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302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

September 6, 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, 2017 to December 31, 2017. 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, 2017 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*  
Paul D. Joyce, CPA  
State Examiner



CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2017 and 2016

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

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## *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, 2017 and 2016, 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, 2017 and 2016, 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 12, 2018

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 2,996,228	\$ 2,081,003
Accounts receivable, net	4,707,824	5,094,914
Contributions receivable, net	305,261	340,822
Prepaid expenses and other assets	555,049	203,256
Cash restricted for pension liability	1,500,000	
Cash and equivalents - endowment	8,637,654	194,724
Investments - endowment	3,846,265	3,327,089
Property and equipment, net	<u>12,185,601</u>	<u>12,301,193</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 34,733,882</u></u>	<u><u>\$ 23,543,001</u></u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	\$ 996,857	\$ 1,064,288
Accrued payroll	909,042	893,897
Accrued pension expense	1,183,677	1,352,120
FSC loan	<u>1,031,922</u>	<u>1,143,900</u>
Total Liabilities	<u>4,121,498</u>	<u>4,454,205</u>
<b>NET ASSETS</b>		
Unrestricted:		
Board designated	3,654,474	3,230,628
Undesignated	<u>16,245,970</u>	<u>15,077,859</u>
	19,900,444	18,308,487
Temporarily restricted	1,962,200	535,470
Permanently restricted	<u>8,749,740</u>	<u>244,839</u>
Total Net Assets	<u>30,612,384</u>	<u>19,088,796</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 34,733,882</u></u>	<u><u>\$ 23,543,001</u></u>

*See accompanying notes.*

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

**CONSOLIDATED STATEMENTS OF ACTIVITIES  
Years Ended December 31, 2017 and 2016**

		2017		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE, GAINS AND SUPPORT</b>				
Contributions	\$ 938,262			\$ 938,262
Government grant revenue and Medicaid	19,444,706			19,444,706
Brokered government grant revenue	2,598,963			2,598,963
Non-government grants	165,556	\$ 1,505,000	\$ 8,500,000	10,170,556
Service revenue	6,840,667			6,840,667
United Way	515,550	339,062		854,612
Special events	209,753			209,753
Investment income, net	429,356	38,262	4,901	472,519
Miscellaneous income	126,854			126,854
	<u>31,269,667</u>	<u>1,882,324</u>	<u>8,504,901</u>	<u>41,656,892</u>
Net assets released from restrictions	455,594	(455,594)		
Total Revenue, Gains and Support	<u>31,725,261</u>	<u>1,426,730</u>	<u>8,504,901</u>	<u>41,656,892</u>
<b>EXPENSES</b>				
Program services:				
Prevention programs	13,645,644			13,645,644
Preservation programs	3,151,855			3,151,855
Placement programs	8,828,979			8,828,979
Supporting services:				
Management and general	3,426,418			3,426,418
Fundraising	1,009,694			1,009,694
Total Expenses	<u>30,062,590</u>			<u>30,062,590</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	1,662,671	1,426,730	8,504,901	11,594,302
<b>NONOPERATING ACTIVITIES</b>				
Pension liability adjustment	(70,714)			(70,714)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,591,957	1,426,730	8,504,901	11,523,588
<b>NET ASSETS</b>				
Beginning of Year	<u>18,308,487</u>	<u>535,470</u>	<u>244,839</u>	<u>19,088,796</u>
End of Year	<u>\$ 19,900,444</u>	<u>\$ 1,962,200</u>	<u>\$ 8,749,740</u>	<u>\$ 30,612,384</u>

See accompanying notes.

	2016		
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 707,062			\$ 707,062
19,127,490			19,127,490
2,767,716			2,767,716
275,031	\$ 104,749		379,780
6,026,119			6,026,119
508,668	340,822		849,490
149,257			149,257
215,000	20,481		235,481
121,087	5,928		127,015
<u>29,897,430</u>	<u>471,980</u>		<u>30,369,410</u>
580,188	(580,188)		
<u>30,477,618</u>	<u>(108,208)</u>		<u>30,369,410</u>
13,606,637			13,606,637
3,000,932			3,000,932
8,397,861			8,397,861
3,442,563			3,442,563
754,857			754,857
<u>29,202,850</u>			<u>29,202,850</u>
1,274,768	(108,208)		1,166,560
109,418			109,418
1,384,186	(108,208)		1,275,978
<u>16,924,301</u>	<u>643,678</u>	<u>\$ 244,839</u>	<u>17,812,818</u>
<u>\$ 18,308,487</u>	<u>\$ 535,470</u>	<u>\$ 244,839</u>	<u>\$ 19,088,796</u>

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

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended December 31, 2017 and 2016**

	<b>Prevention Programs</b>		<b>Preservation Programs</b>		<b>Placement Programs</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Salaries expenses	\$ 6,300,406	\$ 5,899,866	\$ 2,099,661	\$ 1,993,877	\$ 4,055,466	\$ 3,630,845
Benefits expenses	1,649,925	1,800,049	491,089	506,949	957,883	861,636
Professional fees	1,832,093	1,912,077	10,775	32,789	481,327	557,419
Operation expenses	657,383	667,287	112,516	105,129	553,689	496,505
Equipment rental	140,974	136,323	20,330	20,167	32,606	31,304
Auto expenses	341,416	313,724	234,623	167,790	186,169	190,322
Fostercare and direct client costs	1,373,989	1,726,424	15,274	27,746	1,771,610	1,760,924
Occupancy	862,894	740,011	95,775	90,564	385,932	398,130
Depreciation	335,013	248,739	64,641	46,512	309,638	380,499
Maintenance and repairs	36,303	35,149	6,554	8,581	28,159	21,176
Interest expense						
Special events	109,730	121,387	186	122	65,430	64,443
Miscellaneous	5,518	5,601	431	706	1,070	4,658
<b>TOTAL EXPENSES</b>	<b><u>\$ 13,645,644</u></b>	<b><u>\$ 13,606,637</u></b>	<b><u>\$ 3,151,855</u></b>	<b><u>\$ 3,000,932</u></b>	<b><u>\$ 8,828,979</u></b>	<b><u>\$ 8,397,861</u></b>

See accompanying notes.

<b>Management and General</b>		<b>Fundraising</b>		<b>Total</b>	
<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
\$ 1,657,541	\$ 1,557,282	\$ 294,728	\$ 273,616	\$ 14,407,802	\$ 13,355,486
413,177	540,643	47,968	52,147	3,560,042	3,761,424
483,087	444,088	31,484	26,939	2,838,766	2,973,312
385,425	462,382	71,239	62,457	1,780,252	1,793,760
56,562	47,314	861	773	251,333	235,881
36,178	28,121	3,183	3,518	801,569	703,475
14,478	45,924	442,314	245,836	3,617,665	3,806,854
131,909	110,900	6,683	6,122	1,483,193	1,345,727
102,501	94,040	6,203	5,654	817,996	775,444
21,403	49,898	5,114	150	97,533	114,954
33,537	47,521			33,537	47,521
86,083	10,403	99,784	77,523	361,213	273,878
4,537	4,047	133	122	11,689	15,134
<u>\$ 3,426,418</u>	<u>\$ 3,442,563</u>	<u>\$ 1,009,694</u>	<u>\$ 754,857</u>	<u>\$ 30,062,590</u>	<u>\$ 29,202,850</u>

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years Ended December 31, 2017 and 2016**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 11,523,588	\$ 1,275,978
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	817,996	775,444
Net loss on sales of property and equipment	9,559	
Net realized and unrealized gain on investments	(389,390)	(145,004)
(Increase) decrease in certain assets:		
Accounts receivable	387,090	(735,862)
Contributions receivable	35,561	79,670
Prepaid expenses and other assets	(344,639)	(33,008)
Increase (decrease) in certain liabilities:		
Accounts payable and other liabilities	(67,431)	176,894
Accrued payroll	15,145	(134,437)
Accrued pension expense	(168,443)	(416,405)
Contributions restricted for long-term purposes	<u>(10,000,000)</u>	
Net Cash Provided by Operating Activities	<u>1,819,036</u>	<u>843,270</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(711,963)	(951,915)
Purchases of investments	(1,040,919)	(1,340,052)
Sales and maturities of investments	903,979	1,315,289
Collections of contributions restricted for long-term purposes:		
Endowment	8,500,000	
Pension liability	1,500,000	
Increase in cash restricted for pension liability	(1,500,000)	
Increase in cash and equivalents - endowment	<u>(8,442,930)</u>	<u>(73,081)</u>
Net Cash Used by Investing Activities	<u>(791,833)</u>	<u>(1,049,759)</u>
<b>FINANCING ACTIVITIES</b>		
Principal payments on FSC loan	<u>(111,978)</u>	<u>(108,559)</u>
Net Cash Used by Financing Activities	<u>(111,978)</u>	<u>(108,559)</u>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</b>	915,225	(315,048)
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>2,081,003</u>	<u>2,396,051</u>
End of Year	<u>\$ 2,996,228</u>	<u>\$ 2,081,003</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 33,429	\$ 47,441
Noncash investing and financing activities:		
In-kind contributions received for capital campaign		30,521

*See accompanying notes.*

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2017 and 2016**

**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. Cash and equivalents do not include cash restricted by donors for long-term purposes. 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, 2017 and 2016, 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 \$441,023 for 2017 and \$308,797 for 2016 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, 2017 and 2016.

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 2014.

***Reclassifications:*** Certain amounts in the 2016 financial statements have been reclassified to conform to the presentation of the 2017 financial statements.

***Subsequent Events:*** The Organizations have evaluated the consolidated financial statements for subsequent events occurring through April 12, 2018, 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, 2017 and 2016.

**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 and 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 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, 2017 and 2016:

2017	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash Equivalents:				
Money market fund shares	\$ 143,660			\$ 143,660
Investments:				
Fixed income investments:				
U.S. Treasury notes		\$244,710		244,710
Corporate bonds		333,484		333,484
Municipal bonds		97,766		97,766
Common stocks:				
Financials	171,341			171,341
Healthcare	138,506			138,506
Information technology	295,667			295,667
Industrials	126,905			126,905
Consumer discretionary	208,920			208,920
Other common stocks	332,812			332,812
Registered investment companies:				
Mid cap funds	313,315			313,315
Bond funds	153,977			153,977
Other mutual fund shares	538,862			538,862

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

<b>2017 (Continued)</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Exchange-traded funds	\$ 890,000	_____	_____	\$ 890,000
Total Assets at Fair Value	<u>\$3,313,965</u>	<u>\$675,960</u>	_____	<u>\$3,989,925</u>
<b>Liability</b>				
Accrued pension expense			\$1,183,677	\$1,183,677
Total Liabilities at Fair Value			<u>\$1,183,677</u>	<u>\$1,183,677</u>
<b>2016</b>				
<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
Exchange-traded funds	<u>670,286</u>	_____	_____	<u>670,286</u>
Total Assets at Fair Value	<u>\$3,092,876</u>	<u>\$434,889</u>	_____	<u>\$3,527,765</u>
<b>Liability</b>				
Accrued pension expense			\$1,352,120	\$1,352,120
Total Liabilities at Fair Value			<u>\$1,352,120</u>	<u>\$1,352,120</u>

At December 31, 2017 and 2016, 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 2017 and 2016 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 approximately two funds which are 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 endowments. 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. The Foundation classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and any 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. Funds designated by the Board of Directors to function as endowments are classified as unrestricted.

***Interpretation of Relevant Law***

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted by Indiana in 2007. The Foundation interprets UPMIFA to permit the Foundation to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund that the Foundation determines is prudent for the uses, purposes, and duration of the endowment fund, unless there are explicit donor stipulations to the contrary. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

The endowment net asset composition by type of fund as of December 31, 2017 and 2016, was as follows:

<b>2017</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Donor-restricted endowment funds		\$140,077	\$8,689,370	\$ 8,829,447
Board-designated funds	<u>\$3,654,474</u>	<u>                  </u>	<u>                  </u>	<u>3,654,474</u>
<b>Total Funds</b>	<u><b>\$3,654,474</b></u>	<u><b>\$140,077</b></u>	<u><b>\$8,689,370</b></u>	<u><b>\$12,483,921</b></u>
 <b>2016</b>				
Donor-restricted endowment funds		\$101,815	\$ 189,370	\$ 291,185
Board-designated funds	<u>\$3,230,628</u>	<u>                  </u>	<u>                  </u>	<u>3,230,628</u>
<b>Total Funds</b>	<u><b>\$3,230,628</b></u>	<u><b>\$101,815</b></u>	<u><b>\$ 189,370</b></u>	<u><b>\$ 3,521,813</b></u>

### NOTE 3 - ENDOWMENT (CONTINUED)

Activity in the endowment by net asset class for 2017 and 2016, is summarized as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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>
Investment return:				
Interest and dividends	87,887	7,921		95,808
Net appreciation, realized and unrealized	<u>350,633</u>	<u>31,603</u>		<u>382,236</u>
Total Investment Return	438,520	39,524		478,044
Investment fees	(14,005)	(1,262)		(15,267)
Contribution received			8,500,000	8,500,000
Designations by the board	<u>(669)</u>			<u>(669)</u>
Endowment at December 31, 2017	<u>\$3,654,474</u>	<u>\$140,077</u>	<u>\$8,689,370</u>	<u>\$12,483,921</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, 2017 and 2016.

#### ***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 or as specified by the donor. 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 at December 31, 2017 and 2016 consisted of time-restricted grant funds due from United Way. All contributions receivable at December 31, 2017 and 2016 are due to be received in less than one year.

### NOTE 5 - INVESTMENTS

The Organization's investment income consisted of the following for 2017 and 2016:

	2017	2016
Interest and dividends	\$101,135	\$104,882
Realized and unrealized gains	389,390	145,004
Investment management expenses	<u>(18,006)</u>	<u>(14,405)</u>
	<u>\$472,519</u>	<u>\$235,481</u>

Investments are as follows at December 31, 2017 and 2016:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Fixed income investments	\$ 669,250	\$ 675,960	\$ 426,604	\$ 434,889
Common stocks	866,102	1,274,151	918,968	1,210,914
Registered investment companies	914,244	1,006,154	946,293	1,011,000
Exchange-traded funds	<u>757,591</u>	<u>890,000</u>	<u>618,814</u>	<u>670,286</u>
Total Investments	<u>\$3,207,187</u>	<u>\$3,846,265</u>	<u>\$2,910,079</u>	<u>\$3,327,089</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, 2017 and 2016:

	2017	2016
Land	\$ 224,825	\$ 224,825
Buildings and improvements	12,378,436	12,366,401
Leasehold improvements	2,960,435	2,470,295
Furnishings and equipment	3,707,208	3,523,315
Vehicles	<u>76,893</u>	<u>61,893</u>
	19,347,797	18,646,729
Less: Accumulated depreciation	<u>7,162,196</u>	<u>6,345,536</u>
Total Property and Equipment, net	<u>\$12,185,601</u>	<u>\$12,301,193</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% (4.50% at December 31, 2017). The line of credit, which expires on September 30, 2018, is secured by substantially all of the Bureau's accounts receivable and requires compliance with a financial covenant. At December 31, 2017 and 2016, there were no borrowings outstanding on the line of credit.

The Foundation has a term loan 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, 2017 and 2016 was \$1,031,922 and \$1,143,900, respectively. The loan is secured by the Family Support Center building and 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 \$33,537 in 2017 and \$47,441 in 2016.

At December 31, 2017, the aggregate maturities of long-term debt were as follows:

Payable In	Principal Payments
2018	\$ 51,559
2019	<u>980,363</u>
	<u>\$1,031,922</u>

## NOTE 8 - LEASES

The Bureau has several operating leases, primarily for office space and equipment, expiring at various dates through April 2023. These leases generally contain renewal options for periods ranging from three to five years. Rental expense was \$844,595 in 2017 and \$775,052 in 2016.

**NOTE 8 - LEASES (CONTINUED)**

Future minimum lease payments required by all long-term noncancellable operating leases at December 31, 2017, are as follows:

Payable In	Rental Payments
2018	\$ 538,559
2019	465,474
2020	347,879
2021	294,652
2022	228,628
Thereafter	<u>45,407</u>
Total	<u>\$1,920,599</u>

**NOTE 9 - NET ASSETS**

Board designated net assets consisted of the Foundation's board-designated endowment fund at December 31, 2017 and 2016 as discussed in Note 3.

Temporarily restricted net assets were available for the following purposes at December 31, 2017 and 2016:

	2017	2016
<b>Children's Bureau, Inc.</b>		
United Way allocation - time restrictions	\$ 305,261	\$340,822
Adoption	3,000	5,112
Johnson County	8,922	4,662
Food and shelter programs		5,928
Other purposes	4,940	77,131
<b>Children's Bureau Foundation, Inc.</b>		
Defined benefit pension plan	1,500,000	
Unappropriated appreciation on permanently restricted endowment	<u>140,077</u>	<u>101,815</u>
Total Temporarily Restricted Net Assets	<u>\$1,962,200</u>	<u>\$535,470</u>

For the years ended December 31, 2017 and 2016, 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:

	2017	2016
<b>Children's Bureau, Inc.</b>		
United Way allocation – time restrictions	\$340,822	\$330,492
Adoption	8,112	6,000
Johnson County	23,541	22,132
Food and shelter programs	5,928	8,695
Fatherhood initiative		165,000
Other purposes	<u>77,191</u>	<u>47,869</u>
Total Restrictions Released	<u>\$455,594</u>	<u>\$580,188</u>

**NOTE 9 - NET ASSETS (CONTINUED)**

As of December 31, 2017 and 2016, permanently restricted net assets consisted of the following:

	<b>2017</b>	<b>2016</b>
Donor-restricted endowment funds	\$8,689,370	\$189,370
Fund held by community foundation	<u>60,370</u>	<u>55,469</u>
Total Permanently Restricted Funds	<u>\$8,749,740</u>	<u>\$244,839</u>

**NOTE 10 - CONCENTRATIONS OF FUNDING**

Government funding provided 69% and 92% of total revenue for the Organizations in 2017 and 2016, respectively.

As part of federal funding, the Community Partners Grants provided 21% and 30% of the Organizations' total revenue in 2017 and 2016, respectively.

**NOTE 11 - 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.

The following table sets forth the Plan's funded status and amounts recognized in the consolidated financial statements at December 31, 2017 and 2016, and for the years then ended.

	<b>2017</b>	<b>2016</b>
Plan Obligations and Funded Status:		
Change in Benefit Obligation:		
Benefit obligation at beginning of year	\$ 7,015,200	\$ 7,495,136
Interest cost	272,552	308,785
Actuarial loss	431,982	117,198
Settlement gain		(123,944)
Benefits paid	<u>(310,900)</u>	<u>(781,975)</u>
Benefit obligation at end of year	<u>7,408,834</u>	<u>7,015,200</u>
Change in Plan Assets:		
Fair value of plan assets at beginning of year	5,663,080	5,726,611
Actual return on plan assets	622,977	350,385
Employer contributions	250,000	368,059
Benefits paid	<u>(310,900)</u>	<u>(781,975)</u>
Fair value of plan assets at end of year	<u>6,225,157</u>	<u>5,663,080</u>
Funded Status at End of Year	<u>\$(1,183,677)</u>	<u>\$(1,352,120)</u>

**NOTE 11 - EMPLOYEE BENEFITS (CONTINUED)**

	<b>2017</b>	<b>2016</b>
Amount recognized in the consolidated statements of financial position as accrued pension expense	<u>\$ 1,183,677</u>	<u>\$ 1,352,120</u>

Amounts recognized in the consolidated statements of activities consist of:

	<b>2017</b>	<b>2016</b>
Interest cost	\$ 272,552	\$ 308,785
Actual return on plan assets	(622,977)	(350,385)
Amortization of net loss	102,295	115,851
Difference between expected and actual return on plan assets	<u>258,972</u>	<u>(24,734)</u>
Net Periodic Benefit Cost for the Year	<u>\$ 10,842</u>	<u>\$ 49,517</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>\$2,017,169</u>	<u>\$1,946,454</u>
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The estimated net loss that will be amortized from changes in unrestricted net assets into net periodic benefit cost in 2018 is \$106,092.

The following assumptions were used in accounting for the Plan:

	<b>2017</b>	<b>2016</b>
Weighted-average assumptions used to determine pension benefit obligations at year end:		
Discount rate	3.48%	3.98%
Rate of compensation increase	None	None
Mortality rates	RP-2014/MP-2017	RP-2014/MP-2016
Weighted-average assumptions used to determine net periodic pension benefit cost for the year:		
Discount rate	3.98%	4.21%
Expected long-term return on plan assets	6.50%	6.50%
Rate of compensation increase	None	None
Mortality rates	RP-2014/MP-2016	RP-2014/MP-2015

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 2018, 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%.

## NOTE 11 - EMPLOYEE BENEFITS (CONTINUED)

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, 2017 and 2016.

**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.

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, 2017 and 2016:

<b>2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Total</b>
Money market fund shares (cash equivalents)	\$ 234,041		\$ 234,041
Registered investment companies	1,435,563		1,435,563
Common stocks	2,409,893		2,409,893
Corporate bonds		\$ 502,786	502,786
U.S. Government securities		585,403	585,403
Exchange-traded funds	950,361		950,361
Real estate investment trusts	<u>107,110</u>		<u>107,110</u>
Total Plan Investments at Fair Value	<u>\$5,136,968</u>	<u>\$1,088,189</u>	<u>\$6,225,157</u>
<b>2016</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>
Total Plan Investments at Fair Value	<u>\$4,818,348</u>	<u>\$ 844,732</u>	<u>\$5,663,080</u>

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.

#### **NOTE 11 - EMPLOYEE BENEFITS (CONTINUED)**

During 2017, the Bureau received \$1,500,000 restricted for the Plan as disclosed in Note 9. The Bureau intends to use these funds to contribute to and close out the Plan during 2018. No plan assets are expected to be returned to the Bureau during 2018.

##### *Defined Contribution 401(k) Plan*

The Bureau also sponsors a defined contribution 401(k) 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 \$201,076 in 2017 and \$119,860 in 2016 to the Plan.

#### **NOTE 12 - 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, 2017 limit the Bureau's maximum plan cost to approximately \$3,460,000 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 \$115,000 and \$144,329 at December 31, 2017 and 2016, respectively, which represents management's estimate of unpaid claims incurred prior to December 31, 2017 and 2016.

#### **NOTE 13 - RELATED PARTY TRANSACTIONS**

The Bureau recognized \$42,838 in 2017 and \$17,688 in 2016 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, 2017**

	<b>Type of Funding</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Expenditures</b>
<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	\$ 3,032,170
Passed through the Indiana Department of Child Services:				
Community Partners for Child Safety (CPCS) - Operations	Fee for service	N/A	N/A	6,348,251
Therapeutic Fostercare	Fee for service	N/A	N/A	2,223,773
Home Based Case Work	Fee for service	N/A	N/A	2,378,992
Older Youth Services	Fee for service	N/A	N/A	2,295,874
CPCS - Brokered Funds	Fee for service	N/A	N/A	1,827,731
Shelter - Respite	Fee for service	N/A	N/A	1,993,047
Fatherhood Initiative	Fee for service	N/A	N/A	1,448,884
Home Based Counseling - Home Based Therapy	Fee for service	N/A	N/A	1,124,475
Post Adoption Services	Fee for service	N/A	N/A	918,537
Adoption Recruitment And Retention	Fee for service	N/A	N/A	524,675
Child Summaries	Fee for service	N/A	N/A	494,800
Shelter - CPCS Prevention Service	Fee for service	N/A	N/A	273,756
Supervised Visitation	Fee for service	N/A	N/A	184,131
Adoption Counseling	Fee for service	N/A	N/A	11,774
Shelter - RHY	Fee for service	N/A	N/A	80,627
Passed through the Family Youth Services Bureau:				
Affordable Care Act (ACA) Personal Responsibility Education Program	Federal Grant	93.092	N/A	20,409
Passed through Health Care Education and Training, Inc.				
Maternal and Child Health Services Block Grant	Fee for service	93.994	N/A	<u>19,183</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 25,201,089</u></b>

**CHILDREN'S BUREAU, INC.**

**SCHEDULE OF CONTRACT AND GRANT ACTIVITY FOR FEDERAL, STATE,  
AND LOCAL GOVERNMENT AWARDS (CONTINUED)  
Year Ended December 31, 2017**

	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	\$ 397,894
CPCS - Brokered Funds and Drug Court	Fee for service	N/A	N/A	499,887
Courage Center	Fee for service	N/A	N/A	2,020,992
Passed through Choices Coordinated Care Solutions:				
Dawn Program	Fee for service	N/A	N/A	603,623
<b>STATE OF INDIANA (IC31-26-1)</b>				
Direct programs:				
Shelter - YSB	Fee for service	N/A	N/A	48,576
Medicaid	Fee for service	N/A	N/A	129,434
<b>CITY OF INDIANAPOLIS DEPARTMENT OF METROPOLITAN DEVELOPMENT</b>				
Direct programs:				
Indiana Housing Trust Funds	Fee for service	N/A	N/A	<u>13,000</u>
<b>TOTAL EXPENDITURES OF NONFEDERAL AWARDS</b>				<u>3,713,406</u>
<b>TOTAL EXPENDITURES OF FEDERAL, STATE, AND GOVERNMENT AWARDS</b>				<u>\$ 28,914,495</u>

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

**CONSOLIDATING SCHEDULE - STATEMENT OF FINANCIAL POSITION INFORMATION  
December 31, 2017**

	Children's Bureau, Inc.	Children's Bureau Foundation, Inc.	Eliminations	Consolidated
<b>ASSETS</b>				
Cash and equivalents	\$ 2,846,891	\$ 149,337		\$ 2,996,228
Accounts receivable, net	4,707,824			4,707,824
Contributions receivable, net	305,261			305,261
Prepaid expenses and other assets	553,673	14,376	\$ (13,000)	555,049
Cash restricted for pension liability		1,500,000		1,500,000
Cash and equivalents - endowment		8,637,654		8,637,654
Investments - endowment		3,846,265		3,846,265
Property and equipment, net	<u>3,238,692</u>	<u>8,946,909</u>		<u>12,185,601</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 11,652,341</u></u>	<u><u>\$ 23,094,541</u></u>	<u><u>\$ (13,000)</u></u>	<u><u>\$ 34,733,882</u></u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	\$ 1,007,040	\$ 2,817	\$ (13,000)	\$ 996,857
Accrued payroll	909,042			909,042
Accrued pension expense	1,183,677			1,183,677
FSC loan		1,031,922		1,031,922
Total Liabilities	<u>3,099,759</u>	<u>1,034,739</u>	<u>(13,000)</u>	<u>4,121,498</u>
<b>NET ASSETS</b>				
Unrestricted	8,170,089	11,730,355		19,900,444
Temporarily restricted	322,123	1,640,077		1,962,200
Permanently restricted	60,370	8,689,370		8,749,740
Total Net Assets	<u>8,552,582</u>	<u>22,059,802</u>		<u>30,612,384</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 11,652,341</u></u>	<u><u>\$ 23,094,541</u></u>	<u><u>\$ (13,000)</u></u>	<u><u>\$ 34,733,882</u></u>

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

**CONSOLIDATING SCHEDULE - STATEMENT OF ACTIVITIES INFORMATION  
Year Ended December 31, 2017**

	Unrestricted			
	Children's Bureau, Inc.	Children's Bureau Foundation, Inc.	Eliminations	Total
<b>REVENUE, GAINS AND SUPPORT</b>				
Contributions	\$ 938,262			\$ 938,262
Government grant revenue and Medicaid	19,444,706			19,444,706
Brokered government grant revenue	2,598,963			2,598,963
Non-government grants	165,556			165,556
Service revenue	6,840,667			6,840,667
United Way	515,550			515,550
Special events	209,753			209,753
Investment income, net	4,841	\$ 424,515		429,356
Miscellaneous income	110,342	172,512	\$ (156,000)	126,854
	<u>30,828,640</u>	<u>597,027</u>	<u>(156,000)</u>	<u>31,269,667</u>
Net assets released from restrictions	455,594			455,594
Total Revenue, Gains and Support	<u>31,284,234</u>	<u>597,027</u>	<u>(156,000)</u>	<u>31,725,261</u>
<b>EXPENSES</b>				
Program services:				
Prevention programs	13,425,239	220,405		13,645,644
Preservation programs	3,127,382	24,473		3,151,855
Placement programs	8,730,407	98,572		8,828,979
Supporting services:				
Management and general	3,515,311	67,107	(156,000)	3,426,418
Fundraising	1,007,989	1,705		1,009,694
Total Expenses	<u>29,806,328</u>	<u>412,262</u>	<u>(156,000)</u>	<u>30,062,590</u>
<b>INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS</b>	1,477,906	184,765		1,662,671
<b>NONOPERATING ACTIVITIES</b>				
Pension liability adjustment	(70,714)			(70,714)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	1,407,192	184,765		1,591,957
<b>NET ASSETS</b>				
Beginning of Year	<u>6,762,897</u>	<u>11,545,590</u>		<u>18,308,487</u>
End of Year	<u>\$ 8,170,089</u>	<u>\$ 11,730,355</u>	<u>\$ -</u>	<u>\$ 19,900,444</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>	
						\$ 938,262
						19,444,706
						2,598,963
\$ 5,000	\$ 1,500,000	\$ 1,505,000		\$ 8,500,000	\$ 8,500,000	10,170,556
339,062		339,062				6,840,667
	38,262	38,262	\$ 4,901		4,901	854,612
344,062	1,538,262	1,882,324	4,901	8,500,000	8,504,901	209,753
(455,594)		(455,594)				472,519
(111,532)	1,538,262	1,426,730	4,901	8,500,000	8,504,901	126,854
						<u>41,656,892</u>
						13,645,644
						3,151,855
						8,828,979
						3,426,418
						<u>1,009,694</u>
						<u>30,062,590</u>
(111,532)	1,538,262	1,426,730	4,901	8,500,000	8,504,901	11,594,302
						<u>(70,714)</u>
(111,532)	1,538,262	1,426,730	4,901	8,500,000	8,504,901	11,523,588
433,655	101,815	535,470	55,469	189,370	244,839	19,088,796
<u>\$ 322,123</u>	<u>\$ 1,640,077</u>	<u>\$ 1,962,200</u>	<u>\$ 60,370</u>	<u>\$ 8,689,370</u>	<u>\$ 8,749,740</u>	<u>\$ 30,612,384</u>

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

**CONSOLIDATING SCHEDULE - STATEMENT OF CASH FLOWS INFORMATION  
Year Ended December 31, 2017**

	Children's Bureau, Inc.	Children's Bureau Foundation, Inc.	Consolidated
<b>OPERATING ACTIVITIES</b>			
Increase in net assets	\$ 1,300,561	\$ 10,223,027	\$ 11,523,588
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation	439,163	378,833	817,996
Net loss on sales of property and equipment	9,559		9,559
Net realized and unrealized gain on investments	(7,154)	(382,236)	(389,390)
(Increase) decrease in certain assets:			
Accounts receivable	387,090		387,090
Contributions receivable	35,561		35,561
Prepaid expenses and other assets	(343,263)	(1,376)	(344,639)
Increase (decrease) in certain liabilities:			
Accounts payable and other liabilities	(68,872)	1,441	(67,431)
Accrued payroll	15,145		15,145
Accrued pension expense	(168,443)		(168,443)
Contributions restricted for long-term purposes		(10,000,000)	(10,000,000)
Net Cash Provided by Operating Activities	<u>1,599,347</u>	<u>219,689</u>	<u>1,819,036</u>
<b>INVESTING ACTIVITIES</b>			
Purchases of property and equipment	(699,928)	(12,035)	(711,963)
Purchases of investments		(1,040,919)	(1,040,919)
Sales and maturities of investments		903,979	903,979
Collections of contributions restricted for long-term purposes:			
Endowment		8,500,000	8,500,000
Pension liability		1,500,000	1,500,000
Increase in cash restricted for pension liability		(1,500,000)	(1,500,000)
Increase in cash and equivalents - endowment		(8,442,930)	(8,442,930)
Net Cash Used by Investing Activities	<u>(699,928)</u>	<u>(91,905)</u>	<u>(791,833)</u>
<b>FINANCING ACTIVITIES</b>			
Principal payments on FSC loan		(111,978)	(111,978)
Net Cash Used by Financing Activities		<u>(111,978)</u>	<u>(111,978)</u>
<b>NET INCREASE IN CASH AND EQUIVALENTS</b>	899,419	15,806	915,225
<b>CASH AND EQUIVALENTS</b>			
Beginning of Year	<u>1,947,472</u>	<u>133,531</u>	<u>2,081,003</u>
End of Year	<u>\$ 2,846,891</u>	<u>\$ 149,337</u>	<u>\$ 2,996,228</u>