



Financial Statements

**COMMUNITY & FAMILY RESOURCE
CENTER, INC.**

DECEMBER 31, 2007 AND 2006

COMMUNITY & FAMILY RESOURCE CENTER, INC.

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LAFAYETTE OFFICE:

P.O. Box 970

415 Columbia Street, Suite 2000

Lafayette, IN 47902-0970

Ph: (765) 428-5000 • Fax: (765) 428-5700

RENSELAER OFFICE:

P.O. Box 68

311 East Drexel Parkway

Rensselaer, IN 47978-0068

Ph: (219) 866-5196 • Fax: (219) 866-5835

www.huththompson.com**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors
Community & Family Resource Center, Inc.
Lafayette, Indiana

We have audited the accompanying statements of financial position of Community & Family Resource Center, Inc. as of December 31, 2007 and 2006, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Community & Family Resource Center, Inc.'s management. 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 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 Community & Family Resource Center, Inc. as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Huth Thompson LLP

August 11, 2008
Lafayette, Indiana

COMMUNITY & FAMILY RESOURCE CENTER, INC.

STATEMENTS OF FINANCIAL POSITION

As of December 31,

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents, Including Interest Bearing Accounts of \$283,536 and \$291,034 in 2007 and 2006, Respectively	\$ 357,106	\$ 454,682
Accounts Receivable	13,805	26,407
Unconditional Promises to Give-- United Way Funding for Next Fiscal Year	292,607	282,603
Grants Receivable	232,272	223,641
Program Receivable (Less Allowance for Doubtful Accounts of \$976 and \$37,170 in 2007 and 2006, Respectively)	253,557	466,692
Prepaid Expenses	19,260	14,909
Investments--Temporarily Restricted	271,267	193,554
Cash Equivalents--Donor Restricted for CAPE Program (All In Interest Bearing Accounts)	792,367	970,323
TOTAL CURRENT ASSETS	2,232,241	2,632,811
PROPERTY, PLANT AND EQUIPMENT		
Building and Leasehold Improvements	2,216,261	2,108,472
Land Improvements	121,035	121,035
Construction in Progress	302,044	213,417
Equipment, Furniture and Fixtures	360,992	318,315
Vehicles	393,484	371,463
	3,393,816	3,132,702
Accumulated Depreciation	(1,542,623)	(1,379,774)
	1,851,193	1,752,928
Land	174,469	174,469
	2,025,662	1,927,397
OTHER ASSETS		
Investments--Permanently Restricted	113,166	113,106
	\$ 4,371,069	\$ 4,673,314

See Notes to Financial Statements.

	<u>2007</u>	<u>2006</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 22,694	\$ 34,030
Line of Credit	55,311	294,000
Accounts Payable	99,122	118,455
Refundable Advance	58,430	27,247
Accrued Expenses--		
Interest	848	6,135
Salaries, Vacation and Payroll Taxes	<u>134,453</u>	<u>143,968</u>
TOTAL CURRENT LIABILITIES	370,858	623,835
LONG-TERM DEBT, Less Current Maturities	<u>607,146</u>	<u>620,523</u>
TOTAL LIABILITIES	978,004	1,244,358
NET ASSETS		
Unrestricted, Undesignated	1,677,875	1,600,389
Temporarily Restricted	1,602,084	1,715,461
Permanently Restricted	<u>113,106</u>	<u>113,106</u>
	<u>3,393,065</u>	<u>3,428,956</u>
	<u>\$ 4,371,069</u>	<u>\$ 4,673,314</u>

COMMUNITY & FAMILY RESOURCE CENTER, INC.

**STATEMENTS OF ACTIVITIES
For Years Ended December 31,**

	2007				2006			
	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED
SUPPORT AND REVENUE								
Public Support								
United Way Grants and Allocations	\$ 308,383	\$ 56	\$ 308,327	\$ -	\$ 297,831	\$ 13,270	\$ 284,561	\$ -
Contributions	111,433	15,732	95,701	-	38,054	7,457	30,597	-
Special Events	17,041	17,041	-	-	37,199	37,199	-	-
Less: Direct Cost to Donors	(5,037)	(5,037)	-	-	(5,531)	(5,531)	-	-
Net Special Events	12,004	12,004	-	-	31,668	31,668	-	-
	431,820	27,792	404,028	-	367,553	52,395	315,158	-
Program Services								
Grants	2,871,197	2,871,197	-	-	2,896,214	2,896,214	-	-
In-Kind Contributions	615,205	615,205	-	-	642,017	642,017	-	-
Program Fees	1,420,454	1,420,454	-	-	1,512,773	1,512,773	-	-
Other Program Services	95,130	95,130	-	-	45,523	45,523	-	-
Miscellaneous	2,999	2,999	-	-	2,183	2,183	-	-
	5,004,985	5,004,985	-	-	5,098,710	5,098,710	-	-
Other Income								
Investment and Interest Income	69,620	57,485	12,135	-	46,439	37,138	9,301	-
Rent	1,925	1,925	-	-	1,800	1,800	-	-
	71,545	59,410	12,135	-	48,239	38,938	9,301	-
NET ASSETS RELEASED FROM RESTRICTIONS	-	572,665	(572,665)	-	-	335,756	(335,756)	-
TOTAL SUPPORT AND REVENUE	5,508,350	5,664,852	(156,502)	-	5,514,502	5,525,799	(11,297)	-
EXPENSES								
Program Services	5,535,571	5,535,571	-	-	5,245,842	5,245,842	-	-
Management and General	29,712	29,712	-	-	45,409	45,409	-	-
Fundraising	22,083	22,083	-	-	15,623	15,623	-	-
TOTAL EXPENSES	5,587,366	5,587,366	-	-	5,306,874	5,306,874	-	-
INCREASE (DECREASE) IN NET ASSETS BEFORE LOSS ON DISPOSAL OF ASSETS AND UNREALIZED GAIN ON INVESTMENTS	(79,016)	77,486	(156,502)	-	207,628	218,925	(11,297)	-
LOSS ON DISPOSAL OF ASSETS	-	-	-	-	(137)	(137)	-	-
UNREALIZED GAIN ON INVESTMENTS	43,125	-	43,125	-	48,835	-	48,835	-
	43,125	-	43,125	-	48,698	(137)	48,835	-
INCREASE (DECREASE) IN NET ASSETS	(35,891)	77,486	(113,377)	-	256,326	218,788	37,538	-
NET ASSETS--Beginning of Year	3,428,956	1,600,389	1,715,461	113,106	3,172,630	1,381,601	1,677,923	113,106
NET ASSETS--End of Year	\$ 3,393,065	\$ 1,677,875	\$ 1,602,084	\$ 113,106	\$ 3,428,956	\$ 1,600,389	\$ 1,715,461	\$ 113,106

See Notes to Financial Statements.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For Years Ended December 31,

	TOTAL		PROGRAM SERVICES		MANAGEMENT AND GENERAL		FUNDRAISING	
	2007	2006	2007	2006	2007	2006	2007	2006
Salaries	\$ 3,079,118	\$ 2,911,068	\$ 3,008,613	\$ 2,864,116	\$ 63,868	\$ 38,919	\$ 6,637	8,033
Payroll Taxes	213,478	196,407	208,386	193,920	4,608	1,883	484	604
Employee Benefits	296,670	218,370	292,642	212,961	4,028	5,383	-	26
Worker's Compensation and Unemployment	91,141	87,348	90,551	80,659	540	6,689	50	-
Minor Equipment	34,665	73,115	32,213	65,451	2,452	7,664	-	-
Repair and Maintenance	43,985	38,165	34,173	26,255	9,462	11,907	350	3
Rental and Lease Expense	371,104	344,161	358,370	332,791	12,734	11,370	-	-
Contractual Services	332,277	371,122	303,408	369,889	28,869	1,133	-	100
Materials and Supplies	436,164	361,941	425,642	347,545	9,760	12,845	762	1,551
Recruitment and Retention	23,467	16,280	15,549	10,961	7,580	5,294	338	25
Duplication	11,792	13,929	8,320	11,267	2,987	2,662	485	-
Telephone	58,421	60,712	51,106	49,766	7,315	10,946	-	-
Postage	5,750	6,449	4,338	5,493	1,096	614	316	342
Occupancy	60,113	55,745	47,834	46,282	12,279	9,463	-	-
Transportation	32,789	29,115	31,406	25,689	1,383	3,387	-	39
Conferences	139,847	169,840	137,465	162,823	2,357	6,930	25	87
Dues and Subscriptions	11,052	9,417	8,216	8,262	2,836	1,152	-	3
Insurance	57,774	61,830	48,832	51,037	8,942	10,793	-	-
Professional Fees	45,615	49,674	32,092	37,948	13,253	11,726	270	-
Interest Expense	59,567	45,610	59,567	44,782	-	828	-	-
Bad Debts	-	41,759	-	41,759	-	-	-	-
Depreciation	162,848	133,803	139,958	105,915	22,890	27,888	-	-
Miscellaneous	19,729	11,014	17,758	5,726	1,698	4,978	273	310
Allocated Program, Facility, Technology and Fundraising Costs	-	-	179,132	144,545	(191,225)	(149,045)	12,093	4,500
	<u>\$ 5,587,366</u>	<u>\$ 5,306,874</u>	<u>\$ 5,535,571</u>	<u>\$ 5,245,842</u>	<u>\$ 29,712</u>	<u>\$ 45,409</u>	<u>\$ 22,083</u>	<u>\$ 15,623</u>

See Notes to Financial Statements.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

STATEMENTS OF CASH FLOWS
For Years Ended December 31,

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (35,891)	\$ 256,326
Adjustments to Reconcile Increase in Net Assets to		
Net Cash Provided by Operating Activities--		
Depreciation	162,848	133,803
Loss on Sale and Disposal of Assets	-	137
Unrealized (Gain) on Investments	(43,125)	(48,835)
In-Kind Contribution of Property and Improvements	(42,638)	(57,344)
(Increase) Decrease in Current Assets--		
Accounts Receivable	12,602	(13,404)
Unconditional Promise to Give--		
United Way Funding for Next Fiscal Year	(10,004)	-
Grants Receivable	(8,631)	(87,902)
Program Receivable	213,135	(151,969)
Prepaid Expenses	(4,351)	(1,157)
Increase (Decrease) in Current Liabilities--		
Accounts Payable	(19,333)	34,817
Refundable Advance	31,183	(3,739)
Accrued Expenses	<u>(14,802)</u>	<u>29,713</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	240,993	90,446
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant and Equipment	(218,475)	(155,175)
Proceeds from Assets Restricted for CAPE Program	177,956	211,505
Proceeds from the Sale of Investments	278,356	162,318
Purchases of Investments	<u>(313,004)</u>	<u>(215,116)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(75,167)	3,532
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds from (Payments on) Line of Credit	(238,689)	244,000
Payments on Long-Term Debt	<u>(24,713)</u>	<u>(29,084)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(263,402)	214,916
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(97,576)	308,894
CASH AND CASH EQUIVALENTS--Beginning of Year	<u>454,682</u>	<u>145,788</u>
CASH AND CASH EQUIVALENTS--End of Year	<u>\$ 357,106</u>	<u>\$ 454,682</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year For--		
Interest	\$ 64,854	\$ 44,264
NON-CASH INVESTING ACTIVITIES		
In-kind professional services for building and park improvements in 2007 and in-kind acquisition of a building in 2006.	\$ 42,638	\$ 57,344

See Notes to Financial Statements.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Community & Family Resource Center, Inc.'s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

- A) **Nature of Operations**--Community & Family Resource Center, Inc. (the Organization) was formed in 1929 and incorporated in 1957 as a not-for-profit corporation located in Lafayette, Indiana. The Organization serves the citizens of Tippecanoe County by providing programs, services, and resources that improve the quality of life of children, adults, and families. The Organization's primary sources of revenue and support are through government grants and the United Way.
- B) **Use of Estimates**--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- C) **Cash and Cash Equivalents**--For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.
- D) **Accounts, Grants, and Program Receivable**--Accounts receivable include reimbursements owed to the Organization. Grants receivable include various federal, state, and local claim amounts owed to the Organization for services provided to the public along with additional grants awarded to the Organization from other sources. Program receivable includes program fees owed to the Organization. Management determines the allowance for doubtful accounts by identifying troubled accounts. Recoveries of trade receivables previously written off are recorded when received.
- E) **Contributions**--The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E) Contributions (Continued)**--In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor-imposed restricted.
- F) Unconditional Promises to Give**--Contributions are recognized when the donor makes a promise to give to the Organization that is in substance unconditional.
- G) Refundable Advances**--At times, various granting agencies will advance grant funds to the Organization. Refundable advances represent funds received from granting agencies that has not yet been earned by the Organization. If the Organization never earns the advance, then the advance must be returned to the granting agency.
- H) Advertising**--Advertising costs are expensed as incurred. During 2007 and 2006, advertising costs totaled \$11,686 and \$3,187, respectively.
- I) Property, Plant and Equipment**--Property, plant and equipment are recorded at cost. If donated, the cost is the fair market value at the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line method. Maintenance, repairs, and minor renewals are charged to operations as incurred. Improvements and major renewals are capitalized. Upon the sale or disposition of properties, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale. Any resultant gain or loss is credited or charged to operations. The Organization's policy is to capitalize property, plant and equipment with a value of \$2,500 or greater and a useful life greater than one year. Depreciation expense was \$162,848 and \$133,803 for the years ended December 31, 2007 and 2006, respectively.

The Organization owns a building and equipment purchased with Head Start funding. In the event the Organization decides to no longer use the building, they are required to notify Head Start for instructions regarding disposition. In the event the Organization decides to no longer use a piece of equipment valued at \$5,000 or more, the Organization is required to notify Head Start of their intentions. The Organization may elect to purchase the equipment from Head Start and use the piece of equipment in other functions within the Organization. Head Start will determine the purchase price. If the Organization has no need for the equipment, Head Start will instruct the Organization within 120 days with disposition instructions.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J) Donated Goods and Services--The Organization records various types of in-kind support including property and equipment, professional services, and materials. Property and equipment donated are capitalized on the basis explained above. Contributed professional services are recognized if the services either create or enhance long-lived assets, or require specialized skills and would typically need to be purchased if not provided by the donation. Contributions of supplies and materials are recognized at fair market value when received.

A substantial number of unpaid volunteers have made significant contributions of their time to operate the Organization. Except for the Head Start and Early Head Start Programs, the value of this contributed time is not reflected in these statements.

The Department of Health & Human Services has set forth specific guidelines to value the donated services, called "in-kind contributions," which is reported in the Head Start and Early Head Start Programs.

In-kind contributions were as follows for the years ended December 31:

	<u>2007</u>	<u>2006</u>
Salaries and Fringe Benefits	\$ 171,460	\$ 205,927
Travel	11,173	13,657
Rent/Occupancy	255,923	255,895
Material and Supplies	134,011	109,194
Capital Additions	<u>42,638</u>	<u>57,344</u>
	<u>\$ 615,205</u>	<u>\$ 642,017</u>

K) Net Assets--The Organization follows Statement of Financial Accounting Standards No. 117, "*Financial Statements for Not-for-Profit Organizations*." Accordingly, the net assets of the Organization are reported in each of the following three classes:

- a) *Unrestricted Net Assets*--Net assets that are not subject to donor-imposed stipulations.
- b) *Temporarily Restricted Net Assets*--Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K) Net Assets (Continued)--

c) Permanently Restricted Net Assets: Net assets subject to donor-imposed restrictions stipulate that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise noted by the donor. This method of accounting is also followed when the restrictions on contributions are met in the same period that the contributions were received.

L) Income Taxes--The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and state income taxes under the Indiana General Not-for-Profit Act.

M) Functional Allocation of Expenses--The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

N) Reclassification--Certain amounts included in prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications have no effect on total assets, total liabilities, net assets or changes in net assets as previously reported.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 2: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Checking	\$ 50,051	\$ 176,388
Savings	-	540
Petty Cash	1,050	1,150
Cash Equivalents	<u>306,005</u>	<u>276,604</u>
	<u>\$ 357,106</u>	<u>\$ 454,682</u>

NOTE 3: INVESTMENTS

Investments consist of the Dorothy W. McCaw Triangle Park Endowment Fund and the William J. McCaw Scholarship Endowment Fund.

The Dorothy W. McCaw Triangle Park Endowment Fund was created by the donor to benefit Triangle Park. All contributions to principal are permanently restricted. Income generated from the principal portion of the fund is classified as a temporarily restricted net asset. Income may be used to provide for 1) the repair, maintenance and upkeep of the property known as Triangle Park, 2) the acquisition, construction and replacement of improvements at Triangle Park, 3) the operation of youth programs directly related to Triangle Park, 4) youth programs designed to promote good citizenship and community services, and 5) other programs sponsored by the Organization. The principal amount donated in 1995 was \$52,556. Since 1995, an additional \$16,500 has been contributed to the principal portion of the fund.

The William J. McCaw Scholarship Endowment Fund was created by the donor to provide scholarships. All contributions to principal are permanently restricted. Income generated from the principal portion of the fund is classified as a temporarily restricted net asset. The fund was established to provide scholarship assistance for higher education at Ivy Tech and/or Purdue University for children in the area served by the Organization. The principal amount donated in 1995 was \$27,550. Since 1995, an additional \$16,500 has been contributed to the principal portion of the fund.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 3: INVESTMENTS (Continued)

Pursuant to Statement of Financial Accounting Standards No. 124, "Accounting for Certain Investments Held by Not-for-Profit Organizations," investments are carried at fair market value. Unrealized gains and losses are included in the change in net assets. Interest and dividends are accrued as earned. Investments of the Organization consisted of the following at December 31:

	2007		
	Fair Value	Cost	Unrealized Gain
Equities	\$ 244,433	\$ 76,455	\$ 167,978
Fixed Income Securities	140,000	140,000	-
	<u>\$ 384,433</u>	<u>\$ 216,455</u>	<u>\$ 167,978</u>
	2006		
	Fair Value	Cost	Unrealized Gain
Equities	\$ 201,308	\$ 76,455	\$ 124,853
Fixed Income Securities	105,352	105,352	-
	<u>\$ 306,660</u>	<u>\$ 181,807</u>	<u>\$ 124,853</u>

The following schedule summarizes the investment return in the statement of activities for the years ended December 31:

	2007	2006
Interest and Dividends	\$ 11,401	\$ 9,301
Investment Fees	(3,343)	(2,676)
Realized Gain (Loss) on Investments	733	(678)
Unrealized Gain on Investments	<u>43,125</u>	<u>48,835</u>
	<u>\$ 51,916</u>	<u>\$ 54,782</u>

NOTE 4: LINE OF CREDIT

The Organization has a line of credit with maximum borrowings available of \$400,000 as of December 31, 2007 and 2006. As of December 31, 2006, payments of interest only at prime rate of 8.25% were due monthly. As of December 31, 2007, the line of credit functions as a sweep account in conjunction with the general fund. Interest at prime rate of 7.25% as of December 31, 2007, is due monthly. The line of credit is due in full September 2008. Borrowings on this line of credit are collateralized by real estate. At December 31, 2007 and 2006, the balance on the line of credit was \$55,311 and \$294,000, respectively.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 5: ACCRUED VACATION

Employees of the Organization are entitled to paid vacation depending on length of service and other factors. The value of accumulated vacation leave is estimated at \$59,995 and \$61,382 as of December 31, 2007 and 2006, respectively, and has been accrued.

NOTE 6: PENSION PLAN

The Organization has a defined contribution pension plan for its employees. The Organization matches up to 1% of an employee's gross salary per year. Pension plan expense charged to operations for 2007 and 2006 was \$8,051 and \$8,793, respectively.

NOTE 7: LONG-TERM DEBT

Long-term debt consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Mortgage--		
Secured by real estate, monthly payments of \$4,890 including interest at 7.25%. Balloon payment due September 2013.	\$ 588,374	\$ 607,686
Land Contract Payable--		
Secured by land. Semi-annual installments of \$2,679 including interest at 8.00% beginning March 2006 through September 2015.	31,211	33,908
Copier Note Payable--		
Secured by equipment. Monthly payments of \$332 including variable interest based on the prime rate plus 2.50% (as of December 31, 2007 and 2006 the interest rate was 9.75% and 9.25%, respectively), beginning November 2005 through October 2010.	<u>10,255</u>	<u>12,959</u>
	629,840	654,553
	<u>22,694</u>	<u>34,030</u>
Less Current Maturities	<u>\$ 607,146</u>	<u>\$ 620,523</u>

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 7: LONG-TERM DEBT (Continued)

Aggregate maturities of long-term debt for the five years following December 31, 2007 are as follows:

2008	\$	22,694
2009		24,483
2010		26,093
2011		24,273
2012		26,118
Thereafter		<u>506,179</u>
	\$	<u><u>629,840</u></u>

NOTE 8: CONDITIONAL GRANT

In previous years, the Organization was awarded \$97,175 in a conditional grant for the acquisition of a building to be used for the Babies Can't Wait program. In 2006, the Organization received the grant award for \$97,175 and it was used for the acquisition of the building for the Babies Can't Wait program.

NOTE 9: LEASES AND RELATED PARTY TRANSACTIONS

The Organization leases office and program space. Lease agreements expire from March 2009 through February 2012 and call for monthly variable payments ranging from \$1,118 to \$4,125 during the lease periods.

Lease payments (other than in-kind) for the years ended December 31, 2007 and 2006 totaled \$115,182 and \$88,266, respectively, which included \$80,421 and \$60,838 to a company owned by a board member, respectively.

The minimum lease payments under these operating leases for the years following December 31, 2007 are as follows:

	<u>Related Party</u>	<u>Non-Related Party</u>	<u>Total</u>
2008	\$ 83,983	\$ 26,606	\$ 110,589
2009	78,799	10,505	89,304
2010	80,411	2	80,413
2011	49,816	2	49,818
2012	2,750	-	2,750
	<u>\$ 295,759</u>	<u>\$ 37,115</u>	<u>\$ 332,874</u>

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 10: CONCENTRATION OF CREDIT RISK

At certain times during the year, the Organization maintained cash deposits with its bank which exceeded the \$100,000 amount insured by Federal Deposit Insurance Corporation (FDIC). At December 31, 2007 and 2006, the amount of cash over the FDIC limit was \$-0- and \$189,581, respectively.

NOTE 11: ECONOMIC DEPENDENCY AND MAJOR SOURCES OF REVENUE AND SUPPORT

During 2007 and 2006, the Organization received 41% of its total revenue from the Head Start/Early Head Start programs in each year. During 2007 and 2006, the Organization received 22% and 23% respectively, of its total revenue from contracts with a local agency.

NOTE 12: HEAD START AND EARLY HEAD START GRANTS

While the Head Start and Early Head Start Grant is awarded as one grant, the Organization internally maintains separate accounting for the Head Start and Early Head Start programs. At the end of each grant year, if remaining grant funds are unexpended, the Organization has ninety days to expend and draw down the funds. As of December 31, the Organization had the following unexpended grant funds:

2007					
Grant	Grant Year	Total Grant Award	Grant Funds Expended	Unexpended Grant Funds	
Head Start	1/1/07-12/31/07	\$ 1,686,447	\$ 1,683,871	\$ 2,576	
Early Head Start	1/1/07-12/31/07	609,699	599,570	10,129	
		<u>\$ 2,296,146</u>	<u>\$ 2,283,441</u>	<u>\$ 12,705</u>	

2006					
Grant	Grant Year	Total Grant Award	Grant Funds Expended	Net (Repayments) and Reallocations from Prior Year Grant	Unexpended Grant Funds
Head Start	1/1/06-12/31/06	\$ 1,704,222	\$ 1,674,514	\$ 14,098	\$ 15,610
Early Head Start	1/1/06-12/31/06	600,907	578,038	766	22,103
		<u>\$ 2,305,129</u>	<u>\$ 2,252,552</u>	<u>\$ 14,864</u>	<u>\$ 37,713</u>

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 13: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31:

	<u>2007</u>	<u>2006</u>
Purpose Restrictions--		
Play Therapy	\$ 490	\$ 633
Head Start	9,114	3,439
Furniture	-	650
ECE Classrooms	-	2,500
Program Support--Camp	-	2,225
McCaw Endowments	274,134	222,217
Gauvin Memorial	747	1,071
General Memorials	65	65
Mentoring	-	229
Drug Court	-	2,269
The Counseling Center	150	-
Special Needs	150	-
Emergency Services	465	-
Youth Development	2,124	3,743
Family Preservation Resource Materials	-	9
Christmas Day Dinner	900	3,869
Dia Del Niño	140	-
Up With Families	501	1,000
Babies Can't Wait	-	1,420
Babies Can't Wait Home Renovations	10,837	-
United Way Capital Grants	7,220	5,691
CAPE Grant	1,002,440	1,181,828
Time Restriction--		
United Way Funding for Next Fiscal Year	<u>292,607</u>	<u>282,603</u>
	<u>\$ 1,602,084</u>	<u>\$ 1,715,461</u>

Restricted net assets included in cash and cash equivalents and investments are temporary restrictions of \$509,890 and \$456,844 as of December 31, 2007 and 2006, respectively. Temporary restricted net assets included in cash and cash equivalents--donor restricted for the CAPE program were \$792,367 and \$970,323 as of December 31, 2007 and 2006, respectively.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 14: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the Dorothy W. McCaw Triangle Park Endowment Fund and the William J. McCaw Scholarship Endowment Fund. As stated in Note 3, gifts of \$113,106 were received by the Organization to create these endowment funds and are held in investment accounts. As per the gift instruments, all gifts are permanently restricted. Income earned from the permanently restricted gifts is restricted for Triangle Park and scholarships.

NOTE 15: PROGRAM SERVICE EXPENSES

The Organization's major programs provide programs, services, and resources that improve the quality of life of children, adults, and families. Program service expenses consisted of the following at December 31:

	<u>2007</u>	<u>2006</u>
Emergency Services	\$ 117,603	\$ 103,137
VOCA	2,034	-
Youth Development	416,746	353,839
Counseling Center	1,009,401	1,416,053
Food Program	425,502	206,096
Head Start	2,223,704	2,186,678
Early Head Start	688,462	703,138
Babies Can't Wait	405,809	220,820
Community Partners	21,471	
Early Care & Transaction	179,390	18,172
Events	45,449	38,035
Collaboration	-	(126)
	<u>\$ 5,535,571</u>	<u>\$ 5,245,842</u>

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 16: COLLABORATION AGREEMENT AND CONTRACTUAL SERVICES

The Organization entered into an agreement with another not-for-profit agency to provide services for Early Head Start. Monthly payments for the agreement were based on variables specified in the contract and contain an automatic one year renewal. Total expenses for this agreement were \$233,504 and \$232,047 for the years ended December 31, 2007 and 2006, respectively.

The Organization entered into a collaboration agreement with the same not-for-profit organization. This allowed for both organizations to share personnel and operating costs and minimize overhead costs. Accordingly, the Organization is reimbursed costs of personnel and other operating costs by the other organization. As such, these reimbursements are not recorded as revenue and the expenditures are not recorded as expenses. Such transactions amounted to \$87,082 and \$130,621, respectively for the years ended December 31, 2007 and 2006.

The Organization incurred expenses for personnel and overhead costs totaling \$29,700 and \$30,378, respectively and earned rental income of \$1,925 and \$1,800, respectively, for the years ended December 31, 2007 and 2006 in connection with the collaboration agreements.

In addition the non-profit collaborator entered into an agreement with the Organization starting February 2006 to provide meal preparation services. Revenue earned by the Organization under this agreement for the year ended December 31, 2007 and 2006 totaled \$74,515 and \$27,517, respectively.

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 17: GRANTS BY FUNDING STREAM

Revenues received by funding stream as of December 31 are as follows:

2007		
Funding	Funding Source	Total
Lafayette--CDBG	City of Lafayette	\$ 37,075
Indiana Tobacco Prevention	IFSSA	22,082
Youth Service Bureau	IFSSA	30,500
Healthy Children	Dept. of Justice	55,479
Teen Court	IFSSA	7,000
IYSA Mentoring	IFSSA	26,563
CACFP	Dept. of Agriculture	117,066
Summer Food Service Program	Dept. of Agriculture	10,016
Homebuilders IVB	IFSSA	127,935
Sex Offense Prevention	IFSSA	6,456
Head Start	Dept. of Health & Human Services	2,283,441
Tippecanoe County Drug Court	Superior Court III	31,438
Coalition	Tippecanoe County	13,650
Community Partners	Wabash Valley Hospital	26,316
VOCA	Dept. of Justice	944
CAPE	GLCF	41,178
Youth Link	Tipp. Co. Corrections	5,742
Board Development	IYSA	3,316
Capital Grants	GLCF	25,000
		<u>\$ 2,871,197</u>

Approximately 47% of the total revenue is received directly from federal agencies and 4% of the total revenue is from IFSSA in the form of grants (non-vendor service contracts).

COMMUNITY & FAMILY RESOURCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 17: GRANTS BY FUNDING STREAM (Continued)

2006		
Funding	Funding Source	Total
Community Based Family Resource	IFSSA	\$ 9,467
Lafayette--CDBG	City of Lafayette	109,250
Indiana Tobacco Prevention	IFSSA	14,683
Youth Service Bureau	IFSSA	35,000
IYSA Mentoring	IFSSA	39,359
CACFP	Dept. of Agriculture	118,922
Summer Food Service Program	Dept. of Agriculture	11,658
Therapy IVB I	IFSSA	54,383
Therapy IVB II	IFSSA	75,870
Sex Offense Prevention	IFSSA	6,431
Head Start	Dept. of Health & Human Services	2,267,416
Tippecanoe County Drug Court	Superior Court III	67,075
Healthy Children	ICJ/US Dept. of Justice	78,886
Other Grants	Various	7,814
		<u>\$ 2,896,214</u>

Approximately 46% of the total revenue is received directly from federal agencies and 4% of the total revenue is from IFSSA in the form of grants (non-vendor service contracts).