

PREVENT CHILD ABUSE TENNESSEE

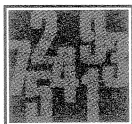
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2006

PREVENT CHILD ABUSE TENNESSEE

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BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Prevent Child Abuse Tennessee
Nashville, Tennessee

We have audited the accompanying statement of financial position of Prevent Child Abuse Tennessee, as of June 30, 2006, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of Prevent Child Abuse Tennessee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prevent Child Abuse Tennessee, as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Bellenfant & Miles, P.C.

September 8, 2006

PREVENT CHILD ABUSE TENNESSEE
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006

ASSETS

Current Assets:

Cash	\$ 169
Unconditional promises to give	17,883
Accounts receivable	7,884
Prepaid expenses	<u>2,954</u>
Total Current Assets	<u>28,890</u>

Furniture and Equipment:

Furniture and equipment	28,346
Less: accumulated depreciation	<u>24,951</u>
Net Furniture and Equipment	<u>3,395</u>
TOTAL ASSETS	<u><u>\$ 32,285</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	11,569
Net Assets, unrestricted	<u>20,716</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 32,285</u></u>

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

PREVENT CHILD ABUSE TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2006

SUPPORT AND REVENUE:	Total
Tennessee Department of -	
Children Services	\$ 125,389
Finance and Administration	
Office of Criminal Programs	44,999
In-Kind Services	37,950
Roundtable Grant	2,000
VOCA Helpline	33,783
Contributions	84,054
Kappa Delta	20,297
Fees for Services	16,765
Fundraising	45,382
Interest	9
	<hr/>
Total Support and Revenue	410,628
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EXPENSES:	
Program Services:	
Parent Support Groups	77,847
Parent Helpline	116,600
Parent Pathway	80,624
Parent Awareness	110,950
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Total Program Services	386,021
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Support Services:	
Administration	30,844
Fund-Raising	21,906
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Total Support Services	52,750
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Total Expenses	438,771
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Change in Net Assets	(28,143)
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Net Assets, July 1, 2004	48,859
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Net Assets, June 30, 2005	\$ 20,716
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The accompanying notes are an integral part of these financial statements.

PREVENT CHILD ABUSE TENNESSEE
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

	Program Services				Support Services			
	Support Groups	Parent Helpline	Parent Pathway	Awareness	Total Program Services	Administration	Fund Raising	Total Support Services
Salaries	\$ 37,062	\$ 60,976	\$ 35,652	\$ 49,173	\$ 182,863	\$ 13,858	\$ 8,250	\$ 22,108
In Kind Salaries	7,826	14,470	7,826	7,828	37,950	-	-	-
Fringe Benefits	9,274	5,397	9,132	14,799	38,602	4,161	1,087	5,248
Professional Fees	3,755	245	2,270	2,575	8,845	886	850	1,736
Supplies	2,266	89	2,376	3,940	8,671	1,694	6,728	8,422
Telephone	1,363	13,628	1,363	2,551	18,905	320	85	405
Postage	62	1,354	107	170	1,693	150	-	150
Rent	2,350	10,713	3,100	3,185	19,348	-	-	-
Equipment & Maintenance	1,609	89	1,585	2,239	5,522	2,575	864	3,439
Printing	2,960	4,100	3,090	5,561	15,711	-	612	612
Travel/Conferences/Meetings	6,295	556	8,673	11,106	26,630	1,124	166	1,290
Insurance	210	4,929	210	210	5,559	1,355	205	1,560
Other	2,815	54	5,240	7,613	15,722	3,023	3,059	6,082
Total Expenses Before Depreciation	77,847	116,600	80,624	110,950	386,021	29,146	21,906	51,052
Depreciation	-	-	-	-	-	1,698	-	1,698
Total Expenses	\$ 77,847	\$ 116,600	\$ 80,624	\$ 110,950	\$ 386,021	\$ 30,844	\$ 21,906	\$ 52,750
								\$ 438,771

The accompanying notes are an integral part of this statement.

PREVENT CHILD ABUSE TENNESSEE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (28,143)
Adjustments to reconcile to net cash provided by operations	
Deprecation	1,698
(Increase) decrease in assets:	
Unconditional promises to give	(3,476)
Accounts receivable	(3,083)
Prepaid expenses	(1,901)
Increase (decrease) in:	
Accounts payable	<u>11,498</u>
Net cash provided by operating activities	<u>(23,407)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of furniture and equipment	<u>(2,259)</u>
Net Cash Provided by Investing Activities	<u>(2,259)</u>
NET DECREASE IN CASH	(25,666)
Cash, July 1, 2005	<u>25,835</u>
Cash, June 30, 2006	<u><u>\$ 169</u></u>

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

PREVENT CHILD ABUSE TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Prevent Child Abuse Tennessee is a private, nonprofit agency located in Nashville, Tennessee. The Agency provides services aimed at preventing the occurrence or continuation of child abuse. These services consist of parent support groups, a statewide toll-free parent helpline, and pairing of trained volunteers with new families at a high risk for child abuse. All services are available at no charge. Principal funding is provided by Tennessee Department of Human Services. Agency operations are conducted by the executive director and staff under the guidance of the board of directors.

Basis of Presentation:

Prevent Child Abuse Tennessee prepares its financial statements and maintains its financial accounting records on the accrual basis of accounting.

Revenue Recognition:

Contributions and grants restricted by the donor, grantor, or other outside parties for particular operating purposes are deemed to be earned and reported as revenues when the Agency has incurred expenditures in compliance with the specific restrictions.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Office Space:

Prevent Child Abuse Tennessee leases office space on a month-to-month basis. Rent expense for the year ended June 30, 2006 was \$19,348.

PREVENT CHILD ABUSE TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued

Property and Equipment:

Disbursements for equipment with a unit cost in excess of \$500 are capitalized and reflected in the balance sheet at cost. Expenditures for additions are capitalized while those for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful life of each item and is reflected as an expense in the statement of activities. Donated items are recorded at estimated fair market value.

2. FEDERAL INCOME TAX STATUS

The Agency has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501 (c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of receivables from programs funded by the State of Tennessee.

Tennessee Department of Children's Services	\$ 11,555
Tennessee Department of Finance and Administration	6,328
	<u>\$ 17,883</u>

4. FUNDING

The Agency receives a substantial amount of support from the Tennessee Department of Children's Services and Tennessee Department of Finance and Administration's Office of Criminal Justice Programs for operations. A major reduction of funds by the grantor agency, should this occur, may have a significant effect on future operations.

5. IN-KIND SUPPORT AND DONATIONS

Salaries

The Agency received a significant amount of volunteer services. Since these services were an integral part of the Agency's programs and would otherwise have been performed by salaried personnel, the estimated value of these services have been recorded as in-kind revenues and expenses.