

# **Christian Foundation for Children and Aging**

Auditor's Report and Financial Statements

December 31, 2012 and 2011



**Christian Foundation for Children and Aging**  
**December 31, 2012 and 2011**

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## Independent Auditor's Report

Board of Directors  
Christian Foundation for Children and Aging  
Kansas City, Kansas

We have audited the accompanying financial statements of Christian Foundation for Children and Aging, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses and cash flows for the year 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 from 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 the 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.

Board of Directors  
Christian Foundation for Children and Aging  
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christian Foundation for Children and Aging as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Year Audited by Other Auditors***

The 2011 financial statements were audited by other auditors and their report thereon, dated May 9, 2012, expressed an unmodified opinion.

***BKD, LLP***

Kansas City, Missouri  
April 22, 2013

**Christian Foundation for Children and Aging**  
**Statements of Financial Position**  
**December 31, 2012 and 2011**

**Assets**

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 11,108,448	\$ 11,237,350
Accounts receivable	183,762	142,604
Prepaid expenses and other assets	797,122	838,824
Investments	25,176,887	22,923,991
Property and equipment, net of accumulated depreciation; 2012 - \$4,234,388; 2011 - \$3,794,541	<u>4,423,718</u>	<u>4,741,525</u>
Total assets	<u><u>\$ 41,689,937</u></u>	<u><u>\$ 39,884,294</u></u>

**Liabilities and Net Assets**

**Liabilities**

Accounts payable	\$ 44,489	\$ 294,996
Accrued expenses and deferred revenue	1,080,974	1,019,711
Annuity obligations	<u>412,866</u>	<u>417,916</u>
Total liabilities	<u>1,538,329</u>	<u>1,732,623</u>

**Net Assets**

Unrestricted		
Board designated - operating reserve	2,015,337	2,015,918
Board designated - planned giving	100,000	100,000
Board designated - headquarters building additions	450,000	350,000
Board designated - future capital equipment	320,000	200,000
Board designated - CASA and other software upgrades	350,000	350,000
Board designated - program	6,112,913	4,543,232
Undesignated (not currently available for expenditure due to amounts invested in property and equipment - net)	<u>4,423,718</u>	<u>4,741,525</u>
Total unrestricted net assets	13,771,968	12,300,675
Temporarily restricted net assets	<u>26,379,640</u>	<u>25,850,996</u>
Total net assets	<u>40,151,608</u>	<u>38,151,671</u>
Total liabilities and net assets	<u><u>\$ 41,689,937</u></u>	<u><u>\$ 39,884,294</u></u>

**Christian Foundation for Children and Aging**  
**Statement of Activities**  
**Year Ended December 31, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public Support, Gains and Other Revenues</b>			
Public Support			
Sponsorships	\$ 78,096,510	\$ 24,617,167	\$ 102,713,677
Contributions	4,289,300	6,730,004	11,019,304
	<u>82,385,810</u>	<u>31,347,171</u>	<u>113,732,981</u>
Total public support			
Other revenue	<u>1,634,840</u>	<u>10,549</u>	<u>1,645,389</u>
Unrealized gain on investments	<u>434,788</u>	<u>4,912</u>	<u>439,700</u>
Net assets released from restrictions			
Satisfaction of program restrictions	6,992,466	(6,992,466)	-
Expiration of time restrictions	<u>23,841,522</u>	<u>(23,841,522)</u>	<u>-</u>
Total net assets released from restrictions	<u>30,833,988</u>	<u>(30,833,988)</u>	<u>-</u>
Total public support, gains and other revenues	<u>115,289,426</u>	<u>528,644</u>	<u>115,818,070</u>
<b>Expenses and Losses</b>			
Program services	106,493,842	-	106,493,842
Fund raising	3,805,882	-	3,805,882
General and administrative	<u>3,518,409</u>	<u>-</u>	<u>3,518,409</u>
Total expenses and losses	<u>113,818,133</u>	<u>-</u>	<u>113,818,133</u>
<b>Increase in Net Assets</b>	1,471,293	528,644	1,999,937
<b>Net Assets, Beginning of Year</b>	<u>12,300,675</u>	<u>25,850,996</u>	<u>38,151,671</u>
<b>Net Assets, End of Year</b>	<u>\$ 13,771,968</u>	<u>\$ 26,379,640</u>	<u>\$ 40,151,608</u>

**Christian Foundation for Children and Aging**  
**Statement of Activities**  
**Year Ended December 31, 2011**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Public Support, Gains and Other Revenues</b>			
Public Support			
Sponsorships	\$ 74,921,331	\$ 23,841,522	\$ 98,762,853
Contributions	2,928,131	7,396,507	10,324,638
Total public support	<u>77,849,462</u>	<u>31,238,029</u>	<u>109,087,491</u>
Other revenue	<u>1,258,539</u>	<u>8,938</u>	<u>1,267,477</u>
Unrealized loss on investments	<u>(206,173)</u>	<u>(2,240)</u>	<u>(208,413)</u>
Net assets released from restrictions			
Satisfaction of program restrictions	7,384,905	(7,384,905)	-
Expiration of time restrictions	23,387,554	(23,387,554)	-
Total net assets released from restrictions	<u>30,772,459</u>	<u>(30,772,459)</u>	<u>-</u>
Total public support, gains and other revenues	<u>109,674,287</u>	<u>472,268</u>	<u>110,146,555</u>
<b>Expenses and Losses</b>			
Program services	102,435,279	-	102,435,279
Fund raising	3,538,075	-	3,538,075
General and administrative	3,376,100	-	3,376,100
Total expenses and losses	<u>109,349,454</u>	<u>-</u>	<u>109,349,454</u>
<b>Increase in Net Assets</b>	324,833	472,268	797,101
<b>Net Assets, Beginning of Year</b>	<u>11,975,842</u>	<u>25,378,728</u>	<u>37,354,570</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 12,300,675</u></u>	<u><u>\$ 25,850,996</u></u>	<u><u>\$ 38,151,671</u></u>

**Christian Foundation for Children and Aging**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2012**

	<b>Program Services</b>	<b>Fund Raising</b>	<b>General and Administrative</b>	<b>Total</b>
Child, aging and local outreach support	\$ 98,653,402	\$ -	\$ -	\$ 98,653,402
Staff salaries and benefits	5,325,842	1,661,602	1,391,568	8,379,012
Appeal stipends	-	475,823	-	475,823
Awareness and education	490,039	1,115	-	491,154
Travel	220,352	247,637	5,783	473,772
Postage	688,367	282,829	585,204	1,556,400
Printing and duplicating	181,961	429,976	218,992	830,929
Bank service fees	900	346	982,546	983,792
Professional services	45,584	165,219	94,689	305,492
Advertising	1,053	247,939	6,916	255,908
Equipment maintenance and purchases	109,487	28,012	25,714	163,213
Supplies	92,025	30,823	25,439	148,287
Field audits	84,455	-	1,497	85,952
Telephone	54,182	21,072	11,665	86,919
Insurance	75,538	28,501	14,078	118,117
Utilities	55,695	14,346	18,132	88,173
Facility maintenance	53,619	10,840	10,720	75,179
Seminars, conferences and educational materials	14,676	24,385	5,326	44,387
Photographic materials	23,192	2,957	-	26,149
Rent	2,150	23,326	554	26,030
Publications	4,075	2,923	8,493	15,491
Depreciation	306,034	94,857	65,159	466,050
Miscellaneous	11,214	11,354	45,934	68,502
	<u>\$ 106,493,842</u>	<u>\$ 3,805,882</u>	<u>\$ 3,518,409</u>	<u>\$ 113,818,133</u>
Total expenses	<u>\$ 106,493,842</u>	<u>\$ 3,805,882</u>	<u>\$ 3,518,409</u>	<u>\$ 113,818,133</u>

**Christian Foundation for Children and Aging**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2011**

	<b>Program Services</b>	<b>Fund Raising</b>	<b>General and Administrative</b>	<b>Total</b>
Child, aging and local outreach support	\$ 94,977,446	\$ -	\$ -	\$ 94,977,446
Staff salaries and benefits	5,005,111	1,434,189	1,318,495	7,757,795
Appeal stipends	-	535,314	-	535,314
Awareness and education	640,908	11,661	-	652,569
Grants to parish missions	-	900	-	900
Travel	176,265	247,699	1,636	425,600
Postage	636,529	224,398	577,628	1,438,555
Printing and duplicating	195,602	339,242	224,700	759,544
Bank service fees	804	323	932,131	933,258
Professional services	19,839	236,442	79,514	335,795
Advertising	1,640	244,484	6,043	252,167
Equipment maintenance and purchases	83,571	21,197	18,466	123,234
Supplies	76,130	23,999	18,301	118,430
Field audits	27,665	-	-	27,665
Telephone	46,923	16,803	8,260	71,986
Insurance	75,102	25,402	13,983	114,487
Utilities	53,831	13,866	17,183	84,880
Facility maintenance	62,545	13,139	16,690	92,374
Seminars, conferences and educational materials	14,778	20,653	5,236	40,667
Photographic materials	18,959	2,108	24	21,091
Rent	1,456	15,115	375	16,946
Publications	1,463	2,782	7,102	11,347
Depreciation	301,607	93,467	66,560	461,634
Miscellaneous	17,105	14,892	63,773	95,770
	<u>\$ 102,435,279</u>	<u>\$ 3,538,075</u>	<u>\$ 3,376,100</u>	<u>\$ 109,349,454</u>
Total expenses	<u>\$ 102,435,279</u>	<u>\$ 3,538,075</u>	<u>\$ 3,376,100</u>	<u>\$ 109,349,454</u>

**Christian Foundation for Children and Aging**  
**Statements of Cash Flows**  
**Years Ended December 31, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
<b>Operating Activities</b>		
Increase in net assets	\$ 1,999,937	\$ 797,101
Items not requiring (providing) operating activities cash flows		
Net realized and unrealized gains on investments	(944,524)	(86,492)
Change in cash surrender value of life insurance	(9,491)	8,069
Loss on disposition of equipment	34	-
Depreciation	466,050	461,634
Changes in		
Accounts receivable	(41,158)	(40,725)
Prepaid expenses and other assets	40,840	(49,616)
Accounts payable and accrued expenses	(189,244)	300,675
	<u>1,322,444</u>	<u>1,390,646</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(148,277)	(94,276)
Purchase of investments	(13,059,284)	(12,318,154)
Proceeds from disposition of investments	11,760,403	10,366,265
Purchase of reinsurance agreements	(75,757)	(227,763)
Maturity of reinsurance agreements	33,993	26,292
	<u>(1,488,922)</u>	<u>(2,247,636)</u>
<b>Financing Activities</b>		
Proceeds from issuance of annuity obligations	71,614	231,653
Payments on annuity obligations	(34,038)	(26,292)
	<u>37,576</u>	<u>205,361</u>
<b>Decrease in Cash and Cash Equivalents</b>	(128,902)	(651,629)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>11,237,350</u>	<u>11,888,979</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 11,108,448</u>	<u>\$ 11,237,350</u>

# **Christian Foundation for Children and Aging**

## **Notes to Financial Statements**

### **December 31, 2012 and 2011**

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations***

Christian Foundation for Children and Aging (the “Foundation” or CFCA) is a not-for-profit organization whose mission and principal activities are to provide personal attention and direct benefits to children, their families and the aging living in poverty in developing countries, and to give people in the United States a way to encourage and support them on their path to self-sufficiency and achieving their potential. CFCA’s revenues and other support are derived primarily from sponsorships and contributions. The CFCA Hope for a Family sponsorship program helps with basic needs such as education, food, medical care and clothing. CFCA also works with families to create long-term solutions through skills training, livelihood initiatives and self-help groups.

CFCA partners with 48 project offices in 22 countries to administer the various Foundation programs. Because CFCA does not exercise control over the project offices, the operations of the project offices are not consolidated in CFCA’s financial statements. Funding provided to the project offices are titled “child, aging and local outreach support” within the Statements of Functional Expenses and are categorized as program services.

##### ***Foreign Affiliation***

CFCA has an affiliation agreement with Delegación de la Fundación Cristiana para Niños y Ancianos (DFCNA), a similar organization in Spain. Because CFCA does not exercise control over DFCNA, the operations of this entity are not consolidated in CFCA’s financial statements. DFCNA sends sponsorship contributions to the Foundation for distribution to the various Foundation missions. These funds are included in sponsorship support. Total sponsorship contributions received from DFCNA amounted to \$388,312 and \$493,595 during the years ended December 31, 2012 and 2011, respectively.

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

##### ***Cash and Cash Equivalents***

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2012 and 2011, cash equivalents consisted of money market funds.

# **Christian Foundation for Children and Aging**

## **Notes to Financial Statements**

### **December 31, 2012 and 2011**

At December 31, 2012 and 2011 the Foundation's cash accounts did not exceed federally insured limits. Pursuant to legislation enacted in 2010, the FDIC fully insured all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC insured institutions. This legislation expired on December 31, 2012. Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the \$250,000 limit on FDIC insurance per covered institution.

#### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and investments in all debt securities are carried at fair value. Annuities are recorded at contract value, plus accrued interest. Life insurance contracts are carried at the cash surrender value of the policy. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments net of investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.

#### ***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated lives of forty years for the buildings and three to fifteen years for furniture, equipment and software.

The Foundation capitalizes costs associated with software development when the preliminary application stage is completed. Capitalization of such costs ceases no later than the point at which the application is substantially complete and ready for its intended purposes. Research and other preliminary costs related to software development, as well as computer software maintenance costs, are expensed as incurred.

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2012 and 2011.

# **Christian Foundation for Children and Aging**

## **Notes to Financial Statements**

### **December 31, 2012 and 2011**

#### ***Annuity Obligations***

Annuity obligations consist of contributed amounts subject to obligations to make fixed periodic payments to beneficiaries over their lifetimes or a specified length of time. The annuity liability is recorded at the actuarial present value of the aggregate liability determined by the applicable federal rate and life expectancy tables. To reduce the risk that the payments to the beneficiaries will not exceed the amount originally contributed, CFCA purchases annuities to cover the beneficiary payments over the life of the beneficiaries. The annuity investments are included within other assets in the statements of financial position. CFCA evaluates the fair value of the annuity assets and liabilities on an annual basis.

#### ***Unrestricted and Temporarily Restricted Net Assets***

Unrestricted net assets represent sponsorship and support services associated with funding the Foundation's operating needs and for which all donor-imposed restrictions, if any, have been satisfied. Additionally, certain unrestricted net assets have been designated by the Board of Directors for specific purposes and are included in the statements of financial position as Board designated unrestricted net assets.

Temporarily restricted net assets represent sponsorship payments and other contributions which are restricted due to donor imposed time restrictions or donor imposed special purpose restrictions such as support for birthday celebrations, Christmas celebrations or urgent needs. Sponsorship is provided to children, their families and the aging living in poverty in developing countries on a recurring monthly basis; however, some donors elect to pay on a yearly or other basis. For those contributions received where the benefit has not been provided to the children or their families, the Foundation includes those contributions as temporarily restricted net assets until such time that the benefits are provided for donor imposed time or special purpose restrictions. Such restrictions generally expire or are otherwise satisfied within the twelve months following receipt.

#### ***Sponsorships and Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

**Christian Foundation for Children and Aging**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

***Contributed Services***

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for contributed services. However, time and resources have been contributed by volunteers in furtherance of the Foundation's objectives, where the volunteers were not experts in the field they were providing services. Management has estimated the value of the approximately 28,000 hours of services donated in 2012 at \$382,000 and 21,500 hours of services donated in 2011 at \$298,000.

***Income Taxes***

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation has evaluated and determined there are no uncertain tax positions that would need to be analyzed for any of the periods presented. The Foundation files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Foundation is no longer subject to federal and state examination by tax authorities for years prior to 2009.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program services, fundraising and general and administrative categories based on allocation of salaries and other methods.

***Subsequent Events***

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

***Reclassifications***

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. These reclassifications had no effect on the change in net assets.

# Christian Foundation for Children and Aging

## Notes to Financial Statements

December 31, 2012 and 2011

### Note 2: Investments and Investment Return

#### *Investments*

Investments at December 31 consisted of the following:

	<b>2012</b>	<b>2011</b>
Investments carried at fair value		
U.S. treasury and agency securities	\$ 11,916,834	\$ 8,841,720
Corporate bonds	2,142,913	3,081,668
Common stock	4,783,241	5,819,749
Mutual funds	151,714	185,308
Total investments carried at fair value	18,994,702	17,928,445
Annuities carried at contract value	6,084,234	4,907,085
Life insurance carried at cash surrender value	97,951	88,461
	\$ 25,176,887	\$ 22,923,991

#### *Investment Return*

Total investment return is comprised of the following:

	<b>2012</b>	<b>2011</b>
Interest and dividend income	\$ 564,140	\$ 587,777
Realized gains	504,824	74,959
Unrealized gains (losses)	439,700	(208,413)
Return on investments carried at fair value	1,508,664	454,323
Return on investments carried at contract value	193,460	211,877
	\$ 1,702,124	\$ 666,200

Total investment return is reflected in the statement of activities as follows:

	<b>2012</b>	<b>2011</b>
Investment return included in other revenue	\$ 1,262,424	\$ 874,613
Unrealized gain (loss) on investments	439,700	(208,413)
	\$ 1,702,124	\$ 666,200

**Christian Foundation for Children and Aging**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

**Fair Value Disclosures**

Fair value 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 measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as 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 assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2012.

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2012 and 2011:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2012</b>				
Cash equivalents - money market funds	\$ 7,083,488	\$ 7,083,488	\$ -	\$ -
Investments				
U.S. treasury and agency securities	11,916,834	-	11,916,834	-
Corporate bonds	2,142,913	-	2,142,913	-
Common stock	4,783,241	4,783,241	-	-
Mutual funds	151,714	151,714	-	-
<b>Total</b>	<b>\$ 26,078,190</b>	<b>\$ 12,018,443</b>	<b>\$ 14,059,747</b>	<b>\$ -</b>

**Christian Foundation for Children and Aging**  
**Notes to Financial Statements**  
**December 31, 2012 and 2011**

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>December 31, 2011</b>				
Cash equivalents - money market funds	\$ 5,412,558	\$ 5,412,558	\$ -	\$ -
Investments				
U.S. treasury and agency securities	8,841,720	-	8,841,720	-
Corporate bonds	3,081,668	-	3,081,668	-
Common stock	5,819,749	5,819,749	-	-
Mutual funds	185,308	185,308	-	-
<b>Total</b>	<b>\$ 23,155,695</b>	<b>\$ 11,232,307</b>	<b>\$ 11,923,388</b>	<b>\$ -</b>

**Note 3: Property and Equipment**

Property and equipment at December 31 consists of:

	2012	2011
Land	\$ 243,128	\$ 243,128
Buildings	4,158,356	4,133,390
Furniture and equipment	1,500,999	1,403,925
CASA software	2,755,623	2,755,623
	8,658,106	8,536,066
Less accumulated depreciation	(4,234,388)	(3,794,541)
	<b>\$ 4,423,718</b>	<b>\$ 4,741,525</b>

# Christian Foundation for Children and Aging

## Notes to Financial Statements

December 31, 2012 and 2011

### Note 4: Net Assets

#### *Temporarily Restricted Net Assets*

Temporarily restricted net assets at December 31 are available for the following purposes or periods:

	<b>2012</b>	<b>2011</b>
Child sponsorships	\$ 22,488,037	\$ 21,845,924
Aging sponsorships	1,995,755	1,842,659
Project/urgent needs	992,773	846,114
Project grants	310,313	347,718
Birthday fund	239,199	383,702
Christmas fund	-	221,244
Vocation sponsorships	133,374	152,939
Other	220,189	210,696
	<u>\$ 26,379,640</u>	<u>\$ 25,850,996</u>

#### *Net Assets Released from Restrictions*

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<b>2012</b>	<b>2011</b>
Child sponsorships	\$ 21,845,924	\$ 21,467,516
Aging sponsorships	1,842,659	1,759,508
Project/urgent needs	2,175,179	2,422,837
Project grants	137,032	366,770
Birthday fund	2,108,202	2,097,785
Christmas fund	2,572,054	2,497,513
Vocation sponsorships	152,938	160,530
	<u>\$ 30,833,988</u>	<u>\$ 30,772,459</u>

**Christian Foundation for Children and Aging**  
**Notes to Financial Statements**  
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**Note 5: Retirement Plan**

The Foundation has a defined contribution pension plan covering all eligible employees 18 years of age and older. Under the Plan, the Foundation contributes an amount equal to 6% of each participant's compensation. Participants are fully vested upon entry into the Plan. Pension expense was \$387,087 and \$356,254 for 2012 and 2011, respectively.

**Note 6: Related Party Transactions**

DFCNA sends sponsorships contributions to the Foundation for distribution to the various Foundation missions. These funds are included in sponsorship support. Total sponsorship contributions received from DFCNA amounts to \$388,312 and \$493,595 during the years ended December 31, 2012 and 2011, respectively.