



Prevent Child Abuse New Jersey™

PREVENT CHILD ABUSE - NEW JERSEY CHAPTER, INC.

Financial Statements

June 30, 2016 and 2015

With Independent Auditors' Reports

Prevent Child Abuse – New Jersey Chapter, Inc.
Table of Contents
June 30, 2016 and 2015

Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets.....	4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to Financial Statements	8-14
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	15
Schedule of Expenditures of State Financial Assistance.....	16
Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance.....	17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance.....	20-21
Schedule of Findings and Questioned Costs.....	22

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, 2016 and 2015 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, 2016 and 2015, 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 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance"). The schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State of New Jersey, Department of the Treasury, OMB Policy Circular 15-08-OMB.

These schedules 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 November 30, 2016, 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.



November 30, 2016

Prevent Child Abuse – New Jersey Chapter, Inc.
Statements of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	\$ 1,892,964	\$ 227,500
Investments	39,999	28,069
Contributions receivable	1,080	27,180
Grants and contracts receivable	91,434	471,746
Accounts receivable	24,105	6,512
Prepaid expenses	<u>23,443</u>	<u>13,575</u>
Total current assets	2,073,025	774,582
Property and equipment, net	100,030	19,158
Other assets		
Cash - board restricted	148,225	148,225
Security deposits	14,453	7,827
Cash - permanently restricted	<u>12,333</u>	<u>12,333</u>
	<u>175,011</u>	<u>168,385</u>
Total Assets	<u>\$ 2,348,066</u>	<u>\$ 962,125</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	\$ 418,798	\$ 287,104
Deferred revenue	11,714	--
Grants and contracts payable	<u>1,228,017</u>	<u>74,216</u>
Total current liabilities	1,658,529	361,320
Net assets		
Unrestricted	582,162	495,930
Temporarily restricted	95,042	92,542
Permanently restricted	<u>12,333</u>	<u>12,333</u>
Total net assets	<u>689,537</u>	<u>600,805</u>
	<u>\$ 2,348,066</u>	<u>\$ 962,125</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, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues								
Grants and contracts	\$ 4,444,658	\$ --	\$ --	\$ 4,444,658	\$ 4,662,480	\$ --	\$ --	\$ 4,662,480
Program fee revenue	54,757	--	--	54,757	45,877	--	--	45,877
Contributions	158,365	15,000	--	173,365	105,074	42,844	--	147,918
Other income	4,991	--	--	4,991	19,995	--	--	19,995
In-kind donations	6,440	--	--	6,440	16,261	--	--	16,261
Investment income (loss)	7,031	--	--	7,031	(1,581)	--	--	(1,581)
Gain on sale of property and equipment	1,700	--	--	1,700	--	--	--	--
Special events income	115,902	--	--	115,902	192,437	--	--	192,437
	<u>4,793,844</u>	<u>15,000</u>	<u>--</u>	<u>4,808,844</u>	<u>5,040,543</u>	<u>42,844</u>	<u>--</u>	<u>5,083,387</u>
Net assets released from restrictions	<u>12,500</u>	<u>(12,500)</u>	<u>--</u>	<u>--</u>	<u>29,062</u>	<u>(29,062)</u>	<u>--</u>	<u>--</u>
	<u>4,806,344</u>	<u>2,500</u>	<u>--</u>	<u>4,808,844</u>	<u>5,069,605</u>	<u>13,782</u>	<u>--</u>	<u>5,083,387</u>
Expenses								
Program services	3,855,112	--	--	3,855,112	4,042,298	--	--	4,042,298
Management and general	659,328	--	--	659,328	656,180	--	--	656,180
Development	205,672	--	--	205,672	210,178	--	--	210,178
	<u>4,720,112</u>	<u>--</u>	<u>--</u>	<u>4,720,112</u>	<u>4,908,656</u>	<u>--</u>	<u>--</u>	<u>4,908,656</u>
Changes in net assets	86,232	2,500	--	88,732	160,949	13,782	--	174,731
Net assets, beginning 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>
Net assets, end of year	<u>\$ 582,162</u>	<u>\$ 95,042</u>	<u>\$ 12,333</u>	<u>\$ 689,537</u>	<u>\$ 495,930</u>	<u>\$ 92,542</u>	<u>\$ 12,333</u>	<u>\$ 600,805</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, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Changes in net assets	\$ 88,732	\$ 174,731
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation	17,791	16,103
Donated securities	(6,291)	(30,344)
Realized loss on investments	1,212	--
Unrealized (gain) loss on investments	(6,851)	2,275
Gain on sale of property and equipment	(1,700)	--
Changes in assets and liabilities		
Contributions receivable	26,100	(21,494)
Grants and contracts receivable	380,312	(363,569)
Accounts receivable	(17,593)	22,457
Prepaid expenses	(9,868)	69,347
Security deposits	(6,626)	--
Accounts payable and accrued expenses	131,694	18,270
Grants and contracts payable	1,153,801	(341,919)
Deferred revenue	11,714	(1,900)
Net cash provided (used) by operating activities	<u>1,762,427</u>	<u>(456,043)</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	1,700	--
Additions to property and equipment	<u>(98,663)</u>	<u>(6,465)</u>
Net cash used by investing activities	<u>(96,963)</u>	<u>(6,465)</u>
Net change in cash and cash equivalents	1,665,464	(462,508)
Cash and cash equivalents		
Beginning of year	<u>227,500</u>	<u>690,008</u>
End of year	<u>\$ 1,892,964</u>	<u>\$ 227,500</u>

There was no interest or taxes paid for the years ended June 30, 2016 and 2015.

Prevent Child Abuse – New Jersey Chapter, Inc.
Statements of Functional Expenses
Year Ended June 30, 2016

	Program Services						Total
	Technical Assistance	Professional Training	Public Education	Total Program Services	Management and General	Development	
Salaries	\$ 1,361,639	\$ 327,548	\$ 75,652	\$ 1,764,839	\$ 396,658	\$ 103,854	\$ 2,265,351
Fringe benefits	346,980	94,600	12,255	453,835	64,656	28,512	547,003
Consultants/professional fees	403,709	7,878	6,694	418,281	39,956	824	459,061
Rent expense	126,589	16,548	3,950	147,087	31,088	6,952	185,127
Utilities	15,012	1,162	429	16,603	2,319	735	19,657
Telephone expense	25,817	6,868	1,109	33,794	15,759	1,194	50,747
Advertising	31,298	3,854	16,821	51,973	1,079	4,972	58,024
Conferences	31,798	3,486	215	35,499	489	--	35,988
Educational material	16,629	7,361	3,251	27,241	--	--	27,241
Equipment rental and maintenance	23,479	7,078	919	31,476	22,663	1,560	55,699
Non capitalizable equipment	24,175	2,348	4,110	30,633	--	--	30,633
Insurance	6,505	946	259	7,710	7,263	337	15,310
Office supplies	21,762	1,368	1,648	24,778	11,543	908	37,229
Postage	2,243	793	104	3,140	2,773	1,705	7,618
Printing	13,120	1,742	688	15,550	4,028	4,247	23,825
Professional training	73,657	18,919	11,740	104,316	3,260	45	107,621
Travel expense	84,091	21,194	3,720	109,005	6,351	2,292	117,648
Special events	--	--	--	--	--	36,490	36,490
Depreciation	12,680	1,770	175	14,625	2,269	897	17,791
Miscellaneous	2,022	4,163	4,183	10,368	42,807	2,189	55,364
Dues and subscriptions	11,127	1,632	722	13,481	4,367	7,959	25,807
Bad debt expense	--	--	--	--	--	--	--
Subgrant expense	540,878	--	--	540,878	--	--	540,878
	<u>\$ 3,175,210</u>	<u>\$ 531,258</u>	<u>\$ 148,644</u>	<u>\$ 3,855,112</u>	<u>\$ 659,328</u>	<u>\$ 205,672</u>	<u>\$ 4,720,112</u>

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

Prevent Child Abuse – New Jersey Chapter, Inc.
Statements 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	\$ 1,199,099	\$ 556,409	\$ 40,608	\$ 1,796,116	\$ 309,697	\$ 111,250	\$ 2,217,063
Fringe benefits	363,834	159,417	14,172	537,423	10,439	26,123	573,985
Consultants/professional fees	154,183	71,202	70	225,455	68,122	9,470	303,047
Rent expense	13,957	28,661	(99)	42,519	106,433	--	148,952
Utilities	1,737	3,164	--	4,901	9,056	--	13,957
Telephone expense	9,876	6,671	769	17,316	19,830	433	37,579
Advertising	5,573	5,808	5,348	16,729	8,110	8,744	33,583
Conferences	10,438	3,744	1,101	15,283	1,048	--	16,331
Educational material	12,571	14,351	10,076	36,998	--	--	36,998
Equipment rental and maintenance	2,452	9,576	--	12,028	50,627	1,088	63,743
Non capitalizable equipment	76	1,233	25	1,334	1,038	--	2,372
Insurance	978	2,354	--	3,332	22,549	--	25,881
Office expense	4,387	3,185	1,086	8,658	17,892	318	26,868
Postage	2,809	945	1,101	4,855	4,151	1,568	10,574
Printing	5,504	9,782	3,034	18,320	2,631	8,155	29,106
Professional training	109,484	52,933	17,394	179,811	--	279	180,090
Travel expense	48,161	29,296	2,679	80,136	--	1,727	81,863
Special events	--	--	--	--	--	35,521	35,521
Depreciation	--	--	--	--	16,103	--	16,103
Miscellaneous	338	6,070	529	6,937	3,949	832	11,718
Dues and subscriptions	3,760	855	907	5,522	4,505	4,670	14,697
Subgrant expense	875,613	153,012	--	1,028,625	--	--	1,028,625
	<u>2,824,830</u>	<u>1,118,668</u>	<u>98,800</u>	<u>4,042,298</u>	<u>656,180</u>	<u>210,178</u>	<u>4,908,656</u>
Management and general costs allocated to programs	271,940	154,023	19,229	445,192	(447,637)	2,445	--
	<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.
Notes to Financial Statements
June 30, 2016 and 2015

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, 2016 and 2015, 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, 2016, PCA-NJ received donated legal services of \$700 and donated materials of \$5,740 aggregating \$6,440 in total in-kind donations. 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.

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, 2016 and 2015.

Prevent Child Abuse – New Jersey Chapter, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

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 and changes in net assets. PCA-NJ follows the accounting pronouncement dealing with uncertain tax positions. PCA-NJ had no unrecognized tax benefits at June 30, 2016 and 2015. 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 \$4,966 and \$171 in 2016 and 2015, respectively.

Prevent Child Abuse – New Jersey Chapter, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

Reclassification

Certain amounts from the 2015 financial statements have been reclassified to conform to the 2016 presentation. Such reclassification had no effect on the change in unrestricted net assets previously reported. In addition, the 2015 functional expense statement has been restated due to a change in the Organization's accounting policy for classification of management and general costs in 2016. The change resulted in an increase in management and general costs of \$447,637, a decrease in program costs of \$445,192 and a decrease in program costs of 2,445 in 2015.

3. Investments

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

	2016	2015
Investment cost	\$ 35,423	\$ 30,344
Unrealized loss	<u>4,576</u>	<u>(2,275)</u>
Investments, net	<u>\$ 39,999</u>	<u>\$ 28,069</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:

	2016	2015
Interest and dividends	\$ 1,392	\$ 694
Realized loss	(1,212)	--
Unrealized gain (loss)	<u>6,851</u>	<u>(2,275)</u>
Total investment income (loss)	<u>\$ 7,031</u>	<u>\$ (1,581)</u>

4. Property and Equipment

Property and equipment consisted of the following at June 30:

	Useful Life	2016	2015
Office equipment	5-10	\$ 282,293	\$ 183,629
Less: Accumulated depreciation	N/A	<u>(182,263)</u>	<u>(164,471)</u>
Property and equipment, net		<u>\$ 100,030</u>	<u>\$ 19,158</u>

Depreciation expense for the years ended June 30, 2016 and 2015 was \$17,791 and \$16,103, respectively.

5. Contributions Receivable

PCA-NJ has contributions receivable of \$1,080 and \$27,180 at June 30, 2016 and 2015, respectively. These contributions are from foundations, corporations and individuals. Contributions receivable are expected to be collected in fiscal year 2017.

Prevent Child Abuse – New Jersey Chapter, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

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:

	2016	2015
U.S. Department of Agriculture - Pass through Rutgers, the State University of New Jersey	\$ 4,438	\$ 35,230
State of New Jersey, Department of Human Services Division of Family Development Family Outreach Program	--	65,985
TIP Training Program	86,996	59,091
State of New Jersey, Department of Human Services Division of Child Protection and Permanency Human Trafficking	--	311,440
	<u>\$ 91,434</u>	<u>\$ 471,746</u>

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

	2016	2015
State of New Jersey, Department of Human Services Division of Child Protection and Permanency Parent Education Technical Assistance	\$ 10,407	\$ --
Parent Linking Program	17,431	--
Human Trafficking	2,946	--
Healthy Families Program	23,644	65,021
Home Visiting Initiative	679	1,741
Maternal Infant Early Childhood Home Visiting	15,585	--
County Council for Young Children	3,240	--
Division of Family and Community Partnerships Parent Linking Project	19,847	4,641
Division of Family Development GROW NJ Kids Technical Assistance	575,117	--
GROW NJ Kids Incentives	559,121	--
State of New Jersey, Department of State Office of Faith Based Initiatives PUFFS	--	2,813
	<u>\$ 1,228,017</u>	<u>\$ 74,216</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 \$185,127 and \$148,952 for the years ended June 30, 2016 and 2015, respectively.

Prevent Child Abuse – New Jersey Chapter, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

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

Year Ended June 30,	Amount
2017	\$ 186,260
2018	114,526
2019	114,526
2020	114,526
2021	<u>25,416</u>
	<u>\$ 555,254</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 years ended June 30, 2016 and 2015, PCA-NJ contributed \$17,736 and \$24,881, respectively, 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, 2016 and 2015, components of unrestricted net assets were as follows:

	2016	2015
Unrestricted net assets		
Board designated - not determined	\$ 13,971	\$ 13,971
Board designated - endowment	134,254	134,254
Undesignated	<u>433,937</u>	<u>347,705</u>
Total unrestricted net assets	<u>\$ 582,162</u>	<u>\$ 495,930</u>

10. Temporarily Restricted and Permanently Restricted Net Assets

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

	2016	2015
Purpose restrictions		
Technical assistance program	\$ 448	\$ 448
Weissman opportunity fund	49,250	49,250
Computer and equipment purchases	15,000	--
Time restrictions	<u>30,344</u>	<u>42,844</u>
Total temporarily restricted net assets	<u>\$ 95,042</u>	<u>\$ 92,542</u>

Prevent Child Abuse – New Jersey Chapter, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

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

	2016	2015
Purpose restrictions		
Professional training program	\$ --	\$ 28,540
Technical assistance program	--	522
Time restrictions	<u>12,500</u>	<u>--</u>
Total temporarily restricted net assets released from restrictions	<u>\$ 12,500</u>	<u>\$ 29,062</u>

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

	2016	2015
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 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 PCA-NJ
- (7) The investment policies of PCA-NJ

Prevent Child Abuse – New Jersey Chapter, Inc.
Notes to Financial Statements
June 30, 2016 and 2015

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 a 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 years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Balance - beginning of year	\$ 12,333	\$ 12,333
Contributions	<u> --</u>	<u> --</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 92 percent and 91 percent of PCA-NJ's income for the years ended June 30, 2016 and 2015, 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 November 30, 2016, 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, 2016**

Federal Grantor/Pass-Through/Grantor Program Title	Federal CFDA Number	Pass-through Grantor Identifying Number	Award Period	Amount Paid to Sub-recipients	Expenditures
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	07/01/2014-07/31/2015	\$ --	\$ 3,112
Department of Children and Families Office of Adolescent Services Human Trafficking	93.095	15LRGZ	07/01/2014-08/31/2015	--	62,791
Department of Children and Families Division of Family and Community Partnerships Supporting Pregnant & Parenting Teens	93.500	16LRGA	07/01/2015-07/01/2016	--	7,296
Parent Linking Project - Child Care	93.558	16LRGP	07/01/2015-06/30/2016	--	43,764
Parent Education Training Grant	93.500	16LRGP	07/01/2015-06/30/2016	--	124,865
				--	175,925
Department of Children and Families Division of Child Protection and Permanency Healthy Families Program	93.558	16LRGM	07/01/2015-06/30/2016	--	56,644
	93.505	16LRGM	07/01/2015-06/30/2016	--	51,605
	93.556	16LRGM	07/01/2015-06/30/2016	--	151,235
				--	259,484
Human Trafficking	93.095	16LRGM	09/01/2015-06/30/2016	--	163,721
Parent Education Technical Assistance	93.558	16LRGM	07/01/2015-06/30/2016	--	26,286
Essex Pregnancy and Parenting Connection	93.505	16LRGM	07/01/2015-06/30/2016	--	224,576
Essex Pregnancy and Parenting Connection	93.243	16LRGM	07/01/2015-06/30/2016	--	134,745
Early Child Home Visit Program	93.505	16LRGM	07/01/2015-06/30/2016	--	256,364
				--	1,065,176
Passed through Casa Columbia Enhancing Evidence Based Home Visiting	93.279	7R21DA034108-03	07/01/2015-06/30/2016	--	7,171
Enhancing Evidence Based Home Visiting	93.279	7R21DA034108-03	07/01/2015-06/30/2016	--	10,000
				--	17,171
Total U.S. Department of Health and Human Services				--	1,324,175
U.S. Department of Education Passed through State of New Jersey Department of Human Services, Division of Family Development Grow NJ Kids - Technical Assistance	84.412	TA16001	08/01/2015-06/30/2016	540,878	2,290,750
Passed through State of New Jersey Department of Children and Families Division of Child Protection and Permanency Early Learning Challenge	84.412	16LRGM	07/01/2015-06/30/2016	--	91,760
Total U.S. Department of Education				540,878	2,382,510
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	02/15/2011-03/31/2016	--	38,507
Total Federal Awards				\$ 540,878	\$ 3,745,192

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, 2016**

<u>State Grantor/Program Title</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Expenditures - Fiscal Year 2016</u>	<u>Expenditures - Life of Grant</u>
State of New Jersey				
Department of Human Services				
Division of Family Development				
Family Worker Outreach Program	FW15014	07/01/2014-07/31/2015	\$ 1,554	\$ 714,233
Temporary Assistance for Needy Families	TS16023	07/01/2015-06/30/2016	<u>317,225</u>	<u>317,225</u>
			318,779	1,031,458
Department of Children and Families				
Division of Family and Community Partnerships				
Parent Linking Project - Child Care	16LRGP	07/01/2015-06/30/2016	187,298	187,298
Division of Child Protection and Permanency				
Home Visiting	16LRGM	07/01/2015-06/30/2016	99,996	99,996
Parent Education Technical Assistance	16LRGM	07/01/2015-06/30/2016	<u>54,410</u>	<u>54,410</u>
			<u>154,406</u>	<u>154,406</u>
Total New Jersey Department of Human Services			660,483	1,373,162
State of New Jersey				
Department of State				
Office of Faith Based Initiatives				
PUFFS	OFBI-SE2D-IR-2015	07/01/2014-09/30/2015	<u>2,796</u>	<u>14,983</u>
Total New Jersey Department of State			<u>2,796</u>	<u>14,983</u>
Total State Financial Assistance			<u>\$ 663,279</u>	<u>\$ 1,388,145</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, 2016

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. Indirect Cost

PCA-NJ does not have a federally negotiated indirect cost rate and has not elected to use the 10 percent de minimis cost rate as covered in section 200.414 in the Uniform Guidance.

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 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, 2016, 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 November 30, 2016.

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.

Withum Smith + Brown, PC

November 30, 2016

**Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

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

Report on Compliance for Each Major Federal 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 Compliance Supplement* that could have a direct and material effect on each of PCA-NJ's major Federal programs for the year ended June 30, 2016. Prevent Child Abuse - New Jersey Chapter, Inc.'s major Federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of PCA-NJ's major Federal 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 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 program. However, our audit does not provide a legal determination of PCA-NJ's compliance.

Opinion on Each Major Federal 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 programs for the year ended June 30, 2016.

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 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 program and to test and report on internal control over compliance in accordance with Uniform Guidance 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 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 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



November 30, 2016

**Prevent Child Abuse – New Jersey Chapter, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

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 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 2 CFR 200.516(a) No

Identification of major Federal programs:

**Federal
CFDA
Number**

Federal Agency/Department

84.412 U.S. Department of Education
Passed through State of New Jersey
Department of Human Services, Division of Family Development
Grow NJ Kids - Technical Assistance

84.412 U.S. Department of Education
Passed through State of New Jersey
Department of Children and Families
Division of Child Protection and Permanency
Early Learning Challenge

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

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 Award Findings and Questioned Costs

No matters were noted.

Section 4 – Prior Year Federal Award Findings and Questioned Costs

No matters were noted.