

Financial Statements

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
St. Paul, Minnesota

For the Years Ended
June 30, 2018 and 2017

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
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June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
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, 2018 and 2017, 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 for the Financial Statements

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 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 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 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 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.

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, 2018 and 2017, 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 14, 2018

FINANCIAL STATEMENTS

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Statements of Financial Position
 June 30, 2018 and 2017

	2018	2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 346,700	\$ 241,950
Accounts receivable	133,092	220,086
Pledges receivable	1,625	6,275
Grants receivable	30,000	-
Prepaid expenses	15,170	20,326
Total Current Assets	526,587	488,637
Property and Equipment		
Furniture and equipment	57,342	57,342
Accumulated depreciation	(54,567)	(51,280)
Total Property and Equipment	2,775	6,062
Noncurrent Assets		
Unemployment services trust	23,970	24,893
Total Assets	\$ 553,332	\$ 519,592

See Independent Auditor's Report and Notes to the Financial Statements.

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Statements of Financial Position (Continued)
 June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 29,535	\$ 15,508
Accrued expenses	48,389	42,848
Total Liabilities	<u>77,924</u>	<u>58,356</u>
Net Assets		
Unrestricted	383,875	350,642
Temporarily restricted	91,533	110,594
Total Net Assets	<u>475,408</u>	<u>461,236</u>
Total Liabilities and Net Assets	<u>\$ 553,332</u>	<u>\$ 519,592</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Statements of Activities
 For the Year Ended June 30, 2018
 (With Comparative Totals for June 30, 2017)

	2018			2017 Total
	Unrestricted	Temporarily Restricted	Total	
Support and Revenue				
Support				
Pledges and contributions	\$ 248,221	\$ 68,520	\$ 316,741	\$ 352,089
In-kind contributions	983	-	983	-
Special events				
Revenue	29,069	-	29,069	58,125
Expenses	(8,588)	-	(8,588)	(53,173)
Total Support	<u>269,685</u>	<u>68,520</u>	<u>338,205</u>	<u>357,041</u>
Revenue				
Government funded services	882,000	-	882,000	564,817
Education and engagement	1,212	-	1,212	1,816
Training and conferences	26,676	-	26,676	49,141
Contract revenue	118,496	20,000	138,496	199,021
Other revenue	3,239	-	3,239	7,598
Total Revenue	<u>1,031,623</u>	<u>20,000</u>	<u>1,051,623</u>	<u>822,393</u>
Net Assets Released From Restriction				
Satisfaction of program restrictions	<u>107,581</u>	<u>(107,581)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>1,408,889</u>	<u>(19,061)</u>	<u>1,389,828</u>	<u>1,179,434</u>
Expenses				
Program Services	1,140,387	-	1,140,387	921,056
Support Services				
Management and general	128,894	-	128,894	148,026
Fundraising	106,375	-	106,375	74,424
Total Expenses	<u>1,375,656</u>	<u>-</u>	<u>1,375,656</u>	<u>1,143,506</u>
Change in Net Assets	33,233	(19,061)	14,172	35,928
Net Assets, Beginning of Year	<u>350,642</u>	<u>110,594</u>	<u>461,236</u>	<u>425,308</u>
Net Assets, End of Year	<u>\$ 383,875</u>	<u>\$ 91,533</u>	<u>\$ 475,408</u>	<u>\$ 461,236</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Statements of Activities
 For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Support			
Pledges and contributions	241,495	\$ 110,594	\$ 352,089
Special events			
Revenue	58,125	-	58,125
Expenses	(53,173)	-	(53,173)
Total Support	<u>246,447</u>	<u>110,594</u>	<u>357,041</u>
Revenue			
Government funded services	564,817		564,817
Education and engagement	1,816	-	1,816
Training and conferences	49,141	-	49,141
Other services	199,021	-	199,021
Other revenue	7,598	-	7,598
Total Revenue	<u>822,393</u>	<u>-</u>	<u>822,393</u>
Net Assets Released From Restriction			
Satisfaction of program restrictions	<u>95,873</u>	<u>(95,873)</u>	<u>-</u>
Total Support and Revenue	<u>1,164,713</u>	<u>14,721</u>	<u>1,179,434</u>
Expenses			
Program services	921,056	-	921,056
Support services			
Management and general	148,026	-	148,026
Fundraising	74,424	-	74,424
Total Expenses	<u>1,143,506</u>	<u>-</u>	<u>1,143,506</u>
Change in Net Assets	21,207	14,721	35,928
Net Assets, Beginning of Year	<u>329,435</u>	<u>95,873</u>	<u>425,308</u>
Net Assets, End of Year	<u>\$ 350,642</u>	<u>\$ 110,594</u>	<u>\$ 461,236</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
Statements of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for the Year Ended June 30, 2017)

	Supporting Services			Total Supporting	2018 Total	2017 Total
	Program Services	Management and General	Fundraising			
Personnel Costs						
Salaries and wages	\$ 525,023	\$ 56,998	\$ 61,162	\$ 118,160	\$ 643,183	\$ 575,847
Payroll taxes	39,803	4,634	4,588	9,222	49,025	42,382
Employee benefits	78,624	19,348	13,087	32,435	111,059	92,197
Total Personnel Costs	643,450	80,980	78,837	159,817	803,267	710,426
Expenses						
Grants and allocations	91,802	-	-	-	91,802	83,846
Professional fees/contracted services	151,814	31,855	5,421	37,276	189,090	133,053
Supplies	15,513	296	747	1,043	16,556	25,182
Telephone and internet	7,937	676	1,313	1,989	9,926	9,417
Postage and shipping	3,669	11	490	501	4,170	3,616
Occupancy	24,440	3,133	3,760	6,893	31,333	30,421
Printing and publications	29,720	1,384	887	2,271	31,991	9,434
Travel	84,573	256	498	754	85,327	58,658
Conferences and meetings	29,928	876	96	972	30,900	18,949
Advertising	218	-	10	10	228	348
Insurance	4,770	3,233	379	3,612	8,382	10,680
Miscellaneous	366	432	841	1,273	1,639	11,619
Bad debts	-	-	2,975	2,975	2,975	-
Volunteers and staff development	14,709	1,370	3,755	5,125	19,834	21,655
Equipment rental and maintenance	34,597	4,108	6,244	10,352	44,949	12,663
Total Expenses Before Depreciation	1,137,506	128,610	106,253	234,863	1,372,369	1,139,967
Depreciation	2,881	284	122	406	3,287	3,539
Total Expenses	\$ 1,140,387	\$ 128,894	\$ 106,375	\$ 235,269	\$ 1,375,656	\$ 1,143,506

See Independent Auditor's Report and Notes to the Financial Statements.

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Statements of Functional Expenses
 For the Year Ended June 30, 2017

	Supporting Services				Total
	Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel Costs					
Salaries and wages	\$ 472,028	\$ 63,109	\$ 40,710	\$ 103,819	\$ 575,847
Payroll taxes	34,298	5,060	3,024	8,084	42,382
Employee benefits	63,236	19,932	9,029	28,961	92,197
Total Personnel Costs	569,562	88,101	52,763	140,864	710,426
Expenses					
Grants and allocations	83,846	-	-	-	83,846
Professional fees/contracted services	101,097	27,405	4,551	31,956	133,053
Supplies	18,762	5,064	1,356	6,420	25,182
Telephone and internet	6,779	2,191	447	2,638	9,417
Postage and shipping	2,536	399	681	1,080	3,616
Occupancy	21,240	6,048	3,133	9,181	30,421
Printing and publications	5,980	1,317	2,137	3,454	9,434
Travel	55,793	2,048	817	2,865	58,658
Conferences and meetings	18,124	(75)	900	825	18,949
Advertising	233	115	-	115	348
Insurance	5,911	3,995	774	4,769	10,680
Miscellaneous	4,499	4,203	2,917	7,120	11,619
Volunteers and staff development	15,963	3,214	2,478	5,692	21,655
Equipment rental and maintenance	8,006	3,576	1,081	4,657	12,663
Total Expenses Before Depreciation	918,331	147,601	74,035	221,636	1,139,967
Depreciation	2,725	425	389	814	3,539
Total Expenses	\$ 921,056	\$ 148,026	\$ 74,424	\$ 222,450	\$ 1,143,506

See Independent Auditor's Report and Notes to the Financial Statements.

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Statements of Cash Flows
 For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	\$ 14,172	\$ 35,928
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	3,287	3,539
(Increase) decrease in operating assets		
Pledges receivable	4,650	(300)
Accounts receivable	86,994	(88,925)
Prepaid expenses and other current assets	5,156	(8,238)
Grants receivable	(30,000)	30,000
Other assets	923	12,752
Increase (decrease) in liabilities:		
Accounts payable	14,027	5,026
Accrued expenses	5,541	20,267
Net Cash Provided by (Used for) Operating Activities	104,750	10,049
Change in Cash and Cash Equivalents	104,750	10,049
Cash and Cash Equivalents, Beginning of Year	241,950	231,901
Cash and Cash Equivalents, End of Year	\$ 346,700	\$ 241,950

See Independent Auditor's Report and Notes to the Financial Statements.

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Prevent Child Abuse Minnesota, dba Minnesota Communities Caring for Children (MCCC) and home of Circle of Parents®, was awarded 501(c)(3) status in 1979 with the primary goal of preventing child abuse in Minnesota. Our prevention model promotes individual and community led action to end child abuse and to build the resilience of children, parents and community members statewide. Over the past 39 years, through successful collaboration with communities, businesses, and public and private funders, MCCC has evolved from a small organization to a statewide entity with programs available in more than half of Minnesota's 87 counties as well as 7 tribal areas.

MCCC works to promote environments where all children and families thrive. Our mission is to empower parents and communities to build supportive relationships, nurture children, and prevent child abuse and neglect. Our vision is a state where all children are given the opportunity for a healthy future. To achieve our mission and vision, our programs and activities are aimed at developing:

- Caring and Competent Parents: The parents we work with can cope with stress, solve problems, and affect change.
- High-Capacity Communities: The communities we work with expand leadership to advance shared learning and results-oriented decision making.
- A Supportive Public: We work on shifting the public mindset from punishing parents to supporting them.
- A Sustainable Organization: We strengthen our ability to sustain our work and scale its impact.

B. Our Work

MCCC offers four primary programs that reflect our conviction that education, support, and leadership development are the necessary means for building individual and community capacity to prevent child abuse and neglect. We also provide education and outreach materials and activities on an ongoing basis in communities across Minnesota.

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.

In Fiscal Year 2018 (FY18), Circle of Parents served 1,088 parents in 46 parent groups and 692 children in 28 children's groups (offering a total of 2,680 individual meetings). More than 360 referrals to resources including community education, mental health, job training, health care, crisis nursery, social services, WIC, ECFE/Head Start, mentoring programs, and food shelves were made to parent participants.

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. In a recent survey of participants, nearly all respondents reported that they are more confident in their parenting skills as a result of attending Circle of Parents sessions (98%). The vast majority also reported that they have gained additional supportive contacts, become more aware of local family resources, better understand childhood development, and interact more positively with their children (84-93%) as a result of Circle of Parents.

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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 25 Parent Leaders 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 Leaders' 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).

In FY18, 20 Parent Leaders performed awareness activities in their communities and 15 Parent Leaders participated in DHS workgroups. These parents worked more than 1,300 hours advising service providers, raising awareness statewide about family resilience and community needs, and enhancing their own knowledge and skills.

Each year for Parent Recognition Month (February) MCCC recognizes parents from across Minnesota, who are nominated by their peers, with an Unsung Hero award. Last February MCCC celebrated 22 parent honorees at an event which included families, legislators, and community-based stakeholders.

ACE Interface Training Program:

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 FY18, MCCC trained 184 ACE Interface Presenters, adding to 223 previously trained ACE Interface Trainers and Presenters statewide. Of those trained, 142 have completed certification requirements. Concentrations of 5 or more certified Trainers and Presenters are located in Carlton, Crow Wing, Hennepin, Ramsey, Stearns and Winona counties; these concentrations of presenters foster community-wide awareness and action to build self-healing communities. Also in FY18, ACE Interface Trainers and Presenters provided more than 220 educational presentations to nearly 7,500 individuals across the state.

A FY18 survey of 2,228 presentation attendees showed that 94% of respondents found the ACE Interface presentation informative and thought provoking. Of those surveyed, 88% of respondents reported that they will incorporate their new knowledge about adverse childhood experiences and resilience into their actions at work; more than 78% said that they will incorporate this knowledge into their actions at home/in their families.

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (Continued)

Tribal Community Wisdom Project:

In partnership with The Blue Cross Blue Shield of MN Center for Prevention, the Tribal Community Wisdom Project began in 2015 with the aim of building the capacity of tribal communities to address challenging health and social issues related to childhood trauma. This project has three stages: 1) raising awareness about trauma and resilience by providing ACE Interface presentations, 2) training presenters in the ACE Interface curriculum to build capacity and broaden community awareness, and 3) facilitating community-driven action planning to identify key strategies that the community will leverage to support healing and building resilience.

In FY18, MCCC partnered with five tribes on this project – White Earth, Fond du Lac, Lower Sioux, Leech Lake, and Mille Lacs. More than 400 people across the five communities have been reached by ACE Interface presentations and over 60 people have been trained as ACE Interface Presenters. White Earth, Fond du Lac, Lower Sioux, and Leech Lake communities have begun implementing their action plans with funding from The Blue Cross Blue Shield of MN Center for Prevention.

Prevention Education and Outreach:

MCCC produces and distributes thousands of pieces of prevention education and outreach materials throughout the year. MCCC also raises awareness online through our website, social media, and an annual webinar series. Currently MCCC has nearly 3,000 followers on Facebook, and the four educational webinars offered in FY18 were viewed a total of 245 times. MCCC staff members are present at community events statewide to share information about prevention and to facilitate dialogue about child maltreatment through regional training workshops and Café conversation events. In FY18 MCCC held four café conversation events for 21 people.

C. 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, 2018 and 2017, the Organization had no permanently restricted net assets.

D. Cash Equivalents

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

E. 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.

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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 receivable.

G. Pledges and Grants Receivable

Pledges and grants receivable was \$31,625 and \$6,275 as of June 30, 2018 and 2017, respectively. All pledges and grants are expected to be collected during the next fiscal year, therefore, management has not recorded a discount for present value of these receivables.

H. 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.

I. 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.

J. 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.

K. 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.

L. Advertising Costs

Advertising costs are expensed as incurred. Advertising costs incurred were \$228 and \$348 for the years ended June 30, 2018 and 2017, respectively.

M. 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.

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (Continued)

N. 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, 2018 and 2017, there were no income tax related accrued interest or penalties recognized in either the statement of financial position or the statement of activities.

The Organization 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 2014 are closed. No returns are currently under examination in any tax jurisdiction.

O. 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.

P. 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.

Q. Subsequent Events

Subsequent events were evaluated through November 14, 2018, which is the date the financial statements were available to be issued.

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
Notes to the Financial Statements
June 30, 2018 and 2017

Note 1: Summary of Significant Accounting Policies (Continued)

R. New Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (ASU 2014-09) as a new Topic, Accounting Standards Codification Topic 606. The amendments are intended to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices and improve disclosure requirements. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers: Deferral of the Effective Date, which deferred the effective date of ASU 2014-09 by one year. This ASU is effective for non-public entities with annual reporting periods beginning after December 15, 2018, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization in fiscal year 2019-20. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-For-Profit Entities, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about liquidity and availability of resources, expenses and investment return, and cash flows. This ASU is effective for non-public entities with annual reporting periods beginning after December 15, 2017, and shall be applied retrospectively. Early adoption is permitted. The new guidance is effective for the Organization in fiscal year 2018-19. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows, and has not determined the impact on its financial statements at this time.

In March 2016, the FASB issued ASU No. 2016-02, Leases, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU No. 2016-02 is effective for non-public entities with annual reporting periods beginning after December 15, 2019, and shall be applied using either a full retrospective or modified retrospective approach. Early adoption is permitted. The new guidance is effective for the Organization in fiscal year 2020-21. The Organization is currently evaluating the impact on the results of operations, financial condition and cash flows and has not determined the impact on its financial statements at this time.

Note 2: Unemployment Fund

The Organization has elected to opt out of participation in the Minnesota Unemployment Insurance program. The Organization is self-insured for unemployment claims through Unemployment Services Trust (UST). Payments to UST are accumulated and used to pay future claims. An expense is recorded as claims are paid by UST. Prevent Child Abuse Minnesota believes there is no significant liability for claims incurred but not reported at June 30, 2018 and 2017. The Organization could be required to make additional payments if claims exceeded the accumulated contributions.

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: 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 2018 and 2017, a match of \$3,161 and \$0, respectively, will be made in accordance with the Plan document.

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Notes to the Financial Statements
 June 30, 2018 and 2017

Note 5: Temporarily Restricted Net Assets

The Organization had the following temporarily restricted net assets at June 30, 2018 and 2017:

	2018	2017
Blue Cross Blue Shield - ACEs Tribal Project	\$ 34,372	\$ 34,894
Butler Family Foundation	30,000	-
Bremer	16,025	-
MN Voice	8,316	-
Brainerd Circle of Parents	2,820	-
Bigelow Foundation - ACEs East Metro	-	24,750
St. Paul Foundation - ACEs East Metro	-	23,950
Mardag Foundation - ACEs Brainerd	-	22,000
MRAC - PLSCP	-	5,000
	<u>\$ 91,533</u>	<u>\$ 110,594</u>
Total Temporarily Restricted Net Assets	<u>\$ 91,533</u>	<u>\$ 110,594</u>

Note 6: Leases

The Organization leases office facilities under a noncancellable operating lease that expires December 31, 2018. Rent expense for the years ended June 30, 2018 and 2017 was \$24,832 and \$30,421, respectively. The future minimum lease payments required under the lease at June 30, 2018 is as follows:

June 30, 2019	\$	15,667
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The Organization also leases equipment under a 60-month agreement. The total payments under this equipment lease were \$2,235 for 2018 and \$4,444 for 2017. The future minimum lease payments required under this lease at June 30, 2018 is as follows:

Year Ending June 30		
2019	\$	1,898
2020		1,898
2021		1,898
2022		1,898
2023		949
	<u>\$</u>	<u>8,541</u>