

**CHILD ABUSE NETWORK, INC.**

Financial Statements

June 30, 2012 and 2011

(With Independent Auditor's Report Thereon)



# **CHILD ABUSE NETWORK, INC.**

June 30, 2012 and 2011

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7170 S. Braden Ave., Suite 100 • Tulsa, OK 74136-6333 • PHONE: (918) 481-5355 • FAX: (918) 481-5771

## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Child Abuse Network, Inc.:

We have audited the accompanying statements of financial position of Child Abuse Network, Inc. (CAN) as of June 30, 2012 and 2011, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of CAN's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Abuse Network, Inc. at June 30, 2012 and 2011, 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.

In accordance with Government Auditing Standards, we have also issued a report dated November 29, 2012, on our consideration of CAN's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules of state award and revenues and expenses are presented for purposes of additional analysis as required by the Oklahoma Department of Human Services Audit Policy and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

*Creason & Associates, P.L.L.C.*

Tulsa, Oklahoma  
November 29, 2012

# CHILD ABUSE NETWORK, INC.

## Statements of Financial Position

June 30, 2012 and 2011

<b>Assets</b>	<b><u>2012</u></b>	<b><u>2011</u></b>
Current assets:		
Cash	\$ 600,624	\$ 655,598
Restricted cash (note 5)	396,016	275,648
Pledges and grants receivable (notes 2, 5 and 9)	179,325	225,285
Prepaid expenses	14,846	12,137
Total current assets	<u>1,190,811</u>	<u>1,168,668</u>
Assets held by others (notes 3 and 9)	48,956	47,791
Pledges receivable (notes 2, 5 and 9)	-	61,016
Property and equipment (note 4):		
Land	485,000	485,000
Building	850,349	837,572
Furniture and fixtures	132,810	125,373
Medical equipment	40,000	23,238
	<u>1,508,159</u>	<u>1,471,183</u>
Less accumulated depreciation	159,074	121,464
Net property and equipment	<u>1,349,085</u>	<u>1,349,719</u>
Total assets	<u>\$ 2,588,852</u>	<u>\$ 2,627,194</u>

*See accompanying notes to financial statements.*

# CHILD ABUSE NETWORK, INC.

## Statements of Financial Position, Continued

June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Liabilities and Net Assets</b>		
Current liabilities - accounts payable and accrued liabilities	\$ 72,102	\$ 77,599
Long-term liabilities - note payable (note 4)	<u>-</u>	<u>568,706</u>
Total liabilities	<u>72,102</u>	<u>646,305</u>
Commitments and contingencies (notes 5, 6 and 7)		
Net assets (note 5):		
Unrestricted	1,975,629	1,393,756
Temporarily restricted	<u>541,121</u>	<u>587,133</u>
Total net assets	<u>2,516,750</u>	<u>1,980,889</u>
Total liabilities and net assets	<u>\$ 2,588,852</u>	<u>\$ 2,627,194</u>

*See accompanying notes to financial statements.*

# CHILD ABUSE NETWORK, INC.

## Statements of Activities

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Changes in unrestricted net assets:</b>		
Support and revenue:		
Federal and state grants	\$ 194,994	\$ 374,415
Contributions and private grants	405,002	302,011
Other income	<u>269,755</u>	<u>18,027</u>
Total support and revenue	869,751	694,453
Net assets released from restrictions (note 5)	<u>931,028</u>	<u>926,361</u>
Total support, revenue and reclassifications	<u>1,800,779</u>	<u>1,620,814</u>
Expenses:		
Program services:		
Child Abuse Team	802,755	695,855
Court School	-	610
Community Awareness	<u>99,573</u>	<u>76,015</u>
	<u>902,328</u>	<u>772,480</u>
Supporting services:		
Management and general	158,985	155,931
Fundraising	<u>157,593</u>	<u>83,550</u>
	<u>316,578</u>	<u>239,481</u>
Total expenses	<u>1,218,906</u>	<u>1,011,961</u>
Change in unrestricted net assets	<u>581,873</u>	<u>608,853</u>
<b>Changes in temporarily restricted net assets:</b>		
Contributions	345,170	416,100
State of Oklahoma CAMA distribution	538,681	480,000
Investment income	1,165	5,596
Net assets released from restriction (note 5)	<u>(931,028)</u>	<u>(926,361)</u>
Change in temporarily restricted net assets	<u>(46,012)</u>	<u>(24,665)</u>
Change in net assets	535,861	584,188
Net assets, beginning of year	<u>1,980,889</u>	<u>1,396,701</u>
Net assets, end of year	<u>\$ 2,516,750</u>	<u>\$ 1,980,889</u>

*See accompanying notes to financial statements.*

# CHILD ABUSE NETWORK, INC.

## Statements of Cash Flows

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Increase (Decrease) in Cash</b>		
Cash flows from operating activities:		
Cash received from CAMA distributions, contributors and grants	\$ 1,584,482	\$ 1,438,530
Cash paid to suppliers and employees	(1,170,726)	(996,957)
Other income	266,750	13,491
Interest received	3,005	4,536
Interest paid	(12,435)	(16,489)
	<u>671,076</u>	<u>443,111</u>
Net cash provided by operating activities		
	<u>671,076</u>	<u>443,111</u>
Net cash flows used by investing activities – capital expenditures	<u>(36,976)</u>	<u>(1,225,368)</u>
Cash flows from financing activities:		
Proceeds from note payable	-	700,000
Payments on note payable	(568,706)	(131,294)
	<u>(568,706)</u>	<u>568,706</u>
Net cash provided (used) by operating activities		
	<u>(568,706)</u>	<u>568,706</u>
Net increase (decrease) in cash	65,394	(213,551)
Cash, beginning of year	<u>931,246</u>	<u>1,144,797</u>
Cash, end of year	<u>\$ 996,640</u>	<u>\$ 931,246</u>

*See accompanying notes to financial statements.*

# CHILD ABUSE NETWORK, INC.

## Statements of Cash Flows, Continued

Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in net assets	\$ 535,861	\$ 584,188
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,610	29,848
Bad debt expense	6,341	-
Investment earnings	(1,165)	(5,596)
(Increase) decrease in pledges and grants receivable	100,635	(133,995)
(Increase) decrease in prepaid assets	(2,709)	4,912
Decrease in accounts payable and accrued liabilities	<u>(5,497)</u>	<u>(36,246)</u>
Net cash provided by operating activities	<u>\$ 671,076</u>	<u>\$ 443,111</u>
 <b>Noncash Investing and Financing Activities</b>		
Escrow deposit applied to land and building	<u>\$ -</u>	<u>\$ 123,000</u>

*See accompanying notes to financial statements.*

## CHILD ABUSE NETWORK, INC.

### Statement of Functional Expenses

For the Year Ended June 30, 2012

	Program Services			Support Services			2012 Total Expenses
	Child Abuse Team	Community Awareness	Total	Management & General	Fundraising	Total	
Personnel costs	\$ 451,118	\$ 86,943	\$ 538,061	\$ 104,088	\$ 94,198	\$ 198,286	\$ 736,347
Professional services	201,552	1,782	203,334	9,988	7,601	17,589	220,923
Office and occupancy expenses	89,753	5,427	95,180	28,495	52,982	81,477	176,657
Insurance	1,381	71	1,452	1,912	479	2,391	3,843
Information technology	7,548	2,775	10,323	2,442	-	2,442	12,765
Interest	11,490	-	11,490	945	-	945	12,435
Conferences, conventions & meetings	4,962	100	5,062	677	243	920	5,982
Other expenses	199	2,475	2,674	7,580	2,090	9,670	12,344
Total expenses before depreciation	768,003	99,573	867,576	156,127	157,593	313,720	1,181,296
Depreciation	34,752	-	34,752	2,858	-	2,858	37,610
Total expenses	\$ 802,755	\$ 99,573	\$ 902,328	\$ 158,985	\$ 157,593	\$ 316,578	\$ 1,218,906
	74%			26%			

*See accompanying notes to financial statements.*

## CHILD ABUSE NETWORK, INC.

### Statement of Functional Expenses

For the Year Ended June 30, 2011

	Program Services				Support Services			2011 Total Expenses
	Child Abuse Team	Court School	Community Awareness	Total	Management & General	Fundraising	Total	
Personnel costs	\$ 414,932	\$ -	\$ 51,069	\$ 466,001	\$ 107,761	\$ 69,072	\$ 176,833	\$ 642,834
Professional services	154,769	610	178	155,557	13,143	2,934	16,077	171,634
Office and occupancy expenses	78,676	-	8,752	87,428	20,256	8,207	28,463	115,891
Special projects	-	-	-	-	-	-	-	-
Insurance	1,538	-	120	1,658	837	48	885	2,543
Information technology	8,673	-	-	8,673	5,087	-	5,087	13,760
Interest	5,316	-	10,564	15,880	609	-	609	16,489
Conferences, conventions & meetings	5,340	-	862	6,202	420	453	873	7,075
Other expenses	584	-	2,440	3,024	6,833	2,030	8,863	11,887
Total expenses before depreciation	669,828	610	73,985	744,423	154,946	82,744	237,690	982,113
Depreciation	26,027	-	2,030	28,057	985	806	1,791	29,848
Total expenses	\$ 695,855	\$ 610	\$ 76,015	\$ 772,480	\$ 155,931	\$ 83,550	\$ 239,481	\$ 1,011,961
	76%				24%			

*See accompanying notes to financial statements.*

# CHILD ABUSE NETWORK, INC.

Notes to Financial Statements

Years Ended June 30, 2012 and 2011

## (1) Summary of Significant Accounting Policies

### (a) Organization

Child Abuse Network, Inc. (CAN) is a not-for-profit corporation incorporated June 1988 in the State of Oklahoma. CAN conducts its principal activities in the Tulsa metro area, providing support and facilities for a multidisciplinary team approach to determine abuse and to protect children in crisis.

### (b) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CAN and changes therein are classified and reported as follows:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of CAN and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by CAN. Generally, the donors of these assets permit CAN to use all or part of the income earned on any related investments for general or specific purposes.

Donor restricted assets are reported as increases in unrestricted net assets if the restrictions expire in the same fiscal year recognized.

### (c) Cash and Cash Equivalents

CAN considers all cash on hand, cash in banks and liquid investments with original maturities of three months or less to be cash and cash equivalents.

# CHILD ABUSE NETWORK, INC.

Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

## (1) Summary of Significant Accounting Policies, Continued

### (d) Pledges Receivable

CAN recognizes pledges at their estimated fair value on the date pledges are received. The fair value is determined by calculating the present value of the estimated future cash flows using the discount rate at the date of the pledge. Allowances for uncollectible pledge amounts are recorded when management identifies amounts that may not be collected.

### (e) Property and Equipment

Property and equipment are recorded at cost if purchased or at fair market value if donated and are depreciated using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 39 years. Generally, CAN capitalizes all asset purchases over \$1,000 with an estimated useful life greater than one year.

### (f) Income Taxes

CAN is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CAN is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

At June 30, 2012, CAN had no accrued interest or penalties relating to any tax contingencies. CAN has no federal or state examinations in progress; however, the 2008 through current years are subject to such examinations.

### (g) Donated Facilities

Prior to January 1, 2010, CAN received office space, at no charge, in which to operate and conduct its services. No amounts were recorded for donated facilities or occupancy expense because pertinent information was not readily available. Also, management believed that any amount would be immaterial to the financial statements. Pursuant to the purchase of its facility as described in Note 4, CAN incurred rent expense of \$5,997 for the year ending June 30, 2011.

# CHILD ABUSE NETWORK, INC.

Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

## (1) Summary of Significant Accounting Policies, Continued

### (h) Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

### (i) Functional Expenses

Expenses are classified by a specific program or support service where practical. Expenses not identified with specific programs or support services are allocated based primarily upon management's estimates of staffing levels and time spent in the services and facility usage.

### (j) Fair Value Measurements

CAN uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the "Fair Value Measurements and Disclosures" topic of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 820, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for CAN's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques

# CHILD ABUSE NETWORK, INC.

Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

## (1) Summary of Significant Accounting Policies, Continued

### (j) Fair Value Measurements, Continued

may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value, a reasonable point within the range, is most representative of fair value under current market conditions.

In accordance with this guidance, CAN groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

**Level 1** – Valuation is based on quoted prices in active markets for identical assets or liabilities that CAN has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**Level 2** – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

**Level 3** – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial statements whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instruments categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

# CHILD ABUSE NETWORK, INC.

Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

## (1) Summary of Significant Accounting Policies, Continued

### (k) Evaluation of Subsequent Events

In preparing these financial statements, CAN has reviewed and evaluated all events that have occurred after June 30, 2012 through November 29, 2012, the date of the audit report, for potential recognition or disclosure in the financial statements.

### (l) Reclassifications

Certain 2011 amounts have been reclassified to conform to current classifications.

## (2) Pledges and Grants Receivable

At June 30, 2012, CAN had temporarily restricted pledges receivable related to its expansion campaign of approximately \$12,800 from board members, which are expected to be collected during the next fiscal year. At June 30, 2011, CAN had temporarily restricted pledges receivable of approximately \$161,400 (approximately \$61,000 from board members), which, except for current amounts outstanding, were collected during fiscal year 2012.

In January 2012 and 2011, CAN received an allocation from the Tulsa Area United Way totaling \$204,600 for each calendar year. This amount has been recorded as a temporarily restricted contribution and released from restriction as monthly payments are received. At June 30, 2012 and 2011, \$102,300 and \$102,305 remains to be collected, respectively.

Also in fiscal year 2012, CAN received a \$70,000 contribution from a foundation of which \$30,000 had not yet been received as of June 30, 2012. This amount has been recorded as temporarily restricted.

## (3) Assets Held by Others

Assets held by others represent funds held in an agency fund agreement with the Tulsa Community Foundation (the Foundation) for the benefit of CAN. The Board of Trustees of the Foundation has the power to modify any restriction or condition on distributions of these funds for any specific charitable purpose or to specific organizations if, in the sole judgment of the Board of Trustees, the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable needs served by the Foundation.

# CHILD ABUSE NETWORK, INC.

Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

## **(3) Assets Held by Others, Continued**

It is the general policy of the Foundation that a substantial part of its agency funds shall remain as a permanent endowment of the Foundation. Consistent with that policy, the money or other property shall be held and administered, and distribution shall be made for the benefit of CAN, in accordance with such procedures for the administration and operation of agency funds of the Foundation and such endowment spending policies of the Foundation as may be in effect from time to time.

CAN's interest in the Foundation is recorded at its proportionate share of the fair value of the investments of the Foundation. The amount CAN will ultimately realize could differ materially from the recorded amount, as significant fluctuations in market values could occur from year to year.

At June 30, 2012 and 2011, the assets held and invested with the Foundation were \$48,956 and \$47,791, respectively and have been adjusted for unrealized gains and losses. For the years ended June 30, 2012 and 2011, CAN recognized \$1,165 and \$5,596, respectively, in unrealized gains pertaining to these assets.

The Foundation maintains additional non-reciprocal amounts (\$25,242 and \$24,641 at June 30, 2012 and 2011, respectively) on behalf of CAN that are not recorded in CAN's financial statements, in accordance with the "Not-for-Profit Entities - Revenue Recognition" topic of FASB ASC 958-605. The receipt and recognition of these amounts in the financial statements is conditional on their distribution by the Foundation to CAN.

## **(4) Long-term Debt**

On August 3, 2010, CAN entered into an agreement to purchase the facility it occupied as well as adjoining properties for \$1,230,000. The closing of this transaction was completed on September 29, 2010, with funding provided from a \$700,000 promissory note, a \$300,000 Site Acquisition grant from the City of Tulsa with a cash payment for the balance of the purchase price.

The promissory note carried interest at the U.S. Prime Rate published in the Wall Street Journal and required monthly interest payments until maturity. The balance of principal and any unpaid interest on the promissory note was due on September 29, 2012. The note is collateralized by the land and building. During fiscal year 2012, CAN paid this note obligation in full.

# CHILD ABUSE NETWORK, INC.

## Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

### (5) Net Assets

Temporarily restricted net assets consists of restricted cash and pledges receivable and are available for the following purposes as of June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Operations - time restricted	\$ 102,300	\$ 102,305
Expansion Campaign	12,806	161,389
CAMA funds:		
Personnel	194,118	211,495
Professional services	95,357	45,803
Occupancy	37,674	-
Designated projects	<u>98,866</u>	<u>66,141</u>
	<u>\$ 541,121</u>	<u>\$ 587,133</u>

For the years ended June 30, 2012 and 2011, temporarily restricted net assets were released from restriction through expenditure of funds for the purpose for which they were received.

Voluntary board restrictions on unrestricted net assets include a working capital reserve of \$250,000 as of June 30, 2012 and 2011.

### (6) Commitments and Contingencies

CAN annually receives funding from various federal and state agencies, as well as private foundations. The contract and grant programs may be subject to audit by the awarding agency, the purpose of which is to determine compliance with conditions precedent to the awarding of funds. Liabilities for reimbursement which may arise as the result of audits of contract funds in the opinion of management, if any, would not be material. Also, grants and contracts with the various awarding agencies are subject to the availability of funds. Grants and contracts may terminate if such funds become unavailable, or if the total amount of funds allocated should become depleted during any budget period. In addition, contracts may terminate if state or federal laws are amended or judicially interpreted such that performance by either party is unreasonable and the parties are unable to agree on amendments to the contracts.

# CHILD ABUSE NETWORK, INC.

Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

**(7) Employee Benefit Plan**

CAN offers a 401(k) plan for all full-time employees that meet eligibility requirements. However, CAN does not make matching contributions to the plan.

**(8) Significant Concentration**

Approximately 31 percent of CAN's 2012 revenues was received from the State of Oklahoma as a distribution pursuant to the Child Abuse Multidisciplinary Account (CAMA).

**(9) Fair Value of Assets and Liabilities**

Assets and liabilities at June 30, 2012 and 2011, measured at fair value on a recurring basis are summarized in the following table according to FASB ASC 820 pricing levels.

In addition, assets and liabilities measured and recorded at fair value for the years ended June 30, 2012 and 2011, on a nonrecurring basis are summarized in the following table according to FASB ASC 820 pricing levels.

		Fair Value Measurement Using		
	Recorded Value	Quoted in Active Markets of Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>2012</b>				
Recurring fair value measurements:				
Assets – assets held by others	\$ 48,956	\$ 48,956	\$ -	\$ -
Nonrecurring fair value measurements:				
Assets – pledges receivable	\$ 277,650	\$ -	\$ 277,650	\$ -
<b>2011</b>				
Recurring fair value measurements:				
Assets – assets held by others	\$ 47,791	\$ 47,791	\$ -	\$ -
Nonrecurring fair value measurements:				
Assets – pledges receivable	\$ 405,750	\$ -	\$ 405,750	\$ -

# **CHILD ABUSE NETWORK, INC.**

Notes to Financial Statements, Continued

Years Ended June 30, 2012 and 2011

## **(10) Subsequent Event**

In October 2012, CAN entered into a construction agreement to remodel the interior of its facility with a total cost not to exceed approximately \$180,000.

At the regular Board of Director's meeting held on September 27, 2012, CAN's Board approved the creation of a Capital Campaign Committee and appointed a chairperson to raise funds for future capital improvements.



7170 S. Braden Ave., Suite 100 • Tulsa, OK 74136-6333 • PHONE: (918) 481-5355 • FAX: (918) 481-5771

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

Board of Directors  
Child Abuse Network, Inc.:

We have audited the financial statements of Child Abuse Network, Inc. (CAN) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of CAN is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CAN's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CAN's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CAN's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CAN's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors, the Finance Committee, management, others within CAN, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cresson & Associates, P.L.L.C.*

Tulsa, Oklahoma  
November 29, 2012

# CHILD ABUSE NETWORK, INC.

## Supplemental Schedule of State Award

Year Ended June 30, 2012

<u>Program Title</u>	<u>State Award</u>
Oklahoma Department of Human Services: Child Abuse Multidisciplinary Account	\$ 538,681

### Note to Schedule:

1. The above schedule was prepared on the accrual basis of accounting and is not a required part of the basic financial statements. The information in this schedule is presented in accordance with the requirements of the Oklahoma Department of Human Services Audit Policy. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

## CHILD ABUSE NETWORK, INC.

### Supplemental Schedule of Revenues and Expenses

Year Ended June 30, 2012

Revenues:		
State of Oklahoma CAMA distributions		\$ <u>538,681</u>
Expenses:		
Personnel costs		246,678
Professional services		115,443
Office occupancy		87,596
Interest		12,435
Insurance		<u>1,666</u>
Total expenses		<u>463,818</u>
Revenues over expenses		\$ <u><u>74,863</u></u>

#### Note to Schedule:

1. The above schedule was prepared on the accrual basis of accounting and is not a required part of the basic financial statements. The information in this schedule is presented to illustrate the revenues recognized and expenses incurred for the year ended June 30, 2012, for the Child Abuse Multidisciplinary Account monies received from the Oklahoma Department of Human Services.