

PREVENT CHILD ABUSE TENNESSEE

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2012

PREVENT CHILD ABUSE TENNESSEE

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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, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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, 2012, 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.

March 19, 2013

PREVENT CHILD ABUSE TENNESSEE
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2012

ASSETS

Current Assets:

Cash	\$ 73,602
Accounts receivable	16,000
Grants receivable	<u>91,661</u>
Total Current Assets	<u>181,263</u>

Furniture and Equipment:

Furniture and equipment	29,326
Less: accumulated depreciation	<u>29,326</u>

Net Furniture and Equipment	<u>-</u>
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TOTAL ASSETS	<u><u>\$ 181,263</u></u>
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LIABILITIES AND NET ASSETS

Accounts payable	4,928
Payroll tax liability	<u>451</u>

Total Current Liabilities	5,379
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Net Assets, unrestricted	<u>175,884</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 181,263</u></u>
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The accompanying notes are an integral part of these financial statements.

PREVENT CHILD ABUSE TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2012

SUPPORT AND REVENUE:

Grants:

Tennessee Department of Finance and Administration	\$ 79,248
Tennessee Department of Children's Services	150,472
Tennessee Department of Health	275,168
In-Kind Services	8,562
Contributions	138,098
Kappa Delta	50,769
Fees for Services	49,177
Fundraising	35,670
Other	2,928
Interest	21

Total Support and Revenue	<u>790,113</u>
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EXPENSES:

Program Services:

Parent Leadership/Support	188,042
Parent Helpline	99,060
Healthy Families	345,870
Parent Awareness	141,807

Total Program Services	<u>774,779</u>
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Support Services:

Administration	16,293
Fundraising	13,751

Total Support Services	<u>30,044</u>
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Total Expenses	<u>804,823</u>
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Change in Net Assets	(14,710)
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Net Assets, July 1, 2011	<u>190,598</u>
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Net Assets, June 30, 2012	<u><u>\$ 175,888</u></u>
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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, 2012

	Program Services				Support Services			
	Parent Leadership / Support	Parent Helpline	Healthy Families	Parent Awareness	Total Program Services	Administration	Fund Raising	Total Support Services
Salaries	\$ 81,373	\$ 50,677	\$ 228,415	\$ 50,987	\$ 411,452	\$ 5,665	\$ 3,122	\$ 8,787
In Kind Salaries	-	8,562	-	-	8,562	-	-	-
Fringe Benefits	18,744	5,400	53,647	18,255	96,046	2,028	-	2,028
Professional Fees	17,515	-	-	4,298	21,813	477	3,113	3,590
Supplies	2,523	463	6,606	4,195	13,787	466	1,346	1,812
Telephone	13,650	24,125	10,919	37	48,731	4	-	4
Postage	171	104	375	1,447	2,097	161	-	161
Rent	11,051	3,811	15,649	412	30,923	46	1,380	1,426
Equipment & Maintenance	8,590	1,693	300	2,385	12,968	265	-	265
Printing	10,284	2,692	7,477	3,923	24,376	436	3,921	4,357
Travel/Conferences/Meetings	6,698	-	21,110	41,446	69,254	4,519	61	4,580
Insurance	-	1,533	1,177	4,360	7,070	485	-	485
Other	17,443	-	195	10,062	27,700	1,115	808	1,927
Total Expenses Before Depreciation	188,042	99,060	345,870	141,807	774,779	15,667	13,751	29,422
Depreciation	-	-	-	-	-	626	-	626
Total Expenses	\$ 188,042	\$ 99,060	\$ 345,870	\$ 141,807	\$ 774,779	\$ 16,293	\$ 13,751	\$ 30,048
								\$ 804,827

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

PREVENT CHILD ABUSE TENNESSEE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (14,710)
Depreciation	626
Adjustments to reconcile to net cash provided by operations	
(Increase) decrease in assets:	
Accounts receivable	(16,000)
Grant receivable	50,415
Increase (decrease) in:	
Accounts payable and accrued expenses	<u>2,810</u>
Net cash provided by operating activities	<u>23,141</u>
NET INCREASE IN CASH	23,141
Cash, July 1, 2011	<u>50,465</u>
Cash, June 30, 2012	<u><u>\$ 73,606</u></u>

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

PREVENT CHILD ABUSE TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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.

Financial Statement Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Agency is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or passage of time. The Agency currently has no temporarily restricted net assets.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Agency currently has no permanently restricted net assets.

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.

PREVENT CHILD ABUSE TENNESSEE

NOTES TO FINANCIAL STATEMENTS - continued

JUNE 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued

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.

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 three to five years for 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.

The Agency has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Agency believes that it has taken no uncertain tax positions.

3. 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 agencies, should this occur, may have a significant effect on future operations.

4. 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.

PREVENT CHILD ABUSE TENNESSEE

NOTES TO FINANCIAL STATEMENTS - continued

JUNE 30, 2012

5. LEASES

The Agency rents office space under a non-cancellable lease expiring December 31, 2014. The Agency also rents a copier under a non-cancellable lease expiring February 19, 2014.

Future minimum payments are as follows for the year ended June 30:

	<u>Office Space</u>	<u>Copier</u>	<u>Total</u>
2013	35,988	2,985	38,973
2014	<u>35,988</u>	<u>1,990</u>	<u>37,978</u>
Total	<u>\$ 71,976</u>	<u>\$ 4,975</u>	<u>\$ 76,951</u>

Rent expenses paid by the Agency for the year ended June 30, 2012 was \$32,349.

6. COMPENSATED ABSENCES

Employees of the Association are entitled to paid vacation days. Employees normally do not carryover unused vacation days past June 30 of each year; accordingly, no liability has been recorded in the accompanying financial statements. The Association's policy is to recognize the costs of compensated absences when actually paid to employees.

7. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 19, 2013, which was the date the financial statements were issued.