

**CRISIS CENTER, INC.**

**FINANCIAL STATEMENTS**

**Years Ended December 31, 2009 and 2008**



**Mayer Hoffman McCann P.C.**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors

### **CRISIS CENTER, INC.**

We have audited the accompanying statements of financial position of Crisis Center, Inc. as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crisis Center, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*Mayer Hoffman McCann P.C.*

Chicago, Illinois  
October 28, 2010

**CRISIS CENTER, INC.**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,967,820	\$ 850,251
Grants and contracts receivable, less allowance for doubtful accounts (2009, \$20,000; 2008, \$85,000)	370,386	309,241
Other receivables	10,000	9,855
<b>TOTAL CURRENT ASSETS</b>	<u>2,348,206</u>	<u>1,169,347</u>
<b>INVESTMENTS</b>		
Porter County Community Foundation, Inc.	1,067,001	-
Legacy Foundation, Inc.	38,051	38,047
JPMorgan	2,092,628	2,958,759
Peoples Bank	-	457,303
First Midwest Bank	-	230,792
Centier Bank	-	225,000
<b>TOTAL INVESTMENTS</b>	<u>3,197,680</u>	<u>3,909,901</u>
<b>PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation</b>	<u>1,859,892</u>	<u>1,572,829</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,405,778</u>	<u>\$ 6,652,077</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 118,771	\$ 35,277
Accrued expenses	63,863	48,073
<b>TOTAL CURRENT LIABILITIES</b>	<u>182,634</u>	<u>83,350</u>
<b><u>NET ASSETS</u></b>		
<b>NET ASSETS</b>		
Unrestricted	5,609,642	4,915,422
Temporarily restricted	119,914	-
Permanently restricted	1,493,588	1,653,305
<b>TOTAL NET ASSETS</b>	<u>7,223,144</u>	<u>6,568,727</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,405,778</u>	<u>\$ 6,652,077</u>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>UNRESTRICTED REVENUES AND PUBLIC SUPPORT</b>		
Public support:		
Contributions received directly	\$ 52,572	\$ 19,701
Contributions from Anderson Foundation	100,000	100,000
Allocated by the Lake Area United Way	70,143	67,443
Allocated by other area United Ways	<u>6,926</u>	<u>4,620</u>
<b>TOTAL PUBLIC SUPPORT</b>	<u>229,641</u>	<u>191,764</u>
Program revenue:		
Counseling	<u>2,439</u>	<u>1,572</u>
Cost reimbursements - federal programs:		
HHS Runaway Youth Program (FYSB)	150,000	150,000
Emergency Shelter Grant (City of Gary)	50,000	67,165
Indiana Department of Education	40,492	36,831
Title 4B Part II Fund	42	3,169
Emergency Shelter Grant (State of Indiana)	<u>18,017</u>	<u>15,384</u>
<b>TOTAL COST REIMBURSEMENTS - FEDERAL PROGRAMS</b>	<u>258,551</u>	<u>272,549</u>
Cost reimbursements - state and local programs:		
Lake County Office of Family and Children	1,600,876	1,427,044
Porter County Office of Family and Children	21,624	121,033
LaPorte County Office of Family and Children	-	467
Elkhart County Office of Family and Children	-	467
Indiana Division of Child Services (YSB)	53,828	37,433
Indiana Youth Service Association - Safe Place	23,087	20,269
Partnership for a Drug Free Lake County	10,000	6,000
Indiana Department of Child Services - Safely Home	116,375	74,500
National Suicide Prevention	3,500	3,500
Teen Court	<u>-</u>	<u>75,434</u>
<b>TOTAL COST REIMBURSEMENTS - STATE AND LOCAL PROGRAMS</b>	<u>1,829,290</u>	<u>1,766,147</u>
Other sources:		
Special events	308,229	290,971
Miscellaneous	1,516	2,692
Volunteer services	143,955	93,930
Donated supplies	<u>43,467</u>	<u>27,556</u>
<b>TOTAL OTHER SOURCES</b>	<u>497,167</u>	<u>415,149</u>
Investment income (loss):		
Interest and dividend income	94,164	113,033
Gain (loss) on investments	307,804	(717,635)
Sourlis-Sandala Family Endowment Fund balance released from restriction due to transfer to Porter County Community Foundation, Inc.	196,372	-
Legacy Foundation, Inc. lifetime endowment gifts transferred from unrestricted net assets to permanently restricted net assets	(36,655)	-
Unrealized loss on investments transferred from temporarily restricted net assets	<u>-</u>	<u>(355,602)</u>
<b>TOTAL INVESTMENT INCOME (LOSS)</b>	<u>561,685</u>	<u>(960,204)</u>
Net assets released from restriction	<u>-</u>	<u>55,005</u>
<b>TOTAL UNRESTRICTED REVENUES AND PUBLIC SUPPORT</b>	<u>3,378,773</u>	<u>1,741,982</u>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - Continued**

Years Ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>FUNCTIONAL EXPENSES</b>		
Program services:		
Alternative House	\$ 1,582,464	\$ 1,591,039
Counseling Services	252,423	239,484
Crisis Contact	164,842	126,675
Safe Place	88,136	67,311
Teen Court	108,553	98,552
Youth as Resources	23,385	52,489
Life Skills	14,353	13,509
	<u>2,234,156</u>	<u>2,189,059</u>
Supporting services:		
Special events	63,875	51,235
General and administrative	386,522	276,961
	<u>450,397</u>	<u>328,196</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>2,684,553</u>	<u>2,517,255</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<u>694,220</u>	<u>(775,273)</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Gain (loss) on investments	119,914	(329,130)
Dividend income	-	23,954
Net assets released from restriction	-	(55,005)
Unrealized loss on investments transferred to unrestricted and permanently restricted net assets	-	355,602
	<u>119,914</u>	<u>(4,579)</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>119,914</u>	<u>(4,579)</u>
<b>CHANGES IN PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions to the Donald G. Capp Memorial Fund	-	160,000
Sourlis-Sandala Family Endowment Fund balance released from restriction due to transfer to Porter County Community Foundation, Inc.	(196,372)	-
Legacy Foundation, Inc. lifetime endowment gifts transferred from unrestricted net assets to permanently restricted net assets	36,655	-
	<u>(159,717)</u>	<u>160,000</u>
<b>INCREASE (DECREASE) IN PERMANENTLY RESTRICTED NET ASSETS</b>	<u>(159,717)</u>	<u>160,000</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	654,417	(619,852)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>6,568,727</u>	<u>7,188,579</u>
<b>TOTAL NET ASSETS</b>	<u>\$ 7,223,144</u>	<u>\$ 6,568,727</u>

See Notes to Financial Statements

**CRISIS CENTER, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
 Year Ended December 31, 2009

	Program Services						Supporting Services			Grand Total		
	Alternative House	Counseling Services	Crisis Contact	Safe Place	Teen Court	Youth as Resources	Life Skills	Total	Special Events		General and Administrative	Total
<b>SALARIES AND RELATED EXPENSES</b>												
Salaries and wages	\$ 745,084	\$ 196,677	\$ 88,139	\$ 60,275	\$ 74,979	\$ 16,343	\$ 13,283	\$ 1,194,780	\$ 17,168	\$ 165,393	\$ 182,561	\$ 1,377,341
Employee health and life insurance	72,962	11,895	7,902	4,821	4,553	393	-	102,526	-	15,698	15,698	118,224
Employee retirement plan	18,407	3,290	2,604	2,284	2,151	540	-	29,276	-	14,935	14,935	44,211
Employee disability and workers' compensation	24,351	3,765	2,439	1,198	1,452	117	-	33,322	-	4,983	4,983	38,305
Payroll taxes	61,497	16,265	7,451	4,771	6,036	1,409	1,070	98,499	1,313	13,520	14,833	113,332
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>922,301</b>	<b>231,892</b>	<b>108,535</b>	<b>73,349</b>	<b>89,171</b>	<b>18,802</b>	<b>14,353</b>	<b>1,458,403</b>	<b>18,481</b>	<b>214,529</b>	<b>233,010</b>	<b>1,691,413</b>
<b>OPERATING EXPENSES</b>												
Professional fees and consultants	37,249	5,270	3,398	1,716	2,027	178	-	49,838	-	9,332	9,332	59,170
Donated services	138,150	-	37,976	-	9,861	1,436	-	187,423	3,501	-	3,501	190,924
Printing expenses	2,544	406	265	1,352	299	76	-	4,942	1,274	2,649	3,923	8,865
Office expense and supplies	1,234	232	403	1,691	122	202	-	3,884	4,570	20,390	24,960	28,844
Telephone	15,822	1,968	3,214	581	766	43	-	22,394	17,438	17,438	39,832	39,832
Postage and shipping	3,286	156	267	312	381	52	-	4,454	-	1,499	1,499	5,953
Utilities	49,016	1,748	874	1,165	583	291	-	53,677	-	4,661	4,661	58,338
Rent	-	-	-	-	-	-	-	630	-	-	-	630
Maintenance expense	34,066	17	9	12	6	94	-	34,204	-	4,945	4,945	39,149
Equipment repair and rental	18,203	234	159	210	164	37	-	19,007	400	690	1,090	20,097
Food supplies	148,084	-	-	-	-	273	-	148,357	31,851	60	31,911	180,268
Furnishings	1,182	-	-	-	-	-	-	1,182	-	-	-	1,182
Resident and recreation supplies	23,091	-	-	-	-	-	-	23,091	-	-	-	23,091
Van expense and staff mileage	72,717	-	1,693	449	2,175	16	-	77,060	478	5,518	5,996	83,046
Conferences and education	1,435	45	957	2,021	1,018	-	-	5,476	-	4,658	4,658	10,134
Subscriptions	137	1,650	2,247	-	-	-	-	4,034	-	891	891	4,925
Miscellaneous	1,558	13	272	48	172	33	-	2,096	1,110	818	1,928	4,024
Employee expenses	6,722	3	110	62	121	67	-	7,085	-	4,608	4,608	11,693
Membership dues	4,284	663	2,616	1,706	456	44	-	9,769	-	763	763	10,532
Insurance	15,727	5,089	329	438	219	110	-	21,912	-	2,204	2,204	24,116
Special event purchases	-	-	-	-	-	-	-	-	2,210	-	2,210	2,210
Youth as Resources grants	-	-	-	1,000	-	1,125	-	2,125	-	-	-	2,125
Bad debt	-	-	-	-	-	-	-	-	-	67,696	67,696	67,696
Investment fees/losses	-	-	-	-	-	-	-	-	-	14,992	14,992	14,992
<b>TOTAL OPERATING EXPENSES</b>	<b>575,137</b>	<b>17,494</b>	<b>54,789</b>	<b>12,763</b>	<b>18,370</b>	<b>4,077</b>	<b>-</b>	<b>682,630</b>	<b>45,394</b>	<b>163,812</b>	<b>209,206</b>	<b>891,836</b>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>1,497,438</b>	<b>249,386</b>	<b>163,324</b>	<b>86,112</b>	<b>107,541</b>	<b>22,879</b>	<b>14,353</b>	<b>2,141,033</b>	<b>63,875</b>	<b>378,341</b>	<b>442,216</b>	<b>2,583,249</b>
<b>DEPRECIATION</b>	<b>85,026</b>	<b>3,037</b>	<b>1,518</b>	<b>2,024</b>	<b>1,012</b>	<b>506</b>	<b>-</b>	<b>93,123</b>	<b>-</b>	<b>8,181</b>	<b>8,181</b>	<b>101,304</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,582,464</b>	<b>\$ 252,423</b>	<b>\$ 164,842</b>	<b>\$ 88,136</b>	<b>\$ 108,553</b>	<b>\$ 23,385</b>	<b>\$ 14,353</b>	<b>\$ 2,234,156</b>	<b>\$ 63,875</b>	<b>\$ 386,522</b>	<b>\$ 450,397</b>	<b>\$ 2,684,553</b>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES - Continued**

Year Ended December 31, 2008

	Program Services						Supporting Services			Grand Total		
	Alternative House	Counseling Services	Crisis Contact	Safe Place	Teen Court	Youth as Resources	Life Skills	Total	Special Events		General and Administrative	Total
<b>SALARIES AND RELATED EXPENSES</b>												
Salaries and wages	\$ 736,222	\$ 182,329	\$ 69,266	\$ 39,685	\$ 64,793	\$ 44,095	\$ 12,518	\$ 1,148,908	\$ 16,675	\$ 136,847	\$ 153,522	\$ 1,302,430
Employee health and life insurance	75,080	12,645	8,231	4,937	4,741	359	-	105,993	-	15,108	15,108	121,101
Employee retirement plan	19,188	-	-	2,076	2,579	189	-	24,032	-	5,119	5,119	29,151
Employee disability and workers' compensation	18,224	2,975	1,937	868	1,205	88	-	25,297	-	2,900	2,900	28,197
Payroll taxes	63,911	15,826	6,187	3,255	5,515	3,637	991	99,322	1,276	11,601	12,877	112,199
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>912,625</b>	<b>213,775</b>	<b>85,621</b>	<b>50,821</b>	<b>78,833</b>	<b>48,368</b>	<b>13,509</b>	<b>1,403,552</b>	<b>17,951</b>	<b>171,575</b>	<b>189,526</b>	<b>1,593,078</b>
<b>OPERATING EXPENSES</b>												
Professional fees and consultants	31,090	4,997	3,323	1,573	1,928	147	-	43,058	-	6,928	6,928	49,986
Donated services	64,702	-	21,280	-	5,697	1,241	-	92,920	1,010	-	1,010	93,930
Printing expenses	1,127	187	212	58	72	77	-	1,733	1,000	4,545	5,545	7,278
Office expense and supplies	6,235	1,116	662	3,066	348	30	-	11,457	1,772	14,395	16,167	27,624
Telephone	32,720	4,993	3,262	1,593	1,926	155	-	44,649	-	5,055	5,055	49,704
Postage and shipping	3,509	167	256	335	441	21	-	4,729	-	485	485	5,214
Utilities	53,003	1,893	946	1,262	631	315	-	58,050	-	5,048	5,048	63,098
Maintenance expense	63,906	284	142	190	95	48	-	64,665	-	1,638	1,638	66,303
Equipment repair and rental	10,823	-	-	-	-	-	-	10,823	-	3,700	3,700	14,523
Food supplies	143,655	-	289	77	-	100	-	144,121	27,328	-	27,328	171,449
Furnishings	12,003	-	-	-	-	-	-	12,003	-	-	-	12,003
Resident and recreation supplies	49,067	-	-	-	-	-	-	49,067	-	-	-	49,067
Van expense and staff mileage	73,426	-	1,318	223	2,737	337	-	78,041	-	3,701	3,701	81,742
Conferences and education	11,657	3,081	2,458	5,102	3,486	9	-	25,793	-	6,431	6,431	32,224
Subscriptions	306	100	2,209	-	-	-	-	2,615	-	720	720	3,335
Miscellaneous	894	7	765	-	-	-	-	1,666	1,149	1,874	3,023	4,689
Employee expenses	6,867	263	717	141	586	190	-	8,764	-	1,531	1,531	10,295
Membership dues	13,945	1,346	1,376	419	546	38	-	17,670	-	1,422	1,422	19,092
Insurance	18,248	4,374	388	517	259	129	-	23,915	-	6,160	6,160	30,075
Special event purchases	-	-	-	-	-	-	-	-	1,025	-	1,025	1,025
Youth as Resources grants	-	-	-	-	-	800	-	800	-	-	-	800
Bad debt	-	-	-	-	-	-	-	-	-	21,098	21,098	21,098
Investment fees/losses	-	-	-	-	-	-	-	-	-	12,920	12,920	12,920
<b>TOTAL OPERATING EXPENSES</b>	<b>597,183</b>	<b>22,808</b>	<b>39,603</b>	<b>14,556</b>	<b>18,752</b>	<b>3,637</b>	<b>-</b>	<b>690,539</b>	<b>33,284</b>	<b>97,651</b>	<b>130,935</b>	<b>827,474</b>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>1,509,808</b>	<b>236,583</b>	<b>125,224</b>	<b>65,377</b>	<b>97,585</b>	<b>52,005</b>	<b>13,509</b>	<b>2,100,091</b>	<b>51,235</b>	<b>269,226</b>	<b>320,461</b>	<b>2,420,552</b>
<b>DEPRECIATION</b>	<b>81,231</b>	<b>2,901</b>	<b>1,451</b>	<b>1,934</b>	<b>967</b>	<b>484</b>	<b>-</b>	<b>88,968</b>	<b>-</b>	<b>7,735</b>	<b>7,735</b>	<b>96,703</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,591,039</b>	<b>\$ 239,484</b>	<b>\$ 126,675</b>	<b>\$ 67,311</b>	<b>\$ 98,552</b>	<b>\$ 52,489</b>	<b>\$ 13,509</b>	<b>\$ 2,189,059</b>	<b>\$ 51,235</b>	<b>\$ 276,961</b>	<b>\$ 328,196</b>	<b>\$ 2,517,255</b>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2009 and 2008

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 654,417	\$ (619,852)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation	101,304	96,703
Realized and unrealized (gain) loss on investments	(427,718)	1,046,765
Bad debt provision	67,696	21,098
Contributions restricted for the Donald G. Capp Memorial Fund	-	(160,000)
Decrease (increase) in operating assets:		
Grants and contracts receivable	(128,841)	211,860
Other receivables	(145)	22,509
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	32,400	(19,612)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>299,113</b>	<b>599,471</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(321,483)	-
Proceeds from sale of investments	3,855,063	2,578,479
Purchase of investments	(2,715,124)	(3,106,102)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>818,456</b>	<b>(527,623)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Contributions restricted for the Donald G. Capp Memorial Fund	-	160,000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,117,569	231,848
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	850,251	618,403
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,967,820</b>	<b>\$ 850,251</b>

See Notes to Financial Statements

## CRISIS CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies**

**Nature of organization** - Crisis Center, Inc. (the "Organization") is a not-for-profit organization which operates the following programs benefiting clients primarily in the Lake and Porter counties of Indiana:

Alternative House is an emergency shelter for runaway, homeless, frightened, abused and/or neglected boys and girls, ages 6 to 18. Food; clothing; transportation; education; medical and dental referrals; recreation; group, individual and family counseling; and diagnostic testing are provided through either the Organization's services or referral. Efforts are aimed at reuniting families, if possible, or to assist in developing an alternative and safe living environment. Forty beds are generally utilized although Alternative House is licensed for 52 beds. Twenty beds are assigned for runaway and homeless youths. Years-long outcome determination is made through phone contact with parents or caregivers.

Alternative House's Safely Home project provides for the protection, safety and well-being of children in crisis. Children and youths who have been pushed out, are runaways, or are discovered on the streets by police are transported by police to safety and services at Alternative House. Parents or caregivers are immediately contacted when a youth enters the program so that counseling and other services aimed at reuniting, strengthening and preserving families take place.

The Counseling Services offer fast, easy-to-reach, professional services that include individual, group and family counseling. Master degreeed counselors are available for scheduled appointments evenings and weekends.

Crisis Contact is a 24-hour, 365-day, free and immediate telephone information, referral, crisis intervention, listening/phone counseling service. Crisis Contact also provides "Reassurance Contact," in which calls are made to the elderly or disabled.

The Organization's Safe Place project employs a network of volunteer businesses that display a Safe Place sign indicating their willingness to offer fast, free, immediate safety. The Organization's staff provides transportation from the business to the emergency shelter, Alternative House, where professionals provide services to help youths and families.

Teen Court is a youth development and delinquency prevention program of the Organization. Teen Court provides a youth-run court in which attorney-trained young people act as prosecution, defense, clerk, bailiff and jurors. Volunteer youth jurors determine the sentence for youth offenses referred by area police departments. Community service, restitution, and other sentences include serving on the Teen Court for a specified period of time. The goal of Teen Court is to provide a learning experience in personal responsibility as citizens of their community. Years-long contact determines success of Teen Court through recidivism determination.

Youth as Resources is a youth development project in which youths are encouraged to develop youth-run community projects. Mini-grant proposals developed by youths are presented to an advisory panel of youths and adults and may be awarded funds for the project. Youth as Resources encourages skill development, citizenship, community participation, and recognition of youths as a community asset.

CRISIS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

The Life Skills Group is a substance abuse prevention program provided by the Organization's counselors, which has been tested extensively and has proven to decrease drug use in young people by up to 87%.

**Basis of presentation** - The Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

**Unrestricted** - Includes undesignated and board-designated sources, with no legal or donor-imposed restrictions. Items affecting this net asset category include program expenses associated with the Organization's activities and all other expenses and restricted contributions whose donor-imposed restrictions were met during the years.

**Temporarily restricted** - Includes resources with legal or donor-imposed restrictions, including restrictions as to time of utilization of resources and resources for which use is restricted to specified programs. Items affecting this net asset category are restricted contributions and grants. These amounts are reclassified to unrestricted net assets when the restrictions have expired or have been satisfied by expenditures for the intended purposes. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

**Permanently restricted** - Includes resources subject to restrictions of gift instruments requiring that principal be invested in perpetuity and investment income be utilized for support of activities.

**Cash and cash equivalents** - Cash and cash equivalents consist of highly liquid interest-bearing depository accounts. The Organization considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

**Property, plant and equipment** - Property, plant and equipment are stated at cost if purchased and at fair value at the date of contribution of assets donated to the Organization. Depreciation of property, plant and equipment is provided using the straight-line method over the estimated useful lives of the respective assets. Maintenance, repairs and items less than \$5,000 are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in revenues. Depreciation expense for the years ended December 31, 2009 and 2008, was \$101,304 and \$96,703, respectively.

CRISIS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

**Contributions and grants** - All public support is considered to be available for unrestricted use unless restricted specifically by the donor or funding agency. At its discretion, the Board of Directors may designate certain funds for specific purposes.

Contributions and grants restricted by the donor, grantor or other outside party are reported as temporarily or permanently restricted revenue, as applicable, when granted or pledged to the Organization.

Contributions of securities and equipment are recorded at fair market value at the date of the gift.

**Investments** - The Organization invests in investment pools and marketable securities with readily determinable fair values. Investments in short-term certificates of deposit are stated at cost, which approximates fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities and changes in net assets.

**Functional expenses** - Operating expenses directly identifiable with a functional area are charged to that area, and, where expenses affect more than one area, they are allocated on the basis of ratios determined by management.

**Asset impairment assessments** - The Organization reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. An impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the asset compared to its carrying value. If an impairment is recognized, the carrying value of the impaired asset is reduced to its fair value, based on discounted estimated future cash flows. No impairment was recognized in 2009 or 2008.

**Use of estimates** - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification** - Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year.

## CRISIS CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS

#### (2) Investments and fair value measurements

Effective July 1, 2008, the Organization adopted the generally accepted accounting framework for measuring fair value. That framework provides a fair value hierarchy that 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 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under U.S. generally accepted accounting principles are described below:

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

**Level 2:** Inputs to the valuation methodology 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;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3:** Inputs to the valuation methodology are significant to the fair value measurement and are unobservable.

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value:

**Mutual fund investments** - Valued at the net asset value, based on quoted market prices in active markets, of shares held by the Organization at year-end.

**Investment pools** - The investment at Legacy Foundation, Inc. and Porter County Community Foundation, Inc. represents a pool of funds held by Legacy Foundation, Inc. and Porter County Community Foundation, Inc. for the benefit of the Organization and other not-for-profit organizations. These funds are valued at fair value of the underlying securities which are primarily determined from closing prices reported on the active market.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of the different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(2) Investments and fair value measurements (continued)**

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2009 and 2008:

	<b>December 31, 2009</b>				
	<u>Cost</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>JPMorgan:</b>					
Large Cap Equity	\$ 387,294	\$ 378,235	\$ -	\$ -	\$ 378,235
Mid Cap/Small Cap Equity	183,355	209,898	-	-	209,898
Non US Equity	255,684	280,638	-	-	280,638
Fixed Income	1,211,474	1,223,857	-	-	1,223,857
<b>Total assets - JPMorgan</b>	<u>2,037,807</u>	<u>2,092,628</u>	<u>-</u>	<u>-</u>	<u>2,092,628</u>
<b>Porter County Community Foundation, Inc.:</b>					
<b>Pool A:</b>					
Large Cap Equity	46,642	-	51,155	-	51,155
Mid Cap/Small Cap Equity	12,762	-	13,996	-	13,996
Non US Equity	13,665	-	14,987	-	14,987
Emerging Markets	3,049	-	3,344	-	3,344
Fixed Income	36,817	-	40,379	-	40,379
<b>Total assets - Pool A</b>	<u>112,935</u>	<u>-</u>	<u>123,861</u>	<u>-</u>	<u>123,861</u>
<b>Pool B:</b>					
Large Cap Equity	154,068	-	174,198	-	174,198
Mid Cap/Small Cap Equity	36,453	-	41,215	-	41,215
Emerging Markets	247,993	-	280,396	-	280,396
Fixed Income	395,638	-	447,331	-	447,331
<b>Total assets - Pool B</b>	<u>834,152</u>	<u>-</u>	<u>943,140</u>	<u>-</u>	<u>943,140</u>
<b>Legacy Foundation, Inc.:</b>					
Mutual Funds	42,295	-	38,051	-	38,051
<b>Total</b>	<u>\$ 3,027,189</u>	<u>\$ 2,092,628</u>	<u>\$ 1,105,052</u>	<u>\$ -</u>	<u>\$ 3,197,680</u>
<b>December 31, 2008</b>					
	<u>Cost</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>JPMorgan:</b>					
Mutual Funds	\$ 1,346,048	\$ 1,038,543	\$ -	\$ -	\$ 1,038,543
Corporate Bonds	790,006	659,541	-	-	659,541
Equities	372,801	248,219	-	-	248,219
<b>Total assets - JPMorgan</b>	<u>2,508,855</u>	<u>1,946,303</u>	<u>-</u>	<u>-</u>	<u>1,946,303</u>
<b>Legacy Foundation, Inc.:</b>					
Mutual Funds	49,494	-	38,047	-	38,047
<b>Peoples Bank:</b>					
Equities	331,204	232,303	-	-	232,303
<b>Various banks:</b>					
Certificates of Deposit	1,693,248	1,693,248	-	-	1,693,248
<b>Total</b>	<u>\$ 4,582,801</u>	<u>\$ 3,871,854</u>	<u>\$ 38,047</u>	<u>\$ -</u>	<u>\$ 3,909,901</u>

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(3) Grants and contracts receivable**

Grants and contracts receivable are reported at their estimated net realizable value. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of grantors to meet their obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Lake County Office of Family and Children is shown net of an allowance for doubtful accounts on future collections in the amount of \$20,000 and \$85,000 as of December 31, 2009 and 2008, respectively.

Grants and contracts receivable are composed of the following amounts due at December 31, 2009 and 2008:

	<b>2009</b>	<b>2008</b>
Lake County Office of Family and Children	\$ 256,159	\$ 278,029
Less: allowance for uncollectible accounts	(20,000)	(85,000)
Total Lake County Office of Family and Children	236,159	193,029
<b>Federal, state and local grants:</b>		
Indiana Department of Child Services - Safely Home	50,414	-
Emergency Shelter Grant (City of Gary)	22,706	29,726
Porter County Office of Family and Children	1,711	26,291
HHS Runaway Youth Program (FYSB)	37,500	37,500
Family and Social Services	12,059	14,865
Indiana Department of Education	3,193	3,011
Indiana Youth Service Association - Safe Place	5,122	3,649
Indiana State Emergency Shelter Grant	1,522	1,170
Total federal, state and local grants	134,227	116,212
Total grants and contracts receivable	\$ 370,386	\$ 309,241

All grants receivable are expected to be collected in 2010.

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(4) Property, plant and equipment**

Property, plant and equipment as of December 31, 2009 and 2008, consist of the following:

	<u>2009</u>	<u>2008</u>
Cost:		
Land	\$ 43,813	\$ 43,813
Buildings	1,726,271	1,729,704
Building improvements	268,841	266,841
Construction in progress	331,299	-
Landscape improvements	311,514	311,514
Furniture and equipment	286,144	311,135
Automobiles	143,689	93,500
Total cost	<u>3,111,571</u>	<u>2,756,507</u>
Accumulated depreciation and amortization	<u>(1,251,679)</u>	<u>(1,183,678)</u>
Net property, plant and equipment	<u>\$ 1,859,892</u>	<u>\$ 1,572,829</u>

**(5) Donated materials and services**

Donated equipment, furniture and fixtures are reflected as contributions in the accompanying statements at their estimated values on the date of receipt. For the years ended December 31, 2009 and 2008, volunteers contributed significant hours of their time. The value of contributed services meeting the requirements for recognition in the financial statements amounted to \$143,955 and \$93,930 as of December 31, 2009 and 2008, respectively.

**(6) Pension plan**

The Organization maintains a tax-deferred annuity plan under Internal Revenue Code Section 403(b). Organization contributions to the plan were \$44,211 and \$29,151 as of December 31, 2009 and 2008, respectively.

**(7) Temporarily and permanently restricted net assets**

The Sourlis-Sandala Family Endowment Fund for Crisis Center, Inc., a Youth Service Bureau, was established on December 20, 2002. The primary purpose of the fund is to provide continuing support for the charitable work performed by the Organization.

At the May 14, 2009 board of directors meeting, there was a unanimous vote to move the Sourlis-Sandala Family Endowment Fund to the Porter County Community Foundation, Inc. This move is consistent with the original donors' intentions and relieves the Organization's board of the responsibility of managing the funds. On August 25, 2009, this change was effected, and funds valued at \$947,087 were transferred from First Midwest Bank, JPMorgan, Peoples Bank, and Centier Bank to the Porter County Community Foundation, Inc.

## CRISIS CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS

(7) **Temporarily and permanently restricted net assets (continued)**

In concert with the move to the community foundation, and on the advice of legal counsel provided by J. Brian Hittinger of Krieg Devault LLP, the original agreement between the principal original donor, Tom Sourlis, and the Organization, which established the endowment fund, was replaced by a new agreement entitled "Designated Endowment Fund Agreement Between Porter County Community Foundation, Inc., and Crisis Center, Inc., a Youth Service Bureau" (the "Donor"). Mr. Sourlis was involved in the process of replacing the former agreement with the new one and was in favor of the change.

The new agreement establishes, in effect, a new fund to be known as the "Sourlis-Sandala Family Endowment Fund for Crisis Center, Inc., a Youth Service Bureau" (the "Fund"), with a corpus valued at \$947,087 on the date of inception. As a result of the establishment of this new fund, permanently restricted net assets were reduced by \$196,372. General provisions of the agreement are as follows:

- Irrevocability of the asset transfer.
- Purpose of the Fund, which is to provide support to the Organization to further its charitable or other exempt purposes consistent with its mission.
- Distributions of income, capital appreciation, and principal, net of fees, to be made in accordance with Porter County Community Foundation, Inc.'s spending policy, with the goal of preserving the capital, balanced with the Organization's current needs.
- The Porter County Community Foundation, Inc. will hold and administer the Fund and will provide the Donor with a copy of its annual audit.
- Conditions for acceptance of gifts, which must comply with applicable laws and bylaws of the Porter County Community Foundation, Inc.
- Continuity, which provides that the Fund will continue as long as assets are available and the purposes of the Fund can be served.
- The Fund is not a separate trust and is a component part of the Porter County Community Foundation, Inc.
- Receipts and disbursements of the Fund will be accounted for separately.
- The Porter County Community Foundation, Inc. has the power to retain or invest Fund assets, including the power to comingle assets with other funds for investment purposes.
- Costs of the Fund will be determined in accordance with Porter County Community Foundation, Inc.'s fee schedule.

Assets in the Fund at December 31, 2009, were valued at \$1,067,001. Cumulative gains of \$119,914 are temporarily restricted, and under the current spending policy of Porter County Community Foundation, Inc., \$41,898 of that amount can be released to unrestricted net assets and distributed in 2010.

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(7) Temporarily and permanently restricted net assets (continued)**

During 2006, the Organization received contributions of \$260,855 to the Donald G. Capp Memorial Fund. The Organization received additional contributions of \$160,000 and \$85,946 in 2008 and 2007, respectively. No donations were received in 2009. The primary purpose of the Donald G. Capp Memorial Fund is to provide support for the Organization. Earnings are considered temporarily restricted, with annual distributions allowed using a similar formula to that of the Surlis-Sandala Family Endowment Fund discussed above. There were no earnings transferred to the corpus in 2008 or 2009. At December 31, 2009 and 2008, the permanently restricted assets in the fund exceeded the market value by \$58,144 and \$136,506, respectively. Unrestricted net assets have been charged for unrealized losses in excess of the permanently restricted amount.

Upon reviewing the original agreement with Legacy Foundation, Inc., it was decided that the Crisis Center, Inc. Endowment Fund corpus of \$36,655 should be permanently restricted, and that amount was moved from the unrestricted to the restricted asset category in 2009. This amounts to approximately one percent of total investments at the end of 2008 and 2009.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. 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 while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

CRISIS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(7) Temporarily and permanently restricted net assets (continued)

As of December 31, 2009 and 2008, temporarily restricted net assets were available for the following purposes:

	December 31, 2008	Contributions	Appropriated for Expenditure	Investment Gains	Transfer	Reclassified to Unrestricted Net Assets	December 31, 2009
Souris-Sandala Family Endowment Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donald G. Capp Memorial Fund	-	-	-	-	-	-	-
Porter County Community Foundation, Inc.	-	-	-	119,914	-	-	119,914
	\$ -	\$ -	\$ -	\$ 119,914	\$ -	\$ -	\$ 119,914
	December 31, 2007	Contributions	Appropriated for Expenditure	Investment Losses	Transfer	Reclassified to Unrestricted Net Assets	December 31, 2008
Souris-Sandala Family Endowment Fund	\$ 1,534	\$ -	\$ (55,005)	\$ (165,625)	\$ -	\$ 219,096	\$ -
Donald G. Capp Memorial Fund	3,045	-	-	(139,551)	-	136,506	-
	\$ 4,579	\$ -	\$ (55,005)	\$ (305,176)	\$ -	\$ 355,602	\$ -

As of December 31, 2009 and 2008, permanently restricted net assets were available for the following purposes:

	December 31, 2008	Contributions	Undistributed Gain to Corpus	Investment Losses	Transfer	Reclassified to Unrestricted Net Assets	December 31, 2009
Souris-Sandala Family Endowment Fund	\$ 1,143,459	\$ -	\$ -	\$ -	\$ (947,087)	\$ (196,372)	\$ -
Donald G. Capp Memorial Fund	509,846	-	-	-	-	-	509,846
Legacy Foundation, Inc.	-	36,655	-	-	-	-	36,655
Porter County Community Foundation, Inc.	-	-	-	-	947,087	-	947,087
	\$ 1,653,305	\$ 36,655	\$ -	\$ -	\$ -	\$ (196,372)	\$ 1,493,588
	December 31, 2007	Contributions	Undistributed Gain to Corpus	Investment Losses	Transfer	Reclassified to Unrestricted Net Assets	December 31, 2008
Souris-Sandala Family Endowment Fund	\$ 1,143,459	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Donald G. Capp Memorial Fund	349,846	160,000	-	-	-	-	1,143,459
	\$ 1,493,305	\$ 160,000	\$ -	\$ -	\$ -	\$ -	\$ 1,653,305

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**(8) Concentrations**

The Organization is supported by grants and contributions from the public. During 2009 and 2008, approximately 57% and 54%, respectively, of the Organization's revenue was earned under contract with the Lake County Office of Family and Children.

The Organization's cash on deposit at financial institutions is potentially exposed to concentrations of credit risk. However, the deposits are placed with major financial institutions, which management believes limits its exposure to risk of loss.

**(9) Income taxes**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for Federal income tax.

**(10) Commitments**

On June 17, 2009, the Organization entered into a contract with Lee Construction Management, Inc. to build a new addition to the current facility for a new boys' dormitory and new office spaces for \$2,573,041. The Organization is paying for the construction without debt financing. As of December 31, 2009, \$331,299 has been incurred and capitalized.

**(11) Cash flow disclosures**

There was construction in progress of \$66,884 included in accounts payable at December 31, 2009.

**(12) Subsequent events**

The Organization has evaluated subsequent events through October 28, 2010, the date which the financial statements were available to be issued.