

Financial Statements

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

For the Years Ended
June 30, 2019 and 2018

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
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June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 20, 2019

FINANCIAL STATEMENTS

Prevent Child Abuse Minnesota
 dba Minnesota Communities Caring for Children
 Statements of Financial Position
 June 30, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 309,175	\$ 346,700
Accounts receivable, net of allowance of \$6,986 in 2019 and \$0 in 2018	185,985	133,092
Pledges receivable	500	1,625
Grants receivable	-	30,000
Prepaid expenses	4,981	15,170
Total Current Assets	500,641	526,587
Property and Equipment		
Furniture and equipment	57,342	57,342
Accumulated depreciation	(57,113)	(54,567)
Total Property and Equipment	229	2,775
Noncurrent Assets		
Unemployment services trust	23,905	23,970
Total Assets	\$ 524,775	\$ 553,332

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, 2019 and 2018

	2019	2018
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 31,387	\$ 29,535
Accrued expenses	47,222	48,389
Total Liabilities	78,609	77,924
Net Assets		
Without donor restrictions		
Board designated reserve funds	50,000	-
Undesignated	343,946	383,875
Total net assets without donor restrictions	393,946	383,875
With donor restrictions	52,220	91,533
Total Net Assets	446,166	475,408
Total Liabilities and Net Assets	\$ 524,775	\$ 553,332

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, 2019
(With Comparative Totals for June 30, 2018)

	2019			2018 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and Revenue				
Support				
Pledges and contributions	\$ 213,530	55,400	\$ 268,930	\$ 316,741
In-kind contributions	176	-	176	983
Special events net of expenses of \$7,855 in 2019 and \$8,588 in 2018	16,730	-	16,730	20,481
Total Support	<u>230,436</u>	<u>55,400</u>	<u>285,836</u>	<u>338,205</u>
Revenue				
Government funded services	922,547	-	922,547	882,000
Contract revenue	115,410	-	115,410	138,496
Training and conferences	2,131	-	2,131	26,676
Education and engagement	710	-	710	1,212
Other revenue	5,190	-	5,190	3,239
Total Revenue	<u>1,045,988</u>	<u>-</u>	<u>1,045,988</u>	<u>1,051,623</u>
Net Assets Released From Restriction				
Satisfaction of program restrictions	94,713	(94,713)	-	-
Total Support and Revenue	<u>1,371,137</u>	<u>(39,313)</u>	<u>1,331,824</u>	<u>1,389,828</u>
Expenses				
Program services	1,155,240	-	1,155,240	1,140,387
Support services				
Management and general	102,685	-	102,685	128,894
Fundraising	103,141	-	103,141	106,375
Total Expenses	<u>1,361,066</u>	<u>-</u>	<u>1,361,066</u>	<u>1,375,656</u>
Change in Net Assets	10,071	(39,313)	(29,242)	14,172
Net Assets, Beginning of Year	<u>383,875</u>	<u>91,533</u>	<u>475,408</u>	<u>461,236</u>
Net Assets, End of Year	<u>\$ 393,946</u>	<u>\$ 52,220</u>	<u>\$ 446,166</u>	<u>\$ 475,408</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 (Continued)
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Pledges and contributions	\$ 248,221	\$ 68,520	\$ 316,741
In-Kind contributions	983		983
Special events net of expenses of \$8,588	20,481	-	20,481
Total Support	269,685	68,520	338,205
Revenue			
Government funded services	882,000		882,000
Contract revenue	118,496	20,000	138,496
Training and conferences	26,676	-	26,676
Education and engagement	1,212	-	1,212
Other revenue	3,239	-	3,239
Total Revenue	1,031,623	20,000	1,051,623
Net Assets Released From Restriction			
Satisfaction of program restrictions	107,581	(107,581)	-
Total Support and Revenue	1,408,889	(19,061)	1,389,828
Expenses			
Program services	1,140,387	-	1,140,387
Support services			
Management and general	128,894	-	128,894
Fundraising	106,375	-	106,375
Total Expenses	1,375,656	-	1,375,656
Change in Net Assets	33,233	(19,061)	14,172
Net Assets, Beginning of Year	350,642	110,594	461,236
Net Assets, End of Year	\$ 383,875	\$ 91,533	\$ 475,408

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, 2019
 (With Comparative Totals for the Year Ended June 30, 2018)

	Supporting Services			Total Supporting	2019 Total	2018 Total
	Program Services	Management and General	Fundraising			
Personnel Costs						
Salaries and wages	\$ 522,658	\$ 56,422	\$ 67,130	\$ 123,552	\$ 646,210	\$ 643,183
Payroll taxes	37,776	4,524	5,688	10,212	47,988	49,025
Employee benefits	79,291	16,477	11,890	28,367	107,658	111,059
Total Personnel Costs	639,725	77,423	84,708	162,131	801,856	803,267
Expenses						
Grants and allocations	65,492	-	-	-	65,492	91,802
Professional fees/contracted services	222,392	11,951	1,533	13,484	235,876	189,090
Supplies	9,388	235	690	925	10,313	16,556
Dues and subscriptions	12,885	-	351	351	13,236	-
In-kind	-	176	-	176	176	-
Telephone and internet	14,713	65	-	65	14,778	9,926
Postage and shipping	2,492	409	250	659	3,151	4,170
Occupancy	24,362	3,186	3,786	6,972	31,334	31,333
Printing and publications	13,178	144	2,616	2,760	15,938	31,991
Travel	75,472	163	242	405	75,877	85,327
Conferences and meetings	38,466	771	1,880	2,651	41,117	30,900
Advertising	2,080	-	15	15	2,095	228
Insurance	-	6,152	-	6,152	6,152	8,382
Miscellaneous	2,582	323	780	1,103	3,685	1,639
Bad debts	6,986	-	1,275	1,275	8,261	2,975
Volunteers and staff development	8,547	991	3,075	4,066	12,613	19,834
Equipment rental and maintenance	14,219	484	1,866	2,350	16,569	44,949
Total Expenses Before Depreciation	1,152,979	102,473	103,067	205,540	1,358,519	1,372,369
Depreciation	2,261	212	74	286	2,547	3,287
Total Expenses	\$ 1,155,240	\$ 102,685	\$ 103,141	\$ 205,826	\$ 1,361,066	\$ 1,375,656

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

Prevent Child Abuse Minnesota
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Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2018

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

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, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ (29,242)	\$ 14,172
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation expense	2,546	3,287
(Increase) decrease in operating assets		
Accounts receivable	(52,893)	86,994
Pledges receivable	1,125	4,650
Grants receivable	30,000	(30,000)
Prepaid expenses and other current assets	10,189	5,156
Unemployment services trust	65	923
Increase (decrease) in liabilities:		
Accounts payable	1,852	14,027
Accrued expenses	(1,167)	5,541
Net Cash Provided by (Used for) Operating Activities	(37,525)	104,750
Change in Cash and Cash Equivalents	(37,525)	104,750
Cash and Cash Equivalents, Beginning of Year	346,700	241,950
Cash and Cash Equivalents, End of Year	\$ 309,175	\$ 346,700
Supplemental Information:		
Interest paid	\$ 12,225	\$ 11,932

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, 2019 and 2018

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Minnesota Communities Caring for Children (MCCC), home of Prevent Child Abuse Minnesota and 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 40 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 5 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 2019 (FY19), Circle of Parents served over 900 parents in 42 parent groups and over 500 children in 26 children's groups. More than 200 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 FY19 survey of participants, nearly all respondents (99%) reported that they have gained additional supportive contacts as a result of participating in the program. The vast majority also reported that they have become more aware of local family resources, better understand childhood development, and interact more positively with their children (85%-94%) as a result of Circle of Parents.

Prevent Child Abuse Minnesota
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Notes to the Financial Statements
June 30, 2019 and 2018

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 FY19, 11 Parent Leaders performed community investment projects in their communities, including: facilitating educational presentations for parents about the protective factors; hosting community workshops about historical trauma and adverse childhood experiences; and supporting local parents in the development of a new Circle of Parents group. In addition, nine Parent Leaders participated in DHS workgroups, bringing a parent perspective to state and local initiatives such as: Quality Parenting Initiative (QPI), Early Childhood Mental Health Initiative, Parent Support Outreach Program (PSOP), the Children's Justice Act, and Citizen Review Panels.

Each year for Parent Recognition Month (February) MCCC recognizes parents, nominated by their peers, with an Unsung Hero award. Last February MCCC celebrated 22 parent honorees and three organizations at an event which included families, community stakeholders, and policy makers.

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 FY19, MCCC trained 279 ACE Interface Presenters, adding to 407 previously trained ACE Interface Trainers and Presenters statewide. Of those trained, 241 have completed certification requirements. ACE Interface Trainers and Presenters provided more than 430 educational presentations to nearly 8,400 individuals across the state. MCCC also held two gatherings of ACE Collaborative Partners, reaching a total of 250 attendees with information about building community resilience.

A FY19 survey of 4,055 presentation attendees showed that 89% of respondents reported that they will incorporate their new knowledge about adverse childhood experiences and resilience into their actions at work; 82% said that they will incorporate this knowledge into their actions at home/in their families; and 76% said that they will incorporate this knowledge into their actions in their communities.

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.

Prevent Child Abuse Minnesota
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Notes to the Financial Statements
June 30, 2019 and 2018

Note 1: Summary of Significant Accounting Policies (Continued)

In FY19, MCCC continued partnerships with five tribes on this project – White Earth, Fond du Lac, Lower Sioux, Leech Lake, and Mille Lacs. Across tribal communities more than 60 people have been trained as ACE Interface Presenters. Communities are at various stages of developing and implementing community action plans that leverage the existing resources within each community to strengthen individual and community resilience. Note that due to changes in funding priorities, funding for this program from the Center for Prevention ended effective January 1, 2019. MCCC continues to provide limited support to our network of Presenters and partners despite this change in funding.

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 over 3,100 followers on Facebook, and in FY19 MCCC offered a 4-part webinar series featuring Teri Barila, a leader of community resilience initiatives in Walla Walla, WA. MCCC staff members are also 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 FY19, MCCC staff facilitated six community café conversations.

C. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase without donor restrictions or with donor restrictions support depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restriction

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Net assets without donor restrictions are available for use at the discretion of the board and/or management for general operating purposes.

With Donor Restriction

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. As of June 30, 2019 and 2018 MCCC had \$57,220 and \$91,533 respectively, with donor restrictions.

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
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Notes to the Financial Statements
June 30, 2019 and 2018

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 \$500 and \$1,625 as of June 30, 2019 and 2018, 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 support with donor restrictions or support without donor restrictions 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 \$2,095 and \$228 for the years ended June 30, 2019 and 2018, respectively.

M. Expense Allocation

Salaries and related expenses are allocated based on job descriptions and time spent in each area. 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
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Notes to the Financial Statements
June 30, 2019 and 2018

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, 2019 and 2018, 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 2015 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 20, 2019, which is the date the financial statements were available to be issued.

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 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 2021-22. 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.

Prevent Child Abuse Minnesota
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 Notes to the Financial Statements
 June 30, 2019 and 2018

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, 2019 and 2018. 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 2019 and 2018, a match of \$2,597 and \$3,161, respectively, will be made in accordance with the Plan document.

Note 5: Net Assets with Donor Restrictions

The Organization had the net assets with donor restrictions at June 30, 2019 and 2018:

	2019	2018
Bigelow Foundation - ACEs East Metro	\$ 21,400	\$ -
St. Paul Foundation - ACEs East Metro	19,000	-
Headwaters Fdn	9,000	-
Brainerd Circle of Parents	2,820	2,820
Blue Cross Blue Shield - ACEs Tribal Project	-	34,372
Butler Family Foundation	-	30,000
Bremer	-	16,025
MN Voice	-	8,316
	\$ 52,220	\$ 91,533
Total Net Assets with Donor Restriction		

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 Notes to the Financial Statements
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Note 6: Leases

The Organization leases office facilities under a noncancelable operating lease that expires December 31, 2019. Rent expense for the years ended June 30, 2019 and 2018 was \$31,334 and \$31,333, respectively. The future minimum lease payments required under the lease at June 30, 2019 is \$15,667.

The Organization also leases equipment under a 60-month agreement. The total payments under this equipment lease were \$783 for 2019 and \$2,235 for 2018. The future minimum lease payments required under this lease at June 30, 2019 is as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2020	\$ 1,898
2021	1,898
2022	1,898
2023	949
	\$ 6,643

Note 7: Liquidity and Availability of Resources

The Organization has the following assets available to meet financial needs for one year:

Cash and Cash Equivalents	\$ 309,175
Accounts Receivable	185,985
Pledges Receivable	500
Total Financial Assets	495,660
Less those unavailable for general expenditure within one year, due to:	
Board-designated reserve funds	(50,000)
Net Assets with donor restrictions	(52,220)
Total Financial Assets Unavailable	(102,220)
Financial assets available to meet cash needs for general expenditures within one year	\$ 393,440

As part of liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. In addition, MCCC has board designated net assets without donor restrictions that, while the organization does not intend to spend for purposes other than those identified, the amounts could be made available for current operations, if necessary.