

**CRISIS CENTER, INC.**

**FINANCIAL STATEMENTS**

Years Ended December 31, 2017 and 2016



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## INDEPENDENT AUDITORS' REPORT

The Board of Directors

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

We have audited the accompanying financial statements of Crisis Center, Inc., which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Crisis Center, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Mayer Hoffman McCann P.C.*

Chicago, Illinois  
November 5, 2018

CRISIS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 264,254	\$ 549,582
Grants and contracts receivable, less allowance for doubtful accounts (\$2,500 in 2017 and 2016)	419,539	472,520
Other receivables	1,320	2,325
Prepaid insurance	25,426	12,436
<b>TOTAL CURRENT ASSETS</b>	<u>710,539</u>	<u>1,036,863</u>
<b>INVESTMENTS</b>		
Porter County Community Foundation, Inc.	1,003,237	870,421
Legacy Foundation, Inc.	69,792	61,039
Merrill Lynch	2,371,642	2,044,643
<b>TOTAL INVESTMENTS</b>	<u>3,444,671</u>	<u>2,976,103</u>
<b>PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation</b>	<u>3,005,677</u>	<u>3,142,275</u>
<b>TOTAL ASSETS</b>	<u>\$ 7,160,887</u>	<u>\$ 7,155,241</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 62,269	\$ 54,884
Accrued expenses	47,888	41,095
<b>TOTAL CURRENT LIABILITIES</b>	<u>110,157</u>	<u>95,979</u>
<b><u>NET ASSETS</u></b>		
<b>NET ASSETS</b>		
Unrestricted	5,385,244	5,523,654
Temporarily restricted	171,898	42,020
Permanently restricted	1,493,588	1,493,588
<b>TOTAL NET ASSETS</b>	<u>7,050,730</u>	<u>7,059,262</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 7,160,887</u>	<u>\$ 7,155,241</u>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

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

Years Ended December 31, 2017 and 2016

	2017	2016
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>UNRESTRICTED REVENUES AND PUBLIC SUPPORT</b>		
Public support:		
Contributions received directly	\$ 18,350	\$ 16,589
Contribution from Anderson Foundation	100,000	100,000
Allocated by the Lake Area United Way	31,800	42,400
Allocated by other area United Ways	6,005	11,334
<b>TOTAL PUBLIC SUPPORT</b>	<b>156,155</b>	<b>170,323</b>
Program revenue:		
Counseling	430	450
Teen Court	2,725	2,570
<b>TOTAL PROGRAM REVENUE</b>	<b>3,155</b>	<b>3,020</b>
Cost reimbursements - federal programs:		
HHS Runaway Youth Program (FYSB)	181,552	195,343
Emergency Solutions Grant (City of Gary)	126,600	93,087
Indiana Department of Education	20,945	32,838
<b>TOTAL COST REIMBURSEMENTS - FEDERAL PROGRAMS</b>	<b>329,097</b>	<b>321,268</b>
Cost reimbursements - state and local programs:		
Indiana Department of Child Services	1,013,265	1,511,031
Indiana Youth Service Association	36,666	32,883
Indiana Youth Service Association - Safe Place	7,098	7,370
Geminus - Circle Around Families	20,298	47,765
Geminus - Safely Home	41,355	54,137
Choices Inc.	27,723	36,513
LCSAC Law Enforcement Teen Court	4,000	12,855
HUD EDI SP Grant	-	66,192
Other cost reimbursements	20,807	25,039
<b>TOTAL COST REIMBURSEMENTS - STATE AND LOCAL PROGRAMS</b>	<b>1,171,212</b>	<b>1,793,785</b>
Other sources:		
Special events	252,415	288,196
Miscellaneous	278	1,008
Volunteer services	35,725	49,654
Donated supplies	2,100	17,171
<b>TOTAL OTHER SOURCES</b>	<b>290,518</b>	<b>356,029</b>
Investment income:		
Interest and dividend income	43,249	65,290
Gain on investments	283,704	152,201
<b>TOTAL INVESTMENT INCOME</b>	<b>326,953</b>	<b>217,491</b>
<b>TOTAL UNRESTRICTED REVENUES AND PUBLIC SUPPORT</b>	<b>2,277,090</b>	<b>2,861,916</b>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

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

Years Ended December 31, 2017 and 2016

	2017	2016
<b>FUNCTIONAL EXPENSES</b>		
Program services:		
Alternative House	\$ 1,573,266	\$ 1,687,268
Counseling Services	216,487	220,349
Crisis Contact	59,813	61,517
Safe Place	48,552	43,082
Teen Court	72,996	69,450
<b>TOTAL PROGRAM SERVICES</b>	<b>1,971,114</b>	<b>2,081,666</b>
Supporting services:		
Special events	74,536	66,961
General and administrative	369,850	288,229
<b>TOTAL SUPPORTING SERVICES</b>	<b>444,386</b>	<b>355,190</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>2,415,500</b>	<b>2,436,856</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>(138,410)</b>	<b>425,060</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Gain on investments	81,697	25,613
Interest and dividend income	48,181	12,327
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>129,878</b>	<b>37,940</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>(8,532)</b>	<b>463,000</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>7,059,262</b>	<b>6,596,262</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 7,050,730</b>	<b>\$ 7,059,262</b>

See Notes to Financial Statements

CRISIS CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017

	Program Services				Supporting Services			Grand Total	
	Alternative House	Counseling Services	Crisis Contact	Safe Place	Teen Court	Special Events	General and Administrative		Total
<b>SALARIES AND RELATED EXPENSES</b>									
Salaries and wages	\$ 878,421	\$ 165,448	\$ 43,553	\$ 29,111	\$ 45,381	\$ 1,161,914	\$ 22,811	\$ 183,603	\$ 1,345,517
Employee health and life insurance	52,689	-	-	513	684	53,886	-	42,986	96,872
Employee retirement plan	19,729	2,257	1,330	1,439	2,365	27,120	-	4,802	31,922
Employee disability and workers' compensation	25,521	5,141	1,228	2,177	2,956	37,023	-	17,051	54,074
Payroll taxes	73,795	13,901	3,497	2,361	3,797	97,351	1,745	13,201	112,297
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>1,050,155</b>	<b>186,747</b>	<b>49,608</b>	<b>35,601</b>	<b>55,183</b>	<b>1,377,294</b>	<b>24,556</b>	<b>238,832</b>	<b>1,640,682</b>
<b>OPERATING EXPENSES</b>									
Professional fees and consultants	38,047	18,167	1,105	3,309	4,410	65,038	-	3,883	68,921
Donated services	30,755	-	-	-	7,070	37,825	-	-	37,825
Printing expenses	1,480	31	26	1,525	671	3,733	2,597	2,048	8,378
Office expense and supplies	11,273	278	193	2,862	90	14,696	2,792	18,715	36,203
Telephone	7,106	199	64	74	366	7,809	4,402	4,402	12,211
Postage and shipping	412	-	23	25	460	460	867	3,010	4,337
Utilities	57,335	1,349	675	675	674	60,708	-	6,745	67,453
Maintenance expense	30,701	722	361	361	362	32,507	-	3,612	36,119
Equipment repair and rental	14,007	36	27	18	9	14,097	500	5,526	20,123
Food supplies	90,489	406	328	529	-	91,752	37,754	1,301	130,807
Furnishings	1,050	-	-	-	-	1,050	-	2,604	3,654
Resident and recreation supplies	38,055	-	-	-	-	38,055	-	-	38,055
Van expense and staff mileage	35,365	46	1,427	677	572	38,087	40	8,502	46,629
Conferences and education	3,827	-	1,570	928	1,602	7,927	-	4,709	12,636
Subscriptions	3,593	-	2,388	-	-	5,981	-	1,982	7,963
Miscellaneous	914	-	-	9	170	1,093	2,272	199	3,564
Employee expenses	3,827	673	205	327	187	5,219	-	2,750	7,969
Membership dues	7,610	60	210	30	30	7,940	-	300	8,240
Insurance	24,905	4,894	163	162	161	30,285	-	24,726	55,011
Special event purchases	-	-	-	-	-	-	3,158	-	3,158
Investment fees/losses	-	-	-	-	-	-	-	21,609	21,609
<b>TOTAL OPERATING EXPENSES</b>	<b>400,751</b>	<b>26,861</b>	<b>8,765</b>	<b>11,511</b>	<b>16,374</b>	<b>464,262</b>	<b>49,980</b>	<b>116,623</b>	<b>630,865</b>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>1,450,906</b>	<b>213,608</b>	<b>58,373</b>	<b>47,112</b>	<b>71,557</b>	<b>1,841,556</b>	<b>74,536</b>	<b>355,455</b>	<b>2,271,547</b>
<b>DEPRECIATION</b>	<b>122,360</b>	<b>2,879</b>	<b>1,440</b>	<b>1,440</b>	<b>1,439</b>	<b>129,558</b>	<b>-</b>	<b>14,395</b>	<b>143,953</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,573,266</b>	<b>\$ 216,487</b>	<b>\$ 59,813</b>	<b>\$ 48,552</b>	<b>\$ 72,996</b>	<b>\$ 1,971,114</b>	<b>\$ 74,536</b>	<b>\$ 369,850</b>	<b>\$ 2,415,500</b>

See Notes to Financial Statements

CRISIS CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - Continued

Year Ended December 31, 2016

	Program Services				Supporting Services			Grand Total	
	Alternative House	Counseling Services	Crisis Contact	Safe Place	Teen Court	Total	Special Events		General and Administrative
<b>SALARIES AND RELATED EXPENSES</b>									
Salaries and wages	\$ 882,302	\$ 151,329	\$ 41,212	\$ 27,993	\$ 44,195	\$ 1,147,031	\$ 18,681	\$ 151,333	\$ 1,317,045
Employee health and life insurance	53,506	9,184	2,396	1,597	2,795	69,478	-	10,382	79,860
Employee retirement plan	22,729	3,901	1,018	678	1,187	29,513	-	4,410	33,923
Employee disability and workers' compensation	41,706	7,158	1,867	1,245	2,179	54,155	-	8,092	62,247
Payroll taxes	83,456	14,231	3,642	2,402	4,015	107,746	1,429	13,003	122,178
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>1,083,699</b>	<b>185,803</b>	<b>50,135</b>	<b>33,915</b>	<b>54,371</b>	<b>1,407,923</b>	<b>20,110</b>	<b>187,220</b>	<b>1,615,253</b>
<b>OPERATING EXPENSES</b>									
Professional fees and consultants	35,847	19,948	1,674	1,137	1,796	60,402	-	6,278	66,680
Donated services	58,699	-	-	-	8,126	66,825	-	-	66,825
Printing expenses	449	138	229	1,889	391	3,096	955	557	4,608
Office expense and supplies	16,488	2,665	710	482	761	21,106	3,189	5,948	30,243
Telephone	9,324	219	110	110	109	9,872	-	1,097	10,969
Postage and shipping	1,169	189	57	38	57	1,510	1,515	377	3,402
Utilities	53,692	1,263	632	632	631	56,850	-	6,317	63,167
Maintenance expense	36,597	861	431	430	430	38,749	-	4,306	43,055
Equipment repair and rental	13,038	-	-	-	-	13,038	400	1,644	15,082
Food supplies	112,228	-	833	-	27	113,088	37,307	31	150,426
Furnishings	8,753	-	-	-	-	8,753	-	-	8,753
Resident and recreation supplies	55,068	-	-	-	-	55,068	-	-	55,068
Van expense and staff mileage	35,004	148	1,998	624	1,165	38,939	124	1,900	40,963
Conferences and education	7,570	-	739	2,245	-	10,554	-	8,955	19,509
Subscriptions	6,352	1,113	2,388	-	-	9,853	-	1,629	11,482
Miscellaneous	-	-	-	-	-	-	1,861	5,989	7,850
Employee expenses	4,593	-	-	-	6	4,599	-	3,060	7,659
Membership dues	42	-	-	-	-	42	-	8,280	8,322
Insurance	28,076	5,421	290	290	290	34,367	-	14,496	48,863
Special event purchases	-	-	-	-	-	-	1,500	-	1,500
Property taxes	-	-	-	-	-	-	-	360	360
Investment fees/losses	-	-	-	-	-	-	-	16,881	16,881
<b>TOTAL OPERATING EXPENSES</b>	<b>482,989</b>	<b>31,965</b>	<b>10,091</b>	<b>7,877</b>	<b>13,789</b>	<b>546,711</b>	<b>46,851</b>	<b>88,105</b>	<b>681,667</b>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>1,566,688</b>	<b>217,768</b>	<b>60,226</b>	<b>41,792</b>	<b>68,160</b>	<b>1,954,634</b>	<b>66,961</b>	<b>275,325</b>	<b>2,296,920</b>
<b>DEPRECIATION</b>	<b>120,580</b>	<b>2,581</b>	<b>1,291</b>	<b>1,290</b>	<b>1,290</b>	<b>127,032</b>	<b>-</b>	<b>12,904</b>	<b>139,936</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,687,268</b>	<b>\$ 220,349</b>	<b>\$ 61,517</b>	<b>\$ 43,082</b>	<b>\$ 69,450</b>	<b>\$ 2,081,666</b>	<b>\$ 66,961</b>	<b>\$ 288,229</b>	<b>\$ 2,436,856</b>

See Notes to Financial Statements



**CRISIS CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (8,532)	\$ 463,000
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation	143,953	139,936
Realized and unrealized gain on investments	(365,401)	(177,814)
(Increase) decrease in operating assets:		
Grants and contracts receivable	52,981	(102,963)
Other receivables	1,005	10,925
Prepaid insurance	(12,990)	29,821
Increase in operating liabilities:		
Accounts payable and accrued expenses	14,178	13,803
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(174,806)</b>	<b>376,708</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(7,354)	(74,424)
Proceeds from sale of investments	544,536	459,350
Purchase of investments	(647,704)	(427,280)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(110,522)</b>	<b>(42,354)</b>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(285,328)	334,354
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	549,582	215,228
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 264,254	\$ 549,582

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 10 to 20. 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. 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.

In the first quarter of 2016, a new Alternative House program called "Promises," a long-term care program for youths between the ages of 10 and 20, was licensed by the state of Indiana. This residential treatment program provides a nurturing, structured treatment environment for boys and girls with problems such as Oppositional Defiant Disorder, Post-Traumatic Stress Disorder, Adjustment Disorder, Anxiety Disorder, Attention Deficit Disorder, and Bipolar Disorder. The Organization's licensed, master's degree-level counselors address the above-listed disorders as well as other social, behavioral, and emotional concerns to guide youths through difficult or traumatic life events.

The Counseling Services offer fast, easy-to-reach, professional services that include individual, group and family counseling. Master degreed counselors are available for scheduled appointments evenings and weekends. Life Skills and Strengthening Family groups are substance abuse services for Alternative House youth provided by the Organization's counselors to decrease drug use and improve family functioning.

Crisis Contact is a 365-day, free, immediate telephone information, referral, crisis intervention listening/phone counseling service answered by trained volunteers. The service is connected to the national suicide prevention telephone lines.

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.

CRISIS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

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.

**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, 2017 and 2016, was \$143,953 and \$139,936, 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. 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. No impairment was recognized in 2017 or 2016.

**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.

## 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 investments at Legacy Foundation, Inc. and Porter County Community Foundation, Inc. represent pools 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, 2017 and 2016:

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Merrill Lynch:				
Equity	\$ 1,451,429	\$ -	\$ -	\$ 1,451,429
Fixed Income	920,213	-	-	920,213
Total	2,371,642	-	-	2,371,642
Porter County Community Foundation, Inc.:				
Mutual Funds - Pool A	-	167,117	-	167,117
Mutual Funds - Pool B	-	836,120	-	836,120
Total	-	1,003,237	-	1,003,237
Legacy Foundation, Inc.:				
Mutual Funds	-	69,792	-	69,792
Total	\$ 2,371,642	\$ 1,073,029	\$ -	\$ 3,444,671

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Merrill Lynch:				
Equity	\$ 1,374,328	\$ -	\$ -	\$ 1,374,328
Fixed Income	670,315	-	-	670,315
Total	2,044,643	-	-	2,044,643
Porter County Community Foundation, Inc.:				
Mutual Funds - Pool A	-	144,993	-	144,993
Mutual Funds - Pool B	-	725,428	-	725,428
Total	-	870,421	-	870,421
Legacy Foundation, Inc.:				
Mutual Funds	-	61,039	-	61,039
Total	\$ 2,044,643	\$ 931,460	\$ -	\$ 2,976,103

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.

Grants and contracts receivable are composed of the following amounts due at December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
Indiana Department of Child Services	\$ 217,678	\$ 259,952
Less: allowance for uncollectible accounts	(2,500)	(2,500)
Total Indiana Department of Child Services	215,178	257,452
Federal, state and local grants:		
Geminus - Safely Home	3,509	16,307
Geminus - Circle Around Families	-	9,645
Choices Inc.	12,365	1,837
Emergency Solutions Grant (City of Gary)	126,600	74,511
HHS Runaway Youth Program (FYSB)	46,250	95,948
Indiana Department of Education	4,866	5,146
Other grants receivable	10,771	11,674
Total federal, state and local grants	204,361	215,068
Total grants and contracts receivable	\$ 419,539	\$ 472,520

All grants receivable are expected to be collected in 2018.

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

Property, plant and equipment as of December 31, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Cost:		
Land	\$ 43,813	\$ 43,813
Buildings	4,137,097	4,137,097
Building improvements	236,018	236,340
Landscape improvements	159,023	159,023
Furniture and equipment	299,445	315,695
Automobiles	116,589	116,589
Total cost	<u>4,991,985</u>	<u>5,008,557</u>
Accumulated depreciation and amortization	<u>(1,986,308)</u>	<u>(1,866,282)</u>
Net property, plant and equipment	<u>\$ 3,005,677</u>	<u>\$ 3,142,275</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, 2017 and 2016, volunteers contributed significant hours of their time. The value of contributed services meeting the requirements for recognition in the financial statements amounted to \$35,725 and \$49,654 as of December 31, 2017 and 2016, 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 \$31,922 and \$33,923 as of December 31, 2017 and 2016, 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 allows the Organization to benefit from the management expertise provided by the Porter County Community Foundation, Inc. On August 25, 2009, this change was effected, and funds valued at \$947,087 were transferred from First Midwest Bank, J.P. Morgan Chase, 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, 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. 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 commingle 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 were valued at \$1,003,237 and \$870,421 at December 31, 2017 and 2016, respectively. The Fund had gains of \$132,816 and \$83,368 for the years ended December 31, 2017 and 2016, respectively. Earnings in excess of the corpus are temporarily restricted. At December 31, 2017, the market value exceeded permanently restricted assets in the Fund by \$56,150. At December 31, 2016, the permanently restricted assets in the Fund exceeded the market value by \$76,666. Under the spending policy of Porter County Community Foundation, Inc., \$47,342 was released to unrestricted net assets and distributed in 2016. There were no distributions in 2017.

CRISIS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

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

As of December 31, 2017 and 2016, the Organization has received cumulative contributions of \$506,801 to the Donald G. Capp Memorial Fund. The primary purpose of the Donald G. Capp Memorial Fund is to provide support for the Organization. The corpus is considered permanently restricted, and earnings are considered temporarily restricted. The fund had gains of \$73,728 and \$37,940 for the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, the market value exceeded permanently restricted assets by \$115,748 and \$42,020, respectively. Earnings in excess of the corpus are temporarily restricted.

According to the agreement with Legacy Foundation, Inc., the corpus of \$36,655 should be permanently restricted, with all unrealized gains on endowment securities unrestricted.

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, 2017 and 2016, temporarily restricted net assets were available for the following purposes:

	December 31, 2016	Contributions	Appropriated for Expenditure	Investment Gains	December 31, 2017
Donald G. Capp Memorial Fund	\$ 42,020	\$ -	\$ -	\$ 73,728	\$ 115,748
Porter County Community Foundation, Inc.	-	-	-	56,150	56,150
	<u>\$ 42,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 129,878</u>	<u>\$ 171,898</u>

	December 31, 2015	Contributions	Appropriated for Expenditure	Investment Gains	December 31, 2016
Donald G. Capp Memorial Fund	\$ 4,080	\$ -	\$ -	\$ 37,940	\$ 42,020
Porter County Community Foundation, Inc.	-	-	-	-	-
	<u>\$ 4,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,940</u>	<u>\$ 42,020</u>

CRISIS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

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

As of December 31, 2017 and 2016, permanently restricted net assets were available for the following purposes:

	December 31, 2016	Contributions	Undistributed Gain to Corpus	Investment Losses	December 31, 2017
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
	<u>\$ 1,493,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,493,588</u>
	December 31, 2015	Contributions	Undistributed Gain to Corpus	Investment Losses	December 31, 2016
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
	<u>\$ 1,493,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,493,588</u>

CRISIS CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

(8) **Concentrations**

The Organization is supported by grants and contributions from the public. During 2017 and 2016, approximately 52% and 57%, respectively, of the Organization's revenue were earned under contract with Indiana Department of Child Services.

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) **Subsequent events**

The Organization has evaluated subsequent events through November 5, 2018, the date which the financial statements were available to be issued.