

Financial Statement

**PREVENT CHILD ABUSE UTAH
(A Nonprofit Corporation)**

June 30, 2010 and 2009

(With Independent Auditors' Report)

PREVENT CHILD ABUSE UTAH
Financial Statements
June 30, 2010 and 2009

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1
Statements of Financial Position	2
Statements of Activities	3
Statement of Functional Expenses - 2010.....	4
Statement of Functional Expenses - 2009.....	5
Statements of Cash Flows	6
Notes to Financial Statements.....	7
Schedule of Changes in Temporarily Restricted Net Assets June 30, 2010	17

INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Prevent Child Abuse Utah
Ogden, Utah**

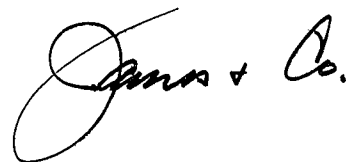
We have audited the accompanying statements of financial position of Prevent Child Abuse Utah (a nonprofit corporation) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prevent Child Abuse Utah as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Changes in Temporarily Restricted Net Assets is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This supplemental information is the responsibility of the Agency's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ogden, Utah
November 3, 2010



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PREVENT CHILD ABUSE UTAH
Statements of Financial Position
June 30, 2010 and 2009

<u>ASSETS</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 474,915	\$ 514,787
Marketable securities	373,173	322,324
Accounts receivable	65,297	53,855
Inventory	6,014	888
Prepaid expenses	<u>1,837</u>	<u>552</u>
Total current assets	<u>921,236</u>	<u>892,406</u>
Furniture and equipment:		
Furniture and equipment	68,054	68,054
Accumulated depreciation	<u>(44,332)</u>	<u>(35,565)</u>
Furniture and equipment, net	23,722	32,489
Deposit	<u>885</u>	<u>885</u>
Total other assets	<u>24,607</u>	<u>33,374</u>
	<u>\$ 945,843</u>	<u>\$ 925,780</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 5,092	\$ 26,199
Accrued expenses	42,127	38,145
Deferred revenue	<u>1,225</u>	<u>5,950</u>
Total current liabilities	<u>48,444</u>	<u>70,294</u>
Net assets:		
Temporarily restricted net assets	250,000	289,100
Unrestricted net assets	<u>647,399</u>	<u>566,386</u>
Total net assets	<u>897,399</u>	<u>855,486</u>
	<u>\$ 945,843</u>	<u>\$ 925,780</u>

See accompanying notes and auditors' report.

PREVENT CHILD ABUSE UTAH
Statements of Activities
For the Years Ended June 30, 2010 and 2009

<u>UNRESTRICTED NET ASSETS</u>	<u>2010</u>	<u>2009</u>
Revenues and support:		
Grants and governmental assistance	\$ 290,515	\$ 339,911
United Way	62,639	75,939
Fund raising	280,490	375,739
Conferences and services	82,345	76,663
Golf tournament	30,181	19,732
Donated materials and services	84,902	57,529
Net assets released from restrictions	39,100	83,110
Investment income (loss)	<u>54,401</u>	<u>(108,206)</u>
Total revenues and support	<u>924,573</u>	<u>920,417</u>
Expenses:		
Programs and services	693,791	741,106
Fund raising	38,333	39,500
General and administrative	<u>111,436</u>	<u>107,003</u>
Total expenses	<u>843,560</u>	<u>887,609</u>
Increase in unrestricted net assets	<u>81,013</u>	<u>32,808</u>
 <u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Revenues and support:		
Enrietto & Kallas Foundation	-	250,000
PUK grant	-	39,100
Net assets released from restrictions	<u>(39,100)</u>	<u>(83,110)</u>
Increase (decrease) in temporarily restricted net assets	<u>(39,100)</u>	<u>205,990</u>
Increase in net assets	41,913	238,798
Net assets, beginning of year	<u>855,486</u>	<u>616,688</u>
Net assets, end of year	<u>\$ 897,399</u>	<u>\$ 855,486</u>

See accompanying notes and auditors' report.

PREVENT CHILD ABUSE UTAH
Statement of Functional Expenses
For the Year Ended June 30, 2010

<u>Expense</u>	<u>Programs & Services</u>	<u>Fund Raising</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries	\$ 376,589	\$ 23,537	\$ 70,610	\$ 470,736
Payroll taxes and benefits	50,616	3,163	9,491	63,270
Direct conference costs	48,887	-	-	48,887
Golf tournament costs	-	9,031	-	9,031
Christmas service program costs	11,817	-	-	11,817
Mileage and car allowance	16,889	180	898	17,967
Training	5,612	-	-	5,612
Professional services	47,355	-	24,299	71,654
Telephone	13,847	298	744	14,889
Printing	3,168	68	170	3,406
Office supplies	5,651	121	304	6,076
Postage	2,094	45	113	2,252
Miscellaneous	16,702	174	521	17,397
Program materials costs	14,829	-	-	14,829
Depreciation	8,152	176	438	8,766
Rent	66,187	1,424	3,558	71,169
Marketing	5,396	116	290	5,802
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	\$ 693,791	\$ 38,333	\$ 111,436	\$ 843,560

See accompanying notes and auditors' report.

PREVENT CHILD ABUSE UTAH
Statement of Functional Expenses
For the Year Ended 2009

<u>Expense</u>	<u>Programs & Services</u>	<u>Fund Raising</u>	<u>General & Administrative</u>	<u>Total</u>
Salaries	\$ 378,187	\$ 23,637	\$ 70,910	\$ 472,734
Payroll taxes and benefits	56,863	3,553	10,662	71,078
Direct conference costs	61,970	-	-	61,970
Golf tournament costs	-	9,458	-	9,458
Christmas service program costs	12,957	-	-	12,957
Mileage and car allowance	16,566	176	881	17,623
Training	15,439	-	-	15,439
Professional services	-	-	17,859	17,859
Telephone	14,238	306	765	15,309
Printing	3,261	70	175	3,506
Office supplies	15,986	344	859	17,189
Postage	2,688	57	145	2,890
Miscellaneous	42,965	511	1,277	44,753
Program materials costs	15,680	-	-	15,680
Depreciation	8,589	185	462	9,236
Rent	55,946	1,203	3,008	60,157
Grant expenses	<u>39,771</u>	<u>-</u>	<u>-</u>	<u>39,771</u>
Total functional expenses	<u>\$ 741,106</u>	<u>\$ 39,500</u>	<u>\$ 107,003</u>	<u>\$ 887,609</u>

See accompanying notes and auditors' report.

PREVENT CHILD ABUSE UTAH
Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 41,913	\$ 238,798
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,766	9,236
Unrealized loss (gain) on marketable securities	(44,783)	128,702
Loss on disposal of furniture and equipment	-	520
Change in:		
Accounts receivable	(11,442)	(5,945)
Inventory	(5,126)	986
Prepaid expenses	(1,285)	8,448
Accounts payable	(21,107)	14,121
Accrued expenses	3,982	2,735
Deferred revenues	(4,725)	1,500
	<u>(33,807)</u>	<u>399,101</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Investment in marketable securities	(6,065)	(11,413)
Purchase of furniture and equipment	-	(7,673)
	<u>(6,065)</u>	<u>(19,086)</u>
Net cash used in investing activities		
Net increase (decrease) in cash and cash equivalents	(39,872)	380,015
Cash and cash equivalents, beginning of period	<u>514,787</u>	<u>134,772</u>
Cash and cash equivalents, end of period	<u>\$ 474,915</u>	<u>\$ 514,787</u>

See accompanying notes and auditors' report.

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements
June 30, 2010 and 2009

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Prevent Child Abuse Utah (the Agency) is a nonprofit corporation. The Agency is a nationally recognized provider of educational services and training in regard to preventing child abuse. The majority of the Agency's activities take place in Utah.

Basis of Accounting

The financial statements of the Agency have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The financial statements are presented in accordance with Topic 958 of the FASB Accounting Standards Codification (FASB ASC 958), *Not-For-Profit Entities*. Under FASB ASC 958, the Agency is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

In accordance with FASB ASC 958, support that is restricted by a donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes

The Agency is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid, short-term investments with original maturities of three months or less, readily convertible to known amounts of cash.

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

1. **NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,**
continued

Inventory

Inventory consists primarily of pinwheels purchased for sale at company functions, and coloring books distributed to educate and raise awareness. Both are stated at the lower of cost (first-in, first-out) or market.

Furniture and Equipment

All major furniture and equipment expenditures are capitalized. Donated furniture and equipment are recorded at their estimated fair values at the time of donation. Expenditures for maintenance and repairs are expensed as incurred. Furniture and equipment are depreciated on a straight-line basis over their estimated useful lives of three to ten years. When furniture and equipment are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and the resulting gain or loss is reflected in the statements of activities. Depreciation expense for the years ended June 30, 2010 and 2009, was \$8,766 and \$9,236, respectively.

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 the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

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

Donated Goods and Services

Donated services are recognized as contributions in accordance with Topic 958-605 of the FASB Accounting Standards Codification (FASB ASC 958-605), *Not-For-Profit Entities, Revenue Recognition* if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Agency. Volunteers also provide program services and fund-raising services throughout the year that are not recognized as contributions in the financial

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

**1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES,
continued**

Donated Goods and Services , continued

statements because the recognition criteria under FASB ASC 958-605 were not met. Donated goods are recorded as contributions at their estimated fair values at the date of donation.

Reclassifications

Certain reclassifications have been made to the 2009 financial statement presentation to correspond to the current year's format. Total equity and net income are unchanged due to these classifications.

2. MARKETABLE SECURITIES

The Agency invests excess funds in marketable securities until the funds are needed to fund the operations, services and programs of the Agency. At June 30, marketable securities consisted of the following:

<u>Description</u>	<u>2010</u>		<u>2009</u>	
	<u>Number of Shares</u>	<u>Fair Value</u>	<u>Number of Shares</u>	<u>Fair Value</u>
Mutual Beacon Fund	-	\$ -	20,614	\$ 199,754
Dodge & Cox Stock Fund	-	-	1,550	119,519
Euro Pacific Fund	2,145	72,515	-	-
RMA Money Market	4,945	4,945	6	6
Blackrock Equity Dividend Fund	11,292	164,517	-	-
DWS Shrt Duration Plus FD	-	-	331	3,045
Ivy Int'l Core Equity Fund	2,765	35,943	-	-
Nuveen Tradewinds Value Fund	1,296	38,566	-	-
WF Advantage Growth Fund	2,289	56,687	-	-
		<u>\$ 373,173</u>		<u>\$ 322,324</u>

The fair value of marketable securities is the value as reported by the mutual funds. These securities are subject to fluctuations in value due to changes in interest rates and other factors affecting the stock and bond markets.

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

2. MARKETABLE SECURITIES, continued

Investment gains consisted of the following for the fiscal years ended June 30:

	<u>2010</u>	<u>2009</u>
Interest	\$ -	\$ 854
Dividends	9,617	11,544
Realized gains	-	8,096
Unrealized gains (losses)	<u>44,784</u>	<u>(128,700)</u>
	<u>\$ 54,401</u>	<u>\$ (108,206)</u>

3. ACCOUNTS RECEIVABLE

Various accounts receivable arise in the normal course of operations of the Agency. Receivables are due 30 days after the issuance of the invoice and are considered delinquent when 90 days past due. Interest is not charged on overdue receivables. The collectability of accounts receivable was assessed and management determined an allowance for doubtful accounts was not necessary at June 30, 2010 and 2009. If amounts become uncollectible, they will be charged to operations at that time.

4. DEFERRED REVENUES AND PREPAID EXPENSES

Deferred revenues and prepaid expenses are comprised primarily of amounts received and amounts paid prior to year end directly related to the annual Child Abuse Prevention Conference and Annual Dinner to be held in the following fiscal year. At June 30, 2010 and 2009, the Agency had prepaid expenses of \$1,837 and \$552, respectively, relating to the Conference and Annual Dinner. At June 30, 2010 and 2009, the Agency had deferred revenues of \$1,225 and \$5,950, respectively, relating to the Conference and Annual Dinner.

5. RESTRICTIONS ON NET ASSETS

During the year ended June 30, 2009, the Agency received a PUK grant that was restricted for the purposes of that grant. During the year ended June 30, 2010, the purpose of the grant was fulfilled and the entire \$39,100 was released from restriction.

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

5. RESTRICTIONS ON NET ASSETS, continued

As of June 30, 2010 and 2009, \$647,349 and \$566,386, respectively, were classified as unrestricted, and \$250,000 and \$289,100, respectively, were classified as temporarily restricted.

It is the intent of the Board of Directors to use all unrestricted net assets to fund future child abuse prevention programs, conferences and as matching funds for grants.

6. GRANTS AND GOVERNMENTAL ASSISTANCE

The State of Utah and other governmental agencies may contract to provide educational and training programs consistent with the mission of the Agency to prevent child abuse. Typically, the governmental organization reimburses the Agency for actual costs or provides general support or grants to the Agency. Contracts with the State of Utah are subject to periodic audits by the State of Utah.

7. OFFICE SPACE

The Agency maintains two office locations in Ogden, Utah, and one in Salt Lake City, Utah. The Agency leased its Salt Lake City office under a five-year lease which expired in September 2009. This lease was renewed for another five years and will expire in September 2014.

Terms of one Ogden location requires a fixed monthly rent of \$2,205. Per terms of the lease, the rent can increase a maximum of 3% per year. This lease expires in April 2013.

The Agency entered into a lease agreement for the other Ogden location for office space in February 2009, with a fixed monthly rental payment of \$1,700. The lease expired in February 2010, and is continuing on a month-to-month basis. The Agency receives donations to cover the monthly rental for both Ogden locations.

For the fiscal years ended June 30, 2010 and 2009, total rent expense, including common area maintenance costs, was \$71,169 and \$60,157, respectively.

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

7. **OFFICE SPACE, continued**

Future minimum rent payments are:

Year Ending June 30

2011	\$ 39,449
2012	40,265
2013	41,109
2014	<u>3,048</u>
Total	<u>\$ 123,871</u>

8. **CONCENTRATIONS OF CREDIT RISK**

The Agency maintains its bank accounts with two financial institutions. Throughout the year, the cash balance fluctuates and savings may, at times, exceed federally insured limits. At June 30, 2010 and 2009, uninsured balances were approximately \$39,000 and \$177,000, respectively.

The Agency also maintains investment accounts with two financial institutions. At various times during the fiscal year, the Agency's cash in investment accounts may exceed amounts insured by the Securities Investor Protection Corporation. As of June 30, 2010 and 2009, the Agency had no cash amounts in investment accounts that were uninsured.

9. **RETIREMENT SAVINGS PLAN**

The Agency has a qualified retirement plan for all eligible employees. The plan is funded by voluntary employee contributions and discretionary matching Agency contributions. For the fiscal years ended June 30, 2010 and 2009, the Agency's contributions to the retirement plan were \$7,400 and \$6,300 respectively.

10. **DONATED MATERIALS AND SERVICES**

The Agency records the value of donated materials or services when there is an objective basis available to measure the value of the material and services.

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

10. DONATED MATERIALS AND SERVICES, continued

Donated materials and services included in the statements of activities for the fiscal years ended June 30 were:

	<u>2010</u>	<u>2009</u>
Accounting	\$ 5,078	\$ 8,497
Rent	32,469	49,032
Consulting	<u>47,355</u>	<u>-</u>
	<u>\$ 84,902</u>	<u>\$ 57,529</u>

No amounts have been reflected in the financial statements for volunteer services as no objective basis is available to measure the value of these services. Nevertheless, a substantial number of volunteers donated significant amounts of time to the Agency's programs and fund raising efforts.

11. FAIR VALUE OF ASSETS

The Agency uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available for sale.

The Fair Value Measurements Topic 820 of the FASB Accounting Standards Codification (FASB ASC 820) defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. The disclosures required under this Topic have been included in this note.

Fair Value Hierarchy

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

11. FAIR VALUE OF ASSETS, continued

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Determination of Fair Value

Under FASB ASC 820, the Agency bases its fair value on 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. It is the Agency's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability.

Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value. Methodologies have been consistently applied.

Cash and cash equivalents, accounts receivable, prepaid expenses, inventory, accounts payable, accrued liabilities, and deferred revenue approximate fair value due to their short maturities.

PREVENT CHILD ABUSE UTAH
Notes to Financial Statements, continued
June 30, 2010 and 2009

11. FAIR VALUE OF ASSETS, continued

The table below presents the amounts of assets and liabilities measured at fair value on a recurring basis as of June 30, 2010:

	<u>Assets at Fair Value Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities	\$ <u>373,173</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>373,173</u>
	<u>\$ 373,173</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373,173</u>

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2010, the date on which the financial statements were available to be issued, and has determined that no events requiring additional disclosure have occurred.

Supplemental Information

PREVENT CHILD ABUSE UTAH
Schedule of Changes in Temporarily Restricted Net Assets
June 30, 2010

	Balance June 30, 2009	Grants, Public Support and Interest Received	Net Assets Released From Purpose Restrictions	Net Increase (Decrease)	Balance June 30, 2010
Enrietto & Kallas Foundation	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000
PUK grant	39,100	-	(39,100)	(39,100)	-
Total	\$ 289,100	\$ -	\$ (39,100)	\$ (39,100)	\$ 250,000