PREVENT CHILD ABUSE AMERICA

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 AND 2019

PREVENT CHILD ABUSE AMERICA
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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 statements of financial position of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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. 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 Organization'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 Organization'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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, 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.

CliftonLarsonAllen LLP

Oak Brook, Illinois
April 16, 2021

PREVENT CHILD ABUSE AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and Cash Equivalents	$ 6,427,457	$ 4,920,284
Accounts Receivable, Net	515,649	646,554
Bequest Receivable, Net	824,085	862,047
Deposit and Prepaid Expenses	150,331	117,994
Endowment Investments	5,143,979	4,517,411
Investments Without Donor Restrictions	2,325,676	2,279,128
Copyright, Net	107,604	131,354
Furniture and Equipment, Net	392,208	63,975
Total Assets	$ 15,886,989	$ 13,538,747
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 168,182	$ 67,485
Accrued Expenses	278,550	213,284
Deferred Revenue	149,762	173,737
Total Liabilities	596,494	454,506
NET ASSETS		
Without Donor Restrictions	8,215,899	7,120,545
With Donor Restrictions	7,074,596	5,963,696
Total Net Assets	15,290,495	13,084,241
Total Liabilities and Net Assets	$ 15,886,989	$ 13,538,747

See accompanying Notes to Financial Statements.

PREVENT CHILD ABUSE AMERICA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND OTHER REVENUE			
Public Support - Contributions:			
Individuals - Workplace Campaign	$ 218,001	$ -	$ 218,001
Individuals and Family Foundations	1,527,492	106,779	1,634,271
Grants	656,125	500,000	1,156,125
Associations and Corporations	597,758	-	597,758
Programs and Conferences	3,172,265	-	3,172,265
Special Events and Pinwheels	101,298	-	101,298
Total Public Support	6,272,939	606,779	6,879,718
Other Revenue:			
Investment Income, Net	51,696	626,168	677,864
Other	1,544	-	1,544
Total Other Revenue	53,240	626,168	679,408
Net Assets Released from Restrictions	122,047	(122,047)	-
Total Public Support and Other Revenue	6,448,226	1,110,900	7,559,126
EXPENSES			
Program Services	3,993,619	-	3,993,619
Supporting Services	1,359,253	-	1,359,253
Total Expenses	5,352,872	-	5,352,872
CHANGE IN NET ASSETS	1,095,354	1,110,900	2,206,254
Net Assets - Beginning of Year	7,120,545	5,963,696	13,084,241
NET ASSETS - END OF YEAR	$ 8,215,899	$ 7,074,596	$ 15,290,495

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 FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services						Supporting Services			
	Prevention Education	Prevention Research	Prevention Programs	Prevention Advocacy	Chapter Activities	Total	Management and General	Advancement	Total	Total Expenses
Employee Expenses	$ 239,314	$ 242,129	$ 1,709,958	$ 306,513	$ 200,289	$ 2,698,203	$ 651,709	$ 249,171	$ 900,880	$ 3,599,083
Accounting, Auditing, Legal, and Consulting	121,515	179,610	162,773	39,309	10,254	513,461	66,740	133,167	199,907	713,368
Other Services	2,261	27,087	15,470	2,454	1,395	48,667	20,404	10,549	30,953	79,620
Occupancy and Insurance	7,303	9,013	50,333	16,467	4,390	87,506	13,715	4,039	17,754	105,260
Telephone	1,340	1,250	17,145	3,026	1,337	24,098	4,453	909	5,362	29,460
Office Expenses	14,269	3,772	43,247	15,270	2,337	78,895	31,030	39,158	70,188	149,083
Printing and Material Development	78,560	9	238	10	6	78,823	178	6,023	6,201	85,024
Travel and Development	1,566	7,371	55,897	3,108	19,225	87,167	7,533	31	7,564	94,731
Special Events and Pinwheels	19,340	-	47,610	-	-	66,950	-	-	-	66,950
Training Expenses	-	-	232,400	-	-	232,400	-	-	-	232,400
Bad Debt Expense	-	-	-	-	-	-	5,703	-	5,703	5,703
In-Kind Expense	5,046	-	-	-	-	5,046	102,758	-	102,758	107,804
Depreciation and Amortization	3,670	1,527	61,127	1,718	4,361	72,403	11,404	579	11,983	84,386
Total Expenses	$ 494,184	$ 471,768	$ 2,396,198	$ 387,875	$ 243,594	$ 3,993,619	$ 915,627	$ 443,626	$ 1,359,253	$ 5,352,872

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	$ 106,834	$ 240,400	$ 1,579,190	$ 215,704	$ 173,514	$ 2,315,642	$ 503,493	$ 16,447	$ 519,940	$ 2,835,582
Accounting, Auditing, Legal, and Consulting	26,919	2,803	141,843	3,938	3,054	178,557	238,484	41,243	279,727	458,284
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 Development	8,954	19,733	329,938	17,671	54,702	430,998	46,693	1,935	48,628	479,626
Special Events and Pinwheels	42,501	-	481,152	-	-	523,653	-	-	-	523,653
Training Expenses	-	-	670,332	-	-	670,332	-	-	-	670,332
Strategic Plan Expenses	-	40,000	49,915	83,654	-	173,569	-	-	-	173,569
Bad Debt Expense	-	-	-	-	-	-	79,652	-	79,652	79,652
In-Kind Expense	2,618	-	-	-	-	2,618	362,834	-	362,834	365,452
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
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 2,206,254	$ 2,145,610
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	84,386	67,646
Change in Market Value of Investments	(545,310)	(681,085)
Discount on Long-Term Receivables	(25,467)	(4,891)
Bad Debt Expense	5,703	79,652
Loss on Disposal of Fixed Assets	1,007	-
Changes in Assets and Liabilities:		
Accounts Receivable	125,202	(310,441)
Bequests Receivable	63,429	(8,253)
Other Assets	(32,337)	(52,313)
Accounts Payable	78,722	(49,620)
Accrued Expenses	65,266	47,329
Deferred Revenue	(23,975)	94,882
Net Cash Provided by Operating Activities	2,002,880	1,328,516
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	1,862,329	1,903,193
Purchase of Investments and Reinvested Earnings	(1,990,135)	(3,136,876)
Purchase of Fixed Assets	(367,901)	(38,677)
Net Cash Used by Investing Activities	(495,707)	(1,272,360)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,507,173	56,156
Cash and Cash Equivalents - Beginning of Year	4,920,284	4,864,128
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,427,457	$ 4,920,284

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 statements 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 statements 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 statements 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 three to 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 $10,745 and $10,022 is included in accrued expenses on the statements of financial position as of December 31, 2020 and 2019, respectively.

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.

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:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been 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 statements of financial position.

A portion of the Organization’s revenue is derived from a cost-reimbursable federal grant, which is conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract and grant provisions. Any amounts received in advance would be recorded as a refundable advance in the statement of financial position. Contributions of approximately $242,000 have not been recognized in the accompanying statement of activities because the qualifying expenditures have not yet been incurred.

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 and Manuals

Revenues from training 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements 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.

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, 2020 and 2019 and that the Organization has properly maintained its exempt status.

Reclassifications

Certain amounts have been reclassified for the year ending December 31, 2019 to conform to the presentation for the year ended December 31, 2020. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has performed an evaluation of subsequent events through April 16, 2021, 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 Organization received a loan in the amount of $603,500 to fund payroll, rent, and utilities, 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.

NOTE 3 LIQUIDITY

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

	2020	2019
Cash and Cash Equivalents	$ 6,427,457	$ 4,920,284
Accounts Receivable, Net	515,649	646,554
Total	6,943,106	5,566,838
Less: Amounts Receivable with Restriction	1,106,532	584,238
Total Available for General Expenditure	$ 5,836,574	$ 4,982,600

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 $2,325,676 and $2,279,128 in investments that are not subject to donor restriction as of December 31, 2020 and 2019, respectively. $2,325,321 and $2,279,115 of unrestricted investments have been designated by the board as an operating reserve as of December 31, 2020 and 2019, respectively.

NOTE 4 ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2020 and 2019 consist of the following:

	2020	2019
Grant and Pledges Receivable Expected to be Collected in Less Than One Year	$ 263,100	$ 333,072
Other Receivables	307,684	369,192
Less: Allowance for Uncollectible Accounts	(55,135)	(55,710)
Accounts Receivables, Net	$ 515,649	$ 646,554

NOTE 5 BEQUEST RECEIVABLE

Bequest receivable at December 31, 2020 and 2019 consist of the following:

	2020	2019
Due Within One Year	$ 158,275	$ 144,742
Due Between Two and Five Years	632,157	577,331
Due Thereafter	159,030	290,818
Bequest Receivable	949,462	1,012,891
Less: Discount	(125,377)	(150,844)
Bequest Receivable, Net	$ 824,085	$ 862,047

NOTE 6 INVESTMENTS

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

December 31, 2020	Cost	Fair Value	Unrealized Appreciation
Money Market Funds	$ 1,321,047	$ 1,321,047	$ -
Fixed Income - Mutual Funds	2,013,163	2,091,760	78,597
Fixed Income - Exchange Traded Funds	693,880	696,895	3,015
Equities - Mutual Funds	2,371,791	3,081,492	709,701
Equities - Exchange Traded Funds	250,792	278,461	27,669
Total	$ 6,650,673	$ 7,469,655	$ 818,982

December 31, 2019	Cost	Fair Value	Unrealized Appreciation
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

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

	2020	2019
Dividend and Interest Income, Net	$ 132,554	$ 166,680
Realized and Unrealized Gains	545,310	681,085
Total Investment Income, Net	$ 677,864	$ 847,765

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.

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

NOTE 7 FAIR VALUE MEASUREMENT (CONTINUED)

The fair value of assets measured on a recurring basis at December 31, 2020 are as follows:

	Total	Level 1	Level 2	Level 3
December 31, 2020				
Investments:				
Fixed Income - Mutual Funds	$ 2,091,760	$ 2,091,760	$ -	$ -
Fixed Income - Exchange Traded Funds	696,895	696,895	-	-
Equities - Mutual Funds	3,081,492	3,081,492	-	-
Equities - Exchange Traded Funds	278,461	278,461	-	-
Total Investments	6,148,608	6,148,608	-	-
Bequest Receivables	824,085	-	-	824,085
Total	$ 6,972,693	$ 6,148,608	$ -	$ 824,085

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

Not included in the previous tables are money market funds of $1,321,047 and $1,354,374 as of December 31, 2020 and 2019, 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 2020 and 2019. 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:

	2020	2019
Bequest Receivable, Net - Beginning Balance	$ 862,047	$ 848,903
Payments Received	(144,742)	(135,308)
Change in Value	106,780	148,452
Bequest Receivable, Net - Ending Balance	$ 824,085	$ 862,047

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. Additional copyrights were purchased during 2020 in the amount of $20,000. 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, 2020 and 2019 was $154,896 and $111,146, respectively. Amortization expense for 2020 was $43,750 and for 2019 was $40,417.

NOTE 9 FURNITURE AND EQUIPMENT

Furniture and equipment at December 31 consists of:

	2020	2019
Remodeling Costs	$ 29,000	$ 29,000
Furniture and Other Furnishings	108,851	108,851
Equipment and Software	474,435	110,876
Total	612,286	248,727
Less: Accumulated Depreciation	(220,078)	(184,752)
Total Furniture, Equipment, and Software	$ 392,208	$ 63,975

Depreciation expense was $40,636 and $27,229 for the years ended December 31, 2020 and 2019, respectively.

NOTE 10 DEFERRED REVENUE

Deferred revenue at December 31, 2020 and 2019 consist of the following:

	2020	2019
Deferred Revenue:		
Recognized at a Point in Time:		
Conferences and Trainings	$ 39,730	$ 48,725
Recognized Over Time:		
Affiliate Fees	56,032	6,887
MIECHV Systems Development	54,000	118,125
Total Recognized Over Time	110,032	125,012
Total Deferred Revenue	$ 149,762	$ 173,737

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:

	2020	2019
Donor Removed Restriction for a Specified Purpose:		
Peer-to-Peer Abuse (Bullying) Prevention	$ 122,047	$ -
Subject to Expenditure for a Specified Purpose:		
Verizon Grant for National Conference 2019	-	23,500
Total	$ 122,047	$ 23,500

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

	2020	2019
Subject to Expenditure for a Specified Purpose:		
Adverse Childhood Experiences	$ 2,500	$ 2,500
Advocacy and Education	1,380,187	1,274,246
Funds for Individuals in Need of PCAA's Services	25,000	25,000
Peer-to-Peer Abuse (Bullying) Prevention	22,930	144,539
PCA Chapter Support	500,000	-
Total	1,930,617	1,446,285
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	1,629,434	1,111,529
Forester's Endowment - Healthy Families America and the Chapter Network	514,545	405,882
Total	2,143,979	1,517,411
Total Endowment Assets	5,143,979	4,517,411
Total	$ 7,074,596	$ 5,963,696

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:

	2020		
	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	-	2,143,979	2,143,979
Total	$ -	$ 5,143,979	$ 5,143,979

	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

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:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ -	$ 4,517,411	$ 4,517,411
Investment Return:			
Investment Income, Net of Investment Expenses	-	102,176	102,176
Net Appreciation (Realized and Unrealized)	-	523,992	523,992
Total Investment Return	-	626,168	626,168
Endowment Net Assets - End of Year	$ -	$ 5,143,579	$ 5,143,579

	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 Appreciation (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

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, 2020 and 2019.

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 may annually appropriate a portion of the total return on its investments to current operations. Under the Organization's policy, no amounts were appropriated in 2020 and 2019. 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:

	2020	2019
Revenue:		
Recognized at a Point in time:		
Programs and Conferences:		
Accreditation Fees	$ 7,000	$ 214,240
Conference Revenue	241,369	616,127
Manuals	56,554	164,555
Training	634,164	1,152,634
Other	1,544	73,820
Total	940,631	2,221,376
Royalties and Other Income	-	30,601
Total Recognized at a Point in Time	940,631	2,251,977
Recognized Over Time:		
Programs and Conferences:		
Chapter Revenue	100,800	99,600
MIECHV Systems Development	129,375	39,375
Affiliation Fees	2,003,003	1,864,355
Total Recognized Over Time	2,233,178	2,003,330
Total	$ 3,173,809	$ 4,255,307

NOTE 14 IN-KIND CONTRIBUTIONS

The Organization received contributed legal and other services as follows for the years ended December 31, 2020 and 2019:

	Program Service	Management and General	Advancement	Total
December 31, 2020				
Accounting, Auditing, Legal, and Consulting	$ -	$ 100,873	$ -	$ 100,873
Other Services	5,046	-	-	5,046
Travel and Development	-	1,885	-	1,885
Total	$ 5,046	$ 102,758	$ -	$ 107,804
December 31, 2019				
Accounting, Auditing, Legal, and Consulting	$ -	$ 347,626	$ -	$ 347,626
Travel and Development	2,618	15,208	-	17,826
Total	$ 2,618	$ 362,834	$ -	$ 365,452

NOTE 15 RELATED PARTY TRANSACTIONS

The Organization received $777,328 and $1,539,590 in 2020 and 2019, 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 2020 were $55,919 and in 2019 were $38,321.

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, 2020 and 2019 was $98,963 and $108,583, respectively. Future minimum base lease payments for office and equipment leases are as follows:

Year Ending December 31,	Amount
2021	$ 118,802
2022	122,558
2023	41,297
2024	24,574
2025	5,884
Total	$ 313,115

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 PAYCHECK PROTECTION PROGRAM LOAN

On April 25, 2020, the Organization received a loan from Huntington National Bank totaling $563,000 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA. The covered period from April 27, 2020 to October 11, 2020, is the time the Organization has to spend their PPP Loan funds.

The Organization is following, ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On December 14, 2020, the SBA processed the Organization's PPP Loan forgiveness application and notified Huntington National Bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Organization was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in Public Support – Contributions: Associations and Corporations in the statement of activities during the year ended December 31, 2020.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 19 RISKS AND UNCERTAINTY

The World Health Organization has 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 have continuing impacts on various parts of its operations and financial results including, but not limited to, investment performance and loss of revenue due to the inability to hold in person conferences and events, as well as other reductions in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

NOTE 20 CASH FLOW DISCLOSURES

There was no cash paid for interest and taxes during the years ended December 31, 2020 and 2019. During 2020, the Organization acquired fixed assets of $21,975 that are included in accounts payable at year-end. The Organization had no noncash investing or financing transactions during the year ended December 31, 2019.

NOTE 21 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.