

**CRISIS CENTER, INC.**

**FINANCIAL STATEMENTS**

Years Ended December 31, 2016 and 2015



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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, 2016 and 2015, 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, 2016 and 2015, 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.*

October 17, 2017  
Chicago, Illinois

CRISIS CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>ASSETS</u></b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 549,582	\$ 215,228
Grants and contracts receivable, less allowance for doubtful accounts (\$2,500 in 2016 and 2015)	472,520	369,557
Other receivables	2,325	13,250
Prepaid insurance	12,436	42,257
TOTAL CURRENT ASSETS	<u>1,036,863</u>	<u>640,292</u>
INVESTMENTS		
Porter County Community Foundation, Inc.	870,421	834,395
Legacy Foundation, Inc.	61,039	54,322
Merrill Lynch	2,044,643	1,941,642
TOTAL INVESTMENTS	<u>2,976,103</u>	<u>2,830,359</u>
PROPERTY, PLANT AND EQUIPMENT, at cost, less accumulated depreciation	<u>3,142,275</u>	<u>3,207,787</u>
TOTAL ASSETS	<u>\$ 7,155,241</u>	<u>\$ 6,678,438</u>
<b><u>LIABILITIES</u></b>		
CURRENT LIABILITIES		
Accounts payable	\$ 54,884	\$ 50,066
Accrued expenses	41,095	32,110
TOTAL CURRENT LIABILITIES	<u>95,979</u>	<u>82,176</u>
<b><u>NET ASSETS</u></b>		
NET ASSETS		
Unrestricted	5,523,654	5,098,594
Temporarily restricted	42,020	4,080
Permanently restricted	1,493,588	1,493,588
TOTAL NET ASSETS	<u>7,059,262</u>	<u>6,596,262</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,155,241</u>	<u>\$ 6,678,438</u>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

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

Years Ended December 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>UNRESTRICTED REVENUES AND PUBLIC SUPPORT</b>		
Public support:		
Contributions received directly	\$ 16,589	\$ 25,063
Contribution from Anderson Foundation	100,000	100,000
Allocated by the Lake Area United Way	42,400	53,000
Allocated by other area United Ways	11,334	9,021
<b>TOTAL PUBLIC SUPPORT</b>	<b>170,323</b>	<b>187,084</b>
Program revenue:		
Counseling	450	1,315
Teen Court	2,570	3,780
<b>TOTAL PROGRAM REVENUE</b>	<b>3,020</b>	<b>5,095</b>
Cost reimbursements - federal programs:		
HHS Runaway Youth Program (FYSB)	195,343	198,790
Emergency Solutions Grant (City of Gary)	93,087	87,250
Indiana Department of Education	32,838	23,493
<b>TOTAL COST REIMBURSEMENTS - FEDERAL PROGRAMS</b>	<b>321,268</b>	<b>309,533</b>
Cost reimbursements - state and local programs:		
Indiana Department of Child Services	1,511,031	842,490
Indiana Youth Service Association	32,883	54,968
Indiana Youth Service Association - Safe Place	7,370	11,285
Geminus - Circle Around Families	47,765	91,371
Geminus - Safely Home	54,137	45,819
Choices Inc.	36,513	64,265
LCSAC Law Enforcement Teen Court	12,855	8,500
HUD EDI SP Grant	66,192	-
Other cost reimbursements	25,039	10,434
<b>TOTAL COST REIMBURSEMENTS - STATE AND LOCAL PROGRAMS</b>	<b>1,793,785</b>	<b>1,129,132</b>
Other sources:		
Special events	288,196	269,242
Miscellaneous	1,008	42
Volunteer services	49,654	47,898
Donated supplies	17,171	14,739
<b>TOTAL OTHER SOURCES</b>	<b>356,029</b>	<b>331,921</b>
Investment income (loss):		
Interest and dividend income	65,290	67,649
Gain (loss) on investments	152,201	(77,288)
<b>TOTAL INVESTMENT INCOME (LOSS)</b>	<b>217,491</b>	<b>(9,639)</b>
<b>TOTAL UNRESTRICTED REVENUES AND PUBLIC SUPPORT</b>	<b>2,861,916</b>	<b>1,953,126</b>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

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

Years Ended December 31, 2016 and 2015

	<b>2016</b>	<b>2015</b>
<b>FUNCTIONAL EXPENSES</b>		
Program services:		
Alternative House	\$ 1,687,268	\$ 1,282,560
Counseling Services	220,349	202,232
Crisis Contact	61,517	52,180
Safe Place	43,082	47,496
Teen Court	69,450	91,879
<b>TOTAL PROGRAM SERVICES</b>	<b>2,081,666</b>	<b>1,676,347</b>
Supporting services:		
Special events	66,961	62,814
General and administrative	288,229	245,758
<b>TOTAL SUPPORTING SERVICES</b>	<b>355,190</b>	<b>308,572</b>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>2,436,856</b>	<b>1,984,919</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	<b>425,060</b>	<b>(31,793)</b>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Gain (loss) on investments	25,613	(15,132)
Interest and dividend income	12,327	11,020
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<b>37,940</b>	<b>(4,112)</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>463,000</b>	<b>(35,905)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>6,596,262</b>	<b>6,632,167</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 7,059,262</b>	<b>\$ 6,596,262</b>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

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		Total
<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	\$ 170,014	\$ 1,317,045
Employee health and life insurance	53,506	9,184	2,396	1,597	2,795	69,478	-	10,382	10,382	79,860
Employee retirement plan	22,729	3,901	1,018	678	1,187	29,513	-	4,410	4,410	33,923
Employee disability and workers' compensation	41,706	7,158	1,867	1,245	2,179	54,155	-	8,092	8,092	62,247
Payroll taxes	83,456	14,231	3,642	2,402	4,015	107,746	1,429	13,003	14,432	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>207,330</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	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	1,512	4,608
Office expense and supplies	16,488	2,665	710	482	761	21,106	3,189	5,948	9,137	30,243
Telephone	9,324	219	110	110	109	9,872	-	1,097	1,097	10,969
Postage and shipping	1,169	189	57	38	57	1,510	1,515	377	1,892	3,402
Utilities	53,692	1,263	632	632	631	56,850	-	6,317	6,317	63,167
Maintenance expense	36,597	861	431	430	430	38,749	-	4,306	4,306	43,055
Equipment repair and rental	13,038	-	-	-	-	13,038	400	1,644	2,044	15,082
Food supplies	112,228	-	833	-	27	113,088	37,307	31	37,338	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	2,024	40,963
Conferences and education	7,570	-	739	2,245	-	10,554	-	8,955	8,955	19,509
Subscriptions	6,352	1,113	2,388	-	-	9,853	-	1,629	1,629	11,482
Miscellaneous	-	-	-	-	-	-	1,861	5,989	7,850	7,850
Employee expenses	4,593	-	-	-	6	4,599	-	3,060	3,060	7,659
Membership dues	42	-	-	-	-	42	-	8,280	8,280	8,322
Insurance	28,076	5,421	290	290	290	34,367	-	14,496	14,496	48,863
Special event purchases	-	-	-	-	-	-	1,500	-	1,500	1,500
Property taxes	-	-	-	-	-	-	-	360	360	360
Investment fees/losses	-	-	-	-	-	-	-	16,881	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>134,956</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>342,286</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>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>\$ 355,190</b>	<b>\$ 2,436,856</b>

See Notes to Financial Statements

**CRISIS CENTER, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES - Continued**

Year Ended December 31, 2015

	Program Services					Total	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	\$ 651,101	\$ 138,459	\$ 36,212	\$ 26,721	\$ 59,252	\$ 911,745	\$ 18,353	\$ 121,645	\$ 139,998	\$ 1,051,743
Employee health and life insurance	43,520	10,103	1,554	4,663	6,217	66,057	-	11,657	11,657	77,714
Employee retirement plan	11,393	2,644	407	1,221	1,628	17,293	-	3,051	3,051	20,344
Employee disability and workers' compensation	17,459	4,053	624	1,871	2,494	26,501	-	4,677	4,677	31,178
Payroll taxes	63,063	12,825	3,287	2,304	5,167	86,646	1,404	10,393	11,797	98,443
<b>TOTAL SALARIES AND RELATED EXPENSES</b>	<b>786,536</b>	<b>168,084</b>	<b>42,084</b>	<b>36,780</b>	<b>74,758</b>	<b>1,108,242</b>	<b>19,757</b>	<b>151,423</b>	<b>171,180</b>	<b>1,279,422</b>
<b>OPERATING EXPENSES</b>										
Professional fees and consultants	23,091	19,160	824	2,474	3,299	48,848	-	6,043	6,043	54,891
Donated services	54,867	-	-	-	7,770	62,637	1,015	-	1,015	63,652
Printing expenses	2,014	44	539	1,454	357	4,408	-	1,006	1,006	5,414
Office expense and supplies	18,674	2,702	416	1,247	1,663	24,702	4,060	5,755	9,815	34,517
Telephone	9,358	220	141	110	110	9,939	-	1,089	1,089	11,028
Postage and shipping	31	-	-	-	-	31	-	1,575	1,575	1,606
Utilities	53,126	1,188	625	625	686	56,250	-	6,247	6,247	62,497
Maintenance expense	34,939	-	-	-	-	34,939	-	2,730	2,730	37,669
Equipment repair and rental	5,183	-	-	-	-	5,183	479	1,161	1,640	6,823
Food supplies	84,077	-	153	-	6	84,236	30,632	-	30,632	114,868
Resident and recreation supplies	22,619	-	-	-	-	22,619	-	-	-	22,619
Van expense and staff mileage	29,778	-	1,292	273	1,132	32,475	1,736	4,098	5,834	38,309
Conferences and education	3,598	975	1,670	1,927	-	8,170	-	7,092	7,092	15,262
Subscriptions	220	575	2,388	-	-	3,183	-	1,769	1,769	4,952
Miscellaneous	1,131	205	-	98	138	1,572	2,087	-	2,087	3,659
Employee expenses	12,388	613	72	219	424	13,716	-	1,834	1,834	15,550
Membership dues	639	-	-	-	-	639	-	7,474	7,474	8,113
Insurance	29,454	4,864	347	348	252	35,265	-	10,674	10,674	45,939
Special event purchases	-	-	-	-	-	-	3,048	-	3,048	3,048
Property taxes	-	-	-	-	-	-	-	360	360	360
Investment fees/losses	-	-	-	-	-	-	-	23,515	23,515	23,515
<b>TOTAL OPERATING EXPENSES</b>	<b>385,187</b>	<b>30,546</b>	<b>8,467</b>	<b>8,775</b>	<b>15,837</b>	<b>448,812</b>	<b>43,057</b>	<b>82,422</b>	<b>125,479</b>	<b>574,291</b>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>1,171,723</b>	<b>198,630</b>	<b>50,551</b>	<b>45,555</b>	<b>90,595</b>	<b>1,557,054</b>	<b>62,814</b>	<b>233,845</b>	<b>296,659</b>	<b>1,853,713</b>
<b>DEPRECIATION</b>	<b>110,837</b>	<b>3,602</b>	<b>1,629</b>	<b>1,941</b>	<b>1,284</b>	<b>119,293</b>	<b>-</b>	<b>11,913</b>	<b>11,913</b>	<b>131,206</b>
<b>TOTAL EXPENSES</b>	<b>\$ 1,282,560</b>	<b>\$ 202,232</b>	<b>\$ 52,180</b>	<b>\$ 47,496</b>	<b>\$ 91,879</b>	<b>\$ 1,676,347</b>	<b>\$ 62,814</b>	<b>\$ 245,758</b>	<b>\$ 308,572</b>	<b>\$ 1,984,919</b>

See Notes to Financial Statements



**CRISIS CENTER, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ 463,000	\$ (35,905)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation	139,936	131,206
Realized and unrealized (gain) loss on investments	(177,814)	92,420
(Increase) decrease in operating assets:		
Grants and contracts receivable	(102,963)	(77,217)
Other receivables	10,925	(13,250)
Prepaid insurance	29,821	(19,240)
Increase in operating liabilities:		
Accounts payable and accrued expenses	13,803	13,264
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>376,708</u>	<u>91,278</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(74,424)	(22,344)
Proceeds from sale of investments	459,350	2,419,561
Purchase of investments	(427,280)	(2,523,629)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>(42,354)</u>	<u>(126,412)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	334,354	(35,134)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>215,228</u>	<u>250,362</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 549,582</u>	<u>\$ 215,228</u>

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 degreeed 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, 2016 and 2015, was \$139,936 and \$131,206, 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 2016 or 2015.

**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, 2016 and 2015:

	<b>December 31, 2016</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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

	<b>December 31, 2015</b>			<b>Total</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Merrill Lynch:				
Equity	\$ 1,136,372	\$ -	\$ -	\$ 1,136,372
Fixed Income	805,270	-	-	805,270
Total	1,941,642	-	-	1,941,642
Porter County Community Foundation, Inc.:				
Mutual Funds - Pool A	-	138,162	-	138,162
Mutual Funds - Pool B	-	696,233	-	696,233
Total	-	834,395	-	834,395
Legacy Foundation, Inc.:				
Mutual Funds	-	54,322	-	54,322
Total	\$ 1,941,642	\$ 888,717	\$ -	\$ 2,830,359

**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, 2016 and 2015:

	<b>2016</b>	<b>2015</b>
Indiana Department of Child Services	\$ 259,952	\$ 168,970
Less: allowance for uncollectible accounts	(2,500)	(2,500)
Total Indiana Department of Child Services	257,452	166,470
Federal, state and local grants:		
Geminus - Safely Home	16,307	9,023
Geminus - Circle Around Families	9,645	28,635
Choices Inc.	1,837	5,246
Emergency Solutions Grant (City of Gary)	74,511	87,250
HHS Runaway Youth Program (FYSB)	95,948	49,698
Indiana Department of Education	5,146	10,448
Indiana Youth Service Association	-	8,348
Indiana Youth Service Association - Safe Place	1,228	1,228
Other grants receivable	10,446	3,211
Total federal, state and local grants	215,068	203,087
Total grants and contracts receivable	\$ 472,520	\$ 369,557

All grants receivable are expected to be collected in 2017.

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

Property, plant and equipment as of December 31, 2016 and 2015, consist of the following:

	<u>2016</u>	<u>2015</u>
Cost:		
Land	\$ 43,813	\$ 43,813
Buildings	4,137,097	4,137,097
Building improvements	236,340	236,340
Landscape improvements	159,023	159,023
Furniture and equipment	315,695	280,271
Automobiles	116,589	77,589
Total cost	<u>5,008,557</u>	<u>4,934,133</u>
Accumulated depreciation and amortization	<u>(1,866,282)</u>	<u>(1,726,346)</u>
Net property, plant and equipment	<u>\$ 3,142,275</u>	<u>\$ 3,207,787</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, 2016 and 2015, volunteers contributed significant hours of their time. The value of contributed services meeting the requirements for recognition in the financial statements amounted to \$49,654 and \$47,898 as of December 31, 2016 and 2015, 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 \$33,923 and \$20,344 as of December 31, 2016 and 2015, 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 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 were valued at \$870,421 and \$834,395 at December 31, 2016 and 2015, respectively. The Fund had gains of \$83,368 and losses of \$32,622 for the years ended December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, the permanently restricted assets in the Fund exceeded the market value by \$76,666 and \$112,692, respectively. Under the current spending policy of Porter County Community Foundation, Inc., \$47,342 was released to unrestricted net assets and distributed in 2016 and \$44,314 will be distributed in 2017.

## CRISIS CENTER, INC.

### NOTES TO FINANCIAL STATEMENTS

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

As of December 31, 2016 and 2015, 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 \$37,940 and losses of \$4,112 for the years ended December 31, 2016 and 2015, respectively. At December 31, 2016 and 2015, the market value exceeded permanently restricted assets by \$42,020 and \$4,080, respectively. Earnings in excess of the corpus are temporarily restricted. Unrestricted net assets were charged for unrealized losses in excess of the permanently restricted amount.

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, 2016 and 2015, temporarily restricted net assets were available for the following purposes:

	<u>December 31, 2015</u>	<u>Contributions</u>	<u>Appropriated for Expenditure</u>	<u>Investment Gains</u>	<u>December 31, 2016</u>
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>
	<u>December 31, 2014</u>	<u>Contributions</u>	<u>Appropriated for Expenditure</u>	<u>Investment Losses</u>	<u>December 31, 2015</u>
Donald G. Capp Memorial Fund	\$ 8,192	\$ -	\$ -	\$ (4,112)	\$ 4,080
Porter County Community Foundation, Inc.	-	-	-	-	-
	<u>\$ 8,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,112)</u>	<u>\$ 4,080</u>

**CRISIS CENTER, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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

As of December 31, 2016 and 2015, permanently restricted net assets were available for the following purposes:

	<u>December 31, 2015</u>	<u>Contributions</u>	<u>Undistributed Gain to Corpus</u>	<u>Investment Losses</u>	<u>December 31, 2016</u>
Donald G. Capp Memorial Fund	\$ 509,846	\$ -	\$ -	\$ -	\$ 509,846
Legacy Foundation, Inc.	36,655	-	-	-	36,655
Porter County Community Foundation, Inc.	<u>947,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>947,087</u>
	<u>\$ 1,493,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,493,588</u>
	<u>December 31, 2014</u>	<u>Contributions</u>	<u>Undistributed Gain to Corpus</u>	<u>Investment Losses</u>	<u>December 31, 2015</u>
Donald G. Capp Memorial Fund	\$ 509,846	\$ -	\$ -	\$ -	\$ 509,846
Legacy Foundation, Inc.	36,655	-	-	-	36,655
Porter County Community Foundation, Inc.	<u>947,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>947,087</u>
	<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 2016 and 2015, approximately 57% and 43%, 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 October 17, 2017, the date which the financial statements were available to be issued.