

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

FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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HEIDER, TANNER & DIRKS, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

RICHARD P. HEIDER, CPA  
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of the International Society for the Prevention of Child Abuse and Neglect (a nonprofit corporation) as of December 31, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the International Society for the Prevention of Child Abuse and Neglect as of December 31, 2016 and 2015 and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

As described in Note 9, the organization changed the method of recognition of membership dues. The cumulative effect of this change in accounting principle is reflected in the statement of activities for the year ended December 31, 2015.

*Heider, Tanner & Dirks, Inc.*  
HEIDER, TANNER & DIRKS, INC.  
Denver, Colorado

August 17, 2017

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**STATEMENT OF FINANCIAL POSITION**  
December 31, 2016 and 2015

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets		
Cash	\$ 297,150	\$ 142,304
Investments	435,640	434,214
Royalties receivable	107,073	118,806
Other receivables	7,500	44,845
Prepaid expenses	<u>14,090</u>	<u>10,167</u>
Total current assets	<u>861,453</u>	<u>750,336</u>
Fixed Assets		
Computers and equipment	27,367	26,828
Furniture and fixtures	17,459	14,535
Leasehold improvements	<u>1,713</u>	<u>1,713</u>
	46,539	43,076
Less accumulated depreciation	<u>(42,095)</u>	<u>(37,952)</u>
Total fixed assets	<u>4,444</u>	<u>5,124</u>
Other Assets		
Deposits	<u>2,406</u>	<u>-</u>
Total other assets	<u>2,406</u>	<u>-</u>
Total assets	<u>\$ 868,303</u>	<u>\$ 755,460</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 13,117	\$ 11,747
Subscriptions payable	<u>35,959</u>	<u>-</u>
Total current liabilities	<u>49,076</u>	<u>11,747</u>
Long-Term Liabilities		
Deferred rent	<u>-</u>	<u>3,677</u>
Total long-term liabilities	<u>-</u>	<u>3,677</u>
Total liabilities	<u>49,076</u>	<u>15,424</u>
Net Assets		
Unrestricted	604,262	598,124
Temporarily restricted	<u>214,965</u>	<u>141,912</u>
Total net assets	<u>819,227</u>	<u>740,036</u>
Total liabilities and net assets	<u>\$ 868,303</u>	<u>\$ 755,460</u>

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

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT, REVENUES AND GAINS</b>				
Grants and contributions	\$ 33,723	\$ 150,000	\$ -	\$ 183,723
In-kind contributions	129,963	-	-	129,963
Royalties and publications	201,503	-	-	201,503
Memberships	127,878	-	-	127,878
Technical assistance and consultation	19,970	-	-	19,970
Congress and conference	231,882	-	-	231,882
Interest and dividend income	1,168	-	-	1,168
Net assets released from restrictions	76,947	(76,947)	-	-
	<u>823,034</u>	<u>73,053</u>	<u>-</u>	<u>896,087</u>
<b>EXPENSES</b>				
Program services	489,743	-	-	489,743
Administrative and general	310,037	-	-	310,037
Fundraising	17,116	-	-	17,116
	<u>816,896</u>	<u>-</u>	<u>-</u>	<u>816,896</u>
CHANGE IN NET ASSETS	6,138	73,053	-	79,191
NET ASSETS, beginning of year	<u>598,124</u>	<u>141,912</u>	<u>-</u>	<u>740,036</u>
NET ASSETS, end of year	<u>\$ 604,262</u>	<u>\$ 214,965</u>	<u>\$ -</u>	<u>\$ 819,227</u>

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

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>PUBLIC SUPPORT, REVENUES AND GAINS</b>				
Grants and contributions	\$ 34,128	\$ 150,000	\$ -	\$ 184,128
In-kind contributions	280,588	-	-	280,588
Royalties and publications	202,678	-	-	202,678
Memberships	117,825	-	-	117,825
Technical assistance and consultation	24,000	-	-	24,000
Congress and conference	29,665	-	-	29,665
Other revenue	3,100	-	-	3,100
Interest and dividend income	651	-	-	651
Net assets released from restrictions	85,615	(85,615)	-	-
	<u>778,250</u>	<u>64,385</u>	<u>-</u>	<u>842,635</u>
<b>EXPENSES</b>				
Program services	561,618	-	-	561,618
Administrative and general	329,343	-	-	329,343
Fundraising	23,511	-	-	23,511
	<u>914,472</u>	<u>-</u>	<u>-</u>	<u>914,472</u>
CHANGE IN NET ASSETS	(136,222)	64,385	-	(71,837)
NET ASSETS, beginning of year as previously reported	683,589	77,527	-	761,116
Cumulative effect of change in accounting principle	50,757	-	-	50,757
NET ASSETS, beginning of year restated	<u>734,346</u>	<u>77,527</u>	<u>-</u>	<u>811,873</u>
NET ASSETS, end of year	<u>\$ 598,124</u>	<u>\$ 141,912</u>	<u>\$ -</u>	<u>\$ 740,036</u>

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

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2016

FUNCTIONAL EXPENSES	PROGRAM SERVICES					ADMINISTRATIVE AND GENERAL	FUNDRAISING	TOTAL
	Training, Consultation, Education and Resources	Congress and Conferences	Membership	Research and Publications	Total Program Services			
Staff and Office								
Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700	\$ -	\$ 5,700
Bad debt expense	-	44,845	-	-	44,845	-	-	44,845
Bank and other fees	-	460	61	-	521	19,972	-	20,493
Depreciation	249	1,450	663	-	2,362	1,616	166	4,144
Independent contractors and consultants	1,390	-	5,084	3,143	9,617	17,318	-	26,935
In-kind professional services	3,300	23,100	18,700	550	45,650	84,150	-	129,800
Insurance	116	262	11	-	389	1,698	-	2,087
Office equipment and supplies	79	18	-	-	97	3,474	-	3,571
Other	-	660	5,150	7,003	12,813	5,566	1,532	19,911
Payroll taxes, employee benefits and health insurance	4,638	26,676	12,599	-	43,913	32,462	3,116	79,491
Postage	-	2,044	-	-	2,044	149	-	2,193
Printing, stationery and production	-	631	-	-	631	2,118	-	2,749
Rent and occupancy	1,595	9,301	4,252	-	15,148	10,364	1,063	26,575
Salaries	12,897	83,672	39,132	-	135,701	91,593	10,411	237,705
Telephone	175	-	272	1,858	2,305	4,917	361	7,583
Travel and council expenses	6,740	71,155	316	-	78,211	7,004	467	85,682
Training								
Conferences	2,710	37,714	-	-	40,424	50	-	40,474
Payments to sub-grantees	17,930	(1,261)	-	-	16,669	-	-	16,669
Publication and training materials	-	-	1,250	35,959	37,209	1,439	-	38,648
Technical								
Information technology	-	-	-	-	-	2,649	-	2,649
Web services	-	-	1,104	90	1,194	17,798	-	18,992
<b>Total functional expenses</b>	<b>\$ 51,819</b>	<b>\$ 300,727</b>	<b>\$ 88,594</b>	<b>\$ 48,603</b>	<b>\$ 489,743</b>	<b>\$ 310,037</b>	<b>\$ 17,116</b>	<b>\$ 816,896</b>

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

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2015

FUNCTIONAL EXPENSES	PROGRAM SERVICES					ADMINISTRATIVE AND GENERAL	FUNDRAISING	TOTAL
	Training, Consultation, Education and Resources	Congress and Conferences	Membership	Research and Publications	Total Program Services			
Staff and Office								
Audit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,650	\$ -	\$ 5,650
Bank and other fees	-	-	404	-	404	5,878	88	6,370
Depreciation	323	1,412	560	105	2,400	1,385	262	4,047
Independent contractors and consultants	12,177	1,135	-	-	13,312	16,238	-	29,550
In-kind professional services	15,675	92,675	2,750	-	111,100	169,125	-	280,225
Insurance	-	1,284	-	-	1,284	1,335	150	2,769
Office equipment and supplies	-	-	196	-	196	577	728	1,501
Other	3,207	197	2,244	475	6,123	1,613	353	8,089
Payroll taxes, employee benefits and health insurance	5,681	7,112	3,402	661	16,856	49,863	1,592	68,311
Postage	40	-	49	265	354	191	-	545
Printing, stationery and production	-	143	1,329	1,255	2,727	613	-	3,340
Rent and occupancy	6,219	10,909	4,237	855	22,220	8,840	2,149	33,209
Salaries	47,013	82,471	32,032	6,464	167,980	66,829	16,244	251,053
Telephone	75	179	1,241	57	1,552	1,113	57	2,722
Travel and council expenses	8,070	52,436	-	-	60,506	-	1,888	62,394
Training								
Conferences	-	14,325	-	-	14,325	-	-	14,325
Payments to sub-grantees	20,000	-	-	-	20,000	-	-	20,000
Publication and training materials	60,180	-	-	38,007	98,187	-	-	98,187
Technical								
Information technology	-	-	15,972	-	15,972	93	-	16,065
Web services	-	-	6,120	-	6,120	-	-	6,120
<b>Total functional expenses</b>	<b>\$ 178,660</b>	<b>\$ 264,278</b>	<b>\$ 70,536</b>	<b>\$ 48,144</b>	<b>\$ 561,618</b>	<b>\$ 329,343</b>	<b>\$ 23,511</b>	<b>\$ 914,472</b>

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



**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**STATEMENT OF CASH FLOWS**  
For the Years Ended December 31, 2016 and 2015

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from grantors, donors, and members	\$ 763,277	\$ 544,810
Interest and dividends received	1,168	651
Paid to suppliers and employees	(604,709)	(643,862)
Net Cash (Used in) Provided by Operating Activities	159,736	(98,401)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for the purchase of fixed assets	(3,463)	-
Payments for the purchase of investments	(435,879)	(905,635)
Proceeds from the sale of investments	434,452	1,047,114
Net Cash (Used in) Provided by Investing Activities	(4,890)	141,479
<b>NET INCREASE (DECREASE) IN CASH</b>	154,846	43,078
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	142,304	99,226
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 297,150	\$ 142,304
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 79,191	\$ (71,837)
Adjustments to reconcile net cash used in operating activities		
Depreciation expense	4,144	4,047
(Increase) decrease in:		
Royalties receivable	11,733	14,227
Other receivables	37,345	4,462
Prepaid expenses	(3,923)	3,806
Deposits	(2,406)	-
Increases (decreases) in:		
Accounts payable	1,370	(14,799)
Subscriptions payable	35,959	-
Deferred membership revenue	-	(35,275)
Deferred rent	(3,677)	(3,032)
Total adjustments	80,545	(26,564)
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>	\$ 159,736	\$ (98,401)

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

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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

**a. Organization**

The International Society for the 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.

**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. There was no allowance for doubtful accounts recorded at December 31, 2016 and 2015.

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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

***f. Investments***

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, 2016 and 2015 is \$4,144 and \$4,047, respectively.

***h. Subscriptions Payable***

ISPCAN has contracted with an outside service organization to publish and distribute twelve issues of "Child Abuse and Neglect: The International Journal" at a rate of \$42 per member per year. Subscriptions payable for the years ended December 31, 2016 and 2015 were \$35,959 and \$0, respectively.

***i. Deferred Revenue***

ISPCAN defers revenue it receives in the current fiscal year for its conference for the following year. As of December 31, 2016 and 2015, there was no deferred revenue for conferences.

During the year ended December 31, 2016, ISPCAN changed the method for recognition of membership dues, and no longer records deferred membership dues revenue but rather records membership revenue as it is received. See Note 9 regarding this change.

***j. Royalties***

Royalties are received from an outside service organization for institutional subscribers of the Journal. The amount of royalties received were \$182,073 and \$201,306 for the years ending December 31, 2016 and 2015, 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.

***l. 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 had no unrelated business income during the years ended December 31, 2016 and 2015, and therefore, no provision for federal or state income taxes has been made in the accompanying financial statements.

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

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

**I. Income Taxes (continued)**

ISPCAN follows FASB ASC 740 *Income Taxes*, which requires entities to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. ISPCAN has evaluated tax positions taken related to its tax-exempt status, and none are considered to be uncertain; therefore, no amounts have been recognized as of December 31, 2016.

**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, 2016 and 2015. However, investments in certificates of deposit are held at a brokerage firm 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, 2016, ISPCAN held the following investments:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit	\$ <u>435,640</u>	\$ <u>435,640</u>	\$ _____ -
Total	\$ <u>435,640</u>	\$ <u>435,640</u>	\$ _____ -

At December 31, 2015, ISPCAN held the following investments:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized gain (loss)</u>
Certificates of deposit	\$ <u>434,214</u>	\$ <u>434,214</u>	\$ _____ -
Total	\$ <u>434,214</u>	\$ <u>434,214</u>	\$ _____ -

**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.

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**NOTE 4 - FAIR VALUE MEASUREMENTS (continued)**

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 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, 2016:

Fair Value Measurements at Reporting Date Using:

<u>Description</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 435,640	\$ -	\$ 435,640	\$ -
Total	<u>\$ 435,640</u>	<u>\$ -</u>	<u>\$ 435,640</u>	<u>\$ -</u>

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, 2015:

Fair Value Measurements at Reporting Date Using:

<u>Description</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of deposit	\$ 434,214	\$ -	\$ 434,214	\$ -
Total	<u>\$ 434,214</u>	<u>\$ -</u>	<u>\$ 434,214</u>	<u>\$ -</u>

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**NOTE 5 - GRANTS AND DONATIONS RECEIVABLE**

During 2013, ISPCAN was awarded a five year grant, which is subject to grantor review of expected results and outcomes, and approval each year is required before additional disbursements are made from the award. Because of the conditional nature of the grant, payments expected to be received in future years have not been accrued.

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Core support	\$ <u>214,965</u>	\$ <u>141,912</u>
Total	\$ <u>214,965</u>	\$ <u>141,912</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors during the years ended December 31, 2016 and 2015 as follows:

	<u>2016</u>	<u>2015</u>
Core support	\$ 76,947	\$ 85,040
Honorary memberships	-	575
Total	<u>\$ 76,947</u>	<u>\$ 85,615</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, 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.

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, 2016 and 2015, ISPCAN recognized donated legal services of \$129,800 and \$280,225, respectively, and donated travel expenses of \$163 and \$363, respectively. ISPCAN also receives a significant amount of donated services from unpaid volunteers which are not reflected in the financial statements because they do not meet the criteria for recognition.

**NOTE 8 - LEASE COMMITMENTS**

In November 2016, ISPCAN moved to a new location which it leases under an operating lease. The lease expires March 31, 2022 with monthly payments ranging from \$2,405 to \$2,688. Rent expense under the previous lease for the years ended December 31, 2016 and 2015 is \$26,575 and \$33,209, respectively.

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

2017	\$ 21,650
2018	29,503
2019	30,352
2020	31,200
2021	32,050
2022	<u>8,065</u>
Total	<u>\$ 152,820</u>

**INTERNATIONAL SOCIETY FOR THE PREVENTION OF CHILD ABUSE AND NEGLECT**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016 and 2015

**NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLE**

During 2016, ISPCAN changed its method for recognizing dues revenue from members as a result of changes in membership policies and billing methods. In 2015 and prior years, memberships were recognized on a calendar-year basis and monies received for memberships during the latter part of one year were recognized in the next calendar year; no member benefits were presented until the beginning of the year in which the membership dues were attributed. During 2016, the organization changed to the cash method of accounting for dues for the following reasons: (1) the dues period changed to an anniversary date, with the annual membership period beginning in the month the dues are received, with no multiple-year memberships; (2) members are not entitled to refunds once the dues payment has been made; and (3) there are no significant member benefits that accrue ratably over the annual membership period.

As required by generally accepted accounting principles, this change was made to the earliest period presented in ISPCAN's financial statements. As a result, net assets at December 31, 2015 were increased by \$50,757 to reflect the cumulative effect of this change in accounting principle.

**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 August 17, 2017, and this is the date through which subsequent events were evaluated.