

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
REPORT ON THE EXAMINATION
OF THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008**

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT**

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INDEPENDENT AUDITORS' REPORT

To the Executive Council
The International Society for the Prevention of Child Abuse and Neglect

We have audited the accompanying statements of financial position of The International Society for the Prevention of Child Abuse and Neglect (a Colorado not-for-profit corporation) as of December 31, 2009 and 2008 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of The International Society for the Prevention of Child Abuse and Neglect. 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 audits 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 The International Society for the Prevention of Child Abuse and Neglect as of December 31, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Knutte & Associates, P.C.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

ASSETS

	2009	2008
CURRENT ASSETS		
Cash	\$ 34,876	\$ 412,387
Investments	474,095	294,197
Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	429,070	492,300
Royalties Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	72,000	96,778
Other Receivables (Net of Allowance for Doubtful Accounts of \$0, Respectively)	68,314	19,319
Prepaid Expenses	8,714	8,215
TOTAL CURRENT ASSETS	1,087,069	1,323,196
FIXED ASSETS		
Computers and Equipment	38,149	62,685
Furniture and Fixtures	14,270	39,991
	52,419	102,676
Less -- Accumulated Depreciation	41,793	86,140
TOTAL FIXED ASSETS	10,626	16,536
OTHER ASSETS		
Non-Current Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	0	319,209
TOTAL OTHER ASSETS	0	319,209
 TOTAL ASSETS	 \$ 1,097,695	 \$ 1,658,941

LIABILITIES AND NET ASSETS

	2009	2008
CURRENT LIABILITIES		
Accounts Payable	\$ 47,240	\$ 80,292
Subscriptions Payable	47,369	71,853
Deferred Membership Revenue	64,996	87,279
Deferred Rent	0	4,060
Other Deferred Revenue	315	1,275
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	159,920	244,759
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Deferred Membership Revenue	4,542	12,845
Deferred Rent	3,797	1,481
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TOTAL LONG-TERM LIABILITIES	8,339	14,326
	<hr/>	<hr/>
TOTAL LIABILITIES	168,259	259,085
	<hr/>	<hr/>
NET ASSETS		
Unrestricted		
Undesignated	224,541	359,274
Designated	0	50,000
Total Unrestricted	<hr/>	<hr/>
Temporarily Restricted	704,895	990,582
	<hr/>	<hr/>
TOTAL NET ASSETS	929,436	1,399,856
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 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,097,695</u>	 <u>\$ 1,658,941</u>

See The Accompanying Notes To The Financial Statements.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT, REVENUES AND GAINS				
In-kind Contributions	\$ 160,417	\$ 0	\$ 0	\$ 160,417
Royalties and Publications	149,476	0	0	149,476
Memberships	147,687	0	0	147,687
Technical Assistance and Consultation	54,835	0	0	54,835
Grants and Contributions	11,582	37,754	0	49,336
Interest and Dividend Income	11,071	0	0	11,071
Congress and Conference	10,635	0	0	10,635
Net Assets Released from Restrictions	323,441	(323,441)	0	0
TOTAL PUBLIC SUPPORT, REVENUES AND GAINS	869,144	(285,687)	0	583,457
FUNCTIONAL EXPENSES AND LOSSES				
Functional Expenses				
Program Services	727,239	0	0	727,239
Management and General	236,368	0	0	236,368
Fundraising	83,754	0	0	83,754
Total Functional Expenses	1,047,361	0	0	1,047,361
Unrealized Loss on Investments	2,771	0	0	2,771
Loss on Disposal of Fixed Assets	3,745	0	0	3,745
TOTAL FUNCTIONAL EXPENSES AND LOSSES	1,053,877	0	0	1,053,877
CHANGE IN NET ASSETS	(184,733)	(285,687)	0	(470,420)
NET ASSETS, BEGINNING OF YEAR	409,274	990,582	0	1,399,856
END OF YEAR	\$ 224,541	\$ 704,895	\$ 0	\$ 929,436

See The Accompanying Notes To The Financial Statements.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
PUBLIC SUPPORT, REVENUES AND GAINS				
Congress and Conference	\$ 476,154	\$ 0	\$ 0	\$ 476,154
Grants and Contributions	42,804	407,984	0	450,788
Memberships	188,922	0	0	188,922
Royalties and Publications	176,223	0	0	176,223
In-kind Contributions	72,878	0	0	72,878
Technical Assistance and Consultation	59,901	0	0	59,901
Interest and Dividend Income	23,109	0	0	23,109
Unrealized Gain on Investments	1,734	0	0	1,734
Net Assets Released from Restrictions	697,256	(697,256)	0	0
TOTAL PUBLIC SUPPORT, REVENUES AND GAINS	1,738,981	(289,272)	0	1,449,709
FUNCTIONAL EXPENSES				
Program Services	1,394,103	0	0	1,394,103
Management and General	243,832	0	0	243,832
Fundraising	97,934	0	0	97,934
TOTAL FUNCTIONAL EXPENSES	1,735,869	0	0	1,735,869
CHANGE IN NET ASSETS	3,112	(289,272)	0	(286,160)
NET ASSETS, BEGINNING OF YEAR				
	406,162	1,279,854	0	1,686,016
END OF YEAR	\$ 409,274	\$ 990,582	\$ 0	\$ 1,399,856

See The Accompanying Notes To The Financial Statements.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009**

PROGRAM SERVICES

	Technical					Subtotal	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	Training and Education	Assistance and Consultation	Congress and Conference	Membership	Research Publications				
FUNCTIONAL EXPENSES									
Staff and Office									
Audit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,250	\$ 0	\$ 5,250
Bank and Other Fees	470	132	0	7,451	0	8,053	2,401	0	10,454
Depreciation	0	0	0	0	0	0	11,431	0	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	0	0	0	0	0	0	10,104	0	10,104
Office Equipment and Supplies	1,046	58	53	474	12	1,643	1,164	85	2,892
Other	8,550	0	0	169	0	8,719	4,756	0	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	0	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	0	0	0	0	0	0	954	0	954
Telephone	782	415	428	864	234	2,723	612	449	3,784
Travel and Council Expenses	1,467	8,490	33,857	392	0	44,206	3,685	0	47,891
Web Services	0	0	0	509	0	509	0	0	509
Training									
Conferences	9,165	26,662	24,662	0	0	60,489	0	0	60,489
Congress	0	0	23,105	0	0	23,105	0	0	23,105
Payments to Sub Grantees	72,980	8,711	0	0	0	81,691	0	0	81,691
Publications and Training Materials	0	0	0	0	48,555	48,555	0	0	48,555
TOTAL FUNCTIONAL EXPENSES	\$ 169,044	\$ 97,259	\$ 261,900	\$ 134,417	\$ 64,619	\$ 727,239	\$ 236,368	\$ 83,754	\$ 1,047,361

See The Accompanying Notes To The Financial Statements.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008**

PROGRAM SERVICES

	Technical						Subtotal	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	Training and Education	Assistance and Consultation	Congress and Conference	Membership	Research Publications					
FUNCTIONAL EXPENSES										
Staff and Office										
Audit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,100	\$ 0	\$ 5,100	
Bank and Other Fees	1,284	0	18,169	8,983	0	28,436	3,421	0	31,857	
Depreciation	0	0	0	0	0	0	9,551	0	9,551	
Independent Contractors	4,235	3,098	0	2,217	0	9,550	22,585	5,979	38,114	
In-kind Professional Services	0	0	0	0	0	0	68,283	0	68,283	
Insurance	0	0	0	0	0	0	7,482	0	7,482	
Office Equipment and Supplies	1,611	781	376	1,408	128	4,304	2,743	264	7,311	
Other	19,372	0	0	2,871	2,839	25,082	4,660	6,450	36,192	
Payroll Taxes, Employee Benefits and Health Insurance	17,559	19,089	22,270	14,916	5,204	79,038	15,674	10,520	105,232	
Postage	3	1,160	2	1,610	1,323	4,098	639	255	4,992	
Printing, Stationery and Production	139	176	26	954	38	1,333	2,028	6,833	10,194	
Rent and Occupancy	7,633	7,934	7,527	6,035	2,099	31,228	5,462	4,306	40,996	
Salaries	104,695	108,833	104,323	82,786	28,798	429,435	74,926	59,070	563,431	
Telephone	1,301	589	910	1,357	323	4,480	1,274	827	6,581	
Travel and Council Expenses	8,886	20,400	52,055	1,402	0	82,743	20,004	3,430	106,177	
Training										
Conferences	15,035	144,648	25,795	0	0	185,478	0	0	185,478	
Congress	0	0	223,318	0	0	223,318	0	0	223,318	
Payments to Sub Grantees	177,665	19,503	0	0	0	197,168	0	0	197,168	
Publications and Training Materials	4,237	0	0	0	83,623	87,860	0	0	87,860	
Technical										
Information Technology	0	0	0	144	0	144	0	0	144	
Web Services	0	0	0	408	0	408	0	0	408	
TOTAL FUNCTIONAL EXPENSES	\$ 363,655	\$ 326,211	\$ 454,771	\$ 125,091	\$ 124,375	\$ 1,394,103	\$ 243,832	\$ 97,934	\$ 1,735,869	

See The Accompanying Notes To The Financial Statements.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Grantors, Donors, and Members	\$ 738,645	\$1,859,149
Interest and Dividends Received	11,071	23,109
Paid to Suppliers and Employees	(943,027)	(1,628,546)
Interest Paid	0	0
Income Taxes Paid	0	0
	<hr/>	<hr/>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(193,311)	253,712
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for the Purchase of Fixed Assets	(2,066)	(4,898)
Proceeds from the Sale of Fixed Assets	535	0
Payments for the Purchase of Investments	(475,000)	(292,331)
Proceeds from the Sale of Investments	292,331	290,266
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NET CASH USED IN INVESTING ACTIVITIES	(184,200)	(6,963)
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NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(377,511)	246,749
CASH AND CASH EQUIVALENTS,		
BEGINNING OF YEAR	412,387	165,638
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END OF YEAR	\$ 34,876	\$ 412,387
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See The Accompanying Notes To The Financial Statements.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	<u>\$ (470,420)</u>	<u>\$ (286,160)</u>
Adjustments to Reconcile Net Cash (Used in) Provided by Operating Activities:		
Depreciation	11,431	9,551
Donated Fixed Assets	(7,735)	(4,115)
Unrealized Loss (Gain) on Investments	2,771	(1,734)
Loss on Disposal of Fixed Assets	3,745	0
Changes in Certain Assets and Liabilities:		
Grants Receivable	382,439	348,718
Royalties Receivable	24,778	94,349
Other Receivables	(48,995)	90,969
Prepaid Expenses	(499)	4,162
Accounts Payable	(33,052)	21,882
Subscriptions Payable	(24,484)	3,243
Deferred Membership Revenue	(30,586)	(26,700)
Deferred Rent	(1,744)	(278)
Other Deferred Revenue	(960)	(175)
Total Adjustments	<u>277,109</u>	<u>539,872</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (193,311)</u></u>	<u><u>\$ 253,712</u></u>

See The Accompanying Notes To The Financial Statements.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

A) Organization

The International Society for the Prevention of Child Abuse and Neglect (the "Organization") is a Colorado not-for-profit organization incorporated in 1977. The Organization'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. The Organization moved its operations from West Chicago, Illinois to Aurora, Colorado in December 2009.

B) Method of Accounting

The Organization'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.

The Organization has adopted FASB *Accounting Standards Codification* (ASC) 958, *Not For Profit Entities*. Under ASC 958, the Organization is required to distinguish between contributions received that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. ASC 958 also establishes standards for the financial statements of Not-for-Profit organizations and requires a statement of financial position, statement of activities, and a statement of cash flows. As permitted by the statement, the Organization does not use fund accounting.

C) 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.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

D) 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, 2009 and 2008 is \$0, respectively.

E) Investments

The Organization has adopted *FASB Accounting Standards Codification (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 statements 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.

F) 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, 2009 and 2008 amounts to \$11,431 and \$9,551, respectively.

G) Subscriptions Payable

In 2009 and 2008, the Organization 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"). Subscriptions payable for the years ended December 31, 2009 and 2008 amounts to \$47,369 and \$71,853, respectively.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

H) Deferred Revenue

The Organization defers membership and conference revenue that it receives in the current fiscal year for the following fiscal year. As of December 31, 2009 and 2008, the Organization has deferred membership revenue of \$69,538 and \$100,124, respectively. The Organization has two types of memberships available. Both of these can be subscribed for one or two year durations. The first 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. As of December 31, 2009 and 2008, the Organization had approximately 1,455 and 1,950 members, respectively.

The Organization also defers revenue it receives for its conference for the following year that it receives in the current fiscal year. As of December 31, 2009 and 2008, other deferred revenue is \$315 and \$1,275, respectively.

I) Royalties

The Organization receives royalties from an outside service organization for institutional subscribers of the Journal. The amount of royalties received were \$147,000 and \$171,778 for the years ending December 31, 2009 and 2008, respectively.

J) Use of Estimates

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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

K) Income Taxes

The Organization 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. The Organization has no unrelated business income during the years ended December 31, 2009 and 2008, 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" (*FASB Accounting Standard Codification (ASC) 740, Income Taxes*) which clarifies the accounting uncertainty in income taxes recognized in an organization's financial statements in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). 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 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. The Organization adopted ASC 740 for the fiscal year ended December 31, 2009. The adoption of ASC 740 had no impact on the Organization's financial position or results of operations.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization has deposits at one financial institution in excess of Federally insured limits of approximately \$0 and \$163,000 at December 31, 2009 and 2008, respectively. In addition, at December 31, 2008, approximately \$17,000 is held in a mutual fund that is not covered by the Federal Deposit Insurance Corporation, but is covered by the Securities Investor Protection Corporation. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 3 - INVESTMENTS

At December 31, 2009, investments are stated at fair value and consist of the following:

	Balance at December 31, 2009	Quoted Prices in Active Markets for Similar Assets (Level 2)	Cost	Unrealized Appreciation (Depreciation)
Commercial Paper	\$ 183,000	\$ 183,000	\$ 183,000	\$ 0
Certificates of Deposit	291,095	291,095	292,000	(905)
	<u>\$ 474,095</u>	<u>\$ 474,095</u>	<u>\$ 475,000</u>	<u>\$ (905)</u>

At December 31, 2008, investments are stated at fair value and consist of the following:

	Balance at December 31, 2008	Quoted Prices in Active Markets for Similar Assets (Level 2)	Cost	Unrealized Appreciation (Depreciation)
Fixed Rate Cap Securities	\$ 17,326	\$ 17,326	\$ 17,331	\$ (5)
Certificates of Deposit	276,871	276,871	275,000	1,871
	<u>\$ 294,197</u>	<u>\$ 294,197</u>	<u>\$ 292,331</u>	<u>\$ 1,866</u>

FASB ASC 820-Fair Value Measurements and Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 3 - INVESTMENTS (CONTINUED)

Level 2 Fair Value Measurement

The fair values of Certificates of Deposit, Commercial Paper and Fixed Rate Cap Securities are based on quoted prices for similar assets in active markets.

No Investment return was restricted during the years ended December 31, 2009 and 2008.

NOTE 4 - GRANTS RECEIVABLE

Grants receivable, the majority of which are from the Oak Foundation, are valued at the present value of their future cash flows using a discount of 5%.

As of December 31, 2009, grants receivable is as follows:

Receivable during the year ended December 31, 2010	\$	429,070
Provision for discounted future value		0
Allowance for doubtful accounts		0
		0
	\$	429,070

As of December 31, 2008, grants receivable is as follows:

Receivable during the year ended December 31, 2009	\$	492,300
2010		335,170
		827,470
Provision for discounted future value		(15,961)
Allowance for doubtful accounts		0
	\$	811,509

**THE INTERNATIONAL SOCIETY FOR THE
PREVENTION OF CHILD ABUSE AND NEGLECT
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 5 - NET ASSET RESTRICTIONS AND DESIGNATIONS

Temporarily restricted net assets are available for the following purposes at December 31, 2009 and 2008:

	2009	2008
Capacity Building and Training - Oak 1C Grant	\$ 545,535	\$ 741,883
Child Abuse and Neglect Prevention Training - Other Program Funding	131,858	213,859
Conference Expenses	11,220	17,685
Organizational Capacity Development Plan	4,500	4,987
Membership Dues	2,155	1,600
Publications and Research	9,627	10,568
Total Temporarily Restricted Net Assets	<u>\$ 704,895</u>	<u>\$ 990,582</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31, 2009 and 2008:

	2009	2008
Purpose Restriction Accomplished:		
Capacity Building and Training - Oak 1C Grant	\$ 212,309	\$ 418,367
Child Abuse and Neglect Prevention Training - Other Program Funding	83,151	103,857
Conference Expenses	24,616	33,414
Emergency Support for Displaced Children	0	515
Organizational Capacity Development Plan	487	7,411
Membership Dues	665	3,090
Publications and Research	2,213	130,602
Total Restrictions Released	<u>\$ 323,441</u>	<u>\$ 697,256</u>

**THE INTERNATIONAL SOCIETY FOR THE
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 5 - NET ASSET RESTRICTIONS AND DESIGNATIONS (CONTINUED)

Unrestricted net assets are designated for the following purpose at December 31, 2009 and 2008:

	2009	2008
Future Operating Costs	\$ 0	\$ 50,000
Total Designated Unrestricted Net Assets	<u>\$ 0</u>	<u>\$ 50,000</u>

NOTE 6 - 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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service unless instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

During the years ended December 31, 2009 and 2008, donated equipment recognized by the Organization amounts to \$7,735 and \$4,595, respectively. These amounts are recorded in the Statements of Activities as in-kind donations. In 2009, \$7,735 of the donated assets are capitalized. In 2008, \$4,115 of the donated assets are capitalized and the remaining \$480 are recorded as telephone expense.

The Organization 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 provided by the donation. During the years ended December 31, 2009 and 2008, donated legal services recognized by the Organization amount to \$152,682 and \$68,283, respectively. These amounts are recorded in the Statements of Activities as In-kind Contributions and on the Statements of Functional Expenses as In-kind Professional Services. The Organization 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.

**THE INTERNATIONAL SOCIETY FOR THE
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FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 7 - LEASE COMMITMENTS

The Organization leased facilities in West Chicago, Illinois under a noncancellable operating lease that expired April 30, 2010 with monthly payments ranging from \$2,560 to \$2,838. The lease also required the Organization to pay for all taxes and utilities. The Organization 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. The Organization 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, 2009 and 2008 is \$35,240 and \$29,896, respectfully. The future minimum rental payments remaining under the lease are as follows:

For the Year Ended December 31, 2010	\$	40,934
2011		44,656
2012		44,767
2013		46,109
2014		47,482
2015 - 2016		94,986
Total	<u>\$</u>	<u>318,934</u>

NOTE 8 - PENSION COSTS

The Organization sponsors a defined contribution pension plan. For the years ended December 31, 2009 and 2008, pension expense amounts to \$696 and \$892, respectively.

NOTE 9 - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2009, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is April 30, 2010, the date on which the financial statements were issued.