

The logo for Prevent Child Abuse New Jersey, featuring a stylized blue and white flower with a blue stem and a blue dot in the center.

# **Prevent Child Abuse** New Jersey™

**PREVENT CHILD ABUSE - NEW JERSEY CHAPTER, INC.**

**Financial Statements**

**June 30, 2015 and 2014**

**With Independent Auditors' Reports**

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
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**June 30, 2015 and 2014**

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## Independent Auditors' Report

To the Board of Trustees,  
Prevent Child Abuse – New Jersey Chapter, Inc.:

### Report on the Financial Statements

We have audited the accompanying financial statements of Prevent Child Abuse - New Jersey Chapter, Inc. ("PCA-NJ"), which comprise the statements of financial position as of June 30, 2015 and 2014 and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 these financial statements in accordance with accounting 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.

### Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to PCA-NJ'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 PCA-NJ'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 - New Jersey Chapter, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of New Jersey, Department of the Treasury, Circular 04-04-OMB, and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such supplementary information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

### **Report on Other Legal and Regulatory Requirements**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of PCA-NJ's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PCA-NJ's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "William Smith + Brown, PC".

December 7, 2015

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Statements of Financial Position**  
**June 30, 2015 and 2014**

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	2015	2014
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 227,500	\$ 690,008
Investments	28,069	--
Contributions receivable	27,180	5,686
Grants and contracts receivable	471,746	108,169
Accounts receivable	6,512	28,969
Prepaid expenses	<u>13,575</u>	<u>82,922</u>
Total current assets	774,582	915,754
Property and equipment, net	19,158	28,804
Other assets		
Cash - board restricted	148,225	148,225
Cash - permanently restricted	12,333	12,333
Security deposits	<u>7,827</u>	<u>7,827</u>
	<u>168,385</u>	<u>168,385</u>
	<u>\$ 962,125</u>	<u>\$ 1,112,943</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 287,104	\$ 268,834
Deferred revenue	--	1,900
Grants and contracts payable	<u>74,216</u>	<u>416,135</u>
Total current liabilities	361,320	686,869
Net assets		
Unrestricted	495,930	334,981
Temporarily restricted	92,542	78,760
Permanently restricted	<u>12,333</u>	<u>12,333</u>
Total net assets	<u>600,805</u>	<u>426,074</u>
	<u>\$ 962,125</u>	<u>\$ 1,112,943</u>

The Notes to Financial Statements are an integral part of these statements.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended June 30, 2015 and 2014**

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues								
Grants and contracts	\$ 4,662,480	\$ --	\$ --	\$ 4,662,480	\$ 4,194,557	\$ --	\$ --	\$ 4,194,557
Program fee revenue	45,877	--	--	45,877	55,624	--	--	55,624
Contributions	105,074	42,844	--	147,918	166,891	74,654	333	241,878
Other income	19,995	--	--	19,995	14,420	--	--	14,420
In-kind donations	16,261	--	--	16,261	17,145	--	--	17,145
Investment (loss) income	(1,581)	--	--	(1,581)	778	--	--	778
Special events income	192,437	--	--	192,437	122,260	--	--	122,260
	<u>5,040,543</u>	<u>42,844</u>	<u>--</u>	<u>5,083,387</u>	<u>4,571,675</u>	<u>74,654</u>	<u>333</u>	<u>4,646,662</u>
Net assets released from restrictions	<u>29,062</u>	<u>(29,062)</u>	<u>--</u>	<u>--</u>	<u>127,863</u>	<u>(127,863)</u>	<u>--</u>	<u>--</u>
	5,069,605	13,782	--	5,083,387	4,699,538	(53,209)	333	4,646,662
Expenses								
Program services	4,487,490	--	--	4,487,490	4,206,468	--	--	4,206,468
Management and general	208,543	--	--	208,543	132,363	--	--	132,363
Development	212,623	--	--	212,623	210,524	--	--	210,524
	<u>4,908,656</u>	<u>--</u>	<u>--</u>	<u>4,908,656</u>	<u>4,549,355</u>	<u>--</u>	<u>--</u>	<u>4,549,355</u>
Changes in net assets	160,949	13,782	--	174,731	150,183	(53,209)	333	97,307
Net assets, beginning year	<u>334,981</u>	<u>78,760</u>	<u>12,333</u>	<u>426,074</u>	<u>184,798</u>	<u>131,969</u>	<u>12,000</u>	<u>328,767</u>
Net assets, end of year	<u>\$ 495,930</u>	<u>\$ 92,542</u>	<u>\$ 12,333</u>	<u>\$ 600,805</u>	<u>\$ 334,981</u>	<u>\$ 78,760</u>	<u>\$ 12,333</u>	<u>\$ 426,074</u>

The Notes to Financial Statements are an integral part of these statements.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 174,731	\$ 97,307
Adjustments to reconcile changes in net assets to net cash (used) provided by operating activities		
Depreciation	16,111	15,478
Donated securities	(30,344)	--
Unrealized loss on investments	2,275	--
Changes in assets and liabilities		
Contributions receivable	(21,494)	(5,686)
Grants and contracts receivable	(363,577)	(64,788)
Accounts receivable	22,457	(4,012)
Prepaid expenses	69,347	(62,113)
Security deposits	--	(800)
Accounts payable and accrued expenses	18,270	35,769
Grants and contracts payable	(341,919)	238,221
Deferred revenue	(1,900)	(9,814)
Net cash (used) provided by operating activities	<u>(456,043)</u>	<u>239,562</u>
<b>Cash flows from investing activities</b>		
Additions to property and equipment	(6,465)	(24,952)
Change in cash - board restricted	--	(357)
Change in cash - permanently restricted	--	(12,333)
Net cash used by investing activities	<u>(6,465)</u>	<u>(37,642)</u>
Net increase in cash and cash equivalents	(462,508)	201,920
<b>Cash and cash equivalents</b>		
Beginning of year	<u>690,008</u>	<u>488,088</u>
End of year	<u>\$ 227,500</u>	<u>\$ 690,008</u>

There was no interest or taxes paid for the years ended June 30, 2015 and 2014.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2015**

	Program Services			Total Program Services	Management and General	Development	Total
	Technical Assistance	Professional Training	Public Education				
Salaries	\$ 1,310,313	\$ 617,829	\$ 52,665	\$ 1,980,807	\$ 135,474	\$ 100,782	\$ 2,217,063
Fringe benefits	363,714	159,537	14,172	537,423	10,439	26,123	573,985
Consultants/professional fees	183,442	87,091	1,609	272,142	23,578	12,242	307,962
Rent expense	79,291	54,311	2,305	135,907	8,716	4,330	148,953
Utilities	7,333	5,310	205	12,848	742	368	13,958
Telephone expense	21,984	11,514	1,217	34,715	1,624	1,240	37,579
Advertising	5,573	5,808	5,348	16,729	8,110	8,744	33,583
Conferences	10,721	3,471	1,089	15,281	1,048	--	16,329
Educational material	12,571	14,351	10,076	36,998	--	--	36,998
Equipment rental and maintenance	33,581	21,725	1,143	56,449	4,146	3,148	63,743
Non capitalizable equipment	76	1,233	25	1,334	1,038	--	2,372
Insurance	14,852	7,756	509	23,117	1,846	917	25,880
Office expense	12,101	6,256	1,373	19,730	1,034	831	21,595
Payroll processing	3,225	1,285	119	4,629	432	215	5,276
Postage	5,346	1,956	1,195	8,497	340	1,736	10,573
Printing	7,112	10,422	3,094	20,628	215	8,262	29,105
Professional training	108,902	53,504	17,406	179,812	--	279	180,091
Travel expense	43,232	29,311	2,679	75,222	--	1,727	76,949
Special events	--	--	--	--	--	35,522	35,522
Depreciation	9,849	3,924	364	14,137	1,319	655	16,111
Miscellaneous	1,038	5,370	529	6,937	3,936	832	11,705
Dues and subscriptions	3,760	855	907	5,522	4,506	4,670	14,698
Subgrant expense	858,754	169,872	--	1,028,626	--	--	1,028,626
	<u>\$ 3,096,770</u>	<u>\$ 1,272,691</u>	<u>\$ 118,029</u>	<u>\$ 4,487,490</u>	<u>\$ 208,543</u>	<u>\$ 212,623</u>	<u>\$ 4,908,656</u>

The Notes to Financial Statements are an integral part of this statement.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2014**

	Program Services			Total Program Services	Management and General	Development	Total
	Technical Assistance	Professional Training	Public Education				
Salaries	\$ 1,295,404	\$ 445,758	\$ 42,117	\$ 1,783,279	\$ 53,046	\$ 114,178	\$ 1,950,503
Fringe benefits	311,712	107,503	10,170	429,385	14,079	27,554	471,018
Consultants/professional fees	245,981	56,506	990	303,477	5,836	4,322	313,635
Rent expense	67,367	28,987	2,031	98,385	5,258	5,612	109,255
Donated facilities	1,767	760	53	2,580	14,419	148	17,147
Utilities	8,065	2,816	257	11,138	1,400	711	13,249
Telephone expense	26,570	9,747	845	37,162	990	2,327	40,479
Advertising	10,328	8,667	1,148	20,143	2,944	1,661	24,748
Conferences	22,778	3,719	983	27,480	862	169	28,511
Educational material	10,780	12,559	6,107	29,446	4,401	--	33,847
Equipment rental and maintenance	34,920	13,503	1,084	49,507	1,754	4,689	55,950
Non capitalizable equipment	--	1,056	108	1,164	2,477	--	3,641
Insurance	17,858	6,134	575	24,567	718	1,599	26,884
Office expense	14,731	8,178	598	23,507	1,299	1,261	26,067
Payroll processing	4,298	1,405	135	5,838	211	372	6,421
Postage	7,175	2,147	382	9,704	176	1,923	11,803
Printing	4,429	1,406	2,123	7,958	92	3,310	11,360
Professional training	161,319	29,733	15,203	206,255	1,212	224	207,691
Travel expense	32,359	20,398	1,136	53,893	1,345	1,454	56,692
Special events	--	--	--	--	--	27,198	27,198
Depreciation	4,325	1,451	139	5,915	9,177	386	15,478
Miscellaneous	8,412	1,787	1,206	11,405	6,473	1,663	19,541
Dues and subscriptions	1,544	1,101	--	2,645	4,194	9,763	16,602
Subgrant expense	897,418	156,928	7,289	1,061,635	--	--	1,061,635
	<u>\$ 3,189,540</u>	<u>\$ 922,249</u>	<u>\$ 94,679</u>	<u>\$ 4,206,468</u>	<u>\$ 132,363</u>	<u>\$ 210,524</u>	<u>\$ 4,549,355</u>

The Notes to Financial Statements are an integral part of this statement.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and**

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**1. Organization and Purpose of Corporation**

Prevent Child Abuse-New Jersey Chapter Inc. (“PCA-NJ”) is a private, New Jersey non-profit corporation. PCA–NJ’s mission is to lead statewide efforts in preventing child abuse and neglect, in all of its forms, for all of New Jersey’s children. PCA-NJ was incorporated in 1979 and is currently a chartered chapter of Prevent Child Abuse America. PCA-NJ works to fulfill its mission by establishing local partnerships with community-based organizations, providing professional trainings and technical assistance and by disseminating public education materials to local communities and families. PCA-NJ is primarily supported by State and Federal grants and private donations. PCA-NJ is located in New Brunswick, NJ.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. For the years ended June 30, 2015 and 2014, PCA-NJ had accounting transactions in the unrestricted net asset category, which represents net assets that are not subject to donor imposed restriction, the temporarily restricted net asset category, which represents net assets that are subject to donor imposed time or purpose restrictions, and the permanently restricted net asset category which represents net assets subject to donor imposed restrictions that will not expire by the passage of time, nor be fulfilled or otherwise resolved by actions of PCA-NJ.

**Revenue and Support Recognition**

PCA-NJ recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

PCA-NJ generally accounts for contract and grant revenues as exchange transactions in the statements of activities and changes in net assets. Reimbursements of expenses under these contracts are recognized to the extent that expenses have been incurred for the purpose specified by the grantor during the period. In applying this concept, the legal and contractual requirements of each program are used as guidance. Unexpended contract funds are recorded as grant or contract payables at the end of the contract period. Funds received in advance of their use are accounted for as deferred revenue in the statements of financial position.

Program fee revenues are obtained from technical assistance and training courses. Revenues from these sources are recognized at the time the service is provided.

**In-Kind Donations**

Donated rent and equipment is recorded at the fair market value of the property donated. Legal services are recorded at fair market value in the period when provided. For the year ended June 30, 2015, PCA-NJ received donated legal services of \$9,100 and donated materials of \$7,161 aggregating \$16,261 in total in-kind donations. For the year ended June 30, 2014, PCA-NJ received donated rent of \$14,280 and donated materials of \$2,865 aggregating \$17,145 in total in-kind donations.

**Accounts Receivable and Collections**

PCA-NJ’s accounts receivable is unsecured and non-interest bearing. PCA-NJ’s invoices are due upon receipt and are considered delinquent after 30 days. PCA-NJ applies payments of accounts receivable to invoices specified on the customer’s remittance advice or, if unspecified, to the earliest unpaid invoices. Management records a valuation allowance to reduce the carrying value of accounts receivable for amounts it believes will not be collected. PCA-NJ has determined based on this review that no allowance for doubtful accounts was necessary at June 30, 2015 and 2014.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and**

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**Use of Estimates**

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

**Cash and Cash Equivalents**

PCA-NJ considers all highly liquid investments with an initial maturity date of three months or less at the time of acquisition to be cash equivalents.

**Investments**

Investments consist of corporate stocks and are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities and changes in net assets as increases or decreases in unrestricted net assets unless the use was restricted by explicit donor stipulations or by law.

**Fair Value of Financial Instruments**

The carrying amounts of financial instruments including accounts receivable, contributions receivable, prepaid expenses, grants and contracts receivable and payable, accounts payable and accrued expenses, and deferred revenue approximate their fair values because of the relatively short maturity of these instruments.

**Functional Allocation of Expenses**

The cost of providing program services, management and general and fundraising expenses have been summarized on a functional basis based on either a direct cost method for charging expenses to each program or function or by using a basis of allocation that is consistent with the benefit derived by each program.

**Technical Assistance** – provides expertise on child abuse prevention program models to organizations throughout the State of New Jersey to equip professionals with the tools they need to serve families effectively.

**Professional Training** – provides high quality training to professionals and the general public to enhance and increase their knowledge and competencies.

**Public Education** – provides public education statewide through presentations, parenting education and resources to equip professionals, paraprofessionals and the public with the information and skills needed to support families and protect children.

**Property and Equipment**

Property and equipment purchases are recorded at cost for all items over \$5,000, except for donated items which are recorded at the fair value on the date of donation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. When an asset is sold or retired, the cost and accumulated depreciation are removed from the respective accounts. Maintenance, repairs and minor renewals are charged to operations as incurred.

**Income Taxes**

PCA-NJ is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded in the statements of activities. PCA-NJ follows the accounting pronouncement dealing with uncertain tax positions. PCA-NJ had no unrecognized tax benefits at June 30, 2015 and 2014. There was no tax related interest or penalties included in the financial statements presented.

**Advertising**

Advertising is expensed in the period incurred. Advertising expense was \$171 and \$1,640 in 2015 and 2014, respectively.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and**

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**Reclassification**

Certain amounts from the 2014 financial statements have been reclassified to conform to the 2015 presentation. Such reclassification had no effect on the change in unrestricted net assets previously reported.

**3. Investments**

PCA-NJ's investments consist of corporate stock and consist of the following at June 30:

	<b>2015</b>	<b>2014</b>
Investment cost	\$ 30,344	\$ --
Unrealized loss	<u>(2,275)</u>	<u>--</u>
Investments, net	<u>\$ 28,069</u>	<u>\$ --</u>

PCA-NJ has reviewed investments within the framework for measuring fair value which establishes a fair value hierarchy which prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the assets or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. PCA-NJ's investments are classified as Level 1 investments as they are based on quoted prices in active markets for identical assets.

Investment income related to these investments and interest earned on cash accounts was comprised of the following at June 30:

	<b>2015</b>	<b>2014</b>
Interest and dividends	\$ 694	\$ 778
Unrealized loss	<u>(2,275)</u>	<u>--</u>
Total investment income	<u>\$ (1,581)</u>	<u>\$ 778</u>

**4. Property and Equipment**

Property and equipment consisted of the following at June 30, 2015 and 2014:

	<b>Useful Life</b>	<b>2015</b>	<b>2014</b>
Office equipment	5	\$ 183,629	\$ 177,171
Less: accumulated depreciation	N/A	<u>(164,471)</u>	<u>(148,367)</u>
Property and equipment, net		<u>\$ 19,158</u>	<u>\$ 28,804</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$16,103 and \$15,478, respectively.

**5. Contributions Receivable**

PCA-NJ has contributions receivable of \$27,180 and \$5,686 at June 30, 2015 and 2014, respectively. These contributions are from foundations, corporations and individuals. Contributions receivable are expected to be collected in 2016.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and**

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**6. Grants and Contracts Receivable, Payable and Deferred Revenue**

PCA-NJ operates under various grants and contracts. PCA-NJ was due certain amounts from funding sources which resulted from expenditures incurred in excess of payments received, and incurred payables as a result of funds received in excess of expenditures for the current year. Additionally, contract funding received in excess of expenditures spent for contracts that continue into the subsequent year is shown as a component of deferred revenue. Grants and contracts receivable were comprised of the following at June 30:

	<b>2015</b>	<b>2014</b>
U.S. Department of Agriculture - Pass through Rutgers, the State University of New Jersey	\$ 35,230	\$ 65,555
State of New Jersey, Department of Human Services Division of Family Development Family Outreach Program	65,985	3,297
TIP Training Program	59,091	38,724
State of New Jersey, Department of Human Services Division of Child Protection and Permanency Human Trafficking	311,440	--
State of New Jersey, Department of State Office of Faith Based Initiatives PUFFS	--	593
	<u>\$ 471,746</u>	<u>\$ 108,169</u>

Grants and contracts payable were comprised of the following at June 30:

	<b>2015</b>	<b>2014</b>
State of New Jersey, Department of Human Services Division of Child Protection and Permanency Parent Education Technical Assistance	\$ --	\$ 4,513
Human Trafficking	--	285,245
Healthy Families Program	65,021	42,493
Home Visiting Initiative	1,741	34,941
Division of Family and Community Partnerships Parent Linking Project	4,641	48,943
State of New Jersey, Department of State Office of Faith Based Initiatives PUFFS	2,813	--
	<u>\$ 74,216</u>	<u>\$ 416,135</u>

**7. Commitments**

PCA-NJ leases office space for its New Brunswick, New Jersey office and rents additional space for programs. Rent expense, including payments for PCA-NJ's pro-rata share of utilities and common area charges was \$171,784 and \$133,295 for the years ended June 30, 2015 and 2014, respectively.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and**

Future minimum lease payments under non-cancellable leases in the next five years are as follows:

Year Ended June 30,	Amount
2016	\$ 162,539
2017	180,663
2018	89,110
2019	89,110
2020	89,110
	<u>610,532</u>
	<u>\$ 610,532</u>

**8. Retirement Plan**

PCA-NJ sponsors a 403(B) employee retirement plan (the "Plan") for all eligible employees. Annual employer contributions are made to the Plan for all eligible employees once they have attained two years of service and performed at least 1,000 hours of work within the fiscal year with PCA-NJ. Under the terms of the Plan, effective January 2009, elective employee deferrals up to 6 percent to the Plan are entitled to a 50 percent employer match. It is PCA-NJ's policy to fund the plan currently. Employees are fully and immediately vested upon contributions to the Plan. For the year ended June 30, 2015 and 2014, PCA-NJ contributed \$24,881 and \$23,010 to the Plan.

**9. Board Designated Assets**

The Board of Trustees has designated monies from the unrestricted net assets to be set aside solely for use at the discretion of the Board. At June 30, 2015 and 2014, components of unrestricted net assets were as follows:

	2015	2014
Unrestricted net assets		
Board designated - not determined	\$ 13,971	\$ 13,971
Board designated - endowment	134,254	134,254
Undesignated	<u>347,705</u>	<u>186,756</u>
Total unrestricted net assets	<u>\$ 495,930</u>	<u>\$ 334,981</u>

**10. Restricted Net Assets**

Components of temporarily restricted net assets at June 30, were as follows:

	2015	2014
Purpose restrictions		
Professional training program	\$ --	\$ 28,608
Purple program	--	417
Technical assistance program	448	485
Weissman opportunity fund	49,250	49,250
Time restrictions	<u>42,844</u>	<u>--</u>
Total temporarily restricted net assets	<u>\$ 92,542</u>	<u>\$ 78,760</u>

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and**

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Temporarily restricted net assets were released from restrictions for the years ending June 30, as follows:

	<b>2015</b>	<b>2014</b>
Purpose and time restrictions		
Professional training program	\$ 28,540	\$ 84,596
Public education program	--	24,500
Technical assistance program	<u>522</u>	<u>18,767</u>
Total temporarily restricted net assets released from restrictions	<u>\$ 29,062</u>	<u>\$ 127,863</u>

Components of permanently restricted net assets at June 30, are as follows:

	<b>2015</b>	<b>2014</b>
Permanently restricted net assets		
Endowment fund	<u>\$ 12,333</u>	<u>\$ 12,333</u>

## **11. Endowment Fund**

PCA-NJ's endowment consists of one fund established in perpetuity under donor-restricted purposes and one fund established by the Board of Trustees as a board designated endowment. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions and net assets associated with board designated endowment funds are classified as unrestricted. The permanently restricted net asset balance represents contributions to the endowment fund. PCA-NJ has established an endowment policy consistent with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The earnings of the funds are restricted or unrestricted based on directives from donors or the Board.

### **Interpretation of Relevant Law**

The Board of Trustees of PCA-NJ has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, PCA-NJ classified as permanently restricted net assets the following: (a) the original value of gifts donated to the permanent endowment fund and (b) the original value of subsequent gifts to the permanent endowment. These instruments contain instruction in which the donor's intent as to purpose and spending policies are explicitly stated. The portion of the donor-restricted endowment fund subject to UPMIFA allows not for profits to adopt prudent spending policies which can allow for the temporary invasion of corpus. Funds not classified in permanently restricted net assets are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the PCA-NJ in a manner consistent with the standard of prudence prescribed by state law.

PCA-NJ considers the following factors in making a determination for both donor restricted endowment funds and Board restricted endowment funds to appropriate or accumulate funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the PCA-NJ and the endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the PCA-NJ
- (7) The investment policies of the PCA-NJ

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Financial Statements**  
**June 30, 2015 and**

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**Return Objectives and Risk Parameters**

The Board of Trustees of PCA-NJ has appointed an Investment Committee of the Board which manages its investments. The Investment Committee shall make policy recommendations to the Board regarding the management, investment and control of the assets of the endowment funds. These policies for endowment assets attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity as well as Board restricted endowment funds. Under the policy, the endowment assets are invested to produce results that will provide for permanent, reliable and secure source of funding for a portion of PCA-NJ's special projects and operations during future years. Actual returns in any given year may vary based on the portfolio investments and the investment strategy having risks and return objectives reasonably suitable to the endowment fund and PCA-NJ.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, PCA-NJ relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

PCA-NJ has a policy of appropriating for distribution amounts directed toward those special, unusual or emergency needs of PCA-NJ and toward current operating expenses of PCA-NJ for purposes consistent with PCA-NJ's Certificate of Incorporation and Bylaws, at the times and for the specific purposes as determined in the sole discretion of the then-authorized Board of Trustees, subject to any applicable restrictions of donors and the objectives of the endowment fund.

Changes in endowment assets for the year end June 30, 2015 and 2014 are as follows:

	2015	2014
Balance - beginning of year	\$ 12,333	\$ 12,000
Contributions	<u>          --</u>	<u>          333</u>
Balance - end of year	<u>\$ 12,333</u>	<u>\$ 12,333</u>

**12. Concentrations**

**Credit Risk**

Financial investments which potentially subject PCA-NJ to concentrations of credit risk consist of interest bearing cash, cash equivalents and receivables. In an attempt to limit the credit risk, PCA-NJ places all funds with high quality financial institutions. Receivables are due from various governmental agencies or from foundations and the other grantors with whom PCA-NJ has a long history of collecting payment, which reduces the credit risk. At various times throughout the year, PCA-NJ had cash balances in excess of FDIC insurance coverage. PCA-NJ has not experienced any losses.

**Economic Dependency**

Approximately 91 percent and 87 percent of PCA-NJ's income for the years ended June 30, 2015 and 2014, respectively was derived from Federal and State of New Jersey funding sources, the loss of which could have a material effect on PCA-NJ.

**13. Subsequent Events**

PCA-NJ has evaluated subsequent events occurring after the statement of financial position date through December 7, 2015, which is the date the financial statements were available to be issued. Based on the evaluation, PCA-NJ has determined that no subsequent events have occurred, which require disclosure in or adjustment to the financial statements.

**SUPPLEMENTARY INFORMATION**

**Prevent Child Abuse – New Jersey Chapter, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2015**

<b>Federal Grantor/Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Award Period</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services				
Passed through State of New Jersey				
Department of Human Services				
Division of Family Development				
Family Worker Outreach Program	93.558	FW15014	7/1/2014 - 8/31/2015	\$ 1,427,497
Department of Children and Families				
Office of Adolescent Services				
Human Trafficking	93.095	15LRGZ	7/1/2014 - 8/31/2015	596,685
Department of Children and Families				
Division of Family and Community Partnerships				
Parent Linking Project - Child Care	93.558	15LRGP	7/1/2014 - 6/30/2015	48,298
Parent Education Training Grant	93.500	15LRGP	7/1/2014 - 6/30/2015	114,337
				<u>162,635</u>
Department of Children and Families				
Division of Child Protection and Permanency				
Healthy Families Program				
	93.558	15LRGM	7/1/2014 - 6/30/2015	53,176
	93.505	15LRGM	7/1/2014 - 6/30/2015	287,984
	93.556	15LRGM	7/1/2014 - 6/30/2015	141,973
				<u>483,133</u>
Parenting Education	93.558	15LRGM	7/1/2014 - 6/30/2015	29,676
Essex Pregnancy and Parenting Connection	93.505	15LRGM	7/1/2014 - 6/30/2015	431,261
Safe Child Standards	93.092	15LRGM	7/1/2014 - 6/30/2015	25,000
Standards of Prevention	93.590	15LRGM	7/1/2014 - 6/30/2015	25,000
				<u>994,070</u>
Total U.S. Department of Health and Human Services				3,180,887
U.S. Department of Agriculture				
Pass through Rutgers, the State University of New Jersey				
HomeStyles: Shaping Home Environments and Lifestyle Practices to Prevent Childhood Obesity				
	10.310	N/A	2/15/2011 - 3/31/2016	<u>101,095</u>
Total Federal Awards				<u>\$ 3,281,982</u>

See Independent Auditors' Report.

See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**Prevent Child Abuse – New Jersey Chapter, Inc.  
Schedule of Expenditures of State Financial Assistance  
Year Ended June 30, 2015**

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State Grantor/Program Title	Award Number	Award Period	Expenditures
State of New Jersey			
Department of Human Services			
Division of Family Development			
Family Worker Outreach Program	FW15014	7/1/2014 - 8/31/2015	\$ 712,679
Temporary Assistance for Needy Families	TS15023	7/1/2014 - 8/31/2015	<u>316,946</u>
			1,029,625
Department of Children and Families			
Division of Family and Community Partnerships			
Parent Linking Project - Child Care	15LRGP	7/1/2014 - 6/30/2015	206,702
Parent Education Training Grant	15LRGP	7/1/2014 - 6/30/2015	<u>6,889</u>
			213,591
Division of Child Protection and Permanency			
Health Families Program	15LRGM	7/1/2014 - 6/30/2015	19,862
Parenting Education	15LRGM	7/1/2014 - 6/30/2015	<u>61,428</u>
			<u>81,290</u>
Total New Jersey Department of Human Services			1,324,506
State of New Jersey			
Department of State			
Office of Faith Based Initiatives			
PUFFS	OFBI-SE2D-IR-2015	7/1/2014 - 9/30/2015	12,187
PUFFS	OFBI14DSE2D-013	7/1/2013 - 10/31/2014	<u>10,907</u>
Total New Jersey Department of State			<u>23,094</u>
Total State Financial Assistance			<u>\$ 1,347,600</u>

See Independent Auditors' Report.  
See accompanying Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.

**Prevent Child Abuse – New Jersey Chapter, Inc.**  
**Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance**  
**June 30, 2015**

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**1. General Information**

The accompanying schedules of expenditures of Federal awards and state financial assistance present the activities in all the Federal and state awards programs of Prevent Child Abuse – New Jersey Chapter, Inc. All financial awards received directly from Federal and state agencies as well as financial awards passed through other governmental agencies or non-profit organizations are included on the schedules.

**2. Basis of Accounting**

The accompanying schedules of expenditures of Federal awards and state financial assistance are presented using the accrual basis of accounting. The amounts reported in these schedules as expenditures may differ from certain financial reports submitted to Federal and state funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

**3. Relationship to Basic Financial Statements**

Expenditures of Federal awards and state financial assistance are generally reported on the statements of functional expenses as program services. In certain programs, the expenditures reported in the basic financial statements may differ from the expenditures reported in the schedules of expenditures of Federal awards and state financial assistance due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

**4. Subrecipients**

A portion of the contract award received from the U.S. Department of Health and Human Services passed through State of New Jersey, Department of Human Services, Division of Family Development, as reflected in the accompanying schedule of expenditures of Federal awards and state financial assistance was subcontracted:

<b>CFDA #</b>	<b>Program Name</b>	<b>Subrecipient Name</b>	<b>Amount Provided to Subrecipients</b>
93.558	Family Worker Outreach Program	Abbott Program Agencies	\$ 1,020,082

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based  
on an Audit of Financial Statements Performed in Accordance with Government Auditing  
Standards**

**Independent Auditors' Report**

To the Board of Trustees,  
Prevent Child Abuse – New Jersey Chapter, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Prevent Child Abuse - New Jersey Chapter, Inc. ("PCA-NJ"), which comprise the statements of financial position as of and for the year ended June 30, 2015, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2015

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PCA-NJ's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PCA-NJ's internal control. Accordingly, we do not express an opinion on the effectiveness of PCA-NJ's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of PCA-NJ's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PCA-NJ's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PCA-NJ's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PCA-NJ's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "WithumSmith+Brown, PC".

December 7, 2015

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**Report on Compliance with Requirements for Major Federal and State Programs and Report on Internal Control Over Compliance Required by OMB Circular A-133 and the State of New Jersey, Department of the Treasury Circular 04-04-OMB**

**Independent Auditors' Report**

To the Board of Trustees,  
Prevent Child Abuse – New Jersey Chapter, Inc.:

**Report on Compliance for Each Major Federal and State Program**

We have audited Prevent Child Abuse - New Jersey Chapter, Inc.'s ("PCA-NJ") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Grants Compliance Supplement* that could have a direct and material effect on each of PCA-NJ's major Federal and state programs for the year ended June 30, 2015. Prevent Child Abuse - New Jersey Chapter, Inc.'s major Federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of PCA-NJ's major Federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and *New Jersey Department of Treasury Circular 04-04 OMB*. Those standards, OMB Circular A-133, and New Jersey Department of Treasury Circular 04-04 OMB require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal or state program occurred. An audit includes examining, on a test basis, evidence about PCA-NJ's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal and state program. However, our audit does not provide a legal determination of PCA-NJ's compliance.

**Opinion on Each Major Federal and State Program**

In our opinion, PCA-NJ complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of PCA-NJ is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered PCA-NJ's internal control over compliance with the types of requirements that could have a direct and material effect on a major Federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal and state program and to test and report on internal control over compliance in accordance with *OMB Circular A-133* and *New Jersey Department of the Treasury Circular 04-04 OMB* but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness PCA-NJ's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133* and *New Jersey Department of the Treasury Circular 04-04*. Accordingly, this report is not suitable for any other purpose



December 7, 2015

**Prevent Child Abuse – New Jersey Chapter, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2015**

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**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Noncompliance material to financial statements noted? No

**Federal and State Awards**

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None Reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 and State of New Jersey, Department of Treasury Circular 04-04-OMB No

Identification of major Federal programs:

<b>Federal CFDA Number</b>	<b>Federal Agency/Department</b>
93.558	U.S. Department of Health and Human Services State of NJ Department of Human Services Division of Family Development Family Worker Outreach Program
93.505, 93.556, 93.558	Department of Children and Families Division of Child Protection and Permanency Healthy Families Program
93.558	Parenting Education
93.505	Essex Pregnancy and Parenting Connection
93.092	Safe Child Standards
93.590	Standards of Prevention

**Prevent Child Abuse – New Jersey Chapter, Inc.  
 Schedule of Findings and Questioned Costs  
 Year Ended June 30, 2015**

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Identification of major state programs:

<b>Award Number</b>	<b>State Agency/Department</b>
FW15014 TS15023	Department of Human Services - Division of Family Development Family Worker Outreach Program Temporary Assistance for Needy Families
15LRGM 15LRGM	Department of Children and Families Division of Child Protection and Permanency Healthy Families Program Parenting Education

Dollar threshold used to distinguish between Type A and Type B programs:

Federal	\$300,000
State	\$300,000

Auditee qualified as a low-risk auditee? Yes

**Section 2 - Summary of Findings Related to Financial Reporting and *Government Auditing Standards***

No matters were noted.

**Section 3 – Major Federal and State Award Findings and Questioned Costs**

No matters were noted.

**Section 4 – Prior Year Federal and State Award Findings and Questioned Costs**

No matters were noted.