

Prevent Child Abuse Minnesota

Financial Statements
For the Years Ended June 30, 2014 and 2013
(With Independent Auditor's
Report Thereon)

Prevent Child Abuse Minnesota
For the years ended June 30, 2013 and 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report of Financial Statements

We have audited the accompanying statements of financial position of Prevent Child Abuse Minnesota (a nonprofit corporation) as of June 30, 2014 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

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, 2014, 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.

Other Matters

The financial statements for the year ended June 30, 2013, were audited by Francis & Associates, PA, who merged with Abdo, Eick & Meyers, LLP on November 1, 2013, and whose report dated August 22, 2013, expressed an unmodified opinion on those financial statements.

Abdo Eick & Meyers, LLP

Certified Public Accountants
Minneapolis, Minnesota

**Prevent Child Abuse Minnesota
Statements of Financial Position
June 30, 2014 and 2013**

| ASSETS | <u>2014</u> | <u>2013</u> |
|--------------------------------------|--------------------------|--------------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 165,001 | \$ 206,840 |
| Accounts receivable | 153,291 | 115,138 |
| Pledges receivable | 13,250 | 14,250 |
| Grants and contracts receivable | 40,000 | 20,000 |
| Prepaid expenses | 5,700 | 9,228 |
| Total Current Assets | <u>377,242</u> | <u>365,456</u> |
| FURNITURE AND EQUIPMENT | | |
| Furniture and equipment | 55,466 | 55,407 |
| Accumulated depreciation | <u>(38,432)</u> | <u>(48,919)</u> |
| Total Furniture and Equipment | <u>17,034</u> | <u>6,488</u> |
| TOTAL ASSETS | <u><u>\$ 394,276</u></u> | <u><u>\$ 371,944</u></u> |

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

Prevent Child Abuse Minnesota
Statements of Financial Position (continued)
June 30, 2014 and 2013

| | 2014 | 2013 |
|-------------------------------------|-------------------|-------------------|
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 19,575 | \$ 4,507 |
| Accrued expenses | 17,240 | 12,095 |
| Total Current Liabilities | 36,815 | 16,602 |
| NET ASSETS | | |
| Unrestricted | | |
| Designated - Reserve funds | - | 250,000 |
| Undesignated | 307,461 | 21,398 |
| Temporarily restricted | 50,000 | 83,944 |
| Total Net Assets | 357,461 | 355,342 |
| TOTAL LIABILITIES NET ASSETS | \$ 394,276 | \$ 371,944 |

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

**Prevent Child Abuse Minnesota
Statement of Activities
For the Year Ended June 30, 2014**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------|---------------------|-----------------------------------|-------------------|
| Support and Revenue | | | |
| Support | | | |
| Pledges and contributions | \$ 242,135 | \$ 97,500 | \$ 339,635 |
| Special events | | | |
| Revenue | 64,343 | - | 64,343 |
| Expenses | <u>(25,582)</u> | <u>-</u> | <u>(25,582)</u> |
| Total Support | 280,896 | 97,500 | 378,396 |
| Revenue | | | |
| Government funded services | 556,313 | - | 556,313 |
| Education and engagement | 12 | - | 12 |
| Training and conferences | 7,460 | - | 7,460 |
| Other services | 94,002 | - | 94,002 |
| Other revenue | 2,804 | - | 2,804 |
| Total Revenue | <u>660,591</u> | <u>-</u> | <u>660,591</u> |
| Net assets released from restriction | | | |
| Satisfaction of program restrictions | <u>131,444</u> | <u>(131,444)</u> | <u>-</u> |
| Total Support and Revenue | <u>1,072,931</u> | <u>(33,944)</u> | <u>1,038,987</u> |
| Expenses | | | |
| Program Services | | | |
| Awareness and education | 484,666 | - | 484,666 |
| Support | 166,637 | - | 166,637 |
| Leadership | 177,556 | - | 177,556 |
| Other programs | <u>43,224</u> | <u>-</u> | <u>43,224</u> |
| Total Program Services | 872,083 | - | 872,083 |
| Support Services | | | |
| Management and general | 97,273 | - | 97,273 |
| Fundraising | <u>67,512</u> | <u>-</u> | <u>67,512</u> |
| Total Support Services | 164,785 | - | 164,785 |
| Total Expenses | <u>1,036,868</u> | <u>-</u> | <u>1,036,868</u> |
| CHANGE IN NET ASSETS | 36,063 | (33,944) | 2,119 |
| NET ASSETS, beginning of year | <u>271,398</u> | <u>83,944</u> | <u>355,342</u> |
| NET ASSETS, end of year | <u>\$ 307,461</u> | <u>\$ 50,000</u> | <u>\$ 357,461</u> |

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

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

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------|---------------------|-----------------------------------|-------------------|
| Support and Revenue | | | |
| Support | | | |
| Pledges and contributions | \$ 213,833 | \$ 16,000 | \$ 229,833 |
| Special events | | | |
| Revenue | 102,079 | - | 102,079 |
| Expenses | (50,365) | - | (50,365) |
| Total Support | <u>265,547</u> | <u>16,000</u> | <u>281,547</u> |
| 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 |
| Expenses | | | |
| Program Services: | | | |
| Awareness and education | 371,884 | - | 371,884 |
| Support | 173,659 | - | 173,659 |
| Leadership | 128,375 | - | 128,375 |
| Other programs | 26,737 | - | 26,737 |
| Total Program Services | <u>700,655</u> | <u>-</u> | <u>700,655</u> |
| Support Services | | | |
| Management and general | 63,111 | - | 63,111 |
| Fundraising | 56,703 | - | 56,703 |
| Total Support Services | <u>119,814</u> | <u>-</u> | <u>119,814</u> |
| Total Expenses | <u>820,469</u> | <u>-</u> | <u>820,469</u> |
| CHANGE IN NET ASSETS | (25,880) | (34,488) | (60,368) |
| NET ASSETS, beginning of year | <u>297,278</u> | <u>118,432</u> | <u>415,710</u> |
| NET ASSETS, end of year | <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 Functional Expenses
For the Year Ended June 30, 2014
(With comparative information for the year ended June 30, 2013)**

| | Program Services | | | | | Supporting Services | | | 2014 Total | 2013 Total |
|---|--------------------------|-------------------|-------------------|-------------------|-------------------|---------------------------|------------------|---------------------|---------------------|-------------------|
| | Awareness & Education | Support | Leadership | Other Programs | Total Program | Management and General | Fundraising | Total Supporting | | |
| Salaries and wages | \$ 189,121 | \$ 72,443 | \$ 76,900 | 32,808 | \$ 371,272 | \$ 40,240 | \$ 43,651 | \$ 83,891 | \$ 455,163 | \$ 358,499 |
| Employee benefits | 37,436 | 14,073 | 14,938 | 3,212 | 69,659 | 11,158 | 8,480 | 19,638 | 89,297 | 63,919 |
| Payroll taxes | 13,914 | 5,283 | 5,609 | 2,480 | 27,286 | 2,850 | 3,184 | 6,034 | 33,320 | 23,502 |
| Total Personnel Costs | 240,471 | 91,799 | 97,447 | 38,500 | 468,217 | 54,248 | 55,315 | 109,563 | 577,780 | 445,920 |
| Grants and allocations | 70,584 | 4,023 | - | - | 74,607 | - | - | - | 74,607 | 70,000 |
| Professional fees/ contracted services | 69,165 | 31,401 | 23,788 | 0 | 124,354 | 24,570 | 25 | 24,595 | 148,949 | 97,313 |
| Supplies | 7,091 | 2,515 | 1,793 | 342 | 11,741 | 735 | 267 | 1,002 | 12,743 | 11,841 |
| Telephone and internet | 5,064 | 2,677 | 5,255 | 832 | 13,828 | 619 | 933 | 1,552 | 15,380 | 10,999 |
| Postage & shipping | 1,410 | 179 | 279 | 22 | 1,890 | 119 | 160 | 279 | 2,169 | 3,182 |
| Occupancy | 10,967 | 4,006 | 4,253 | 914 | 20,140 | 3,126 | 2,414 | 5,540 | 25,680 | 17,878 |
| Printing & publications | 1,556 | 534 | 1,538 | 112 | 3,740 | 297 | 327 | 624 | 4,364 | 32,334 |
| Travel | 15,870 | 13,919 | 16,484 | 774 | 47,047 | 612 | 1,528 | 2,140 | 49,187 | 38,359 |
| Conferences & meetings | 1,232 | 2,196 | 7,667 | 287 | 11,382 | 1,890 | 345 | 2,235 | 13,617 | 49,892 |
| Advertising | 224 | 283 | 280 | 0 | 787 | - | - | - | 787 | 1,612 |
| Insurance | 3,237 | 1,183 | 1,256 | 270 | 5,946 | 923 | 713 | 1,636 | 7,582 | 6,289 |
| Miscellaneous | 688 | 99 | 300 | 75 | 1,162 | 6,085 | 3,671 | 9,756 | 10,918 | 7,221 |
| Volunteers & staff development | 51,475 | 7,598 | 11,386 | 475 | 70,934 | 1,211 | 705 | 1,916 | 72,850 | 10,155 |
| Equipment rental & maintenance | 4,458 | 3,796 | 5,375 | 523 | 14,152 | 2,503 | 850 | 3,353 | 17,505 | 15,144 |
| Total expenses before depreciation | 483,492 | 166,208 | 177,101 | 43,126 | 869,927 | 96,938 | 67,253 | 164,191 | 1,034,118 | 818,139 |
| Depreciation | 1,174 | 429 | 455 | 98 | 2,156 | 335 | 259 | 594 | 2,750 | 2,330 |
| Total Expenses | <u>\$ 484,666</u> | <u>\$ 166,637</u> | <u>\$ 177,556</u> | <u>\$ 43,224</u> | <u>\$ 872,083</u> | <u>\$ 97,273</u> | <u>\$ 67,512</u> | <u>\$ 164,785</u> | <u>\$ 1,036,868</u> | <u>\$ 820,469</u> |

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

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

| | <u>Program Services</u> | | | | | <u>Supporting Services</u> | | | <u>Total</u> |
|---|--------------------------------------|--------------------------|--------------------------|---------------------------|---------------------------------------|-----------------------------------|-------------------------|--|--------------------------|
| | <u>Awareness & Education</u> | <u>Support</u> | <u>Leadership</u> | <u>Other Programs</u> | <u>Total Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total Supporting Services</u> | |
| Salaries and wages | \$ 116,119 | \$ 93,459 | \$ 57,719 | 19,717 | \$ 287,014 | \$ 36,388 | \$ 35,097 | \$ 71,485 | \$ 358,499 |
| Employee benefits | 18,988 | 19,948 | 8,820 | 3,015 | 50,771 | 4,632 | 8,516 | 13,148 | 63,919 |
| Payroll taxes | 8,438 | 6,793 | 4,194 | 1,433 | 20,858 | 2,644 | - | 2,644 | 23,502 |
| 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> |
| Grants and allocations | 60,280 | 9,720 | - | - | 70,000 | - | - | - | 70,000 |
| Professional fees/ contracted services | 63,086 | 14,995 | 1,264 | - | 79,345 | 11,665 | 6,303 | 17,968 | 97,313 |
| Supplies | 8,030 | 703 | 1,403 | 98 | 10,234 | 1,555 | 52 | 1,607 | 11,841 |
| Telephone and internet | 4,125 | 2,639 | 2,674 | 335 | 9,773 | 594 | 632 | 1,226 | 10,999 |
| Postage & shipping | 2,046 | 460 | 383 | 33 | 2,922 | 195 | 65 | 260 | 3,182 |
| Occupancy | 5,849 | 5,477 | 3,186 | 749 | 15,261 | 1,206 | 1,411 | 2,617 | 17,878 |
| Printing & publications | 31,198 | 422 | 75 | 95 | 31,790 | 252 | 292 | 544 | 32,334 |
| Travel | 12,187 | 9,410 | 15,870 | - | 37,467 | 287 | 605 | 892 | 38,359 |
| Conferences & meetings | 26,720 | 34 | 22,276 | 50 | 49,080 | 360 | 452 | 812 | 49,892 |
| Advertising | 465 | 222 | 323 | - | 1,010 | - | 602 | 602 | 1,612 |
| Insurance | 2,057 | 1,928 | 1,120 | 263 | 5,368 | 424 | 497 | 921 | 6,289 |
| Miscellaneous | 3,593 | 1,080 | 180 | 330 | 5,183 | 1,300 | 738 | 2,038 | 7,221 |
| Volunteers & staff development | 3,303 | 1,768 | 4,630 | - | 9,701 | 283 | 171 | 454 | 10,155 |
| Equipment rental & maintenance | <u>4,790</u> | <u>3,966</u> | <u>3,887</u> | <u>532</u> | <u>13,175</u> | <u>934</u> | <u>1,035</u> | <u>1,969</u> | <u>15,144</u> |
| 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> |
| 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> |
| 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> |

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

**Prevent Child Abuse Minnesota
Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013**

| | 2014 | 2013 |
|---|-----------------|-----------------|
| Cash flows from operating activities | | |
| Change in net assets | \$ 2,119 | \$ (60,368) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 2,750 | 2,330 |
| (Increase) decrease in operating assets | | |
| Pledges receivable | 1,000 | (14,250) |
| Accounts receivable | (38,153) | (16,543) |
| Prepaid expenses and other current assets | 3,528 | (229) |
| Grants and contracts receivable, net | (20,000) | 63,500 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 15,067 | (8,948) |
| Accrued expenses | 5,145 | (7,108) |
| Net cash provided by (used in) operating activities | (28,544) | (41,616) |
| Cash flows from investing activities | | |
| Cash paid for the purchases of fixed assets | (13,295) | (2,522) |
| Net increase (decrease) in cash and cash equivalents | (41,839) | (44,138) |
| Cash and cash equivalents at beginning of period | 206,840 | 250,978 |
| Cash and cash equivalents at end of period | \$ 165,001 | \$ 206,840 |

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

**Prevent Child Abuse Minnesota
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE 1 – NATURE OF ACTIVITIES

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 FY14, 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 trainings of more than 5600 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 promotional and educational materials across our state. In FY 14 we added an Early Childhood training program that is described below.

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. To date MCCC has trained more than 60 coaches to share this information in their communities and workplaces. These coaches span 18 counties across the state, with concentrations of 4 or more coaches located in Hennepin, Ramsey, St. Louis and Beltrami counties. The coaches represent multiple cultures, networks, and sectors. In FY14, they provided approximately 150 trainings to more than 10,000 individuals statewide.

Early Childhood Initiatives – in Fiscal Year 2014 we added an early childhood training program providing 140 participants, particularly those from underrepresented communities, with professional development. Thirty-six [36] became candidates for certification as Child Development Associates. Additionally, we hosted a 2-day educational conference for 130 early childhood providers.

**Prevent Child Abuse Minnesota
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE 1 – NATURE OF ACTIVITIES (CONTINUED)

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 is one of 19 parent and caregiver support networks in the nation.

We have *prevention initiative activities*, as well as *active* and/or *developing Circle of Parents groups* representing 57 of 87 counties. Circle of Parents served 1811 individuals (1103 parents and 708 children) in 30 parent groups and 18 children’s groups (offering 1914 individual meetings with an average of 5 participants each). 239 individuals associated with these groups contributed 7,000 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.

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. In FY14, MCCC’s Parent Leaders worked more than 950 hours advising service providers; raising awareness statewide about family resilience and community needs; and enhancing their own knowledge and skills. During February, Parent Recognition Month, we recognized 10 Parent Leaders during at the capitol, with more than 75 people in attendance including families, State Legislators, and community based stakeholders. Our 2014 Parent Leadership Team began work in February, and includes 23 parents that represent a variety of cultures, sectors, geographic areas.

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 serves 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.

**Prevent Child Abuse Minnesota
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2014 and 2013, 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

**Prevent Child Abuse Minnesota
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Furniture and Equipment

Furniture 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 \$787 and \$1,897 for the years ended June 30, 2014 and 2013, 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.

**Prevent Child Abuse Minnesota
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2014 and 2013, 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 2010 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 3 – 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 4 – PLEDGES RECEIVABLE

The balance of all promises to give was \$13,250 and \$14,250 as of June 30, 2014 and 2013, respectively. There were no promises to give due in more than 1 year, so accordingly, no allowance for uncollectible pledges has been recorded.

NOTE 5 – 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 2014, 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 2013 fiscal year as the match was funded entirely by forfeited funds within the plan.

Prevent Child Abuse Minnesota
Notes to Financial Statements
June 30, 2014 and 2013

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

The Organization had the following temporarily restricted net assets at June 30, 2014 and June 30, 2013:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------------|------------------|------------------|
| Butler 2014 | \$ 40,000 | \$ - |
| St. Paul Foundation | 10,000 | - |
| Otto Bremer Foundation | - | 68,097 |
| Sheltering Arms | - | 15,000 |
| B. Simpson Epps for Bush Fellowship | - | 847 |
| Total temporarily restricted | <u>\$ 50,000</u> | <u>\$ 83,944</u> |

NOTE 7 – LEASES

The Organization leases office facilities under a noncancellable operating lease that expires October 31, 2014. Rent expense for the year ended June 30, 2014 and 2013 was \$10,460 and \$8,844, respectively. The future minimum lease payments required under the lease at June 30, 2014 is \$6,665.

The Organization also leases equipment and office space under short term agreements. The total payments under these equipment leases were \$8,178 for 2014 and \$5,794 for 2013.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 18, 2014, which is the date the financial statements were available to be issued.