

**PREVENT CHILD ABUSE, NORTH CAROLINA INC.**  
Morrisville, North Carolina

**Audited Financial Statements**

Years Ended June 30, 2023 and 2022

**TABLE OF CONTENTS**

Years Ended June 30, 2023 and 2022

---

|   | <u>Page(s)</u> |
|---|----------------|
| <b>Report of Independent Auditors</b> .....   | 1-3            |
| <b>Audited Financial Statements</b>   |                |
| Statements of Financial Position .....  | 4              |
| Statements of Activities .....  | 5-6            |
| Statements of Cash Flows.....   | 7              |
| Statements of Functional Expenses .....   | 8-9            |
| Notes to the Financial Statements .....   | 10-18          |
| <b>Reports Required by Governmental Auditing Standards:</b>   |                |
| Independent Auditor’s Report on Internal Control over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with Government Auditing Standards..... | 19-20          |
| Independent Auditors’ Report on Compliance for Each Major Federal Program and on<br>Internal Control over Compliance Required by Uniform Guidance.....  | 21-23          |
| Schedule of Findings and Questioned Costs.....  | 24-25          |
| Schedule of Expenditures of Federal Awards.....   | 26             |
| Notes to the Schedule of Expenditures of Federal Awards .....   | 26             |



## **Report of Independent Auditors**

To the Board of Directors  
Prevent Child Abuse, North Carolina Inc.  
Morrisville, North Carolina

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Prevent Child Abuse North Carolina (the “Organization”, a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation

and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about



Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

### Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

*McConnell & Jones LLP*

Durham, North Carolina  
March 26, 2024

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2023 and 2022

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| <b>Assets</b>  |                     |                     |
| Current assets   |                     |                     |
| Cash and cash equivalents (note 2)                       | \$ 2,028,697        | \$ 2,270,005        |
| Grants receivable  | 132,427             | 271,642             |
| Sales tax receivable                                     | 2,925               | 1,961               |
| Prepaid expenses   | 27,989              | 33,378              |
| Total current assets                                     | <u>2,192,038</u>    | <u>2,576,986</u>    |
| Non current assets                                       |                     |                     |
| Beneficial interest in assets<br>held by others (note 3) | 108,399             | 96,101              |
| Security deposit   | 5,583               | 5,583               |
| Right-of-use assets - operating leases (note 7)          | 272,021             | 318,653             |
| Property and equipment, net (note 4)                     | 17,212              | 17,179              |
| Total non current assets                                 | <u>403,215</u>      | <u>437,516</u>      |
| Total assets   | <u>\$ 2,595,253</u> | <u>\$ 3,014,502</u> |
| <b>Liabilities and net assets</b>                        |                     |                     |
| Current liabilities                                      |                     |                     |
| Accounts payable and accrued expenses                    | \$ 59,994           | \$ 75,370           |
| Credit cards payable                                     | 4,979               | 5,117               |
| Accrued paid time off (note 5)                           | 53,927              | 43,916              |
| Contract liabilities (note 6)                            | 1,915               | 3,363               |
| Lease liability - current portion (note 7)               | 49,082              | 64,630              |
| Total current liabilities                                | <u>169,897</u>      | <u>192,396</u>      |
| Non-current liabilities                                  |                     |                     |
| Lease liability (note 12)                                | 311,414             | 335,129             |
| Total non-current liabilities                            | <u>311,414</u>      | <u>335,129</u>      |
| Total liabilities  | 481,311             | 527,525             |
| Net assets   |                     |                     |
| Without donor restrictions                               | 606,167             | 740,426             |
| With donor restrictions (note 8)                         | 1,507,775           | 1,746,551           |
| Total net assets   | <u>2,113,942</u>    | <u>2,486,977</u>    |
| Total liabilities and net assets                         | <u>\$ 2,595,253</u> | <u>\$ 3,014,502</u> |

The accompanying notes are an integral part of the financial statements.

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2023

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| <b>Operating activities:</b>                                       |                               |                            |                     |
| <b>Support and revenue</b>   |                               |                            |                     |
| Contributions  | \$ 184,883                    | \$ -                       | \$ 184,883          |
| Conference and training  | 61,482                        | -                          | 61,482              |
| Contracts  | 1,245,896                     | -                          | 1,245,896           |
| Grants   | 80,250                        | 803,000                    | 883,250             |
| Membership dues  | 103,347                       | -                          | 103,347             |
| Other income   | 3,025                         | -                          | 3,025               |
| Total revenue  | <u>1,678,883</u>              | <u>803,000</u>             | <u>2,481,883</u>    |
| Net assets released from<br>donor restrictions (note 8)            | <u>1,041,776</u>              | <u>(1,041,776)</u>         | <u>-</u>            |
| Total support and revenues   | <u>2,720,659</u>              | <u>(238,776)</u>           | <u>2,481,883</u>    |
| <b>Expenses</b>  |                               |                            |                     |
| Program services   |                               |                            |                     |
| Public education   | 1,181,089                     | -                          | 1,181,089           |
| Prevention programs  | 975,735                       | -                          | 975,735             |
| Training   | 296,153                       | -                          | 296,153             |
| Total program services   | <u>2,452,977</u>              | <u>-</u>                   | <u>2,452,977</u>    |
| Support services   |                               |                            |                     |
| Management and general   | 307,429                       | -                          | 307,429             |
| Fundraising  | 110,615                       | -                          | 110,615             |
| Total supporting services  | <u>110,615</u>                | <u>-</u>                   | <u>110,615</u>      |
| Total expenses   | <u>2,871,021</u>              | <u>-</u>                   | <u>2,871,021</u>    |
| Change in net assets from operating activities                     | (150,362)                     | (238,776)                  | (389,138)           |
| <b>Non-operating activities:</b>                                   |                               |                            |                     |
| Change in beneficial interest in<br>assets held by others (note 3) | 6,087                         | -                          | 6,087               |
| Interest income  | 10,016                        | -                          | 10,016              |
| Change in net assets from non-operating activities                 | <u>16,103</u>                 | <u>-</u>                   | <u>16,103</u>       |
| Change in net assets   | (134,259)                     | (238,776)                  | (373,035)           |
| Net assets, beginning of year, as restated                         | 740,426                       | 1,746,551                  | 2,486,977           |
| Net assets, end of year  | <u>\$ 606,167</u>             | <u>\$ 1,507,775</u>        | <u>\$ 2,113,942</u> |

The accompanying notes are an integral part of the financial statements.

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022

|  | Without Donor<br>Restrictions | With Donor<br>Restrictions | Total               |
|--|-------------------------------|----------------------------|---------------------|
| <b>Operating activities:</b>                                       |                               |                            |                     |
| <b>Support and revenue</b>   |                               |                            |                     |
| Contributions  | \$ 254,020                    | \$ -                       | \$ 254,020          |
| Conference and training  | 6,158                         | -                          | 6,158               |
| Contracts  | 741,518                       | -                          | 741,518             |
| Grants   | 115,000                       | 947,364                    | 1,062,364           |
| Membership dues  | 105,548                       | -                          | 105,548             |
| Other income   | 11,197                        | -                          | 11,197              |
| Total revenue  | <u>1,233,441</u>              | <u>947,364</u>             | <u>2,180,805</u>    |
| Net assets released from<br>donor restrictions (note 8)            | <u>1,134,428</u>              | <u>(1,134,428)</u>         | <u>-</u>            |
| Total support and revenues   | <u>2,367,869</u>              | <u>(187,064)</u>           | <u>2,180,805</u>    |
| <b>Expenses</b>  |                               |                            |                     |
| Program services   |                               |                            |                     |
| Public education   | 1,067,184                     | -                          | 1,067,184           |
| Prevention programs  | 898,054                       | -                          | 898,054             |
| Training   | 184,115                       | -                          | 184,115             |
| Total program services   | <u>2,149,353</u>              | <u>-</u>                   | <u>2,149,353</u>    |
| Support services   |                               |                            |                     |
| Management and general   | 232,844                       | -                          | 232,844             |
| Fundraising  | 121,336                       | -                          | 121,336             |
| Total supporting services  | <u>121,336</u>                | <u>-</u>                   | <u>121,336</u>      |
| Total expenses   | <u>2,503,533</u>              | <u>-</u>                   | <u>2,503,533</u>    |
| Change in net assets from operating activities                     | (135,664)                     | (187,064)                  | (322,728)           |
| <b>Non-operating activities:</b>                                   |                               |                            |                     |
| Change in beneficial interest in<br>assets held by others (note 3) | (17,309)                      | -                          | (17,309)            |
| Interest income  | 3,401                         | -                          | 3,401               |
| Change in net assets from non-operating activities                 | <u>(13,908)</u>               | <u>-</u>                   | <u>(13,908)</u>     |
| Change in net assets   | (149,572)                     | (187,064)                  | (336,636)           |
| Net assets, beginning of year                                      | 889,998                       | 1,933,615                  | 2,823,613           |
| Net assets, end of year  | <u>\$ 740,426</u>             | <u>\$ 1,746,551</u>        | <u>\$ 2,486,977</u> |

The accompanying notes are an integral part of the financial statements.



PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**STATEMENT OF CASH FLOWS**  
Years Ended June 30, 2023 and 2022

|  | 2023         | 2022         |
|--|--------------|--------------|
| Operating activities   |              |              |
| Change in net assets   | \$ (373,035) | \$ (336,636) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: |              |              |
| Depreciation expense   | 10,308       | 10,965       |
| Reduction in the carrying amount of the right-of-use assets - operating leases                     | 46,632       | -            |
| (Gains) losses on beneficial interest in assets held by others                                     | (6,087)      | 17,309       |
| Changes in operating assets and liabilities:   |              |              |
| Grants and contracts receivable, net   | 139,215      | 283,028      |
| Accounts receivable  | (964)        | 6,377        |
| Prepaid expenses   | 5,389        | (15,006)     |
| Security deposit   | -            | -            |
| Accounts payable   | (15,376)     | 62,054       |
| Credit cards payable   | (138)        | (2,306)      |
| Accrued paid time off  | 10,011       | (9,673)      |
| Deferred rent  | -            | (40,726)     |
| Deferred revenue   | (1,448)      | 840          |
| Lease liability  | (39,263)     | -            |
| Net cash provided (used) by operating activities   | (224,756)    | (23,774)     |
| Cash flows from investing activities   |              |              |
| Cash paid for purchases of fixed assets  | (10,341)     | (14,071)     |
| Purchase of investments  | (6,211)      | (6,606)      |
| Net cash used by investing activities  | (16,552)     | (20,677)     |
| Net increase (decrease) in cash and cash equivalents   | (241,308)    | (44,451)     |
| Cash and cash equivalents, beginning of year   | 2,270,005    | 2,267,824    |
| Cash and cash equivalents, end of year   | \$ 2,028,697 | \$ 2,223,373 |

The accompanying notes are an integral part of the financial statements.

**PREVENT CHILD ABUSE, NORTH CAROLINA INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2023

|                                   | Program Services    |                     |                   |                        | Support Services       |                   |                        | Total Expenses      |
|-----------------------------------|---------------------|---------------------|-------------------|------------------------|------------------------|-------------------|------------------------|---------------------|
|                                   | Public Education    | Prevention Programs | Training          | Total Program Services | Management and General | Fundraising       | Total Support Services |                     |
| Salaries                          | \$ 838,045          | \$ 608,601          | \$ 71,877         | \$ 1,518,522           | \$ 186,941             | \$ 72,118         | \$ 259,058             | \$ 1,777,581        |
| Fringe benefits and payroll taxes | 201,451             | 123,755             | 32,867            | 358,073                | 51,727                 | 10,861            | 62,588                 | 420,661             |
| Travel                            | 3,185               | 13,717              | 4,232             | 21,133                 | 6,987                  | 4,122             | 11,109                 | 32,242              |
| Telephone/internet                | 1,804               | 1,315               | 13,463            | 16,582                 | 501                    | 153               | 655                    | 17,236              |
| Postage                           | 2,069               | 1,007               | 1,742             | 4,817                  | 623                    | 870               | 1,493                  | 6,310               |
| Supplies                          | 745                 | 1,850               | 3,373             | 5,968                  | 531                    | 552               | 1,083                  | 7,051               |
| Printing and reproduction costs   | 888                 | 642                 | 75                | 1,605                  | 1,208                  | 76                | 1,284                  | 2,889               |
| Conference and training expenses  | 47,295              | 11,168              | 125,501           | 183,963                | 180                    | -                 | 180                    | 184,143             |
| Education/Public awareness        | 4,513               | 10                  | 14,573            | 19,096                 | -                      | 215               | 215                    | 19,311              |
| Donor Cultivation Efforts         | -                   | -                   | -                 | -                      | 108                    | 674               | 782                    | 782                 |
| Occupancy expense                 | 39,717              | 28,854              | 3,376             | 71,947                 | 8,115                  | 3,654             | 11,769                 | 83,716              |
| Maintenance                       | 17,249              | 16,392              | 5,693             | 39,334                 | 10,409                 | 3,105             | 13,514                 | 52,848              |
| Equipment                         | 270                 | 1,362               | 986               | 2,617                  | 227                    | 1,360             | 1,587                  | 4,204               |
| Fees and service charges          |                     |                     | 98                | 98                     | 7,072                  | 3,767             | 10,838                 | 10,936              |
| Consultants                       | 21,232              | 167,063             | 7,892             | 196,187                | 32,252                 | 8,611             | 40,863                 | 237,050             |
| Interest                          | 2,627               |                     | 1,079             | 3,707                  | -                      | -                 | -                      | 3,707               |
| Bad debt and other expenses       | -                   | -                   | -                 | -                      | 45                     | -                 | 45                     | 45                  |
| Depreciation                      |                     |                     | 9,328             | 9,328                  | 504                    | 476               | 980                    | 10,308              |
| <b>Totals</b>                     | <b>\$ 1,181,089</b> | <b>\$ 975,735</b>   | <b>\$ 296,153</b> | <b>\$ 2,452,977</b>    | <b>\$ 307,429</b>      | <b>\$ 110,615</b> | <b>\$ 418,044</b>      | <b>\$ 2,871,021</b> |

The accompanying notes are an integral part of the financial statements.

**PREVENT CHILD ABUSE, NORTH CAROLINA INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2022

|                                   | Program Services    |                     |                   |                        | Support Services       |                   |                        | Total Expenses      |
|-----------------------------------|---------------------|---------------------|-------------------|------------------------|------------------------|-------------------|------------------------|---------------------|
|                                   | Public Education    | Prevention Programs | Training          | Total Program Services | Management and General | Fundraising       | Total Support Services |                     |
| Salaries                          | \$ 741,089          | \$ 617,355          | \$ 69,473         | \$ 1,427,918           | \$ 153,989             | \$ 82,640         | \$ 236,629             | \$ 1,664,547        |
| Fringe benefits and payroll taxes | 151,792             | 123,363             | 4,126             | 279,281                | 32,970                 | 13,528            | 46,498                 | 325,780             |
| Professional development          | 1,981               | 1,497               | 7,277             | 10,756                 | 1,962                  | 543               | 2,505                  | 13,261              |
| Travel                            | 98                  | -                   | 97                | 195                    | -                      | 215               | 215                    | 410                 |
| Telephone/internet                | 2,013               | 1,538               | 14,015            | 17,566                 | 390                    | 206               | 597                    | 18,162              |
| Copier                            | 310                 | 255                 | 29                | 594                    | -                      | 91                | 91                     | 686                 |
| Postage                           | 1,263               | 1,043               | 1,994             | 4,300                  | 389                    | 1,170             | 1,559                  | 5,859               |
| Supplies                          | 1,145               | 1,007               | 907               | 3,059                  | 1,280                  | 63                | 1,343                  | 4,402               |
| Printing and reproduction costs   | -                   | -                   | -                 | -                      | 1,092                  | 2,099             | 3,191                  | 3,191               |
| Conference and training expenses  | 14,539              | 5,848               | 7,001             | 27,388                 | -                      | -                 | -                      | 27,388              |
| Education/Public awareness        | 16,981              | -                   | 7,277             | 24,258                 | 1,266                  | 609               | 1,875                  | 26,132              |
| Donor Cultivation Efforts         | -                   | -                   | -                 | -                      | -                      | 261               | 261                    | 261                 |
| Occupancy expense                 | 35,930              | 29,685              | 3,389             | 69,004                 | 1,598                  | 4,209             | 5,807                  | 74,811              |
| Maintenance                       | 14,427              | 15,121              | 5,456             | 35,004                 | 5,975                  | 3,045             | 9,020                  | 44,024              |
| Equipment                         | -                   | -                   | 1,519             | 1,519                  | 7,080                  | 532               | 7,612                  | 9,131               |
| Accounting and audit              | -                   | -                   | 5,560             | 5,560                  | 8,464                  | -                 | 8,464                  | 14,024              |
| Fees and service charges          | -                   | -                   | 96                | 96                     | 5,650                  | 6,560             | 12,209                 | 12,306              |
| Consultants                       | 69,989              | 101,342             | 1,783             | 173,114                | 9,149                  | 4,853             | 14,001                 | 187,115             |
| Outside services                  | 11,345              | -                   | 44,318            | 55,663                 | 847                    | -                 | 847                    | 56,510              |
| Interest                          | -                   | -                   | -                 | -                      | 48                     | -                 | 48                     | 48                  |
| Bad debt and other expenses       | 4,282               | -                   | 27                | 4,309                  | -                      | 213               | 213                    | 4,522               |
| Depreciation                      | -                   | -                   | 9,771             | 9,771                  | 695                    | 499               | 1,194                  | 10,965              |
| <b>Totals</b>                     | <b>\$ 1,067,184</b> | <b>\$ 898,054</b>   | <b>\$ 184,115</b> | <b>\$ 2,149,355</b>    | <b>\$ 232,844</b>      | <b>\$ 121,336</b> | <b>\$ 354,179</b>      | <b>\$ 2,503,535</b> |

The accompanying notes are an integral part of the financial statements.

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

**Note 1 – Nature of activities and significant accounting policies**

Prevent Child Abuse, North Carolina Inc., (the “Organization”) was formed January 1, 1979 for educational, scientific, and charitable purposes. The Organization is dedicated to the prevention of child abuse and neglect in all its forms. The Organization is supported mainly through federal and private grants.

**Basis of accounting** - The Organization uses the accrual basis of accounting; therefore, revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

**Basis of presentation** – The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and board of directors.

**Net assets with donor restrictions** – Net assets subject to grantor and donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Revenue recognition** - The Organization follows ASC Topic 985-605, *Revenue Recognition*. In accordance with ASC 985-605, contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as unrestricted net assets.

**Contract revenue** – The Organization recognizes contract revenue for reimbursements of program services when the performance obligations of providing the services are met (i.e. developing child prevention action plans). Membership dues, which are nonrefundable, are recognized ratably over the membership period because the benefits to members are consistent throughout the year. Payments are required at the start of the membership period; amounts received in advance are deferred to the applicable period. Consequently, at June 30, 2023, membership dues of \$1,915 have not been recognized in the statement of activities because the condition on which they depend have not yet been met.

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

**Note 1 – Nature of activities and significant accounting policies (continued)**

**Newly implemented accounting policies** - ASU 2016-02, Leases (Topic 842) is effective for periods beginning after December 15, 2022. This ASU requires lessees to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statements. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the adoption of the accounting policy on the financial statements.

**Measure of operations** – The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization’s ongoing services. Non-operating activities are limited to resources that generate return from investments and other activities consider to be of a more unusual or nonrecurring nature.

**Advertising** - The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022 is \$0 and \$0, respectively.

**Grants and contributions receivable** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are met.

**Property and equipment** – Purchases of furniture and equipment are recorded at cost. It is the Organization’s policy that equipment expenditures less than \$500 are expensed. Donated capital assets are recorded at their estimated fair value at the date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, ranging from three to seven years.

**Beneficial interest in assets held by others** – The Organization’s beneficial interest in an agency endowment fund with the North Carolina Community Foundation (the “Foundation”) is recognized as an asset. The endowment, including all investment income, capital gains and subsequent contributions are the Foundation’s property.

As provided by the Foundation’s current policies and procedures, an annual distribution is available to the Organization. The amount available for distribution at June 30, 2023 and 2022 is \$3,750 and \$2,910, respectively. While the stated intention of the agreement is for the principal to remain undistributed, the principal may be distributed at the Foundation’s discretion.

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

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

**Note 1 – Nature of activities and significant accounting policies (continued)**

**Income taxes** - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Consequently, no provision for income taxes has been made in the accompanying statements.

**Uncertain tax positions** – Income from certain activities not directly related to the Organization’s tax-exempt purposes may be subject to taxation as unrelated business income. The Organization currently has no obligation for unrelated business income tax.

**Fair value measurement** – FASB ASC 820-10, *Fair Value Measurements and Disclosures*, provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities, or
- Level 3: Unobservable inputs that are supported by little or no market activity and that reflect the Organization’s own assumptions about market prices.

**Functional expenses** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

| <u>Expense</u>         | <u>Allocation method</u>     |
|------------------------|------------------------------|
| Salaries and benefits  | Full Time Equivalent ("FTE") |
| Telephone and internet | FTE                          |
| Equipment rent         | FTE                          |
| Occupancy              | FTE                          |
| Maintenance            | FTE                          |
| Other                  | FTE                          |

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2023 and 2022

**Note 1 – Nature of activities and significant accounting policies (continued)**

**Leases** – The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

**Note 2 – Cash and cash equivalents**

The Organization’s cash consists of cash on deposit with banks. Cash equivalents consist of short-term, highly liquid investments, with original maturities at time of purchase of less than ninety days. The Organization had the following cash and cash equivalents balances available for operations as of June 30:

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| Non-interest bearing checking accounts | \$ 1,688,743        | \$ 1,538,175        |
| Interest bearing accounts              |                     |                     |
| Money market                           | 338,682             | 731,349             |
| Savings                                | 13                  | 13                  |
|  | <u>338,695</u>      | <u>731,362</u>      |
| Undeposited funds                      | 1,259               | 468                 |
| Total                                  | <u>\$ 2,028,697</u> | <u>\$ 2,270,005</u> |

**Note 3 – Beneficial interest in assets held by others**

The Organization’s investments consist of a beneficial interest in assets held by others valued at \$108,399 and \$96,101 and classified in Level 3 of the fair value hierarchy based on the value reported by the North Carolina Community Foundation as of June 30, 2023 and 2022, respectively. The following table provides a summary of changes in the fair value of the Organization’s Level 3 financial assets for the years ended June 30:

|   | 2023              | 2022             |
|---|-------------------|------------------|
| Beginning balance                             | \$ 96,101         | \$ 106,804       |
| Contribution                                  | 5,100             | 5,000            |
| Dividends and interest                        | 2,125             | 2,659            |
| Net realized and<br>unrealized gains (losses) | 6,087             | (17,309)         |
| Fees  | (1,014)           | (1,053)          |
| Ending balance                                | <u>\$ 108,399</u> | <u>\$ 96,101</u> |

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

**Note 4 – Property and equipment, net**

Property and equipment consist of the following at June 30, 2023 and 2022:

|                               | <u>2023</u>      | <u>2022</u>      |
|-------------------------------|------------------|------------------|
| Furniture                     | \$ 3,682         | \$ 3,682         |
| Equipment                     | 50,802           | 41,453           |
| Total property and equipment  | 54,484           | 45,135           |
| Less accumulated depreciation | <u>(37,272)</u>  | <u>(27,956)</u>  |
| Property and equipment, net   | <u>\$ 17,212</u> | <u>\$ 17,179</u> |

The Organization recognized depreciation expense of \$10,308 and \$10,965 for the years ended June 30, 2023, respectively.

**Note 5 – Accrued paid time off**

The Organization has a leave policy in which employees are allowed to carry over 10 days of accrued leave into the subsequent year. Accrued paid time off was \$53,927 and \$43,916 as of June 30, 2023 and 2022, respectively.

**Note 6 – Contract liabilities**

The Organization records as contract liabilities, payments received in advance of delivery of the related services. At June 30, 2023 and 2022, contract liabilities consisted solely of membership dues and totaled \$1,915 and \$3,363, respectively.

**Note 7 – Right-of-use asset and related lease liability**

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from its financing lease, was calculated based on the present value of future lease payments over the lease term. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023 and 2022, was 5.25%.

On October 29, 2018, the Organization entered into an financing lease for its primary office space. The lease agreement is payable in monthly installments that began at \$4,875 for the first year and escalated according to a fixed schedule annually until the lease ends, on May 1, 2024.

For the year ended June 30, 2023 and 2022, lease expense totaled \$46,632. Cash paid for financing leases for the year ended June 30, 2023 was \$64,630. There were no noncash investing and financing transactions related to leasing.



PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

**Note 8 – Net assets with donor restrictions and releases from restriction**

The following donor restricted net assets are available for prevention programs at June 30, as indicated:

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
| Strengthening Families and Caring Connections   | \$ 367,692         | \$ 527,833         |
| Community Child Abuse Prevention Program        | -                  | 121,375            |
| Evidence based program support                  | 1,017,603          | 924,095            |
| CRM software infrastructure and challenge grant | 119,480            | 119,480            |
| Landscape Analysis - Primary Prevention         | -                  | 53,768             |
| Redwoods Group                                  | 2,500              | -                  |
| Fred & June Aysse Charitable                    | 500                | -                  |
|   | <u>\$1,507,775</u> | <u>\$1,746,551</u> |

During the years ended June 30, 2023 and 2022, donor restricted net assets were released due to satisfaction of the following purpose restrictions.

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
| Strengthening Families and Caring Connections   | \$ 160,141         | \$ 189,241         |
| Community Child Abuse Prevention Program        | 121,375            | 70,003             |
| Evidence based program support                  | 706,492            | 803,248            |
| CRM software infrastructure and challenge grant | -                  | 520                |
| Landscape Analysis - Primary Prevention         | 53,768             | 71,416             |
|   | <u>\$1,041,776</u> | <u>\$1,134,428</u> |

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

**Note 9 – Availability and liquidity**

The following represents the Organization’s financial assets at June 30:

|  | 2023         | 2022         |
|--|--------------|--------------|
| Financial assets at year end:  |              |              |
| Cash and cash equivalents  | \$ 2,028,697 | \$ 2,270,005 |
| Grants and contracts receivable  | 132,427      | 271,642      |
| Sales tax receivable   | 2,925        | 1,961        |
| Beneficial interest in assets held by others                           | 108,399      | 96,101       |
| Total financial assets   | 2,272,448    | 2,639,709    |
| Less amounts not available to be used within one year:                 |              |              |
| Net assets with donor restrictions                                     | (1,507,775)  | (1,746,551)  |
| Beneficial interest in assets held by others                           | (108,399)    | (96,101)     |
|  | (1,616,174)  | (1,842,652)  |
| Add Net assets with purpose restrictions to be met in less than a year | 1,088,102    | 1,134,428    |
| Total amount not available to be used in one year                      | (528,072)    | (708,224)    |
| Total Financial assets for use within the next year                    | \$ 1,744,376 | \$ 1,931,485 |

The Organization’s goal in general is to maintain financial assets to meet 90-120 days of operating expenses (approximately \$550,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Organization has a \$75,000 line of credit available to meet cash flow needs.

**Note 10 – Retirement plan**

The Organization provides retirement benefits to its participating employees through a defined contribution plan. The Organization contributes four percent of each participant’s eligible compensation to the plan. Contributions to the plan during the year ended June 30, 2023 and 2022 were \$60,724 and \$63,697, respectively.

**Note 11 – Contingencies**

The Organization receives grant funds. Such funds are subject to final approval by the grantor agencies and deficiencies, if any, are the responsibility of the Organization. The Organization has the usual obligations of a contractor for performance in connection with contracts for work performed and to be performed. Management does not anticipate any significant losses in connection with these grants.

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
 June 30, 2023 and 2022

**Note 12 – Concentrations**

The Organization holds its cash and cash equivalents in North Carolina based banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There are uninsured cash account balances of \$1,548,424 and \$1,548,424 at June 30, 2023 and 2022, respectively. The Organization has not experienced, nor does it expect to experience, any losses with respect to such accounts.

During the year ended June 30, 2023, 95% of grant and contract revenue was received from two funders and 98% of grant and contract receivables are from one funder. During the year ended June 30, 2022, 83% of grant and contract revenue was received from two funders and 94% of grant and contract receivables are from one funder.

**Note 13 – Description of program services**

**Prevention Programs** – Administer the Incredible Years, Strengthening Families Program 6-11, Circle of Parents and by offering coaching, implementation support, technical assistance, pre-service training, professional networks, sustainability, and leadership development. Cultivate a Prevention Network to advocate for community-based prevention organizations, promote evidence-based programs and protect children from child sexual abuse.

**Public Education** - Statewide public awareness campaigns are designed to help communities understand the impact of child maltreatment and the importance of children’s healthy growth and development. Communities are provided with parenting materials, toolkits, statistics and research, information about access to parent support, an 800-line for information and referral services, and information about how to recognize and respond to child maltreatment.

**Training and Professional Development** – Provide statewide trainings, consultation, professional network opportunities and biennial learning & leadership summit. Conduct trainings online, through webinars and in person throughout the year to increase knowledge about child abuse and neglect prevention, and engage professionals and child advocates to build professional skills.

**Note 14 – Prior period restatement**

During the year ended June 30, 2023, the Organization implemented FASB ASC 842 - Leases using a retrospective approach. Accordingly, amounts previously reported as of June 30, 2022 were restated as follows:

|  | <u>Right of Use Asset</u> | <u>Lease Liability</u> | <u>Net Assets</u>   |
|--|---------------------------|------------------------|---------------------|
| As previously reported                                 | \$ -                      | \$ -                   | \$ 2,568,083        |
| Retrospective implementation<br>of accounting standard | 318,653                   | 399,759                | (81,106)            |
| As restated  | <u>\$ 318,653</u>         | <u>\$ 399,759</u>      | <u>\$ 2,486,977</u> |

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2023 and 2022

---

**Note 15 – Subsequent events**

The Organization has evaluated subsequent events occurring after June 30, 2023 through March 26, 2024, which is the date the financial statements were available to be issued.

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
Raleigh, North Carolina

**Compliance Section**

Year Ended June 30, 2023



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Prevent Child Abuse North Carolina  
Durham, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States the financial statements of the Prevent Child Abuse, North Carolina (a nonprofit organization, the "Organization"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified audit finding as a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as an item that we consider to be a material weakness.

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



### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*McConnell & Jones LLP*

Durham, North Carolina  
March 26, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
THE UNIFORM GUIDANCE

To the Board of Directors  
Prevent Child Abuse, North Carolina  
Morrisville, North Carolina

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

**Opinion on Each Major Federal Program**

We have audited the Prevent Child Abuse, North Carolina's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.





### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures not disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which would be described in the accompanying schedule of findings and questioned costs as item. Our opinion on each major federal program is not modified with respect to these matters.



Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McConnell & Jones LLP*

Durham, North Carolina  
March 26, 2024

PREVENT CHILD ABUSE, NORTH CAROLINA  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year Ended June 30, 2023

---

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

***Financial statements***

|   |                            |
|---|----------------------------|
| Type of auditors’ report issued:  | <b>Unmodified</b>          |
| Internal control over financial reporting:  |                            |
| • Material weakness (es) identified?  | Yes <u>X</u> No            |
| • Significant deficiency(s) identified that are not considered material weaknesses? | Yes <u>X</u> None reported |
| Noncompliance material to consolidated financial statements noted?                  | Yes <u>X</u> No            |

***Federal Awards***

|   |                            |
|---|----------------------------|
| Internal control over major federal programs:                                       |                            |
| • Material weakness (es) identified?  | Yes <u>X</u> No            |
| • Significant deficiency(s) identified that are not considered material weaknesses? | Yes <u>X</u> None reported |
| Noncompliance material to federal awards?   | Yes <u>X</u> No            |

|   |                   |
|---|-------------------|
| Type of auditors’ report issued on compliance for major federal programs:                             | <b>Unmodified</b> |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance | Yes      No       |

Identification of major federal and state programs:

| <u>Program Name</u>   | <u>Assistance Listing Number</u> |
|---|----------------------------------|
| Community-Based Child Abuse Prevention Grants:<br>American Rescue Plan  | 93.590                           |
| Dollar threshold use to distinguish between Type A and Type B programs: | <u>\$750,000</u>                 |
| Auditee qualified as low risk auditee                                   | <u>X</u> Yes      No             |

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2023

---

**Section II – Financial Statement Audit Findings**

None

**Section III – Major Federal Award Program Findings and Questioned Costs**

None

**Section IV – Summary Schedule of Prior Year Findings**

None

PREVENT CHILD ABUSE, NORTH CAROLINA INC.  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2023

| Grant/ Program Title  | Pass Through Organization   | Federal Assistance Listing Number | Federal Expenditures |
|---|---|-----------------------------------|----------------------|
| <b>Federal Awards</b>   |   |                                   |                      |
| U.S. Department of Health and Human Services:                       |   |                                   |                      |
| Community-Based Child Abuse Prevention Grants: American Rescue Plan | NC Department of Health and Human Services/ Division of Social Services | 93.590                            | \$ 1,208,480         |
| <b>Total U.S Department of Health and Human Services</b>            |   |                                   | <u>1,208,480</u>     |
| <b>Total Federal Awards</b>   |   |                                   | <u>\$ 1,208,480</u>  |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

**Notes to the Schedule of Expenditures of Federal Awards:**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Organization under the programs of the federal government for the year ended June 30, 2023. This information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of Reinvestment Partners, it is not intended to and does not present the financial position, changes in net assets or cash flows of Reinvestment Partners.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the SEFA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.