

INTERNATIONAL SOCIETY
FOR PREVENTION OF CHILD ABUSE AND NEGLECT
FINANCIAL STATEMENTS
December 31, 2010 and 2009

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	3 - 4
STATEMENT OF FUNCTIONAL EXPENSES	5 - 6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8 - 13



HEIDER, TANNER & DIRKS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Executive Council
International Society for Prevention of Child Abuse and Neglect
Aurora, Colorado

We have audited the accompanying statement of financial position of the International Society for Prevention of Child Abuse and Neglect (a Colorado not-for-profit corporation) as of December 31, 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the International Society for Prevention of Child Abuse and Neglect's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the International Society for Prevention of Child Abuse and Neglect as of December 31, 2009 were audited by other auditors whose report dated April 30, 2010 expressed an unqualified opinion of those statements.

We conducted our audit 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 audit provides 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 the International Society for Prevention of Child Abuse and Neglect as of December 31, 2010 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Heider, Tanner & Dirks, Inc.
HEIDER, TANNER & DIRKS, INC.

May 23, 2011

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF FINANCIAL POSITION
December 31, 2010 and 2009

ASSETS	2010	2009
Current Assets		
Cash	\$ 39,393	\$ 34,876
Investments	401,006	474,095
Grants receivable	204,596	429,070
Royalties receivable	80,609	72,000
Other receivables	60,013	68,314
Prepaid expenses	13,514	8,714
Total current assets	799,131	1,087,069
Fixed Assets		
Computers and equipment	44,133	38,149
Furniture and fixtures	14,270	14,270
	58,403	52,419
Less accumulated depreciation	47,778	41,793
Total fixed assets	10,625	10,626
Total assets	\$ 809,756	\$ 1,097,695
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 45,960	\$ 47,240
Subscriptions payable	37,985	47,369
Deferred membership revenue	44,133	64,996
Other deferred revenue	810	315
Total current liabilities	128,888	159,920
Long-Term Liabilities		
Deferred membership revenue	5,619	4,542
Deferred rent	8,425	3,797
Total long-term liabilities	14,044	8,339
Total liabilities	142,932	168,259
Net Assets		
Unrestricted	363,110	224,541
Temporarily restricted	303,714	704,895
Total net assets	666,824	929,436
Total liabilities and net assets	\$ 809,756	\$ 1,097,695

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT, REVENUES AND GAINS				
Grants and contributions	\$ 21,046	\$ 23,781	\$ -	\$ 44,827
In-kind contributions	46,158	-	-	46,158
Royalties and publications	159,838	-	-	159,838
Memberships	136,309	-	-	136,309
Technical assistance and consultation	104,777	-	-	104,777
Congress and conference	418,358	-	-	418,358
Interest and dividend income	2,298	-	-	2,298
Net assets released from restrictions	424,962	(424,962)	-	-
Total public support, revenues and gains	<u>1,313,746</u>	<u>(401,181)</u>	<u>-</u>	<u>912,565</u>
FUNCTIONAL EXPENSES AND LOSSES				
Program services	996,192	-	-	996,192
Administrative and general	153,207	-	-	153,207
Fundraising	25,778	-	-	25,778
Total functional expenses and losses	<u>1,175,177</u>	<u>-</u>	<u>-</u>	<u>1,175,177</u>
CHANGE IN NET ASSETS	<u>138,569</u>	<u>(401,181)</u>	<u>-</u>	<u>(262,612)</u>
NET ASSETS, beginning of year	<u>224,541</u>	<u>704,895</u>	<u>-</u>	<u>929,436</u>
NET ASSETS, end of year	<u>\$ 363,110</u>	<u>\$ 303,714</u>	<u>\$ -</u>	<u>\$ 666,824</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
PUBLIC SUPPORT, REVENUES AND GAINS				
Grants and contributions	\$ 11,582	\$ 37,754	\$ -	\$ 49,336
In-kind contributions	160,417	-	-	160,417
Royalties and publications	149,476	-	-	149,476
Memberships	147,687	-	-	147,687
Technical assistance and consultation	54,835	-	-	54,835
Congress and conference	10,635	-	-	10,635
Interest and dividend income	11,071	-	-	11,071
Net assets released from restrictions	<u>323,441</u>	<u>(323,441)</u>	<u>-</u>	<u>-</u>
Total public support, revenues and gains	<u>869,144</u>	<u>(285,687)</u>	<u>-</u>	<u>583,457</u>
FUNCTIONAL EXPENSES AND LOSSES				
Program services	727,239	-	-	727,239
Administrative and general	236,368	-	-	236,368
Fundraising	<u>83,754</u>	<u>-</u>	<u>-</u>	<u>83,754</u>
Total functional expenses	<u>1,047,361</u>	<u>-</u>	<u>-</u>	<u>1,047,361</u>
Unrealized loss on investments	2,771	-	-	2,771
Loss on disposal of fixed assets	<u>3,745</u>	<u>-</u>	<u>-</u>	<u>3,745</u>
Total functional expenses and losses	<u>1,053,877</u>	<u>-</u>	<u>-</u>	<u>1,053,877</u>
CHANGE IN NET ASSETS	<u>(184,733)</u>	<u>(285,687)</u>	<u>-</u>	<u>(470,420)</u>
NET ASSETS, beginning of year	<u>409,274</u>	<u>990,582</u>	<u>-</u>	<u>1,399,856</u>
NET ASSETS, end of year	<u>\$ 224,541</u>	<u>\$ 704,895</u>	<u>\$ -</u>	<u>\$ 929,436</u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

FUNCTIONAL EXPENSES	PROGRAM SERVICES						ADMINISTRATIVE AND GENERAL	FUNDRAISING	TOTAL
	Training and Education	Technical Assistance and Consultation	Congress and Conferences	Membership	Research and Publications	Total Program Services			
Staff and Office:									
Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,515	\$ -	\$ 7,515
Bank and other fees	1,505	165	15,251	7,424	35	24,380	1,655	35	26,070
Depreciation	-	-	-	-	-	-	6,240	-	6,240
Independent contractors	2,686	2,686	43,560	5,003	-	53,935	2,904	5,036	61,875
In-kind professional services	1,852	1,539	15,960	2,508	-	21,859	23,057	1,111	46,027
Insurance	-	-	5,367	-	-	5,367	10,242	-	15,609
Office equipment and supplies	452	207	1,001	1,640	46	3,346	779	158	4,283
Other	13,700	26,907	-	54	359	41,020	1,746	-	42,766
Payroll taxes, employee benefits and health insurance	7,490	4,413	11,556	7,157	3,651	34,267	9,153	2,772	46,192
Postage	279	1	-	679	547	1,506	445	17	1,968
Printing, stationery and production	329	166	275	1,001	75	1,846	1,341	49	3,236
Rent and occupancy	12,572	5,673	10,794	7,389	3,304	39,732	7,424	2,149	49,305
Salaries	63,740	28,761	54,724	37,464	16,755	201,444	37,638	10,897	249,979
Staff moving and relocation	-	-	-	-	-	-	18,381	-	18,381
Telephone	155	39	95	180	41	510	211	235	956
Travel and council expenses	5,683	8,893	53,184	111	-	67,871	24,476	3,319	95,666
Training:									
Conferences	46,363	36,026	17,897	-	-	100,286	-	-	100,286
Congress	-	-	165,571	-	-	165,571	-	-	165,571
Payments to sub-grantees	156,435	7,007	-	-	-	163,442	-	-	163,442
Publication and training materials	-	-	-	-	60,922	60,922	-	-	60,922
Technical:									
Information technology	-	-	-	1,099	-	1,099	-	-	1,099
Web services	-	-	-	7,789	-	7,789	-	-	7,789
Total functional expenses	\$ 313,241	\$ 122,483	\$ 395,235	\$ 79,498	\$ 85,735	\$ 996,192	\$ 153,207	\$ 25,778	\$ 1,175,177

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009

FUNCTIONAL EXPENSES	PROGRAM SERVICES						ADMINISTRATIVE AND GENERAL	FUNDRAISING	TOTAL
	Training and Education	Technical Assistance and Consultation	Congress and Conference	Membership	Research and Publications	Total Program Services			
Staff and Office									
Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,250	\$ -	\$ 5,250
Bank and other fees	470	132	-	7,451	-	8,053	2,401	-	10,454
Depreciation	-	-	-	-	-	-	11,431	-	11,431
Executive Director search costs	3,746	14,130	10,845	1,744	4,258	34,723	9,695	3,482	47,900
Independent contractors	11,370	9,383	33,440	12,902	2,399	69,494	54,494	22,811	146,799
In-kind professional services	4,003	12,159	42,141	13,327	1,526	73,156	76,623	2,903	152,682
Insurance	-	-	-	-	-	-	10,104	-	10,104
Office equipment and supplies	1,046	58	53	474	12	1,643	1,164	85	2,892
Other	8,550	-	-	169	-	8,719	4,756	-	13,475
Payroll taxes, employee benefits and health insurance	6,223	2,285	12,917	11,499	1,185	34,109	9,176	8,171	51,456
Postage	75	102	4	2,034	-	2,215	406	376	2,997
Printing, stationery and production	78	11	18	62	4	173	34	512	719
Rent and occupancy	8,570	2,575	14,074	14,597	1,136	40,952	8,104	7,861	56,917
Salaries	40,519	12,146	66,356	68,393	5,310	192,724	37,479	37,104	267,307
Staff moving and relocation	-	-	-	-	-	-	954	-	954
Telephone	782	415	428	864	234	2,723	612	449	3,784
Travel and council expenses	1,467	8,490	33,857	392	-	44,206	3,685	-	47,891
Training									
Conferences	9,165	26,662	24,662	-	-	60,489	-	-	60,489
Congress	-	-	23,105	-	-	23,105	-	-	23,105
Payments to sub-grantees	72,980	8,711	-	-	-	81,691	-	-	81,691
Publication and training materials	-	-	-	-	48,555	48,555	-	-	48,555
Technical:									
Web services	-	-	-	509	-	509	-	-	509
Total functional expenses	\$ 169,044	\$ 97,259	\$ 261,900	\$ 134,417	\$ 64,619	\$ 727,239	\$ 236,368	\$ 83,754	\$ 1,047,361

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from grantors, donors, and members	\$ 1,068,984	\$ 738,645
Interest and dividends received	2,292	11,071
Paid to suppliers and employees	<u>(1,133,615)</u>	<u>(943,027)</u>
Net Cash (Used in) Provided by Operating Activities	<u>(62,339)</u>	<u>(193,311)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of fixed assets	(6,239)	(2,066)
Proceeds from the sale of fixed assets	-	535
Payments for the purchase of investments	(771,000)	(475,000)
Proceeds from the sale of investments	<u>844,095</u>	<u>292,331</u>
Net Cash (Used in) Provided by Investing Activities	<u>66,856</u>	<u>(184,200)</u>
NET INCREASE (DECREASE) IN CASH	<u>4,517</u>	<u>(377,511)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>34,876</u>	<u>412,387</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 39,393</u></u>	<u><u>\$ 34,876</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ (262,612)	\$ (470,420)
Adjustments to reconcile net cash used in operating activities:		
Depreciation expense	6,240	11,431
Donated fixed assets	-	(7,735)
Unrealized loss (gain) on investments	(6)	2,771
Loss on disposal of fixed assets	-	3,745
(Increase) decrease in:		
Grants receivable	224,474	382,439
Royalties receivable	(8,609)	24,778
Other receivables	8,301	(48,995)
Prepaid expenses	(4,800)	(499)
Increases (decreases) in:		
Accounts payable	(1,280)	(33,052)
Subscriptions payable	(9,384)	(24,484)
Deferred membership revenue	(19,786)	(30,586)
Deferred rent	4,628	(1,744)
Other deferred revenue	<u>495</u>	<u>(960)</u>
Total adjustments	<u>200,273</u>	<u>277,109</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (62,339)</u></u>	<u><u>\$ (193,311)</u></u>

The accompanying notes are an integral part of these financial statements.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The International Society for Prevention of Child Abuse and Neglect ("ISPCAN") is a Colorado not-for-profit organization incorporated in 1977. ISPCAN's mission is to support individuals and organizations working to protect children from abuse and neglect worldwide. The primary sources of revenue are memberships, royalties, contributions and congress and conference registration fees. ISPCAN moved its operations from West Chicago, Illinois to Aurora, Colorado in December 2009.

b. Basis of Accounting

ISPCAN's accounts are maintained on the accrual basis of accounting. Grants and other contributions are reported as temporarily restricted support if they are received with stipulations that limit the use of the funding. When the 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. Expenses are recorded when incurred.

c. Financial Statement Presentation

Under the Financial Accounting Standards Board FASB ASC 958-210-45, *Financial Statements of Not-for-Profit Organizations*, ISPCAN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets – consists of assets, public support and program revenues, which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor.

Temporarily Restricted Net Assets – includes funds with donor-imposed restrictions, which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets – includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the organization to expend part or all of the income derived from the donated assets.

d. Cash and Cash Equivalents

For purposes of reporting cash flows, cash is defined as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

e. Allowance for Doubtful Accounts

Grants, contributions, royalties, and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables from promises to give, grants, contracts, etc. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable receivable. The allowance for doubtful accounts at December 31, 2010 and 2009 is \$0 and \$0, respectively.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

f. Investments

ISPCAN has adopted FASB ASC 958, *Not-For-Profit Entities*. Under ASC 958, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. Unrealized gains and losses are included in the change in net assets.

g. Fixed Assets

Fixed assets are recorded at cost. Donated assets are recorded at fair market value on the date of donation. Expenditures for repairs and maintenance are charged to expense as incurred, whereas renewals and betterments that extend the lives of property are capitalized. Depreciation is computed on the straight-line method over various useful lives. Depreciation expense for the years ended December 31, 2010 and 2009 is \$6,240 and \$11,431, respectively.

h. Subscriptions Payable

In 2008, ISPCAN contracted with an outside service organization at the rate of \$39 per member per year to publish and distribute twelve issues of "Child Abuse and Neglect: The International Journal" (the "Journal"). An increase at the rate of \$40 per member was made in 2010. Subscriptions payable for the years ended December 31, 2010 and 2009 is \$37,985 and \$47,369, respectively.

i. Deferred Revenue

ISPCAN defers membership and conference revenue that it receives in the current fiscal year for the following fiscal year. As of December 31, 2010 and 2009, deferred membership revenue is \$49,752 and \$69,538, respectively. There are two main types of memberships available, both of which can be subscribed for one or two year durations. The first membership type is for members in developing countries for which one and two-year memberships are \$55 and \$105, respectively. The second is for members in developed countries for which one and two-year memberships are \$150 and \$280, respectively. There are also one-year memberships available for associates, country partners and group members. As of December 31, 2010 and 2009, ISPCAN had approximately 1,152 and 1,455 members, respectively.

ISPCAN also defers revenue it receives for its conference for the following year that it receives in the current fiscal year. As of December 31, 2010 and 2009, other deferred revenue is \$810 and \$315, respectively.

j. Royalties

Royalties are received from an outside service organization for institutional subscribers of the Journal. The amount of royalties received were \$155,609 and \$147,000 for the years ending December 31, 2010 and 2009, respectively.

k. Estimates in the Financial Statements

The preparation of financial statements in conformity with 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 the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

i. Income Taxes

ISPCAN is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements. ISPCAN has no unrelated business income during the years ended December 31, 2010 and 2009, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

In June 2006, the FASB issued Financial Interpretation 48, *Accounting for Uncertainty in Income Taxes* which clarifies the accounting uncertainty in income taxes recognized in an organization's financial statements in accordance with FASB ASC 740 *Income Taxes*. FASB ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits. Income tax positions must be a more likely-than-not recognition threshold at the effective date to be recognized upon the adoption of FASB ASC 740 and in subsequent periods. This interpretation also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. ISPCAN adopted FASB ASC 740 for the fiscal year ended December 31, 2009. The adoption of FASB ASC 740 has no impact on ISPCAN's financial position or results of operations.

NOTE 2 - CONCENTRATION OF CREDIT RISK

ISPCAN has deposits at one financial institution that are within the federally insured limits as provided by the Federal Deposit Insurance Corporation at December 31, 2010 and 2009. However, investments of certificates of deposit and commercial paper are held at two brokerage firms that are not covered by the Federal Deposit Insurance Corporation. These investments are covered by the Securities Investor Protection Corporation which provides protection against the loss of securities in the event of a brokerage firm failure. ISPCAN has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE 3 - INVESTMENTS

At December 31, 2010, ISPCAN held the following investments:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Commercial paper	\$ 202,000	\$ 202,000	\$ -
Certificates of deposit	<u>199,006</u>	<u>199,000</u>	<u>6</u>
Total	<u>\$ 401,006</u>	<u>\$ 401,000</u>	<u>\$ 6</u>

At December 31, 2009, ISPCAN held the following investments:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Commercial paper	\$ 183,000	\$ 183,000	\$ -
Certificates of deposit	<u>291,095</u>	<u>292,000</u>	<u>(905)</u>
Total	<u>\$ 474,095</u>	<u>\$ 475,000</u>	<u>\$ (905)</u>

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4 - FAIR VALUE MEASUREMENTS

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts payable and accrued liabilities approximate fair value because of the immediate or short-term maturities of these financial instruments.

ISPCAN adopted FASB ASC 820-10, *Fair Value Measurements* as of January 1, 2008, which among other things requires enhanced disclosures about investments that are measured and reported at fair value. FASB ASC 820-10 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level 1 include mutual funds, listed equities, listed derivatives, cash, and cash equivalents. ISPCAN has no Level 1 investments.

Level 2 – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments which are generally included in this category include corporate and government bonds, less liquid and restricted equity securities and certain over-the-counter derivatives. For ISPCAN, Level 2 investments consist of commercial paper and certificates of deposit.

Level 3 – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include limited partnership interests in corporate private equity and real estate funds, funds of hedge funds, and distressed debt. ISPCAN has no Level 3 investments.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table summarizes the valuation of ISPCAN's investments by the above FASB ASC 820-10 fair value hierarchy levels as of December 31, 2010:

Fair Value Measurements at Reporting Date Using:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Commercial paper	\$ 202,000	\$ -	\$ 202,000	\$ -
Certificates of deposit	<u>199,006</u>	<u>-</u>	<u>199,006</u>	<u>-</u>
Total	<u>\$ 401,006</u>	<u>\$ -</u>	<u>\$ 401,006</u>	<u>\$ -</u>

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

The following table summarizes the valuation of ISPCAN's investments by the above FASB ASC 820-10 fair value hierarchy levels as of December 31, 2009:

Fair Value Measurements at Reporting Date Using:

<u>Description</u>	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Commercial paper	\$ 183,000	\$ -	\$ 183,000	\$ -
Certificates of deposit	291,095	-	291,095	-
Total	<u>\$ 474,095</u>	<u>\$ -</u>	<u>\$ 474,095</u>	<u>\$ -</u>

NOTE 5 - GRANTS RECEIVABLE

Grants receivable of \$204,596 and \$429,070 at December 31, 2010 and 2009, respectively, are due in one year and are considered by management to be fully collectible. Thus, neither a discount to net present value nor an allowance for doubtful accounts has been recorded.

NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Capacity building and training-Oak 1C grant	\$ 277,710	\$ 545,535
Child abuse and neglect prevention training- Other program funding	6,095	131,858
Conference expenses	4,943	11,220
Organizational capacity development plan	4,500	4,500
Membership dues	3,410	2,155
Publications and research	<u>7,056</u>	<u>9,627</u>
Total	<u>\$ 303,714</u>	<u>\$ 704,895</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Purpose restriction accomplished:		
Capacity building and training-Oak 1C grant	\$ 267,825	\$ 212,309
Child abuse and neglect prevention training- Other program funding	125,763	83,151
Conference expenses	23,977	24,616
Organizational capacity development plan	-	487
Membership dues	-	665
Publications and research	<u>7,397</u>	<u>2,213</u>
Total	<u>\$ 424,962</u>	<u>\$ 323,441</u>

INTERNATIONAL SOCIETY FOR PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 7 - IN-KIND DONATIONS

Donations of materials, facilities, and equipment are recorded as support at their estimated fair value at the date of donation. Such support is recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, ISPCAN reports expirations of donor restrictions when the donated or acquired assets are placed in service unless instructed by the donor. ISPCAN reclassifies temporarily restricted net assets to unrestricted net assets at that time.

During the years ended December 31, 2010 and 2009, ISPCAN recognized and capitalized donated equipment of \$0 and \$7,735, respectively. These amounts are recorded in the statement of activities as in-kind donations.

ISPCAN receives donated services from unpaid volunteers that create or enhance non-financial assets or that require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not donated. During the years ended December 31, 2010 and 2009, ISPCAN recognized donated legal services of \$46,028 and \$152,682, respectively. These amounts are recorded in the statement of activities as in-kind contributions and on the statement of functional expenses as in-kind professional services. ISPCAN also receives a significant amount of donated services from unpaid volunteers. However, these donated services are not reflected in the financial statements because they do not meet the criteria for recognition.

NOTE 8 - LEASE COMMITMENTS

ISPCAN leased facilities in West Chicago, Illinois under a non-cancellable operating lease that expired April 30, 2010 with monthly payments ranging from \$2,560 to \$2,838. The lease also required ISPCAN to pay for all taxes and utilities. ISPCAN terminated its lease three months early, paid a penalty of \$1,102 per month and moved its operating facilities to Aurora, Colorado in December 2009. ISPCAN leases its new facility under an operating lease that expires November 30, 2016 with monthly payments ranging from \$3,721 to \$4,189. Deferred rent in the accompanying statements of financial position results from the straight-line recognition of rent expense over the terms of the lease agreement. Rent expense under these leases for the years ended December 31, 2010 and 2009 is \$48,563 and \$35,240, respectively.

The future minimum rental payments remaining under the lease are as follows:

2011	\$ 44,656
2012	44,767
2013	46,109
2014	47,482
2015 and after	<u>94,986</u>
Total	\$ <u>278,000</u>

NOTE 9 - PENSION COSTS

ISPCAN sponsors a defined contribution pension plan. For the years ended December 31, 2010 and 2009, the amount of pension expense was \$103 and \$696, respectively.

NOTE 10 - SUBSEQUENT EVENTS

ISPCAN has adopted the provisions of Financial Accounting Standards Board FASB ASC 855-10 *Subsequent Events*. This statement requires management to evaluate, through the date the financial statements are issued or available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. ISPCAN's financial statements were available to be issued on June 16, 2011, and this is the date through which subsequent events were evaluated. ISPCAN did not identify any subsequent events requiring disclosure.