PREVENT CHILD ABUSE AMERICA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Prevent Child Abuse America
Chicago, Illinois

We have audited the accompanying financial statements of Prevent Child Abuse America (the Organization), which comprises the statement of financial position of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the entity'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 the entity'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.

Board of Directors
Prevent Child Abuse America

Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2018 financial statements of the Organization were audited by other auditors whose report dated April 22, 2019, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
June 25, 2020

PREVENT CHILD ABUSE AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	$ 4,920,284	$ 4,864,128
Accounts Receivable, Net	646,554	415,765
Bequest Receivable, Net	862,047	848,903
Deposit and Prepaid Expenses	117,994	65,681
Endowment Investments	4,517,411	3,766,587
Investments Without Donor Restrictions	2,279,128	1,115,184
Copyright, Net	131,354	171,771
Furniture and Equipment, Net	63,975	52,527
Total Assets	$ 13,538,747	$ 11,300,546
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 67,485	$ 117,105
Accrued Expenses	213,284	165,955
Deferred Revenue	173,737	78,855
Total Liabilities	454,506	361,915
NET ASSETS		
Without Donor Restrictions	7,120,545	5,850,800
With Donor Restrictions	5,963,696	5,087,831
Total Net Assets	13,084,241	10,938,631
Total Liabilities and Net Assets	$ 13,538,747	$ 11,300,546

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Public Support - Contributions:			
Individuals - Workplace Campaign	$ 152,062	$ -	$ 152,062
Individuals and Family Foundations	1,197,221	61,293	1,258,514
Associations and Corporations	1,416,424	87,248	1,503,672
Programs and Conferences	4,224,706	-	4,224,706
Special Events and Pinwheels	184,133	-	184,133
Total Public Support	7,174,546	148,541	7,323,087
Other Revenue:			
Royalty Income	28,713	-	28,713
Investment Income, Net	96,941	750,824	847,765
Other	1,888	-	1,888
Total Other Revenue	127,542	750,824	878,366
Net Assets Released from Restrictions	23,500	(23,500)	-
Total Public Support and Other Revenue	7,325,588	875,865	8,201,453
EXPENSES			
Program Services	4,652,330	-	4,652,330
Supporting Services	1,403,513	-	1,403,513
Total Expenses	6,055,843	-	6,055,843
CHANGE IN NET ASSETS	1,269,745	875,865	2,145,610
Net Assets - Beginning of Year	5,850,800	5,087,831	10,938,631
NET ASSETS - END OF YEAR	$ 7,120,545	$ 5,963,696	$ 13,084,241

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Public Support - Contributions:			
Individuals - Workplace Campaign	$ 153,508	$ -	$ 153,508
Individuals and Family Foundations	1,114,068	48,885	1,162,953
Associations and Corporations	1,305,457	78,500	1,383,957
Programs and Conferences	3,346,933	-	3,346,933
Special Events and Pinwheels	244,495	-	244,495
Total Public Support	6,164,461	127,385	6,291,846
Other Revenue:			
Royalty Income	52,185	-	52,185
Investment Income, Net	38,469	(134,244)	(95,775)
Other	262	-	262
Total Other Revenue	90,916	(134,244)	(43,328)
Net Assets Released from Restrictions	497,252	(497,252)	-
Total Public Support and Other Revenue	6,752,629	(504,111)	6,248,518
EXPENSES			
Program Services	4,484,074	-	4,484,074
Supporting Services	426,462	-	426,462
Total Expenses	4,910,536	-	4,910,536
CHANGE IN NET ASSETS	1,842,093	(504,111)	1,337,982
Net Assets - Beginning of Year	4,008,707	5,591,942	9,600,649
NET ASSETS - END OF YEAR	$ 5,850,800	$ 5,087,831	$ 10,938,631

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	Program Services						Supporting Services			
	Prevention Education	Prevention Research	Prevention Programs	Prevention Advocacy	Chapter Activities	Total	Management and General	Advancement	Total	Total Expenses
Employee Expenses:										
Salaries	$ 81,538	$ 197,857	$ 1,299,072	$ 172,862	$ 145,381	$ 1,896,710	$ 418,427	$ 6,757	$ 425,184	$ 2,321,894
Benefits	17,175	23,937	156,627	25,548	14,485	237,772	44,554	8,825	53,379	291,151
Payroll Taxes	7,440	17,544	115,751	16,154	12,894	169,783	38,353	611	38,964	208,747
Other	681	1,062	7,740	1,140	754	11,377	2,159	254	2,413	13,790
Accounting, Auditing, Legal, and Consulting	26,919	2,803	15,516	3,938	3,054	52,230	586,110	41,243	627,353	679,583
Other Services	3,032	2,386	16,986	2,865	1,456	26,725	4,214	985	5,199	31,924
Occupancy	9,906	11,084	84,041	20,439	7,559	133,029	21,439	5,203	26,642	159,671
Telephone	1,442	2,106	5,735	2,665	1,217	13,165	2,433	355	2,788	15,953
Office Expenses and Supplies	48,177	6,596	35,442	9,868	3,566	103,649	13,100	61,391	74,491	178,140
Printing and Material Development	6,697	441	6,319	564	301	14,322	830	1,207	2,037	16,359
Travel and HFA Expense	11,572	19,733	1,126,597	17,671	54,702	1,230,275	61,901	1,935	63,836	1,294,111
Special Events and Pinwheels	42,501	-	481,152	-	-	523,653	-	-	-	523,653
Strategic Plan Expenses	-	40,000	49,915	83,654	-	173,569	-	-	-	173,569
Bad Debt Expense	-	-	-	-	-	-	79,652	-	79,652	79,652
Depreciation and Amortization	1,656	2,227	58,883	1,996	1,309	66,071	496	1,079	1,575	67,646
Total Expenses	$ 258,736	$ 327,776	$ 3,459,776	$ 359,364	$ 246,678	$ 4,652,330	$ 1,273,668	$ 129,845	$ 1,403,513	$ 6,055,843

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services						Supporting Services			
	Prevention Education	Prevention Research	Prevention Programs	Prevention Advocacy	Chapter Activities	Total	Management and General	Advancement	Total	Total Expenses
Employee Expenses:										
Salaries	$ 123,783	$ 132,228	$ 1,549,104	$ 178,688	$ 199,833	$ 2,183,636	$ 96,908	$ 136,866	$ 233,774	$ 2,417,410
Benefits	11,947	12,501	178,360	14,722	17,865	235,395	7,666	11,988	19,654	255,049
Payroll Taxes	8,401	9,096	105,675	12,118	13,705	148,995	6,315	9,549	15,864	164,859
Other	611	610	8,438	849	964	11,472	438	664	1,102	12,574
Accounting, Auditing, Legal, and Consulting	50,591	26,580	319,133	92,188	33,547	522,039	16,207	61,619	77,826	599,865
Other Services	1,483	3,902	18,434	1,705	1,743	27,267	2,660	1,546	4,206	31,473
Occupancy	5,320	4,645	78,335	6,572	8,122	102,994	3,611	5,048	8,659	111,653
Telephone	1,290	2,331	8,631	1,749	1,550	15,551	409	592	1,001	16,552
Office Expenses and Supplies	51,224	3,901	70,058	8,693	7,383	141,259	4,682	32,583	37,265	178,524
Printing and Material Development	2,815	121	1,749	162	190	5,037	85	1,428	1,513	6,550
Travel and HFA Expense	9,503	13,781	954,320	14,864	72,597	1,065,065	1,322	7,684	9,006	1,074,071
Special Events and Pinwheels	36,613	-	-	-	-	36,613	-	14,019	14,019	50,632
Strategic Plan Expenses	853	6,196	10,404	1,313	1,296	20,062	625	999	1,624	21,686
Bad Debt Expense	-	-	(82,433)	-	-	(82,433)	-	-	-	(82,433)
Depreciation and Amortization	644	480	48,245	707	1,046	51,122	412	537	949	52,071
Total Expenses	$ 305,078	$ 216,372	$ 3,268,453	$ 334,330	$ 359,841	$ 4,484,074	$ 141,340	$ 285,122	$ 426,462	$ 4,910,536

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 2,145,610	$ 1,337,982
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	67,646	52,071
Change in Market Value of Investments	(681,085)	221,106
Discount on Long-Term Receivables	(4,891)	(39,445)
Bad Debt Expense	79,652	(82,433)
Changes in Assets and Liabilities:		
Accounts Receivable	(310,441)	(127,322)
Bequests Receivable	(8,253)	455,569
Other Assets	(52,313)	45,794
Accounts Payable	(49,620)	111,660
Accrued Expenses	47,329	58,856
Deferred Revenue	94,882	37,900
Net Cash Provided by Operating Activities	1,328,516	2,071,738
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	1,903,193	468,000
Purchase of Investments and Reinvested Earnings	(3,136,876)	(1,202,046)
Purchase of Fixed Assets	(38,677)	(50,398)
Net Cash Used by Investing Activities	(1,272,360)	(784,444)
NET CHANGE IN CASH AND CASH EQUIVALENTS	56,156	1,287,294
Cash and Cash Equivalents - Beginning of Year	4,864,128	3,576,834
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,920,284	$ 4,864,128

See accompanying Notes to Financial Statements.

NOTE 1 NATURE OF ACTIVITIES

Prevent Child Abuse America (the Organization) is an organization established for the purpose of building a nationwide commitment to prevent child abuse in all its forms. Prevent Child Abuse America is supported primarily by contributions and grants from corporations, foundations, and individuals and from fees for services. Program services include Prevention Education, Prevention Research, Prevention Programs, Prevention Advocacy, and Chapter Activities. Management and General and Advancement are classified under supporting services.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparing Financial Statements

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 and disclosure of contingent 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.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and include board-designated funds. In December 2017, the board of directors approved the establishment of an Operating Reserve Fund. The purpose of the board-designated fund is to build and maintain an adequate level of net assets to support the organization’s day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development, rebranding, investment in infrastructure, or a temporary lapse in core program funding.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity (generally, the donors of these assets permit the Organization to use all or part of the income earned on these investments for general operations). Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers cash deposited in banks and money market fund investments to be cash equivalents, with the exception of the cash that is included in the investment portfolio. That cash is designated for long-term investment purposes. Cash and cash equivalents are maintained on deposit with various financial institutions and investment companies, which at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable include amounts related to training fees, publications, and other services and are reflected on the statement of financial position net of an allowance for doubtful accounts. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and historical experience with the customer. Management will record adjustments as necessary, which are reflected in the statement of activities.

Beneficial Interest in Trusts

The Organization is the income beneficiary under various charitable trusts, the corpus of which is not controlled by the management of the Organization. Although the Organization has no control over the administration or investment of the funds held in the charitable trusts, in accordance with U.S. GAAP, the current fair value of the beneficial interest in the charitable trusts is recognized as bequest receivable in the accompanying financial statements.

Investments

The Organization carries investments at fair value and reports gains and losses in the statement of activities. The fair value of investments are based on quoted market prices at the reporting date.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the amounts reported in the statement of financial position.

The board of directors designates a portion of the Organization’s total investment return for support of current operations in accordance with the board’s investment policy.

Copyright

Copyright is recorded at cost, net of amortization. The copyright is being amortized over its estimated useful life of six years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

Furniture and equipment are recorded at cost or at estimated fair value at the date of gift. Donations are reported as support without restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire furniture, fixtures, and office equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

The Organization depreciates furniture, fixtures, and office equipment over their estimated useful lives, typically five years, using the straight-line method.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Deferred Rent

The Organization has entered into an operating lease for office space which includes escalating rent over the lease term. In accordance with accounting principles generally accepted in the United States of America, rent expense is recognized evenly over the life of the lease. Deferred rent of $10,022 is included in accrued expenses on the statement of financial position as of December 31, 2019. No deferred rent was recorded as of December 31, 2018.

Deferred Revenue

Deferred revenue consists of conference registration, training, and affiliation fees paid in advance. Conference registration and training fees are recorded when the conference or training occurs and affiliation revenues are recorded in the year in which they relate.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization derives its revenue primarily from contributions, programs, and conferences. Revenue is recognized in the year in which it is earned. The following discloses the recognition for the Organization's most significant revenue streams:

Contributions

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized as revenue when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value which approximates fair value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using adjusted risk-free interest rates applicable to the years in which the promises were received, and are included in accounts receivable on the statement of financial position.

Programs and Conferences Revenue

Program and conference revenue is made up of the following types of revenue:

Affiliation Fees, Chapter Revenue, and Accreditation Fees

Affiliation fees and chapter revenue is recognized on a calendar year basis. Performance obligations provided to chapters and affiliates include access to technical assistance and support, training, research, capacity building, national conferences, marketing and communications, and networking opportunities, which occur throughout the year. Accreditation fees are recognized when the application and payment is received.

Training, Professional Development, and Manuals

Revenues from training, professional development and manuals consists primarily of registration revenue for training sessions, related travel fees and manuals used in training sessions. Revenue is recognized when the sessions are held or products are purchased. Sponsorship revenue is recognized when the sponsored session take place.

Conference Revenue

Conference revenue includes registration and booth space exhibit fees are recognized when the meeting takes place. Sponsorship revenue is recognized when the sponsored events and activities take place.

Contributed Services and Materials

Donated services and materials are reported as contribution revenue and as assets and expenses only if the services and materials create or enhance a nonfinancial asset, require specialized skills and are provided by individuals possessing those skills, are measurable, and would have been purchased if they had not been contributed. Donated services and materials are measured at their fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Certain categories of expenses are attributed to more than one program or supporting function and, therefore, require allocation on a reasonable basis that is consistently applied. Costs that meet the criteria for allocation, primarily employee expenses, occupancy, telephone, office expenses and supplies and depreciation and amortization, are allocated on the basis of employee time and effort. Management re-evaluated its functional expense methodology for 2019, which resulted in changes when compared to the methodology used for the prior period presented.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Management has concluded that there are no uncertain tax positions as of December 31, 2019 and 2018 and that the Organization has properly maintained its exempt status.

Reclassifications

Certain amounts have been reclassified for the year ending December 31, 2018 to conform to the presentation for the year ended December 31, 2019. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has performed an evaluation of subsequent events through June 25, 2020, which is the date the financial statements were available to be issued and has considered any relevant matters in the preparation of the financial statements and footnotes.

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2020 operations and financial results, including the receipt of contributions and collections on outstanding pledges receivable. Investment markets have experienced declines since December 31, 2019. In addition to these events, the Organization has also been impacted by riots in the area resulting in damage to the office and the closing of the office for an indeterminable period of time. Management believes the Organization is taking appropriate actions to mitigate the negative impact from these events. However, the full impact of these events is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (Continued)

Subsequent to year-end, the Organization received a loan in the amount of $563,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

Adoption of New Accounting Standards

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization's financial statements reflect the application of ASC 606 guidance beginning in 2019 using the modified retrospective approach. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Accounting Guidance for Contributions Received and Made

Additionally in June 2018, the FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of this standard had no impact on the Organization's financial statements.

NOTE 3 LIQUIDITY

Financial assets available for general expenditure, within one year of the date of the statement of financial position, comprise the following:

	2019	2018
Cash and Cash Equivalents	$ 4,920,284	$ 4,864,128
Accounts Receivable, Net	646,554	415,765
Total	5,566,838	5,279,893
Less: Amounts Receivable with Restriction	584,238	472,341
Total Available for General Expenditure	$ 4,982,600	$ 4,807,552

NOTE 3 LIQUIDITY (CONTINUED)

Endowment funds consist of two donor-restricted endowments. Investment earnings from donor-restricted endowments is available to support general operations. Investment earnings, net of related investment expenses are recorded as net assets with donor restrictions until the appropriated by the board of directors at which time net assets with donor restrictions are released from donor restriction and reported as net assets without donor restrictions. Donor-restricted endowment funds are not available for general expenditure.

The Organization also has $2,279,128 and $1,115,184 in investments that are not subject to donor restriction as of December 31, 2019 and 2018, respectively. $2,279,115 and $1,114,229 of unrestricted investments have been designated by the board as an operating reserve as of December 31, 2019 and 2018.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2019 and 2018 consist of the following:

	2019	2018
Grant and Pledges Receivable Expected to be Collected in Less Than One Year	$ 333,072	$ 188,228
Healthy Families America - Training and Affiliation Fees	285,233	214,080
Other Receivables	83,959	39,790
Less: Allowance for Uncollectible Accounts	(55,710)	(26,333)
Accounts Receivables, Net	$ 646,554	$ 415,765

NOTE 5 BEQUEST RECEIVABLE

Bequest receivable at December 31, 2019 and 2018 consist of the following:

	2019	2018
Due Within One Year	$ 144,742	$ 134,410
Due Between Two and Five Years	577,331	537,678
Due Thereafter	290,818	332,551
Bequest Receivable	1,012,891	1,004,639
Less: Discount	(150,844)	(155,736)
Bequest Receivable, Net	$ 862,047	$ 848,903

NOTE 6 INVESTMENTS

The components of the Organization's investments consist of the following at December 31:

December 31, 2019	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money Market Funds	$ 1,354,374	$ 1,354,374	$ -
Fixed Income - Mutual Funds	1,953,943	1,970,241	16,298
Fixed Income - Exchange Traded Funds	676,997	687,016	10,019
Equities - Mutual Funds	2,351,022	2,637,348	286,326
Equities - Exchange Traded Funds	138,837	147,560	8,723
Total	$ 6,475,173	$ 6,796,539	$ 321,366

December 31, 2018	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Money Market Funds	$ 764,594	$ 764,594	$ -
Fixed Income - Mutual Funds	1,849,619	1,799,540	(50,079)
Fixed Income - Exchange Traded Funds	184,885	184,097	(788)
Equities - Mutual Funds	2,301,163	2,008,632	(292,531)
Equities - Exchange Traded Funds	138,837	124,908	(13,929)
Total	$ 5,239,098	$ 4,881,771	$ (357,327)

The following schedule summarizes the investment return and its classification in the statements of activities as of December 31:

	2019	2018
Dividend and Interest Income, Net	$ 166,680	$ 125,331
Realized and Unrealized Gains (Losses)	681,085	(221,106)
Total Investment Income, Net	$ 847,765	$ (95,775)

NOTE 7 FAIR VALUE MEASUREMENT

In accordance with U.S. GAAP, the Organization prioritizes the inputs to valuation techniques used to measure fair value. The levels of the hierarchy and those investments included in each are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for substantially the entire period for the asset or liability and market-corroborated inputs.

NOTE 7 FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 – Inputs to valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

The fair value of assets measured on a recurring basis at December 31, 2019 are as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2019				
Investments:				
Fixed Income - Mutual Funds	$ 1,970,241	$ 1,970,241	$ -	$ -
Fixed Income - Exchange Traded Funds	687,016	687,016	-	-
Equities - Mutual Funds	2,637,348	2,637,348	-	-
Equities - Exchange Traded Funds	147,560	147,560	-	-
Total Investments	5,442,165	5,442,165	-	-
Bequest Receivables	862,047	-	-	862,047
Total	$ 6,304,212	$ 5,442,165	$ -	$ 862,047

The fair value of assets measured on a recurring basis at December 31, 2018 are as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2018				
Investments:				
Fixed Income - Mutual Funds	$ 1,799,540	$ 1,799,540	$ -	$ -
Fixed Income - Exchange Traded Funds	184,097	184,097	-	-
Equities - Mutual Funds	2,008,632	2,008,632	-	-
Equities - Exchange Traded Funds	124,908	124,908	-	-
Total Investments	4,117,177	4,117,177	-	-
Bequest Receivables	848,903	-	-	848,903
Total	$ 4,966,080	$ 4,117,177	$ -	$ 848,903

Not included in the previous tables are money market funds of $1,354,374 and $764,594 as of December 31, 2019 and 2018, respectively.

Fair values for Level 1 investments are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of Level 3 beneficial interest receivables is determined by calculating the present value of future distributions expected to be received using a discount rate of 4.2% in 2019 and 2018. There has been no change in valuation techniques from the prior year.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows as of December 31:

	2019	2018
Bequest Receivable, Net - Beginning Balance	$ 848,903	$ 1,265,026
Payments Received	(135,308)	(455,567)
Change in Value	148,452	39,444
Bequest Receivable, Net - Ending Balance	$ 862,047	$ 848,903

NOTE 8 COPYRIGHT

On March 13, 2017, the Organization entered into an agreement with Great Kids, Inc. to purchase the copyrights to two curricula used by Healthy Families America. The two organizations also amended the original license agreement for other curricula used by Healthy Families America, reducing the licensing fee to reflect the copyright purchase. The copyrights were recorded at cost and will be amortized on a straight-line basis over the expected useful life of six years. Accumulated amortization as of December 31, 2019 and 2018 was $111,146 and $70,729, respectively. Amortization expense for 2019 was $40,417 and for 2018 was $34,353.

NOTE 9 FURNITURE AND EQUIPMENT

Furniture and equipment at December 31 consists of:

	2019	2018
Remodeling Costs	$ 29,000	$ 29,000
Furniture and Other Furnishings	108,851	108,851
Equipment	110,876	77,796
Total	248,727	215,647
Less: Accumulated Depreciation	(184,752)	(163,120)
Total Furniture and Equipment	$ 63,975	$ 52,527

Depreciation expense was $27,229 and $17,717 for the years ended December 31, 2019 and 2018, respectively.

NOTE 10 DEFERRED REVENUE

Deferred revenue at December 31, 2019 and 2018 consist of the following:

	2019	2018
Deferred Revenue:		
Recognized Over Time:		
Affiliate Fees	$ 6,887	$ 75,375
Conferences and Trainings	48,725	3,480
MIECHV Systems Development	118,125	-
Total	$ 173,737	$ 78,855

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose or by the passage of time as follows for the year ended December 31:

	2019	2018
Subject to Expenditure for a Specified Purpose:		
Advocacy and Education	$ -	$ 25,052
Healthy Families America	-	3,000
Peer-to-Peer Abuse (Bullying) Prevention	-	1,200
Verizon Grant for National Conference 2019	23,500	-
Total	23,500	29,252
Release of Appropriated Endowment Returns for Expenditure:		
Dona Stona Pesch Endowment - General Operations	-	468,000
Total	$ 23,500	$ 497,252

Net assets with donor restrictions at December 31 are restricted for the following purposes:

	2019	2018
Subject to Expenditure for a Specified Purpose:		
Adverse Childhood Experiences	$ 2,500	$ 2,500
Advocacy and Education	1,274,246	1,125,705
Funds for Individuals in Need of PCAA's Services	25,000	25,000
Peer-to-Peer Abuse (Bullying) Prevention	144,539	144,539
Verizon Grant for National Conference 2019	-	23,500
Total	1,446,285	1,321,244
Endowment Assets:		
Amounts to be Held in Perpetuity, the Income From Which is Expendable to Support:		
Dona Stona Pesch Endowment	2,500,000	2,500,000
Forester's Endowment	500,000	500,000
Total	3,000,000	3,000,000
Subject to Endowment Spending Policy and Appropriation:		
Dona Stona Pesch Endowment - General Operations	1,111,529	500,219
Forester's Endowment - Healthy Families America and the Chapter Network	405,882	266,368
Total	1,517,411	766,587
Total Endowment Assets	4,517,411	3,766,587
Total	$ 5,963,696	$ 5,087,831

NOTE 12 ENDOWMENTS

The Organization's endowment includes two donor-restricted endowment funds. 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. The board of directors of the Organization has interpreted the Illinois Uniform Management of Institutional Funds Act (UMIFA) 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, the Organization classifies as net assets with donor restriction (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UMIFA,

The Organization considers the following factors in making a determination of the amount to appropriate for current operations:

(1) The duration and preservation of the fund;
(2) The purposes of the organization and the donor-restricted 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 organization; and
(7) The investment policies of the organization.

As of December 31, the Organization had the following endowment net asset composition:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by the Donor	$ -	$ 3,000,000	$ 3,000,000
Accumulated Investment Gains	-	1,517,411	1,517,411
Total	$ -	$ 4,517,411	$ 4,517,411

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by the Donor	$ -	$ 3,000,000	$ 3,000,000
Accumulated Investment Gains	-	766,587	766,587
Total	$ -	$ 3,766,587	$ 3,766,587

NOTE 12 ENDOWMENTS (CONTINUED)

Donor-restricted endowments consist of:

- A $1,000,000 grant from the Pesch Family Foundation, and the related $1,000,000 matching funds, which contains a donor stipulation that the principal be maintained intact in perpetuity and that only the income from investment thereof be expended for general purposes. Earnings are reported as net assets with donor restrictions until they are appropriated by the board of directors.
- A $500,000 grant from the W. Clement Stone 1990 Revocable Trust which contains a donor stipulation that the principal be maintained intact in perpetuity and that only the income from investment thereof be expended for general purposes. Earnings are reported as net assets with donor restrictions until they are appropriated by the board of directors.
- A $500,000 grant from the Independent Order of Foresters which contains a donor stipulation that the principal be maintained intact in perpetuity and that only the income from investment thereof be expended to support Healthy Families America and the Chapter network with approval of the Foresters. Until designated for operations by the board of directors, investment income from this grant is classified as net assets with donor restrictions.

Changes in donor-restricted endowment net assets for December 31 were:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 3,766,587	$ 3,766,587
Investment Return:			
Investment Income, Net of Investment Expenses	-	88,688	88,688
Net Depreciation (Realized and Unrealized)	-	662,136	662,136
Total Investment Return	-	750,824	750,824
Endowment Net Assets - End of Year	$ -	$ 4,517,411	$ 4,517,411

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 4,368,831	$ 4,368,831
Investment Return:			
Investment Income, Net of Investment Expenses	-	85,587	85,587
Net Depreciation (Realized and Unrealized)	-	(219,831)	(219,831)
Total Investment Return	-	(134,244)	(134,244)
Transfer of Endowment Assets to Operating Reserve	-	(468,000)	(468,000)
Endowment Net Assets - End of Year	$ -	$ 3,766,587	$ 3,766,587

NOTE 12 ENDOWMENTS (CONTINUED)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies as of December 31, 2019 and 2018.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the historic dollar value of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or until as used per donor specifications as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to produce results that exceed the rolling three year return of a weighted benchmark including the Standard & Poor's SOD index for domestic equity securities and the Morgan Stanley Capital International Non-U.S. index for international equity investments, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation as measured in the Consumer Price Index by 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization 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). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The board of directors annually appropriates a portion of the total return on its investments to current operations. Under the Organization's policy, no amounts were appropriated in 2019. The board approved a transfer of $468,000, in 2017, from the endowment fund to fund the operating reserve. This transfer was completed in 2018. In determining the amount to appropriate, the board of directors considers the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the preservation of the fair value of the original gift held in perpetuity or for a specified term as well as to provide predictable amounts of funds for current operations. The total return on endowment funds are reduced by investment fees incurred related to those funds.

NOTE 13 REVENUE RECOGNITION

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods as services:

	2019	2018
Revenue:		
Recognized at a Point in time:		
Programs and Conferences:		
Accreditation Fees	$ 214,240	$ 223,755
Manuals	164,555	124,187
Training and Professional Development	1,192,009	853,094
Other	73,820	213,525
Total	1,644,624	1,414,561
Royalties and Other Income	30,601	52,447
Total Recognized at a Point in Time	1,675,225	1,467,008
Recognized Over Time:		
Programs and Conferences:		
Conference Revenue	616,127	-
Chapter Revenue	99,600	108,516
Affiliation Fees	1,864,355	1,823,856
Total Recognized Over Time	2,580,082	1,932,372
Total	$ 4,255,307	$ 3,399,380

NOTE 14 IN-KIND CONTRIBUTIONS

The Organization received contributed legal and other services as follows for the years ended December 31, 2019 and 2018:

	Program Service	Management and General	Advancement	Total
December 31, 2019				
Accounting, Auditing, Legal, and Consulting	$ -	$ 347,626	$ -	$ 347,626
Travel and HFA Expense	2,618	15,208	-	17,826
Total	$ 2,618	$ 362,834	$ -	$ 365,452
December 31, 2018				
Accounting, Auditing, Legal, and Consulting	$ 361,355	$ 12,647	$ 27,503	$ 401,505
Travel and HFA Expense	17,538	614	1,335	19,487
Total	$ 378,893	$ 13,261	$ 28,838	$ 420,992

NOTE 15 RELATED PARTY TRANSACTIONS

The Organization received $1,539,590 and $1,340,181 in 2019 and 2018, respectively, of support from its board of directors and corporations that employ members of the Organization's board of directors.

NOTE 16 RETIREMENT PLAN

The Organization has a 401(k) plan that covers substantially all employees. The Organization funds the plan through annual contributions based upon a fixed percentage of eligible employees' salaries. The contributions for 2019 was $38,321 and in 2018 was $19,445.

NOTE 17 COMMITMENTS

Leases

The Organization is obligated under terms of a lease which expires February 28, 2023 for office space located in Chicago, Illinois. Under terms of the lease agreement, the Organization pays monthly base rent of $7,000. The base rent escalates by 4% per annum. In addition, the Organization leases various office equipment under operating leases expiring through March 2025. Rent expense recorded for the years ended December 31, 2019 and 2018 was $108,583 and $82,438, respectively. Future minimum base lease payments for office and equipment leases are as follows:

Year Ending December 31,	Amount
2020	$ 131,112
2021	118,802
2022	122,558
2023	41,297
2024	24,574
Thereafter	5,884
Total	$ 444,227

Event Contracts

The Organization has entered into contracts for future conferences. In the event the conferences are cancelled, the Organization can be held liable for liquidated damages.

NOTE 18 CASH FLOW DISCLOSURES

There was no cash paid for interest and taxes during the years ended December 31, 2019 and 2018. The Organization had no noncash investing or financing transactions during the years ended December 31, 2019 and 2018.

NOTE 19 RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the Organization's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance will be effective for the year ending December 31, 2022. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Organization's financial statements.