



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B50547

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

July 27, 2018

Board of Directors
Crossroad Child & Family Services, Inc.
2525 Lake Avenue
Fort Wayne, IN 46809

We have reviewed the report prepared by Crossroad Child & Family Services, Inc. and opined upon by BKD, LLP, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Crossroad Child & Family Services, Inc. as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, BKD, 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
Paul D. Joyce, CPA
State Examiner

Crossroad Child & Family Services, Inc.
Independent Auditor's Report and Financial Statements
December 31, 2017 and 2016



Crossroad Child & Family Services, Inc.

December 31, 2017 and 2016

Contents

Independent Auditor's Report.....	1
--	----------

Financial Statements

Statements of Financial Position	3
Statements of Activities.....	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

Board of Directors
Crossroad Child & Family Services, Inc.
Fort Wayne, Indiana

We have audited the accompanying financial statements of Crossroad Child & Family Services, Inc. (Organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Crossroad Child & Family Services, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Fort Wayne, Indiana
May 29, 2018

Crossroad Child & Family Services, Inc.

Statements of Financial Position December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash	\$ 312,300	\$ 285,070
Accounts receivable, net of allowance of \$301,703 and \$104,000 for 2017 and 2016, respectively	979,951	1,191,943
Inventories	10,243	10,269
Prepaid expenses	62,487	63,233
Cash surrender value of life insurance	20,197	19,021
Contributions receivable from charitable remainder trusts	12,276	12,276
Investments	6,755,806	6,069,066
Interest in assets held at Fort Wayne Community Foundation	101,309	88,168
Property and equipment	3,473,716	3,821,512
	<u>\$ 11,728,285</u>	<u>\$ 11,560,558</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 123,037	\$ 151,614
Accrued expenses	248,669	253,918
Line of credit	96,000	-
Custodial funds	14,786	14,319
Total liabilities	<u>482,492</u>	<u>419,851</u>
Net Assets		
Unrestricted	10,843,908	10,745,269
Temporarily restricted	401,885	395,438
Total net assets	<u>11,245,793</u>	<u>11,140,707</u>
	<u>\$ 11,728,285</u>	<u>\$ 11,560,558</u>

Crossroad Child & Family Services, Inc.

Statements of Activities

Years Ended December 31, 2017 and 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue, Gains (Losses) and Other Support				
Fees for service	\$ 6,073,407	\$ -	\$ -	\$ 6,073,407
Contribution income	397,176	147,285	-	544,461
Grant income	84,681	-	-	84,681
Investment return designated for operations	255,635	-	-	255,635
Rental income	-	-	-	-
Miscellaneous	9,416	-	-	9,416
Net assets released from restrictions	140,838	(140,838)	-	-
Total revenue, gains and other support	6,961,153	6,447	-	6,967,600
Expenses				
Treatment services	5,864,691	-	-	5,864,691
Management and general	1,359,449	-	-	1,359,449
Fund raising	365,828	-	-	365,828
Total expenses	7,589,968	-	-	7,589,968
Change in Net Assets Before Investment Return Not Designated for Operations	(628,815)	6,447	-	(622,368)
Investment Return Not Designated for Operations	727,454	-	-	727,454
Change in Net Assets	98,639	6,447	-	105,086
Net Assets, Beginning of Year	10,745,269	395,438	-	11,140,707
Net Assets, End of Year	\$ 10,843,908	\$ 401,885	\$ -	\$ 11,245,793

See Notes to Financial Statements

2016

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 6,194,745	\$ -	\$ -	\$ 6,194,745
295,808	152,302	-	448,110
81,735	-	-	81,735
192,208	-	-	192,208
300	-	-	300
11,409	-	-	11,409
15,645	(15,645)	-	-
<u>6,791,850</u>	<u>136,657</u>	<u>-</u>	<u>6,928,507</u>
5,429,658	-	-	5,429,658
1,260,986	-	-	1,260,986
339,331	-	-	339,331
<u>7,029,975</u>	<u>-</u>	<u>-</u>	<u>7,029,975</u>
(238,125)	136,657	-	(101,468)
<u>195,853</u>	<u>-</u>	<u>-</u>	<u>195,853</u>
(42,272)	136,657	-	94,385
<u>10,787,541</u>	<u>258,781</u>	<u>-</u>	<u>11,046,322</u>
<u>\$ 10,745,269</u>	<u>\$ 395,438</u>	<u>\$ -</u>	<u>\$ 11,140,707</u>

Crossroad Child & Family Services, Inc.

Statements of Functional Expenses Years Ended December 31, 2017 and 2016

	2017			
	Program Services	Supporting Services		
	Treatment Services	Management and General	Fund Raising	Total
Salaries and related expenses	\$ 4,233,662	\$ 952,234	\$ 216,974	\$ 5,402,870
Other operating expenses	631,661	257,899	81,841	971,401
Occupancy	479,619	24,214	2,848	506,681
Purchased services	146,091	125,102	64,165	335,358
Total expenses before depreciation	5,491,033	1,359,449	365,828	7,216,310
Depreciation expense	373,658	-	-	373,658
Total expenses	\$ 5,864,691	\$ 1,359,449	\$ 365,828	\$ 7,589,968

2016

Program Services		Supporting Services		
Treatment Services	Management and General	Fund Raising		Total
\$ 3,927,023	\$ 883,265	\$ 201,259		\$ 5,011,547
585,910	239,220	75,914		901,044
444,881	22,460	2,642		469,983
135,510	116,041	59,516		311,067
<u>5,093,324</u>	<u>1,260,986</u>	<u>339,331</u>		<u>6,693,641</u>
336,334	-	-		336,334
<u>\$ 5,429,658</u>	<u>\$ 1,260,986</u>	<u>\$ 339,331</u>		<u>\$ 7,029,975</u>

Crossroad Child & Family Services, Inc.

Statements of Cash Flows Years Ended December 31, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 105,086	\$ 94,385
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	373,658	336,334
Change in allowance for uncollectible accounts receivable	197,703	54,000
Net realized and unrealized gains on investments	(833,897)	(256,851)
Changes in		
Accounts receivable	14,289	592,895
Contributions receivable from charitable remainder trusts	-	709
Inventories	26	7,131
Prepaid expenses	746	(31,927)
Cash surrender value of life insurance	(1,176)	(1,191)
Accounts payable and accrued expenses	(33,826)	(52,908)
Net cash (used in) provided by operating activities	(177,391)	742,577
Investing Activities		
Purchase of property and equipment	(25,862)	(102,744)
Purchase of investments	(171,882)	(131,079)
Proceeds from disposition of investments	305,898	31,847
Net cash (used in) provided by investing activities	108,154	(201,976)
Financing Activities		
Proceeds from line of credit	2,489,586	2,296,886
Repayment on line of credit	(2,393,586)	(2,693,443)
Increase (decrease) in custodial fund for children	467	(452)
Net cash (used in) provided by financing activities	96,467	(397,009)
Increase in Cash	27,230	143,592
Cash, Beginning of Year	285,070	141,478
Cash, End of Year	\$ 312,300	\$ 285,070
Supplemental Cash Flows Information		
Interest paid	\$ 7,850	\$ 6,465

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

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

Nature of Operations

Crossroad Child & Family Services, Inc. (Organization) is a not-for-profit organization whose mission and principal activities are to provide treatment services to emotionally troubled children and their families placed by referring agencies primarily located in Indiana, Ohio and Michigan. The Organization's revenue and other support are derived principally from fees for services, with a significant amount of revenue coming from state or other government agencies, contributions and government grants, and its activities are conducted principally in the Fort Wayne, Indiana area.

Use of Estimates

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

Cash

At December 31, 2017, the Organization's cash accounts did not exceed federally insured limits.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value.

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

Accounts Receivable

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

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset, which ranges from three to 50 years.

Temporarily and Permanently Restricted Net Assets

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

Contributions

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

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

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

Government Grants

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

Self Insurance

The Organization has elected to self-insure certain costs related to employee health benefit programs. Cost resulting from noninsured losses is charged to income when incurred. The Organization has purchased insurance that limits its exposure for individual claims in excess of \$135,000 with no maximum limit of liability.

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2017 and 2016

Income Taxes

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

The Organization files tax returns in the U.S. federal and Indiana jurisdictions. With a few exceptions, the Organization is no longer subject to U.S. federal or state examinations by tax authorities for years before 2014.

Functional Allocation of Expenses

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

Subsequent Event

Subsequent events have been evaluated through May 29, 2018, which is the date the financial statements were available to be issued. Subsequent to year-end, the Organization has entered into an agreement to sell certain parcels of land for approximately \$1.5 million.

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2017 and 2016

Note 2: Investments and Investment Return

Investments at December 31 consisted of the following:

	2017	2016
Cash, cash equivalents and money market mutual funds	\$ 173,842	\$ 181,590
Equity securities		
Consumer discretionary	193,981	149,307
Consumer staples	71,065	68,675
Industrial	171,756	146,928
Energy	49,238	48,364
Financials	265,028	214,159
Materials	51,039	31,967
Information technology	317,133	235,910
Utilities	25,343	21,449
Health care	201,212	153,546
Telecommunications	9,527	14,946
International	93,642	78,659
Mutual funds		
Fixed income fund	1,042,863	980,465
Equity fund	1,715,463	1,504,986
Real estate investment trusts (REITs)	213,187	153,083
Fund of funds, United Church Funds (A)	2,161,487	2,085,032
	\$ 6,755,806	\$ 6,069,066

(A) The fund of funds investments do not have any unfunded commitments and can be redeemed at any time.

Total investment return is comprised of the following:

	2017	2016
Interest and dividend income	\$ 149,166	\$ 131,080
Net realized and unrealized gains on investments	833,897	256,851
Total investment income	983,063	387,931
Other interest income	26	130
	\$ 983,089	\$ 388,061

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2017 and 2016

The Organization has established an informal spending policy on the reserve funds for budgetary purposes. This amount is classified as investment return designated for operations:

	2017	2016
Investment return designated for operations	\$ 255,635	\$ 192,208
Investment gain not designated for operations	727,454	195,853
	<u>\$ 983,089</u>	<u>\$ 388,061</u>

Investment fee expense was \$32,921 and \$31,847 for the years ended December 31, 2017 and 2016, respectively.

Note 3: Contributions Receivable From Charitable Remainder Trusts

Split-interest agreements consist primarily of beneficial interests in irrevocable charitable remainder trusts held by others. A charitable remainder trust provides for payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets will be available for the Organization's use. The amount of such assets held at the United Church Foundation (Trustee) amounted to \$12,276 and \$12,276 at December 31, 2017 and 2016, respectively.

Note 4: Interest in Assets at the Fort Wayne Community Foundation

The Organization has transferred assets to the Fort Wayne Community Foundation (Community Foundation) and retained a beneficial interest in those assets. The Organization is to receive the annual earnings of the previous calendar year. The cumulative amount of the retained beneficial interest included in the statements of financial position was \$101,309 and \$88,168 at December 31, 2017 and 2016, respectively.

Note 5: Property and Equipment

Property and equipment at December 31 consists of:

	2017	2016
Land	\$ 4,865	\$ 4,865
Buildings and improvements	8,990,275	8,990,275
Machinery and equipment	2,331,337	2,305,476
	<u>11,326,477</u>	<u>11,300,616</u>
Less accumulated depreciation and amortization	<u>(7,852,761)</u>	<u>(7,479,104)</u>
	<u>\$ 3,473,716</u>	<u>\$ 3,821,512</u>

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

Note 6: Line of Credit

The Organization has a \$1,000,000 revolving bank line of credit expiring in August 2018. At December 31, 2017 and 2016, there was \$96,000 and \$0 borrowed against this line, respectively. The line is collateralized by substantially all of the Organization's assets. Interest varies with the bank's prime rate with a floor of 5.00 percent, with an effective rate of 5.00 percent on December 31, 2017, and is payable monthly.

Note 7: Disclosures About Fair Value of Assets and Liabilities

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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2017 and 2016:

	2017			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market mutual funds	\$ 173,842	\$ 173,842	\$ -	\$ -
Equity securities				
Consumer discretionary	193,981	193,981	-	-
Consumer staples	71,065	71,065	-	-
Industrial	171,756	171,756	-	-
Energy	49,238	49,238	-	-
Financials	265,028	265,028	-	-
Materials	51,039	51,039	-	-
Information technology	317,133	317,133	-	-
Utilities	25,343	25,343	-	-
Health care	201,212	201,212	-	-
Telecommunications	9,527	9,527	-	-
International	93,642	93,642	-	-
Mutual funds				
Fixed income fund	1,042,863	1,042,863	-	-
Equity fund	1,715,463	1,715,463	-	-
Real estate investment trusts	213,187	213,187	-	-
Fund of funds, United Church Funds	2,161,487	-	2,161,487	-
Contributions receivable from charitable remainder trusts	12,276	-	-	12,276
Interest in assets held at the Community Foundation	101,309	-	-	101,309

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

	2016			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Money market mutual funds	\$ 184,954	\$ 184,954	\$ -	\$ -
Equity securities				
Consumer discretionary	149,307	149,307	-	-
Consumer staples	68,675	68,675	-	-
Industrial	146,928	146,928	-	-
Energy	48,364	48,364	-	-
Financials	214,159	214,159	-	-
Materials	31,967	31,967	-	-
Information technology	235,910	235,910	-	-
Utilities	21,449	21,449	-	-
Health care	153,546	153,546	-	-
Telecommunications	14,946	14,946	-	-
International	78,659	78,659	-	-
Mutual funds				
Fixed income fund	980,465	980,465	-	-
Equity fund	1,504,986	1,504,986	-	-
Real estate investment trusts	153,083	153,083	-	-
Fund of funds, United Church Funds	2,085,032	-	2,085,032	-
Contributions receivable from charitable remainder trusts	12,276	-	-	12,276
Interest in assets held at the Community Foundation	88,168	-	-	88,168

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2017. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Crossroad Child & Family Services, Inc.

Notes to Financial Statements December 31, 2017 and 2016

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. The nonpublicly traded equity/bond fund (fund of funds) has sufficient activity and liquidity and is classified within Level 2 of the valuation hierarchy. Fair value is determined using the net asset value (or its equivalent) provided by the fund. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

Contributions Receivable From Charitable Remainder Trusts

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

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

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

Level 3 Valuation Process

Fair value determinations for Level 3 measurements of securities are the responsibility of the Business Office. The Business Office contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. The Business Office challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

Level 3 Reconciliation

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

	Contributions Receivable From Charitable Remainder Trust	Interest in Assets Held at the Community Foundation
Balance, January 1, 2016	\$ 12,985	\$ 84,806
Total realized and unrealized gains and losses included in change in net assets	<u>(709)</u>	<u>3,362</u>
Balance, December 31, 2016	12,276	88,168
Total realized and unrealized gains and losses included in change in net assets	<u>—</u>	<u>13,141</u>
Balance, December 31, 2017	<u>\$ 12,276</u>	<u>\$ 101,309</u>

The realized and unrealized gains and losses all relate to assets still held at the reporting date and are included in investment return on the statements of activities.

Unobservable (Level 3) Inputs

The following tables present quantitative information about unobservable inputs used in recurring Level 3 fair value measurements at December 31, 2017 and 2016:

	Fair Value at December 31, 2017	Valuation Technique	Unobservable Inputs	Range
Contributions receivable from charitable remainder trust	\$ 12,287	Discounted cash flow	Discount rates Mortality assumptions (* Portfolio returns	4.0% - 8.0%
Interest in assets held at the community foundation	101,309	Discounted cash flow	Liquidity and marketability discounts Discount rates	3.0% - 8.0%

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

	Fair Value at December 31, 2016	Valuation Technique	Unobservable Inputs	Range
Contributions receivable from charitable remainder trust	\$ 12,276	Discounted cash flow	Discount rates Mortality assumptions (*) Portfolio returns	4.0% - 8.0%
Interest in assets held at the community foundation	88,168	Discounted cash flow	Liquidity and marketability discounts Discount rates	3.0% - 8.0%

* Based on the ages of designated beneficiaries in the trust instruments.

Note 8: Net Assets

Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
For periods after December 31	\$ 12,287	\$ 12,276
Religion	6,413	6,413
Children's holidays	89,268	75,838
Education and scholarship	134,977	144,765
Maintenance and equipment	20,862	101,689
Staff training	10,449	652
Recreation	7,297	14,968
Various other purposes	120,332	38,837
	<u>\$ 401,885</u>	<u>\$ 395,438</u>

Crossroad Child & Family Services, Inc.

Notes to Financial Statements

December 31, 2017 and 2016

Net Assets Released From Restrictions

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

	2017	2016
Holiday	\$ 15,818	\$ 7,209
Education	11,687	7,028
Maintenance	96	-
Staff training	917	-
Recreation	5,108	-
Various, other programs	107,212	1,408
Total	<u>\$ 140,838</u>	<u>\$ 15,645</u>

Note 9: Retirement Plans

The Organization sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code. All full-time employees at least 21 years of age and with one year and 1,000 hours of service are eligible to participate. The Plan, which provides for voluntary contributions from the participants, requires the Organization to match a discretionary percentage of the participants' salary deferrals up to a maximum of 5 percent of compensation. The Organization recognized \$79,493 and \$68,367 of pension expense for 2017 and 2016, respectively.

Note 10: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

Approximately 20 percent and 35 percent of contribution revenue were received from two donors in 2017 and 2016, respectively.