Child Summaries	Fee for service	N/A	N/A	478,080
Shelter - CPCS Prevention Service	Fee for service	N/A	N/A	336,375
Supervised Visitation	Fee for service	N/A	N/A	180,372
Adoption Counseling	Fee for service	N/A	N/A	102,890
Shelter - RHY	Fee for service	N/A	N/A	91,234
Shelter - Respite	Fee for service	N/A	N/A	33,680
HBCW - Promising Futures	Fee for service	N/A	N/A	17,337
Counseling - Promising Futures	Fee for service	N/A	N/A	1,501
Passed through the Family Youth Services Bureau:				
Affordable Care Act (ACA) Personal Responsibility Education Program	Federal Grant	93.092	N/A	15,059
Passed through Health Care Education and Training, Inc.				
Maternal and Child Health Services Block Grant	Fee for service	93.994	N/A	20,818
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Passed through the Indiana Department of Education:				
National School Lunch Program	Federal Grant	10.555	N/A	<u>24,370</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<u>\$ 24,724,869</u>

**CHILDREN'S BUREAU, INC.**

**SCHEDULE OF CONTRACT AND GRANT ACTIVITY FOR FEDERAL, STATE,  
AND LOCAL GOVERNMENT AWARDS (CONTINUED)  
Year Ended December 31, 2016**

	Type of Funding	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
<b>NONFEDERAL AWARDS</b>				
<b>INDIANA DEPARTMENT OF CHILD SERVICES</b>				
Direct programs:				
Reactive Attachment Disorder	Fee for service	N/A	N/A	\$ 435,773
Safe Sleep - Promising Futures	Fee for service	N/A	N/A	2,636
CPCS - Brokered Funds and Drug Court	Fee for service	N/A	N/A	534,119
Courage Center	Fee for service	N/A	N/A	1,445,213
Passed through Choices Coordinated Care Solutions:				
Dawn Program	Fee for service	N/A	N/A	686,293
<b>STATE OF INDIANA (IC31-26-1)</b>				
Direct programs:				
Shelter - YSB	Fee for service	N/A	N/A	26,833
Medicaid	Fee for service	N/A	N/A	72,962
<b>CITY OF INDIANAPOLIS DEPARTMENT OF METROPOLITAN DEVELOPMENT</b>				
Direct programs:				
Indiana Housing Trust Funds	Fee for service	N/A	N/A	13,000
<b>HAMILTON COUNTY COUNCIL / BOARD OF COMMISSIONERS</b>				
Direct programs:				
Treasurer of Hamilton County	Fee for service	N/A	N/A	<u>3,000</u>
<b>TOTAL EXPENDITURES OF NONFEDERAL AWARDS</b>				<u>3,219,829</u>
<b>TOTAL EXPENDITURES OF FEDERAL, STATE, AND GOVERNMENT AWARDS</b>				<u><u>\$ 27,944,698</u></u>

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**CONSOLIDATING SCHEDULE - STATEMENT OF FINANCIAL POSITION INFORMATION  
December 31, 2016**

	Children's Bureau, Inc.	Children's Bureau Foundation, Inc.	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and equivalents	\$ 1,947,472	\$ 133,531		\$ 2,081,003
Accounts receivable, net	5,094,914			5,094,914
Contributions receivable, net	340,822			340,822
Prepaid expenses and other assets	203,256	13,000	\$ (13,000)	203,256
Cash and equivalents - endowment		194,724		194,724
Investments - endowment		3,327,089		3,327,089
Property and equipment, net	2,987,486	9,313,707		12,301,193
<b>TOTAL ASSETS</b>	<u>\$ 10,573,950</u>	<u>\$ 12,982,051</u>	<u>\$ (13,000)</u>	<u>\$ 23,543,001</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	\$ 1,075,912	\$ 1,376	\$ (13,000)	\$ 1,064,288
Accrued payroll	893,897			893,897
Accrued pension expense	1,352,120			1,352,120
FSC loan		1,143,900		1,143,900
Total Liabilities	<u>3,321,929</u>	<u>1,145,276</u>	<u>(13,000)</u>	<u>4,454,205</u>
<b>NET ASSETS</b>				
Unrestricted	6,762,897	11,545,590		18,308,487
Temporarily restricted	433,655	101,815		535,470
Permanently restricted	55,469	189,370		244,839
Total Net Assets	<u>7,252,021</u>	<u>11,836,775</u>		<u>19,088,796</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 10,573,950</u>	<u>\$ 12,982,051</u>	<u>\$ (13,000)</u>	<u>\$ 23,543,001</u>

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES INFORMATION  
Year Ended December 31, 2016**

	Unrestricted			
	Children's Bureau, Inc.	Children's Bureau Foundation, Inc.	Eliminations	Total
<b>REVENUE, GAINS AND SUPPORT</b>				
Contributions	\$ 707,062			\$ 707,062
Government grant revenue and Medicaid	19,127,490			19,127,490
Brokered government grant revenue	2,767,716			2,767,716
Non-government grants	267,976	\$ 7,055		275,031
Service revenue	6,026,119			6,026,119
United Way	508,668			508,668
Special events	149,257			149,257
Interest income	8	96,364		96,372
Net realized and unrealized losses on investments		133,033		133,033
Miscellaneous income	119,275	157,812	\$ (156,000)	121,087
	<u>29,673,571</u>	<u>394,264</u>	<u>(156,000)</u>	<u>29,911,835</u>
Net assets released from restrictions	580,188			580,188
Total Revenue, Gains and Support	<u>30,253,759</u>	<u>394,264</u>	<u>(156,000)</u>	<u>30,492,023</u>
<b>EXPENSES</b>				
Program services:				
Prevention programs	13,397,888	208,749		13,606,637
Preservation programs	2,975,346	25,586		3,000,932
Placement programs	8,285,571	112,290		8,397,861
Supporting services:				
Management and general	3,507,500	105,468	(156,000)	3,456,968
Fundraising	753,149	1,708		754,857
Total Expenses	<u>28,919,454</u>	<u>453,801</u>	<u>(156,000)</u>	<u>29,217,255</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	1,334,305	(59,537)		1,274,768
<b>NONOPERATING ACTIVITIES</b>				
Pension liability adjustment	109,418			109,418
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,443,723	(59,537)		1,384,186
<b>NET ASSETS</b>				
Beginning of Year	<u>5,319,174</u>	<u>11,605,127</u>		<u>16,924,301</u>
End of Year	<u>\$ 6,762,897</u>	<u>\$ 11,545,590</u>	<u>\$ -</u>	<u>\$ 18,308,487</u>

<u>Temporarily Restricted</u>			<u>Permanently Restricted</u>			<u>Consolidated</u>
<u>Children's Bureau, Inc.</u>	<u>Children's Bureau Foundation, Inc.</u>	<u>Total</u>	<u>Children's Bureau, Inc.</u>	<u>Children's Bureau Foundation, Inc.</u>	<u>Total</u>	
						\$ 707,062
						19,127,490
						2,767,716
\$ 104,749		\$ 104,749				379,780
						6,026,119
340,822		340,822				849,490
	\$ 8,510	8,510				149,257
	11,971	11,971				104,882
5,928		5,928				145,004
<u>451,499</u>	<u>20,481</u>	<u>471,980</u>				<u>127,015</u>
<u>(580,188)</u>		<u>(580,188)</u>				<u>30,383,815</u>
<u>(128,689)</u>	<u>20,481</u>	<u>(108,208)</u>				<u>30,383,815</u>
						13,606,637
						3,000,932
						8,397,861
						3,456,968
						754,857
						<u>29,217,255</u>
(128,689)	20,481	(108,208)				1,166,560
						109,418
(128,689)	20,481	(108,208)				1,275,978
<u>562,344</u>	<u>81,334</u>	<u>643,678</u>	<u>\$ 55,469</u>	<u>\$ 189,370</u>	<u>\$ 244,839</u>	<u>17,812,818</u>
<u>\$ 433,655</u>	<u>\$ 101,815</u>	<u>\$ 535,470</u>	<u>\$ 55,469</u>	<u>\$ 189,370</u>	<u>\$ 244,839</u>	<u>\$ 19,088,796</u>

**CHILDREN'S BUREAU, INC. AND  
CHILDREN'S BUREAU FOUNDATION, INC.**

**CONSOLIDATING SCHEDULE - STATEMENT OF CASH FLOWS INFORMATION  
Year Ended December 31, 2016**

	Children's Bureau, Inc.	Children's Bureau Foundation, Inc.	Consolidated
<b>OPERATING ACTIVITIES</b>			
Increase (decrease) in net assets	\$1,315,034	\$ (39,056)	\$ 1,275,978
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Depreciation	395,833	379,611	775,444
Net realized and unrealized gain on investments		(145,004)	(145,004)
(Increase) decrease in certain assets:			
Accounts receivable	(735,862)		(735,862)
Contributions receivable	79,670		79,670
Prepaid expenses and other assets	(33,008)		(33,008)
Increase (decrease) in certain liabilities:			
Accounts payable and other liabilities	182,052	(5,158)	176,894
Accrued payroll	(134,437)		(134,437)
Accrued pension expense	(416,405)		(416,405)
Net Cash Provided by Operating Activities	<u>652,877</u>	<u>190,393</u>	<u>843,270</u>
<b>INVESTING ACTIVITIES</b>			
Purchases of property and equipment	(768,450)	(183,465)	(951,915)
Purchases of investments		(1,340,052)	(1,340,052)
Sales and maturities of investments		1,315,289	1,315,289
Decrease in cash and equivalents - endowment		(73,081)	(73,081)
Net Cash Used by Investing Activities	<u>(768,450)</u>	<u>(281,309)</u>	<u>(1,049,759)</u>
<b>FINANCING ACTIVITIES</b>			
Principal payments on FSC loan		(108,559)	(108,559)
Net Cash Used by Financing Activities		<u>(108,559)</u>	<u>(108,559)</u>
<b>NET DECREASE IN CASH AND EQUIVALENTS</b>	(115,573)	(199,475)	(315,048)
<b>CASH AND EQUIVALENTS</b>			
Beginning of Year	<u>2,063,045</u>	<u>333,006</u>	<u>2,396,051</u>
End of Year	<u>\$1,947,472</u>	<u>\$ 133,531</u>	<u>\$ 2,081,003</u>