

**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, 2008 AND 2007**

**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, 2008 and 2007 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, 2008 and 2007 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, 2008 AND 2007**

**ASSETS**

	<b>2008</b>	<b>2007</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 412,387	\$ 165,638
Investments	294,197	290,398
Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	492,300	515,580
Royalties Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	96,778	191,127
Other Receivables (Net of Allowance for Doubtful Accounts of \$0, Respectively)	19,319	110,288
Prepaid Expenses	8,215	12,377
<b>TOTAL CURRENT ASSETS</b>	<b>1,323,196</b>	<b>1,285,408</b>
<b>FIXED ASSETS</b>		
Computers and Equipment	62,685	60,190
Furniture and Fixtures	39,991	35,092
	102,676	95,282
Less -- Accumulated Depreciation	86,140	78,208
<b>TOTAL FIXED ASSETS</b>	<b>16,536</b>	<b>17,074</b>
<b>OTHER ASSETS</b>		
Non-Current Grants Receivable (Net of Allowance for Doubtful Accounts of \$0, Respectively)	319,209	644,647
<b>TOTAL OTHER ASSETS</b>	<b>319,209</b>	<b>644,647</b>
 <b>TOTAL ASSETS</b>	 <b>\$1,658,941</b>	 <b>\$1,947,129</b>

**LIABILITIES AND NET ASSETS**

	<b>2008</b>	<b>2007</b>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 80,292	\$ 58,410
Subscriptions Payable	71,853	68,610
Deferred Membership Revenue	87,279	111,023
Deferred Rent	4,060	278
Other Deferred Revenue	1,275	1,450
	<u>244,759</u>	<u>239,771</u>
<b>TOTAL CURRENT LIABILITIES</b>		
<b>LONG-TERM LIABILITIES</b>		
Deferred Membership Revenue	12,845	15,801
Deferred Rent	1,481	5,541
	<u>14,326</u>	<u>21,342</u>
<b>TOTAL LONG-TERM LIABILITIES</b>		
<b>TOTAL LIABILITIES</b>	<u>259,085</u>	<u>261,113</u>
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	359,274	356,162
Designated	50,000	50,000
Total Unrestricted	<u>409,274</u>	<u>406,162</u>
Temporarily Restricted	990,582	1,279,854
	<u>1,399,856</u>	<u>1,686,016</u>
<b>TOTAL NET ASSETS</b>		
	<u>1,399,856</u>	<u>1,686,016</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u>\$1,658,941</u>	 <u>\$1,947,129</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, 2008**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>REVENUE AND OTHER SUPPORT</b>				
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
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>1,738,981</b>	<b>(289,272)</b>	<b>0</b>	<b>1,449,709</b>
<b>FUNCTIONAL EXPENSES</b>				
Program Services				
Training and Education	363,655	0	0	363,655
Technical Assistance and Consultation	326,211	0	0	326,211
Congress and Conference	454,771	0	0	454,771
Membership	125,091	0	0	125,091
Research Publications	124,375	0	0	124,375
Total 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
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>1,735,869</b>	<b>0</b>	<b>0</b>	<b>1,735,869</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,112</b>	<b>(289,272)</b>	<b>0</b>	<b>(286,160)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>406,162</b>	<b>1,279,854</b>	<b>0</b>	<b>1,686,016</b>
<b>END OF YEAR</b>	<b>\$ 409,274</b>	<b>\$ 990,582</b>	<b>\$ 0</b>	<b>\$ 1,399,856</b>

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, 2007**

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
<b>REVENUE AND OTHER SUPPORT</b>				
Grants and Contributions	\$ 34,770	\$ 1,374,583	\$ 0	\$ 1,409,353
Congress and Conference	311,650	0	0	311,650
Royalties and Publications	198,035	0	0	198,035
Memberships	174,650	0	0	174,650
In-kind Contributions	99,563	0	0	99,563
Technical Assistance and Consultation	30,325	0	0	30,325
Interest and Dividend Income	29,893	0	0	29,893
Unrealized Gain on Investments	132	0	0	132
Net Assets Released from Restrictions	530,582	(530,582)	0	0
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<u>1,409,600</u>	<u>844,001</u>	<u>0</u>	<u>2,253,601</u>
<b>FUNCTIONAL EXPENSES</b>				
Program Services				
Training and Education	319,764	0	0	319,764
Technical Assistance and Consultation	88,062	0	0	88,062
Congress and Conference	568,944	0	0	568,944
Membership	86,800	0	0	86,800
Research Publications	112,863	0	0	112,863
Total Program Services	1,176,433	0	0	1,176,433
Management and General	280,728	0	0	280,728
Fundraising	69,441	0	0	69,441
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>1,526,602</u>	<u>0</u>	<u>0</u>	<u>1,526,602</u>
<b>CHANGE IN NET ASSETS</b>	(117,002)	844,001	0	726,999
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>523,164</u>	<u>435,853</u>	<u>0</u>	<u>959,017</u>
<b>END OF YEAR</b>	<u>\$ 406,162</u>	<u>\$ 1,279,854</u>	<u>\$ 0</u>	<u>\$ 1,686,016</u>

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						MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	Training and Education	Assistance and Consultation	Congress and Conference	Membership	Research Publications	Subtotal			
<b>FUNCTIONAL EXPENSES</b>									
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
In-kind Professional Services	0	0	0	0	0	0	68,283	0	68,283
Independent Contractors	4,235	3,098	0	2,217	0	9,550	22,585	5,979	38,114
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
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 363,655</b>	<b>\$ 326,211</b>	<b>\$ 454,771</b>	<b>\$ 125,091</b>	<b>\$ 124,375</b>	<b>\$ 1,394,103</b>	<b>\$ 243,832</b>	<b>\$ 97,934</b>	<b>\$ 1,735,869</b>

**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, 2007**

**PROGRAM SERVICES**

	Technical						MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
	Training and Education	Assistance and Consultation	Congress and Conference	Membership	Research Publications	Subtotal			
<b>FUNCTIONAL EXPENSES</b>									
Staff and Office									
Audit	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,500	\$ 0	\$ 5,500
Bank and Other Fees	830	0	4,925	8,515	0	14,270	3,499	0	17,769
Depreciation	0	0	0	0	0	0	8,856	0	8,856
In-kind Professional Services	0	0	0	0	0	0	93,811	0	93,811
Independent Contractors	0	0	0	0	0	0	0	7,646	7,646
Insurance	0	0	0	0	0	0	6,204	0	6,204
Office Equipment and Supplies	808	0	508	222	0	1,538	2,116	133	3,787
Other	11,795	82	0	1,992	64	13,933	5,078	0	19,011
Payroll Taxes, Employee Benefits and Health Insurance	15,944	8,662	17,870	10,706	5,027	58,209	17,933	6,842	82,984
Postage	184	9	10	2,779	4,232	7,214	1,325	212	8,751
Printing, Stationery and Production	126	60	0	1,916	0	2,102	2,031	2,090	6,223
Rent and Occupancy	6,953	3,552	9,502	4,381	2,293	26,681	9,105	3,777	39,563
Salaries	81,974	42,722	116,347	54,155	27,665	322,863	109,895	45,355	478,113
Telephone	1,334	117	549	976	380	3,356	1,176	670	5,202
Travel and Council Expenses	34,854	6,663	46,882	369	0	88,768	14,199	2,716	105,683
Training									
Conferences	2,500	4,740	322,907	0	0	330,147	0	0	330,147
Congress	0	0	49,444	0	0	49,444	0	0	49,444
Payments to Sub Grantees	157,864	16,605	0	0	0	174,469	0	0	174,469
Publications and Training Materials	4,598	4,850	0	0	73,202	82,650	0	0	82,650
Technical									
Information Technology	0	0	0	415	0	415	0	0	415
Web Services	0	0	0	374	0	374	0	0	374
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 319,764</b>	<b>\$ 88,062</b>	<b>\$ 568,944</b>	<b>\$ 86,800</b>	<b>\$ 112,863</b>	<b>\$ 1,176,433</b>	<b>\$ 280,728</b>	<b>\$ 69,441</b>	<b>\$ 1,526,602</b>

**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, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from Grantors, Donors, and Members	\$1,859,149	\$1,220,736
Interest and Dividends Received	23,109	29,893
Paid to Suppliers and Employees	(1,628,546)	(1,369,250)
Interest Paid	0	0
Income Taxes Paid	0	0
	<hr/>	<hr/>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>253,712</b>	<b>(118,621)</b>
	<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for the Purchase of Fixed Assets	(4,898)	(7,957)
Payments for the Purchase of Investments	(292,331)	(191,889)
Proceeds from the Sale of Investments	290,266	187,399
	<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(6,963)</b>	<b>(12,447)</b>
	<hr/>	<hr/>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>246,749</b>	<b>(131,068)</b>
<b>CASH AND CASH EQUIVALENTS,</b>		
<b>BEGINNING OF YEAR</b>	<b>165,638</b>	<b>296,706</b>
	<hr/>	<hr/>
<b>END OF YEAR</b>	<b>\$ 412,387</b>	<b>\$ 165,638</b>
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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, 2008 AND 2007**

	<b>2008</b>	<b>2007</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Change in Net Assets	<u>\$ (286,160)</u>	<u>\$ 726,999</u>
Adjustments to Reconcile Net Cash Provided by (Used in) Operating Activities:		
Depreciation	9,551	8,856
Donated Fixed Assets	(4,115)	(5,752)
Unrealized Gain on Investments	(1,734)	(132)
Changes in Certain Assets and Liabilities:		
Grants Receivable	348,718	(946,917)
Royalties Receivable	94,349	(70,358)
Other Receivables	90,969	101,180
Prepaid Expenses	4,162	3,616
Accounts Payable	21,882	50,572
Subscriptions Payable	3,243	(145)
Deferred Membership Revenue	(26,700)	11,983
Other Deferred Revenue	(175)	835
Deferred Rent	(278)	642
Total Adjustments	<u>539,872</u>	<u>(845,620)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u><u>\$ 253,712</u></u>	<u><u>\$ (118,621)</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, 2008 AND 2007**

**NOTE 1 - NATURE OF ORGANIZATION AND 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.

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 Statement of Financial Accounting Standards Nos. 116 and 117, *Accounting for Contributions Received and Contributions Made* (SFAS 116) and *Financial Statements of Not-for-Profit Organizations* (SFAS 117). Under SFAS 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under SFAS 117, the Organization 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. 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, 2008 AND 2007**

**NOTE 1 - NATURE OF ORGANIZATION AND 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, 2008 and 2007 is \$0, respectively.

E) Investments

The Organization has adopted SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, 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, 2008 and 2007 amounts to \$9,551 and \$8,856, respectively.

G) Subscriptions Payable

In 2008 and 2007, 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, 2008 and 2007 amounts to \$71,853 and \$68,610, respectively.

**THE INTERNATIONAL SOCIETY FOR THE  
PREVENTION OF CHILD ABUSE AND NEGLECT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 1 - NATURE OF ORGANIZATION AND 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, 2008 and 2007, the Organization has deferred membership revenue of \$100,124 and \$126,824, 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, 2008 and 2007, the Organization had approximately 1,950 and 1,820 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, 2008 and 2007, other deferred revenue is \$1,275 and \$1,450, respectively.

I) Royalties

The Organization receives royalties from an outside service organization for institutional subscribers of the Journal. The amount of royalties received were \$171,778 and \$191,127 for the years ending December 31, 2008 and 2007, 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.

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 INTERNATIONAL SOCIETY FOR THE  
PREVENTION OF CHILD ABUSE AND NEGLECT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

The Organization has deposits at one financial institution in excess of federally insured limits of approximately \$163,000 and \$75,000 at December 31, 2008 and 2007, 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.

**NOTE 3 - INVESTMENTS**

At December 31, 2008, investments consist primarily of the following:

	Balance at 12/31/08	Quoted Prices in Active Markets for Identical Assets (Level 1)	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>

At December 31, 2007, investments consist primarily of the following:

	Balance at 12/31/07	Quoted Prices in Active Markets for Identical Assets (Level 1)	Cost	Unrealized Appreciation (Depreciation)
Fixed Rate Cap Securities	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Certificates of Deposit	190,398	190,398	190,266	132
	<u>\$ 290,398</u>	<u>\$ 290,398</u>	<u>\$ 290,266</u>	<u>\$ 132</u>

**THE INTERNATIONAL SOCIETY FOR THE  
PREVENTION OF CHILD ABUSE AND NEGLECT  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**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, 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
	<b>\$</b>	<b>811,509</b>

As of December 31, 2007, grants receivable is as follows:

Receivable during the year ended December 31, 2008	\$	515,580
2009		357,670
2010		335,170
		1,208,420
Provision for discounted future value		(48,193)
Allowance for doubtful accounts		0
	<b>\$</b>	<b>1,160,227</b>

**NOTE 5 - SUMMARY OF GRANT FUNDING**

The Organization was primarily funded through the following grants for the year ended December 31, 2008.

Funding Source	Grant/Contract Period	Total Grant / Contract	Recognized Support
Oak Foundation - EE	7/1/08 - 6/30/10	250,099	\$ 250,099
UNICEF	9/2/08 - 12/31/08	77,800	63,194
Office of Juvenile Justice and Delinquency Prevention and Fox Valley Technical College	1/1/08 - 1/31/09	30,000	30,000
Other Grants	VARIOUS	14,129	14,129
			<b>\$ 357,422</b>



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**NOTE 5 - SUMMARY OF GRANT FUNDING (CONTINUED)**

The Organization was primarily funded through the following grants for the year ended December 31, 2007.

Funding Source	Grant/Contract Period	Total Grant / Contract	Recognized Support
Oak Foundation	6/1/07 - 12/31/10	1,312,400	\$ 1,264,207
UNICEF	3/10/07 - 12/31/07	30,000	30,000
UNICEF	12/31/07 - 12/31/08	38,250	38,250
Office of Juvenile Justice and Delinquency Prevention and Fox Valley Technical College	1/1/07 - 11/1/07	25,000	25,000
Other Grants	VARIOUS	15,126	15,126
			<u>\$ 1,372,583</u>

**NOTE 6 - NET ASSET RESTRICTIONS AND DESIGNATIONS**

Temporarily restricted net assets are available for the following purposes at December 31, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Capacity Building and Training - Oak 1C Grant	\$ 741,883	\$ 1,128,019
Child Abuse and Neglect Prevention Training - Other Program Funding	213,859	119,755
Conference Expenses	17,685	4,018
Organizational Capacity Development Plan	4,987	12,398
Membership Dues	1,600	1,270
Publications and Research	10,568	14,394
Total Temporarily Restricted Net Assets	<u>\$ 990,582</u>	<u>\$ 1,279,854</u>

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**NOTE 6 - NET ASSET RESTRICTIONS AND DESIGNATIONS (CONTINUED)**

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Purpose Restriction Accomplished:		
Capacity Building and Training - Oak 1C Grant	\$ 418,367	\$ 136,189
Child Abuse and Neglect Prevention Training - Other Program Funding	103,857	253,048
Conference Expenses	33,414	28,012
Emergency Support for Displaced Children	515	0
Organizational Capacity Development Plan	7,411	92,646
Membership Dues	3,090	1,649
Publications and Research	130,602	19,038
Total Restrictions Released	<u>\$ 697,256</u>	<u>\$ 530,582</u>

Unrestricted net assets are designated for the following purpose at December 31, 2008 and 2007:

	<b>2008</b>	<b>2007</b>
Future Operating Costs	<u>\$ 50,000</u>	<u>\$ 50,000</u>
Total Designated Unrestricted Net Assets	<u>\$ 50,000</u>	<u>\$ 50,000</u>

**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, 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.

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**NOTE 7 - IN-KIND DONATIONS (CONTINUED)**

During the years ended December 31, 2008 and 2007, donated equipment recognized by the Organization amounts to \$4,595 and \$5,752, respectively. These amounts are recorded in the Statement of Activities as in-kind donations. In 2008, \$4,115 of the donated assets are capitalized and the remaining \$480 are recorded as telephone expense. In 2007, the entire \$5,752 of donated assets are capitalized.

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, 2008 and 2007, donated legal services recognized by the Organization amount to \$68,283 and \$93,811, respectively. This amount is recorded in the Statement of Activities as In-kind Contributions. The legal services are recorded as a management and general expense in the Statement of Functional Expenses. 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.

**NOTE 8 - LEASE COMMITMENTS**

The Organization leases its facilities under a noncancellable operating lease that expires April 30, 2010 with monthly payments ranging from \$2,560 to \$2,838. The lease requires the Organization to pay for all taxes and utilities. Rent expense under this lease for the year ended December 31, 2008 and 2007 is \$29,896 and \$29,617. The future minimum rental payments required under the lease are as follows:

For the Year Ended December 31, 2009	\$	33,678
		2010
		11,353
		Total
		\$45,031

**NOTE 9 - PENSION COSTS**

The Organization sponsors a defined contribution pension plan. For the years ended December 31, 2008 and 2007, the amount of pension expense was \$892 and \$0, respectively.

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**NOTE 10 - RECLASSIFICATIONS**

Certain prior period amounts have been reclassified to conform to current year presentation. Additional information was added to the Statement of Functional Expenses for the year ended December 31, 2007. Also, deferred rent and deferred membership revenue were reclassified into current and long-term portions for the year ended December 31, 2007.