

# Financial Statements

## Prevent Child Abuse Minnesota

St. Paul, Minnesota

For the Years Ended  
June 30, 2016 and 2015

PREVENT CHILD ABUSE MINNESOTA  
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JUNE 30, 2016 AND 2015

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on Financial Statements

We have audited the accompanying statements of financial position of Prevent Child Abuse Minnesota (a nonprofit corporation) as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
November 2, 2016

## FINANCIAL STATEMENTS

PREVENT CHILD ABUSE MINNESOTA  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 231,901	\$ 247,155
Accounts receivable	131,161	86,291
Pledges receivable	5,975	10,500
Grants and contracts receivable	30,000	-
Prepaid expenses	12,088	8,525
TOTAL CURRENT ASSETS	411,125	352,471
PROPERTY AND EQUIPMENT		
Furniture and equipment	57,342	57,342
Accumulated depreciation	(47,741)	(43,383)
TOTAL PROPERTY AND EQUIPMENT	9,601	13,959
TOTAL ASSETS	\$ 420,726	\$ 366,430

PREVENT CHILD ABUSE MINNESOTA  
STATEMENTS OF FINANCIAL POSITION - CONTINUED  
JUNE 30, 2016 AND 2015

	2016	2015
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 10,482	\$ 16,105
Accrued expenses	22,581	15,489
TOTAL LIABILITIES	33,063	31,594
NET ASSETS		
Unrestricted	291,790	334,836
Temporarily restricted	95,873	-
TOTAL NET ASSETS	387,663	334,836
TOTAL LIABILITIES AND NET ASSETS	\$ 420,726	\$ 366,430

PREVENT CHILD ABUSE MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
<b>SUPPORT AND REVENUE</b>				
<b>SUPPORT</b>				
Pledges and contributions	\$ 260,755	\$ 30,000	\$ 290,755	\$ 229,608
Special events				
Revenue	87,750	-	87,750	64,179
Expenses	(34,151)	-	(34,151)	(35,075)
<b>TOTAL SUPPORT</b>	<b>314,354</b>	<b>30,000</b>	<b>344,354</b>	<b>258,712</b>
<b>REVENUE</b>				
Government funded services	305,050	99,620	404,670	439,979
Education and engagement	2,444	-	2,444	834
Training and conferences	15,900	-	15,900	2,853
Other services	262,418	-	262,418	186,101
Other revenue	2,435	-	2,435	392
<b>TOTAL REVENUE</b>	<b>588,247</b>	<b>99,620</b>	<b>687,867</b>	<b>630,159</b>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>				
Satisfaction of program restrictions	33,747	(33,747)	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>936,348</b>	<b>95,873</b>	<b>1,032,221</b>	<b>888,871</b>
<b>EXPENSES</b>				
<b>PROGRAM SERVICES</b>				
Awareness and education	299,962	-	299,962	448,477
Support	323,447	-	323,447	168,786
Leadership	206,341	-	206,341	135,823
Other programs	520	-	520	25,398
<b>TOTAL PROGRAM SERVICES</b>	<b>830,270</b>	<b>-</b>	<b>830,270</b>	<b>778,484</b>
<b>SUPPORT SERVICES</b>				
Management and general	103,230	-	103,230	81,437
Fundraising	45,894	-	45,894	51,575
<b>TOTAL SUPPORT SERVICES</b>	<b>149,124</b>	<b>-</b>	<b>149,124</b>	<b>133,012</b>
<b>TOTAL EXPENSES</b>	<b>979,394</b>	<b>-</b>	<b>979,394</b>	<b>911,496</b>
<b>CHANGE IN NET ASSETS</b>	<b>(43,046)</b>	<b>95,873</b>	<b>52,827</b>	<b>(22,625)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>334,836</b>	<b>-</b>	<b>334,836</b>	<b>357,461</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 291,790</b>	<b>\$ 95,873</b>	<b>\$ 387,663</b>	<b>\$ 334,836</b>

PREVENT CHILD ABUSE MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
<b>SUPPORT</b>			
Pledges and contributions	\$ 229,608	\$ -	\$ 229,608
Special events			
Revenue	64,179	-	64,179
Expenses	(35,075)	-	(35,075)
<b>TOTAL SUPPORT</b>	<u>258,712</u>	<u>-</u>	<u>258,712</u>
<b>REVENUE</b>			
Government funded services	421,229	18,750	439,979
Education and engagement	834	-	834
Training and conferences	2,853	-	2,853
Other services	186,101	-	186,101
Other revenue	392	-	392
<b>TOTAL REVENUE</b>	<u>611,409</u>	<u>18,750</u>	<u>630,159</u>
<b>NET ASSETS RELEASED FROM RESTRICTION</b>			
Satisfaction of program restrictions	68,750	(68,750)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>938,871</u>	<u>(50,000)</u>	<u>888,871</u>
<b>EXPENSES</b>			
<b>PROGRAM SERVICES</b>			
Awareness and education	448,477	-	448,477
Support	168,786	-	168,786
Leadership	135,823	-	135,823
Other programs	25,398	-	25,398
<b>TOTAL PROGRAM SERVICES</b>	<u>778,484</u>	<u>-</u>	<u>778,484</u>
<b>SUPPORT SERVICES</b>			
Management and general	81,437	-	81,437
Fundraising	51,575	-	51,575
<b>TOTAL SUPPORT SERVICES</b>	<u>133,012</u>	<u>-</u>	<u>133,012</u>
<b>TOTAL EXPENSES</b>	<u>911,496</u>	<u>-</u>	<u>911,496</u>
<b>CHANGE IN NET ASSETS</b>	27,375	(50,000)	(22,625)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>307,461</u>	<u>50,000</u>	<u>357,461</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 334,836</u>	<u>\$ -</u>	<u>\$ 334,836</u>



PREVENT CHILD ABUSE MINNESOTA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	Program Services				Supporting Services			2016 Total	2015 Total	
	Awareness and Education	Support	Leadership	Advocacy & Program Evaluation	Total Program	Management and General	Fundraising			Total Supporting
<b>PERSONNEL COSTS</b>										
Salaries and wages	\$ 139,040	\$ 194,520	\$ 108,823	\$ -	\$ 442,383	\$ 39,932	\$ 35,964	\$ 75,896	\$ 518,279	\$ 407,463
Payroll taxes	11,032	13,175	8,233	-	32,440	4,533	1,613	6,146	38,586	25,017
Employee benefits	28,781	37,304	20,759	-	86,844	2,202	5,067	7,269	94,113	52,617
<b>TOTAL PERSONNEL COSTS</b>	<b>178,853</b>	<b>244,999</b>	<b>137,815</b>	<b>-</b>	<b>561,667</b>	<b>46,667</b>	<b>42,644</b>	<b>89,311</b>	<b>650,978</b>	<b>485,097</b>
<b>EXPENSES</b>										
Grants and allocations	72,801	3,500	-	-	76,301	-	-	-	76,301	90,495
Professional fees/contracted services	6,313	1,380	28,766	-	36,459	26,229	16	26,245	62,704	130,831
Supplies	4,851	4,537	2,149	-	11,537	3,333	105	3,438	14,975	15,660
Telephone and internet	3,166	6,604	1,220	-	10,990	1,825	105	1,930	12,920	10,738
Postage and shipping	2,161	406	352	-	2,919	397	206	603	3,522	2,336
Occupancy	6,231	7,787	4,702	-	18,720	1,191	668	1,859	20,579	28,023
Printing and publications	833	382	-	-	1,215	255	448	703	1,918	9,239
Travel	11,443	25,108	14,327	140	51,018	3,200	260	3,460	54,478	51,111
Conferences and meetings	3,028	16,029	3,097	-	22,154	2,778	53	2,831	24,985	17,616
Advertising	165	51	57	-	273	-	-	-	273	554
Insurance	477	557	373	-	1,407	3,897	142	4,039	5,446	8,818
Miscellaneous	290	3,162	653	-	4,105	5,040	549	5,589	9,694	8,610
Volunteers and staff development	3,773	1,581	8,431	380	14,165	1,413	250	1,663	15,828	32,644
Equipment rental and maintenance	5,446	7,364	4,395	-	17,205	2,646	448	3,094	20,299	14,863
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>299,831</b>	<b>323,447</b>	<b>206,337</b>	<b>520</b>	<b>830,135</b>	<b>98,871</b>	<b>45,894</b>	<b>144,765</b>	<b>974,900</b>	<b>906,635</b>
Depreciation	131	-	4	-	135	4,359	-	4,359	4,494	4,861
<b>TOTAL EXPENSES</b>	<b>\$ 299,962</b>	<b>\$ 323,447</b>	<b>\$ 206,341</b>	<b>\$ 520</b>	<b>\$ 830,270</b>	<b>\$ 103,230</b>	<b>\$ 45,894</b>	<b>\$ 149,124</b>	<b>\$ 979,394</b>	<b>\$ 911,496</b>

PREVENT CHILD ABUSE MINNESOTA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2015

	Program Services				Supporting Services				Total
	Awareness and Education	Support	Leadership	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	
<b>PERSONNEL COSTS</b>									
Salaries and wages	\$ 183,957	\$ 100,549	\$ 48,427	\$ 17,229	\$ 350,162	\$ 22,443	\$ 34,858	\$ 57,301	\$ 407,463
Payroll taxes	11,376	6,038	2,995	1,087	21,496	1,365	2,156	3,521	25,017
Employee benefits	23,717	13,024	6,254	2,075	45,070	3,047	4,500	7,547	52,617
<b>TOTAL PERSONNEL COSTS</b>	<b>219,050</b>	<b>119,611</b>	<b>57,676</b>	<b>20,391</b>	<b>416,728</b>	<b>26,855</b>	<b>41,514</b>	<b>68,369</b>	<b>485,097</b>
<b>EXPENSES</b>									
Grants and allocations	85,795	4,700	-	-	90,495	-	-	-	90,495
Professional fees/contracted services	59,998	1,498	25,269	1,170	87,935	42,415	481	42,896	130,831
Supplies	12,242	1,049	1,390	167	14,848	455	357	812	15,660
Telephone and internet	3,806	3,911	1,544	222	9,483	514	741	1,255	10,738
Postage and shipping	1,568	246	243	35	2,092	183	61	244	2,336
Occupancy	12,584	6,982	3,331	1,054	23,951	1,675	2,397	4,072	28,023
Printing and publications	3,143	2,874	1,844	57	7,918	888	433	1,321	9,239
Travel	12,169	14,427	22,299	974	49,869	749	493	1,242	51,111
Conferences and meetings	6,646	451	9,470	40	16,607	933	76	1,009	17,616
Advertising	101	53	64	2	220	331	3	334	554
Insurance	3,981	2,176	1,048	332	7,537	527	754	1,281	8,818
Miscellaneous	26	2,035	130	-	2,191	3,873	2,546	6,419	8,610
Volunteers and staff development	19,956	3,010	8,049	520	31,535	638	471	1,109	32,644
Equipment rental and maintenance	5,216	4,564	2,889	252	12,921	1,110	832	1,942	14,863
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>446,281</b>	<b>167,587</b>	<b>135,246</b>	<b>25,216</b>	<b>774,330</b>	<b>81,146</b>	<b>51,159</b>	<b>132,305</b>	<b>906,635</b>
Depreciation	2,196	1,199	577	182	4,154	291	416	707	4,861
<b>TOTAL EXPENSES</b>	<b>\$ 448,477</b>	<b>\$ 168,786</b>	<b>\$ 135,823</b>	<b>\$ 25,398</b>	<b>\$ 778,484</b>	<b>\$ 81,437</b>	<b>\$ 51,575</b>	<b>\$ 133,012</b>	<b>\$ 911,496</b>

PREVENT CHILD ABUSE MINNESOTA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
CHANGE IN NET ASSETS	\$ 52,827	\$ (22,625)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	4,358	4,950
(Increase) decrease in operating assets		
Pledges receivable	4,525	2,751
Accounts receivable	(44,870)	67,000
Prepaid expenses and other current assets	(3,563)	(2,825)
Grants and contracts receivable, net	(30,000)	40,000
Increase (decrease) in liabilities:		
Accounts payable	(5,623)	(3,470)
Accrued expenses	7,092	(1,751)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(15,254)	84,030
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for the purchases of property and equipment	-	(1,876)
CHANGE IN CASH AND CASH EQUIVALENTS	(15,254)	82,154
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	247,155	165,001
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 231,901	\$ 247,155

PREVENT CHILD ABUSE MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Nature of Activities**

Minnesota Communities Caring for Children (MCCC), home of Prevent Child Abuse Minnesota and the Minnesota Circle of Parents®, works to build healthy environments where all children thrive. Our prevention model promotes individual and community led action to end child abuse and to build the resilience of children, parents and community members in neighborhoods, towns and cities throughout Minnesota.

MCCC was awarded 501(c)(3) status in 1979 with the primary goal of preventing and ultimately ending the abuse and neglect of Minnesota's children. Over the last 37 years we have successfully collaborated with communities, businesses and public and private funders to evolve from a small organization operating out of our St. Paul office to a statewide entity with programs available in 46 of Minnesota's 87 counties. We have a history of parent leadership development along with intentional engagement of and learning from cultures that have traditionally been under-represented in public and private decision making.

MCCC Prevention Initiatives are led by four regional directors as well as engaged parents and community members in the Northwest, Central, Northeast, Southern and Metro regions of the state. Within each region specific counties have been prioritized for increased services based on high levels of poverty as well as high health, education, and out of home placement (foster care) disparities.

The mission of MCCC is to empower individuals and communities to stop child abuse and neglect before it starts through education, awareness, support and leadership for action. Our vision is that all of Minnesota's children grow to achieve their full potential in safe, healthy and nurturing environments creating better communities for all.

**Awareness and Education:**

**Trauma-Informed Care Technical Assistance Center (TICTAC)** - The Adverse Childhood Experiences (ACE) Study and subsequent research studies demonstrate that exposure to adversity early in life can lead to negative health and social outcomes in adulthood. Using the national ACE Interface curriculum, MCCC develops the capacity of individuals as certified ACE Interface Trainers and Presenters so that they can raise awareness about the effects of trauma and the promise of prevention in their communities.

In Fiscal Year 2016 (FY16) – 7/1/15-6/30/16 – MCCC trained more than 40 ACE Interface Presenters, adding to 90 previously trained ACE Interface Trainers and Presenters statewide. Concentrations of 5 or more Trainers and Presenters are located in Beltrami, Carlton, Crow Wing, Hennepin, Mahnomon, Ramsey and St. Louis counties. Also in FY16, ACE Interface Trainers and Presenters provided more than 85 educational presentations to more than 1,750 individuals in 26 counties.

A FY16 survey of 424 presentation attendees showed that 95% of respondents found the ACE Interface presentation informative and thought provoking. Of those surveyed, 89% of respondents reported that they will incorporate their new knowledge about Adverse Childhood Experiences and resilience into their actions at work and more than 85% said that they will incorporate this knowledge into their actions at home and in their families.

PREVENT CHILD ABUSE MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**A. Nature of Activities - Continued**

**Prevention Education and Outreach** - MCCC produces and distributes Minnesota's Child Abuse Prevention Month materials each April and distributes thousands of pieces of additional prevention education and outreach materials throughout the year. MCCC also raises awareness online. At the end of FY16 MCCC's Facebook page was liked by 2,725 people and an average of 89 people interacted with MCCC's Facebook page each week. MCCC's website (pcamn.org), which hosts a variety of educational resources on topics from mandated reporting to resilience, was viewed an average of 68 times per day in FY16.

MCCC staff members are also present at community events statewide to share information about prevention and to facilitate dialogue about child maltreatment through Café conversation events. In FY16 MCCC staff facilitated 4 Café events for more than 39 community members. In a FY16 survey of Café attendees, 95% of respondents said that they learned something that will help them as a parent/caregiver; more than 85% of respondents reported that the Café was helpful; more than 80% of respondents stated that they would recommend a Café to others.

**Spring Webinar Series** - Each year MCCC offers a spring webinar series. The FY16 webinar series was led by MCCC's Chief Operating Officer, Becky Dale, and centered on building individual and community resilience through coaching. MCCC hosted 10 webinars for a total of 17 attendees. In a survey of webinar attendees, respondents tended to rate their prior level of understanding of the webinar topic as "fair" or "good," while after the training the majority of respondents reported their understanding as "very good." Recorded versions of six of the webinars were viewed a total of 65 times.

**Support:**

**Circle of Parents** - As the Minnesota chapter of Circle of Parents, MCCC partners with communities to offer peer-led, mutual self-help support groups for parents and children throughout the state. At group sessions, parents support each other and develop leadership skills that transfer to their families and communities. Participants meet in a supportive environment to share their concerns and frustrations, and to identify and commit to their own personal parenting goals. Participants are guided by volunteer facilitators that are trained by MCCC staff.

Multiple research studies show that Circle of Parents successfully increases *protective factors* – attributes that strengthen families and reduce the likelihood that child abuse will occur. Research demonstrates that parents report positive changes in parenting after they have attended eleven or more sessions and additional improvement after attendance of twenty-five or more sessions.

In FY16, Circle of Parents served 1,313 parents in 42 parent groups and 815 children in 25 children's groups (offering a total of 2,658 individual meetings with an average of 4 participants each). More than 1,020 referrals to resources including community education, mental health, job training, health care, crisis nursery, social services, WIC, ECFE/Head Start, mentoring program and food shelves were made to parent participants. The majority of participants identified as White (39%), Hispanic/Latino (23%) and Black/African American (21%). Participants also identified as African Immigrant (5%), American Indian/Alaska Native (5%), Asian (5%) and Other (2%).

**Parent Mentorship Program** - The Parent Mentor Program is designed to support parents with active child protection cases by helping them navigate court and social service systems. The program empowers parents to provide safety and stability for their children. The goals of the program are to reduce the amount of time to resolve each situation, reduce trauma for the child or children involved and decrease the number of parents that reenter the system once their case is closed. In FY16 the Parent Mentor Program expanded into 5 additional counties, totaling 7 counties utilizing Parent Mentor services statewide.

Parent Mentors are individuals that have been personally impacted by the child protection system and are able to help parents understand the many organizations that are involved in child protection cases. They also provide parents with the tools they need to successfully advocate for themselves and their families. In FY16, 9 Parent Mentors served 30 Minnesota families.

PREVENT CHILD ABUSE MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**A. Nature of Activities - Continued**

**Leadership for Action:**

**Parent Leadership for Child Safety and Permanency (PLCSP) Team** - The PLCSP Team has been a partnership of MCCC and the MN Department of Human Services (MN DHS) division of Child Safety and Permanency since 2009. The program seeks to empower parents in the prevention of child maltreatment and to give parents a voice within MN DHS for improving the child protection system, particularly in reducing racial disparities.

As part of this program, leadership training is provided to a group of approximately 20 Parent Consultants one day per month over a three-year period. Funding is also available for parents to attend other trainings or conferences to build knowledge and connections. The intent is to increase Parent Consultants' skills and influence so they can effectively articulate their experience, add value in their communities and on task forces within MN DHS, and ultimately contribute to a reduction in incidents of abuse, neglect and out-of-home placement (foster care). The program uses a shared leadership model, involving a partnership between parents and staff who share responsibility for team processes and outcomes.

In FY16, 21 Parent Consultants performed awareness activities in their communities. These Parent Consultants worked approximately 1,500 hours advising service providers, raising awareness statewide about family resilience and community needs and enhancing their own knowledge and skills. For Parent Recognition Month (February), MCCC celebrated more than 20 parents at an event with more than 70 people in attendance including families, legislators and community-based stakeholders.

**Public Policy** - MCCC provides leadership to shaping and advocating for policy and systems change that best serves the interests of children and families. Currently MCCC is collaborating with parents and community partners to develop a statewide prevention plan that will integrate child abuse prevention and trauma-informed care practices into systems that interact with children and families.

**B. Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. 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 subject to the Board of Directors 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 net assets – Those resources subject to a donor-imposed restriction that they be maintained permanently by the Organization.

As of June 30, 2016 and 2015, the Organization had no permanently restricted net assets. As of June 30, 2015, the Organization had no temporarily restricted net assets.

PREVENT CHILD ABUSE MINNESOTA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016 AND 2015

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Cash Equivalents**

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

**D. 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.

**E. 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.

**F. 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.

**G. Furniture and Equipment**

Furniture and equipment are presented at cost or donated (appraised) value. The Organization generally capitalizes all assets over \$2,500. Depreciation is computed on the straight-line or declining balance basis over the estimated useful lives, currently 3 to 7 years.

**H. 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.

**I. 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.

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**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**J. 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.

**K. Advertising Costs**

Advertising costs are expensed as incurred. Advertising costs incurred were \$293 and \$558 for the years ended June 30, 2016 and 2015, respectively.

**L. 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.

**M. 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, 2016 and 2015, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

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 2012 are closed. No returns are currently under examination in any tax jurisdiction.

**N. 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.

**O. 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.

**P. Subsequent Events**

Subsequent events were evaluated through November 2, 2016, which is the date the financial statements were available to be issued.



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**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 \$5,975 and \$10,500 as of June 30, 2016 and 2015, 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 2016, no match will be funded until the end of the calendar year in accordance with the Plan document. Employee match expense incurred for the 2015 fiscal year was \$2,768.

**Note 5: TEMPORARILY RESTRICTED NET ASSETS**

The Organization had the following temporarily restricted net assets at June 30, 2016 and 2015:

	2016	2015
Butler	\$ 30,000	\$ -
DHS Disparities	21,515	-
Sauer	20,000	-
Grant County	19,358	-
Blue Cross Blue Shield	5,000	-
Total temporarily restricted net assets	\$ 95,873	\$ -

**Note 6: LEASES**

The Organization leases office facilities under a noncancellable operating lease that expires June 30, 2017. Rent expense for the years ended June 30, 2016 and 2015 was \$19,862 and \$12,625, respectively. The future minimum lease payments required under the lease at June 30, 2016 is \$30,421.

The Organization also leases equipment and office space under short term agreements. The total payments under these equipment leases were \$7,522 for 2016 and \$6,793 for 2015.