

**Prevent Child Abuse Minnesota**

Financial Statements  
Year Ended June 30, 2013 and  
Six Month Period Ended June 30, 2012  
(With Independent Auditor's  
Report Thereon)



FRANCIS &  
ASSOCIATES, P.A.

# Prevent Child Abuse Minnesota

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Francis & Associates, P.A.

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Prevent Child Abuse Minnesota  
St. Paul, MN

We have audited the accompanying statements of financial position of Prevent Child Abuse Minnesota (a nonprofit corporation) as of June 30, 2013 and 2012 and the related statements of activities, functional expenses, and cash flows for the twelve-month and six-month periods then ended, and the related notes to the financial statements.

### **Management's Responsibility**

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 Prevent Child Abuse Minnesota as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the twelve-month and six-month periods then ended in accordance with the accounting principles generally accepted in the United States of America.

*Francis & Associates, P.A.*

Minnetonka, Minnesota  
August 22, 2013

**Prevent Child Abuse Minnesota  
Statements of Financial Position  
June 30, 2013 and June 30, 2012**

<b>ASSETS</b>	<b>2013</b>	<b>2012</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 206,840	\$ 250,978
Accounts receivable	115,138	98,595
Pledges receivable	14,250	-
Grants and contracts receivable	20,000	83,500
Prepaid expenses	9,228	8,999
<b>Total Current Assets</b>	<b>365,456</b>	<b>442,072</b>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture and equipment	55,407	56,324
Accumulated depreciation	(48,919)	(50,028)
<b>Total Property and Equipment</b>	<b>6,488</b>	<b>6,296</b>
<b>TOTAL ASSETS</b>	<b>\$ 371,944</b>	<b>\$ 448,368</b>

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

**Prevent Child Abuse Minnesota  
Statements of Financial Position (continued)  
June 30, 2013 and June 30, 2012**

	<b>2013</b>	<b>2012</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 4,507	\$ 13,456
Accrued expenses	12,095	19,203
Total Current Liabilities	16,602	32,659
<b>TOTAL LIABILITIES</b>	16,602	32,659
<b>NET ASSETS</b>		
Unrestricted		
Designated - Reserve funds	250,000	250,000
Undesignated	21,398	47,277
Temporarily restricted	83,944	118,432
Total Net Assets	355,342	415,709
<b>TOTAL LIABILITIES NET ASSETS</b>	<b>\$ 371,944</b>	<b>\$ 448,368</b>

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

**Prevent Child Abuse Minnesota  
Statement of Activities  
Year Ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>
<b>Support and Revenue</b>			
Support			
Pledges and contributions	\$ 213,833	\$ 16,000	\$ 229,833
Special events			
Revenue	102,079	-	102,079
Expenses	<u>(50,365)</u>	<u>-</u>	<u>(50,365)</u>
Total Support	265,547	16,000	281,547
Revenue			
Government funded services	339,909	-	339,909
Education and engagement	3,206	-	3,206
Training and conferences	2,534	-	2,534
Other services	132,374	-	132,374
Other revenue	531	-	531
Total Revenue	<u>478,554</u>	<u>-</u>	<u>478,554</u>
Net assets released from restriction			
Satisfaction of program restrictions	<u>50,488</u>	<u>(50,488)</u>	<u>-</u>
Total Support and Revenue	794,589	(34,488)	760,101
<b>Expenses</b>			
Program services			
Education and awareness	371,884	-	371,884
Support	173,659	-	173,659
Leadership	128,375	-	128,375
Application	<u>26,737</u>	<u>-</u>	<u>26,737</u>
Total program services	700,655	-	700,655
Support services			
Management and general	63,111	-	63,111
Fundraising	<u>56,703</u>	<u>-</u>	<u>56,703</u>
Total support services	119,814	-	119,814
Total Expenses	<u>820,469</u>	<u>-</u>	<u>820,469</u>
<b>CHANGE IN NET ASSETS</b>	(25,880)	(34,488)	(60,368)
<b>NET ASSETS, beginning of year</b>	<u>297,278</u>	<u>118,432</u>	<u>415,710</u>
<b>NET ASSETS, end of year</b>	<u>\$ 271,398</u>	<u>\$ 83,944</u>	<u>\$ 355,342</u>

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

**Prevent Child Abuse Minnesota  
Statement of Activities  
Six Months Ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 (6 months) Total</u>
<b>Support and Revenue</b>			
Support			
Pledges and contributions	\$ 17,744	\$ 127,000	\$ 144,744
Special events			
Revenue	72,332	-	72,332
Expenses	(54,417)	-	(54,417)
Total Support	<u>35,659</u>	<u>127,000</u>	<u>162,659</u>
Revenue			
Government funded services	162,213	-	162,213
Education and engagement	2,580	-	2,580
Training and conferences	1,200	-	1,200
Other services	27,511	-	27,511
Other revenue	509	-	509
Total Revenue	<u>194,013</u>	<u>-</u>	<u>194,013</u>
Net assets released from restriction			
Satisfaction of program restrictions	<u>100,451</u>	<u>(100,451)</u>	<u>-</u>
Total Support and Revenue	330,123	26,549	356,672
<b>Expenses</b>			
Program services:			
Education and engagement	144,470	-	144,470
Circle of Parents®	83,537	-	83,537
Parent leadership	136,029	-	136,029
Advocacy	3,940	-	3,940
Total program services	<u>367,976</u>	<u>-</u>	<u>367,976</u>
Support services			
Management and general	53,402	-	53,402
Fundraising	15,004	-	15,004
Total support services	<u>68,406</u>	<u>-</u>	<u>68,406</u>
Total Expenses	<u>436,382</u>	<u>-</u>	<u>436,382</u>
<b>CHANGE IN NET ASSETS</b>	(106,259)	26,549	(79,710)
<b>NET ASSETS, beginning of year</b>	<u>403,537</u>	<u>91,883</u>	<u>495,420</u>
<b>NET ASSETS, end of year</b>	<u>\$ 297,278</u>	<u>\$ 118,432</u>	<u>\$ 415,710</u>

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

**Prevent Child Abuse Minnesota  
Statement of Functional Expenses  
Year Ended June 30, 2013**

**(With comparative information for the six-month period ended June 30, 2012)**

	<b>Program Services</b>				Total Program	<b>Supporting Services</b>			2013 Total	2012 (6 months) Total
	Education & Awareness	Support	Leadership	Application		Management and General	Fundraising	Total Supporting		
Salaries and wages	\$ 116,119	\$ 93,459	\$ 57,719	\$ 19,717	\$ 287,014	\$ 36,388	\$ 35,097	\$ 71,485	\$ 358,499	\$ 184,230
Employee benefits	18,988	19,948	8,820	3,015	50,771	4,632	8,516	13,148	63,919	43,727
Payroll taxes	8,438	6,793	4,194	1,433	20,858	2,644	-	2,644	23,502	12,026
Total Personnel Costs	<u>143,545</u>	<u>120,200</u>	<u>70,733</u>	<u>24,165</u>	<u>358,643</u>	<u>43,664</u>	<u>43,613</u>	<u>87,277</u>	<u>445,920</u>	<u>239,983</u>
Grants and allocations	60,280	9,720	-	-	70,000	-	-	-	70,000	78,257
Professional fees/ contracted services	63,086	14,995	1,264	-	79,345	11,665	6,303	17,968	97,313	35,084
Supplies	8,030	703	1,403	98	10,234	1,555	52	1,607	11,841	5,392
Telephone and internet	4,125	2,639	2,674	335	9,773	594	632	1,226	10,999	4,513
Postage & shipping	2,046	460	383	33	2,922	195	65	260	3,182	1,973
Occupancy	5,849	5,477	3,186	749	15,261	1,206	1,411	2,617	17,878	8,377
Printing & publications	31,198	422	75	95	31,790	252	292	544	32,334	161
Travel	12,187	9,410	15,870	-	37,467	287	605	892	38,359	29,744
Conferences & meetings	26,720	34	22,276	50	49,080	360	452	812	49,892	11,202
Advertising	465	222	323	-	1,010	-	602	602	1,612	555
Insurance	2,057	1,928	1,120	263	5,368	424	497	921	6,289	2,983
Miscellaneous	3,593	1,080	180	330	5,183	1,300	738	2,038	7,221	4,581
Volunteers & staff development	3,303	1,768	4,630	-	9,701	283	171	454	10,155	5,493
Equipment rental & maintenance	4,790	3,966	3,887	532	13,175	934	1,035	1,969	15,144	6,980
Total expenses before depreciation	<u>371,274</u>	<u>173,024</u>	<u>128,004</u>	<u>26,650</u>	<u>698,952</u>	<u>62,719</u>	<u>56,468</u>	<u>119,187</u>	<u>818,139</u>	<u>435,278</u>
Depreciation	<u>610</u>	<u>635</u>	<u>371</u>	<u>87</u>	<u>1,703</u>	<u>392</u>	<u>235</u>	<u>627</u>	<u>2,330</u>	<u>1,104</u>
Total Expenses	<u><u>\$ 371,884</u></u>	<u><u>\$ 173,659</u></u>	<u><u>\$ 128,375</u></u>	<u><u>\$ 26,737</u></u>	<u><u>\$ 700,655</u></u>	<u><u>\$ 63,111</u></u>	<u><u>\$ 56,703</u></u>	<u><u>\$ 119,814</u></u>	<u><u>\$ 820,469</u></u>	<u><u>\$ 436,382</u></u>

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



**Prevent Child Abuse Minnesota  
Statement of Functional Expenses  
Six Months Ended June 30, 2012**

	<u>Program Services</u>				<u>Supporting Services</u>			2012 (6 months) Total	
	<u>Education &amp; Engagement</u>	<u>Circle of Parents</u>	<u>Parent Leadership</u>	<u>Advocacy</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		<u>Total Supporting Services</u>
Salaries and wages	\$ 41,543	\$ 53,950	\$ 51,906	\$ 2,669	\$ 150,068	\$ 24,036	\$ 10,126	\$ 34,162	\$ 184,230
Employee benefits	10,879	11,250	12,751	460	35,340	6,247	2,140	8,387	43,727
Payroll taxes	2,338	4,065	4,198	195	10,796	1,230	-	1,230	12,026
Total Personnel Costs	<u>54,760</u>	<u>69,265</u>	<u>68,855</u>	<u>3,324</u>	<u>196,204</u>	<u>31,513</u>	<u>12,266</u>	<u>43,779</u>	<u>239,983</u>
Grants and allocations	75,257	3,000	-	-	78,257	-	-	-	78,257
Professional fees/ contracted services	-	240	20,465	-	20,705	13,411	968	14,379	35,084
Supplies	2,683	564	1,370	-	4,617	775	-	775	5,392
Telephone and internet	1,129	711	1,773	31	3,644	697	172	869	4,513
Postage & shipping	1,027	190	328	-	1,545	428	-	428	1,973
Occupancy	1,862	2,228	2,131	113	6,334	1,424	619	2,043	8,377
Printing & publications	-	-	161	-	161	-	-	-	161
Travel	2,119	3,638	23,834	33	29,624	39	81	120	29,744
Conferences & meetings	2,071	448	7,934	300	10,753	121	328	449	11,202
Advertising	271	10	125	-	406	149	-	149	555
Insurance	663	794	759	40	2,256	507	220	727	2,983
Miscellaneous	471	-	1,000	-	1,471	3,105	5	3,110	4,581
Volunteers & staff development	500	420	4,573	-	5,493	-	-	-	5,493
Equipment rental & maintenance	1,412	1,736	2,440	84	5,672	1,045	263	1,308	6,980
Total expenses before depreciation	<u>144,225</u>	<u>83,244</u>	<u>135,748</u>	<u>3,925</u>	<u>367,142</u>	<u>53,214</u>	<u>14,922</u>	<u>68,136</u>	<u>435,278</u>
Depreciation	<u>245</u>	<u>293</u>	<u>281</u>	<u>15</u>	<u>834</u>	<u>188</u>	<u>82</u>	<u>270</u>	<u>1,104</u>
Total Expenses	<u><u>\$ 144,470</u></u>	<u><u>\$ 83,537</u></u>	<u><u>\$ 136,029</u></u>	<u><u>\$ 3,940</u></u>	<u><u>\$ 367,976</u></u>	<u><u>\$ 53,402</u></u>	<u><u>\$ 15,004</u></u>	<u><u>\$ 68,406</u></u>	<u><u>\$ 436,382</u></u>

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

**Prevent Child Abuse Minnesota**  
**Statements of Cash Flows**  
**Year Ended June 30, 2013 and Six Months Ended June 30, 2012**

	<b>2013</b>	<b>2012 (6 months)</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (60,368)	\$ (79,710)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	2,330	1,140
(Increase) decrease in operating assets		
Pledges receivable	(14,250)	9,499
Accounts receivable	(16,543)	(26,866)
Prepaid expenses and other current assets	(229)	2,567
Grants and contracts receivable, net	63,500	(63,500)
Security deposits	-	2,840
Increase (decrease) in liabilities:		
Accounts payable	(8,948)	12,808
Accrued expenses	(7,108)	9,903
<b>Net cash provided by (used in) operating activities</b>	<b>(41,616)</b>	<b>(131,319)</b>
<b>Cash flows from investing activities</b>		
Cash paid for the purchases of fixed assets	(2,522)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(2,522)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(44,138)	(131,319)
<b>Cash and cash equivalents at beginning of period</b>	250,978	382,297
<b>Cash and cash equivalents at end of period</b>	\$ 206,840	\$ 250,978

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

**Prevent Child Abuse Minnesota  
Notes to Financial Statements**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Prevent Child Abuse Minnesota (Organization) was incorporated on March 26, 1979 as a Non-profit corporation. Prevent Child Abuse Minnesota empowers individuals and communities to stop child abuse and neglect *before it starts* through education, advocacy and family support. The Organization relies on donations from the public, foundation support, and funding from government agencies to fulfill its mission.

In fiscal year 2013, all organizational programs and initiatives were categorized by a prevention framework that gauged individual and community readiness to change. The categories are: (1) Awareness; (2) Education; (3) Support; (4) Leadership; and, (5) Action. These categories help us measure where a community is in their journey of building environments where children and families thrive. All the stages of change are critical and each one builds on the successes of the others.

**AWARENESS and EDUCATION:**

Prevent Child Abuse Minnesota (PCAMN) and our Resilience Initiative, Minnesota Communities Caring for Children (MCCC), engaged individuals, families, and communities in creating healthy and nurturing environments where child abuse and neglect are less likely to occur. We used multiple vehicles to accomplish this, including: in-person and web-based training of more than 5000 people statewide; technical guidance for trauma informed care environments; promotional materials; community-based campaigns; partnerships with multiple statewide community and provider networks; presentations at conferences; our website; social media; electronic newsletters; and, the distribution of over 20,000 different promotional and educational materials across our state.

**SUPPORT:**

**Circle of Parents** – PCAMN and MCCC offers anonymous, peer-led mutual self-help parenting support groups across our state. Parenting is a challenge for everyone, especially for those parents in the most vulnerable conditions. These groups offer a safe and nurturing environment in which parents and caregivers receive ongoing support. The groups are free, not time limited, and are vehicles for ongoing education and awareness across our state with the goal of preserving the safety and wellbeing of our children. PCAMN has the second largest parent and caregiver support network in the nation.

We have **active or developing groups** in 62 of 87 counties and served 1344 individuals in 87 parent groups and 55 children's groups (offering 1339 individual meetings with an average of 5 participants each). 150 individuals associated with these groups contributed 4225 volunteer hours.

**1-800-CHILDREN line** - PCAMN continues to operate our informational and support line, 1-800-CHILDREN, for parenting support and as a resource vehicle for communities.

## Prevent Child Abuse Minnesota Notes to Financial Statements

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### **LEADERSHIP and APPLICATION:**

**Parent Leadership** – Prevent Child Abuse Minnesota engages, recruits, and promotes civic parent leadership as a central goal to all our programs. This provides an opportunity for the most critical person in a child’s life to be educated and to educate others; to be mentored and to mentor others; and, to learn about statewide systems affecting our children and families and to be involved in decision making at those tables. Parent leaders performed awareness activities in their communities impacting more than 1200 people. We recognized 20 Parent Leaders during the month of February – Parent Recognition Month, at the capitol with more than 100 in attendance including families, State Legislators, and community based stakeholders. Seventeen (17) Parent leaders worked approximately 1000 hours advising service providers; raising awareness statewide about family resilience and community needs; and enhancing their own knowledge and skills.

**Parent and Caregiver Learning Institute (PCL):** FY 13 saw the development of our PCL for the State of Minnesota. This Institute includes educational information for parents and primary caregivers of children on: (1) developmental markers for children based on age; (2) basic safety and needs of children as they develop; (3) the impact of stress on the developing brain; (4) Financial literacy; (5) information on the Protective Factors as well as on Adverse Childhood Experiences; and, (6) an educational and healing process for parents and caregivers regarding their own emotional management.

### **Community Resilience Coaching and Technical Assistance for Trauma Informed Care:**

PCAMN/MCCC purchased a Master Training Series in February 2013 on the topic of Neuro-Science, Adverse Childhood Experiences, and Resilience. This curriculum was provided to twenty six individuals who currently serve as our first cohort of trainers and community coaches. These coaches represent multiple cultures, networks, and sectors in our state. From February 2013 to June 30, 2013 they have trained over 4,000 individuals across our state.

**Advocacy/Public Policy** – Prevent Child Abuse Minnesota has an Advocacy Committee of community-based volunteers who advocate for child wellbeing in public policy. PCAMN is also a member of five public policy coalitions across Minnesota which serve approximately three (3) million individuals statewide. We are involved in partnering to shape policy and systems in order to best serve Minnesota’s Children and Families.

### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Effective January 1, 2012, the Organization changed its year end from a calendar year to a fiscal year ending June 30 to better accommodate its natural business year. These financial statements present the six-month fiscal transition period from January 1 to June 30, 2012 and the new fiscal year from July 1, 2012 to June 30, 2013.

**Prevent Child Abuse Minnesota  
Notes to Financial Statements**

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Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Unrestricted net assets – Those resources over which the Board of Directors has discretionary control.

Temporarily restricted net assets – Those resources subject to donor imposed restrictions which will be satisfied by actions of the Organization or passage of time. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Permanently restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently by the Organization.

As of June 30, 2013 and 2012, the Organization had no permanently restricted net assets.

**Cash Equivalents**

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents.

**Fair Value of Financial Instruments**

The carrying amounts of cash and cash equivalents, short-term investments, accrued interest, and promises to give to be received in less than one year approximate fair value because of the short maturity of those financial instruments. The fair value of promises to give to be received in more than one year is immaterial, and accordingly, no present value discount adjustment is necessary.

**Investments**

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Investment income or loss and unrealized gains or losses are included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by the donor or law.

**Accounts Receivable**

Accounts receivable are reported at the amount the Organization expects to collect on balances outstanding at period end. The Organization monitors outstanding balances and periodically writes off amounts that management determines to be uncollectible. The Organization has concluded that losses from uncollectible accounts at period end will not be significant, therefore, no allowance has been made for uncollectible accounts. Generally interest is not charged on past-due accounts.

**Prevent Child Abuse Minnesota  
Notes to Financial Statements**

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**Property and Equipment**

Property and equipment are presented at cost or donated (appraised) value. The Organization generally capitalizes all assets over \$500. Depreciation is computed on the straight-line or declining balance basis over the estimated useful lives, currently 3 to 7 years.

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any restrictions. Contributions, including unconditional promises to give, are recorded as made. Unconditional promises to give due in subsequent years are recorded at their net realizable value.

**Government Grants and Contracts**

Government grants and contracts are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received, but not yet earned are recorded as deferred revenue.

**Donated Services**

The Organization has a large and dedicated team of volunteers that perform a variety of tasks that assist the Organization with specific programs and supporting services. These services are not recognized in the financial statements since the criteria for recording the services were not met.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs incurred were \$1,613 and \$555 for the years ended June 30, 2013 and 2012, respectively.

**Expense Allocation**

Salaries and related expenses are allocated based on job descriptions and management estimates. Expenses, other than salaries and related payroll expenses, that are not directly identifiable by program or support service, are allocated based on management estimates.

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. Because the Organization is a public charity, contributions to it may be deductible for tax purposes.

Management believes that it is not reasonably possible for any tax position benefits to increase or decrease significantly over the next 12 months. As of June 30, 2013, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

**Prevent Child Abuse Minnesota  
Notes to Financial Statements**

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The Company files informational returns in the U.S. federal jurisdiction, and in the Minnesota state jurisdiction. U.S. federal returns and Minnesota returns prior to fiscal year 2009 are closed. No returns are currently under examination in any tax jurisdiction.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from these estimates.

**Reclassifications**

Certain amounts in the prior year financial statements have been reclassified to conform to the current year financial statement's presentation. These reclassifications had no effect on the change in net assets for the prior year.

**NOTE 2 – CREDIT RISK**

The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC.

**NOTE 3 – PLEDGES RECEIVABLE**

The balance of all promises to give was 14,250 and \$-0- as of June 30, 2013 and 2012, respectively. There were no promises to give due in more than 1 year, so accordingly, no allowance for uncollectible pledges has been recorded.

**NOTE 4 – EMPLOYEE BENEFIT PLAN**

Prevent Child Abuse Minnesota provides a 401(k) plan for all employees meeting certain eligibility requirements regarding age and length of service. The Organization's board considers employer matches to the plan on an annual basis. For 2013, no match will be funded until the end of the calendar year in accordance with the Plan document. No employee match expense was incurred for the 2012 short period as the match was funded entirely by forfeited funds within the plan.

**Prevent Child Abuse Minnesota  
Notes to Financial Statements**

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**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

The Organization had the following temporarily restricted net assets at June 30, 2013 and June 30, 2012:

	<b>2013</b>	<b>2012</b>
Otto Bremer Foundation	\$ 68,097	\$ 95,396
Sheltering Arms	15,000	-
B. Simpson Epps for Bush Fellowship	847	-
NWMN Initiative Foundation	-	<u>23,036</u>
Total temporarily restricted	<u>\$ 83,944</u>	<u>\$ 118,432</u>

**NOTE 6 – LEASES**

The Organization leases office facilities under a noncancellable operating lease that expires October 31, 2013. Rent expense for the year ended June 30, 2013 and six month period ended June 30, 2012 was \$8,844 and \$8,376, respectively. The future minimum lease payments required under the lease at June 30, 2013 is \$6,665.

The Organization also leases equipment and office space under short term agreements. The total payments under these equipment leases were \$5,794 for 2013 and \$3,511 for 2012.

**NOTE 7 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through August 22, 2013, which is the date the financial statements were available to be issued.