PREVENT CHILD ABUSE TENNESSEE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

<u>JUNE 30, 2005</u>

PREVENT CHILD ABUSE TENNESSEE

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BELLENFANT & MILES, P. C.
CERTIFIED PUBLIC ACCOUNTANTS
136 WILSON PIKE CIRCLE • BRENTWOOD, TENNESSEE 37027 • (615) 370-8700 • FAX (615) 370-4475

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, 2005, 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, 2005, 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.

December 2, 2005

PREVENT CHILD ABUSE TENNESSEE

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2005

ASSETS

Current Assets:	
Cash	$ 25,835
Unconditional promises to give	14,407
Accounts receivable	4,801
Prepaid expenses	1,053
Total Current Assets	46,096
Furniture and Equipment:	
Furniture and equipment	26,087
Less: accumulated depreciation	23,253
Net Furniture and Equipment	2,834
TOTAL ASSETS	$ 48,930

LIABILITIES AND NET ASSETS

Payroll taxes payable	$ 71
Net Assets, unrestricted	48,859
TOTAL LIABILITIES AND NET ASSETS	$ 48,930

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

PREVENT CHILD ABUSE TENNESSEE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	Total
SUPPORT AND REVENUE:	
Tennessee Department of -	
Children Services	$ 92,232
Finance and Administration	
Office of Criminal Programs	25,000
In-Kind Services	37,751
Roundtable Grant	3,400
VOCA Helpline	33,209
Contributions	61,301
Kappa Delta	14,612
Fees for Services	23,177
Fundraising	33,618
Total Support and Revenue	324,300
EXPENSES:	
Program Services:	
Parent Support Groups	76,954
Parent Helpline	69,801
Parent Pathway	61,779
Parent Awareness	56,331
Total Program Services	264,865
Support Services:	
Administration	37,359
Fund-Raising	21,568
Total Support Services	58,927
Total Expenses	323,792
Change in Net Assets	508
Net Assets, July 1, 2004	48,351
Net Assets, June 30, 2005	$ 48,859

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, 2005

	Program Services					Support Services			
	Support Groups	Parent Helpline	Parent Pathway	Awareness	Total Program Services	Administration	Fund Raising	Total Support Services	Total All Funds
Salaries	$ 36,602	$ 34,702	$ 29,625	$ 30,863	$ 131,792	$ 20,173	$ 8,970	$ 29,143	$ 160,935
In Kind Salaries	13,213	10,570	9,438	4,530	37,751	-	-	-	37,751
Fringe Benefits	4,292	2,959	3,466	2,622	13,339	4,788	1,724	6,512	19,851
Professional Fees	9,040	188	3,836	2,303	15,367	2,277	(50)	2,227	17,594
Supplies	2,350	382	2,274	3,426	8,432	1,972	4,461	6,433	14,865
Telephone	536	8,965	735	568	10,804	207	(52)	155	10,959
Postage	452	395	451	653	1,951	135	-	135	2,086
Rent	2,508	5,554	2,561	1,034	11,657	255	1,745	2,000	13,657
Equipment & Maintenance	1,564	1,167	1,467	547	4,745	294	75	369	5,114
Printing	600	1,843	1,398	1,839	5,680	179	737	916	6,596
Travel/Conferences/Meetings	3,607	214	4,599	3,730	12,150	1,390	637	2,027	14,177
Insurance	1,204	2,849	943	551	5,547	750	647	1,397	6,944
Other	986	13	986	3,665	5,650	3,195	2,674	5,869	11,519
Total Expenses Before Depreciation	76,954	69,801	61,779	56,331	264,865	35,615	21,568	57,183	322,048
Depreciation	-	-	-	-	-	1,744	-	1,744	1,744
Total Expenses	$ 76,954	$ 69,801	$ 61,779	$ 56,331	$ 264,865	$ 37,359	$ 21,568	$ 58,927	$ 323,792

The accompanying notes are an integral part of this statement.

PREVENT CHILD ABUSE TENNESSEE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	$ 508
Adjustments to reconcile to net cash provided by operations	
Deprecation	1,744
(Increase) decrease in assets:	
Unconditional promises to give	13,920
Accounts receivable	(4,801)
Prepaid expenses	(1,053)
Increase (decrease) in:	
Payroll taxes payable	(746)
Net cash provided by operating activities	9,572
NET INCREASE IN CASH	9,572
Cash, July 1, 2004	16,263
Cash, June 30, 2005	$ 25,835

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

PREVENT CHILD ABUSE TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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, 2005 was $11,843.

PREVENT CHILD ABUSE TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

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	$ 14,292
Tennessee Department of Finance and Administration	115
	$ 14,407

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.