

**PREVENT CHILD ABUSE TENNESSEE**

**Financial Statements and Supplementary Information**

**June 30, 2017 and 2016**

**(With Independent Auditors' Report Thereon)**

# PREVENT CHILD ABUSE TENNESSEE

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors of  
Prevent Child Abuse Tennessee:

### Report on the Financial Statements

We have audited the accompanying financial statements of Prevent Child Abuse Tennessee (the "Organization"), a Tennessee corporation, which are comprised of the statements of financial position as of June 30, 2017 and 2016, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prevent Child Abuse Tennessee as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state grant awards and related notes, 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of Board Members and Management has not been subjected to auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2017, on our consideration of the 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Brentwood, Tennessee  
December 18, 2017

PREVENT CHILD ABUSE TENNESSEE

Statements of Financial Position

June 30, 2017 and 2016

	<u>Assets</u>	
	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 464,002	\$ 84,502
Grants receivable	326,136	461,588
Prepaid expenses	<u>3,275</u>	<u>550</u>
Total current assets	793,413	546,640
Property and equipment	<u>4,000</u>	<u>5,000</u>
Total assets	\$ <u><u>797,413</u></u>	\$ <u><u>551,640</u></u>
	<u>Liabilities and Net Assets</u>	
Current liabilities:		
Accounts payable	\$ 22,241	\$ 23,771
Accrued expenses	<u>61,822</u>	<u>84,301</u>
Total current liabilities	<u>84,063</u>	<u>108,072</u>
Net assets - unrestricted	<u>713,350</u>	<u>443,568</u>
Total liabilities and net assets	\$ <u><u>797,413</u></u>	\$ <u><u>551,640</u></u>

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statements of Activities

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Changes in unrestricted net assets:		
Revenue:		
Grants	\$ 3,209,200	\$ 3,453,104
Donations	503,369	272,541
Fundraising	93,709	178,205
Service fees	8,430	12,580
In-kind donations	117,393	93,073
Other income	<u>1,022</u>	<u>966</u>
Total revenue	3,933,123	4,010,469
Expenses:		
Programs	3,391,627	3,605,522
Management and general	103,117	121,623
Fundraising	<u>168,597</u>	<u>132,846</u>
Total expenses	<u>3,663,341</u>	<u>3,859,991</u>
Increase in net assets	269,782	150,478
Net assets at beginning of year	<u>443,568</u>	<u>293,090</u>
Net assets at end of year	\$ <u>713,350</u>	\$ <u>443,568</u>

See accompanying notes to the financial statements.

# PREVENT CHILD ABUSE TENNESSEE

## Statement of Functional Expenses

Year ended June 30, 2017

	Parent Leadership	Healthy Start	Healthy Families	Nurturing Parents	VOCA	Stewards of Children	Other Programs	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 75,916	\$ 131,979	\$ 1,279,536	\$ 107,619	\$ 140,298	\$ 41,102	\$ -	\$ 1,776,450	\$ 54,556	\$ 73,403	\$ 1,904,409
Fringe benefits	20,139	40,522	387,033	25,279	30,228	11,544	-	514,745	6,272	20,280	541,297
Professional fees	1,855	3,165	58,913	2,516	34,897	1,094	-	102,440	10,130	5,747	118,317
Supplies	5,522	12,905	111,191	8,234	8,461	12,931	-	159,244	12,113	14,873	186,230
Telephone	1,402	5,069	39,370	2,732	3,756	1,332	-	53,661	901	1,382	55,944
Postage	40	114	1,005	258	90	681	-	2,188	1,185	1,936	5,309
Rent	2,055	6,939	62,525	3,457	2,633	2,906	-	80,515	3,086	3,622	87,223
Equipment and maintenance	133	536	4,416	183	2,591	163	-	8,022	103	231	8,356
Printing	244	723	6,904	290	217	273	-	8,651	448	4,057	13,156
Travel and conferences	9,568	14,893	155,795	13,176	3,415	2,854	-	199,701	7,522	1,476	208,699
Insurance	703	1,286	12,155	756	503	349	-	15,752	283	587	16,622
Indirect	32,447	6,000	265,262	17,497	10,541	11,284	-	343,031	208	242	343,481
Parent stipends	3,850	-	-	9,000	-	-	-	12,850	-	-	12,850
Depreciation	-	-	-	-	-	-	-	-	1,000	-	1,000
Other	2,458	54,656	41,448	12,633	2,053	1,129	-	114,377	5,299	40,761	160,437
Interest	-	-	-	-	-	-	-	-	11	-	11
Total expenses	\$ 156,332	\$ 278,787	\$ 2,425,553	\$ 203,630	\$ 239,683	\$ 87,642	\$ -	\$ 3,391,627	\$ 103,117	\$ 168,597	\$ 3,663,341

See accompanying notes to the financial statements.

# PREVENT CHILD ABUSE TENNESSEE

## Statement of Functional Expenses

Year ended June 30, 2016

	Parent Leadership	Healthy Start	Healthy Families	Nurturing Parents	VOCA	Stewards of Children	Other Programs	Total Program Services	Management and General	Fund Raising	Total
Salaries	\$ 93,748	\$ 140,235	\$ 1,135,697	\$ 119,242	\$ 75,247	\$ 37,678	\$ 17,550	\$ 1,619,397	\$ 41,853	\$ 39,707	\$ 1,700,957
Fringe benefits	19,225	40,995	296,491	20,999	5,789	8,875	1,516	393,890	3,453	9,681	407,024
Professional fees	1,728	4,664	498,909	4,877	1,418	972	315	512,883	6,849	18,584	538,316
Supplies	9,575	19,656	142,860	18,605	1,814	20,006	2,171	214,687	35,061	13,517	263,265
Telephone	2,676	7,037	49,212	4,410	11,106	1,460	-	75,901	663	1,470	78,034
Postage	317	743	748	456	650	130	12	3,056	797	2,949	6,802
Rent	3,896	6,034	70,190	7,682	840	1,829	1,104	91,575	1,176	1,311	94,062
Equipment and maintenance	300	1,031	6,315	458	71	155	87	8,417	100	132	8,649
Printing	403	42	6,446	530	80	157	86	7,744	133	1,041	8,918
Travel and conferences	8,044	20,198	225,071	18,901	841	3,767	160	276,982	3,200	1,326	281,508
Insurance	1,102	1,949	15,191	1,126	467	553	255	20,643	(2,239)	707	19,111
Indirect	13,122	17,611	214,535	16,939	442	11,617	2,370	276,636	1,926	645	279,207
Parent stipends	325	-	-	2,900	-	-	-	3,225	-	-	3,225
Depreciation	-	-	-	-	-	-	-	-	1,000	-	1,000
Other	4,458	7,997	66,145	17,299	3,685	873	29	100,486	26,084	41,776	168,346
Interest	-	-	-	-	-	-	-	-	1,567	-	1,567
Total expenses	\$ 158,919	\$ 268,192	\$ 2,727,810	\$ 234,424	\$ 102,450	\$ 88,072	\$ 25,655	\$ 3,605,522	\$ 121,623	\$ 132,846	\$ 3,859,991

See accompanying notes to the financial statements.



PREVENT CHILD ABUSE TENNESSEE

Statements of Cash Flows

Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase in net assets	\$ 269,782	\$ 150,478
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation expense	1,000	1,000
Decrease (increase) in operating assets:		
Grants receivable	135,452	(3,229)
Other accounts receivable	-	180
Prepaid expenses	(2,725)	(550)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,530)	(93,088)
Accrued expenses	<u>(22,479)</u>	<u>33,744</u>
Total adjustments	<u>109,718</u>	<u>(61,943)</u>
Net cash provided by operating activities	<u>379,500</u>	<u>88,535</u>
Cash flows from financing activities:		
Change in checks written in excess of bank balance	<u>-</u>	<u>(7,764)</u>
Increase in cash and cash equivalents	379,500	80,771
Cash and cash equivalents at beginning of year	<u>84,502</u>	<u>3,731</u>
Cash and cash equivalents at end of year	<u>\$ 464,002</u>	<u>\$ 84,502</u>

See accompanying notes to the financial statements.

# PREVENT CHILD ABUSE TENNESSEE

## Notes to the Financial Statements

June 30, 2017 and 2016

(1) Nature of activities

Prevent Child Abuse Tennessee (the "Organization") is a not-for-profit organization located in Nashville, Tennessee. The Organization provides services aimed at preventing the occurrence or continuation of child abuse. These services consist of parent support groups, a statewide toll-free parent helpline and domestic violence hotline, and pairing of trained volunteers with new families at a high risk for child abuse. All services are available at no charge. Principal funding is provided by federal grants through the Department of Health and Human Services. Organization operations are conducted by the executive director and staff under the guidance of the board of directors.

(2) Summary of significant accounting policies

The financial statements of the Organization are presented on the accrual basis. The significant accounting policies followed are described below.

(a) Basis of presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets which are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. There were no temporarily restricted or permanently restricted net assets as of June 30, 2017 and 2016.

Expirations of temporary restrictions on net assets are reported as net assets released from restriction between the applicable classes of net assets. Restricted donations which have been used in the same period as received are considered unrestricted in nature and reported as such.

# PREVENT CHILD ABUSE TENNESSEE

## Notes to the Financial Statements

June 30, 2017 and 2016

(b) Cash and cash equivalents

The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

(c) Receivables and credit policies

Substantially all receivables are from grantors. The carrying amount of receivables is reduced by a valuation allowance, if necessary, which reflects management's best estimate of the amounts that will not be collected. The allowance is estimated based on management's knowledge of its grantors and customers, historical loss experience and existing economic conditions. Late or interest charges on delinquent accounts are not recorded until collected. Accounts receivable are written-off when, in management's opinion, all collection efforts have been exhausted. As of June 30, 2017 and 2016, no valuation allowance was deemed necessary by management.

(d) Property and equipment

Property and equipment is stated at cost, net of depreciation. Depreciation is provided over the assets' estimated useful lives using the straight-line method. Equipment is generally depreciated over a period between five and seven years. The Organization's policy is to capitalize property and equipment expenditures over \$1,000 with useful lives of one year or more.

Expenditures for maintenance and repairs are expensed when incurred. Expenditures for renewals or betterments are capitalized. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in the change in unrestricted net assets.

(e) Income taxes

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code ("IRC") Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements. The Organization does not believe there are any uncertain tax positions and, accordingly it has not recognized any asset or liability for unrecognized tax benefits.

As of June 30, 2017 and 2016, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Organization files a U.S. Federal information tax return. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

# PREVENT CHILD ABUSE TENNESSEE

## Notes to the Financial Statements

June 30, 2017 and 2016

(f) Revenue recognition

Contribution revenue is recognized when received. Contributions and grants restricted by the donor, grantor, or other outside parties for particular operating purposes are deemed to be earned and reported as revenues when the Organization has incurred expenditures in compliance with the specific grant restrictions. Revenue from special events is recognized when it is earned, generally when the event occurs.

(g) In-kind donations

Individuals volunteer their time and perform a variety of tasks that assist the Organization with program services. Certain contributed services, such as those provided by volunteers trained in social work, require specialized skills and would otherwise need to be purchased if not provided by donation. Accordingly, the Organization recognized revenue and expense for those contributed services in the amount of \$117,393 and \$93,073 during the years ended June 30, 2017 and 2016, respectively.

(h) Long-lived assets

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

(i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

(j) Functional allocation of expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

(k) Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between June 30, 2017 and December 18, 2017 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

# PREVENT CHILD ABUSE TENNESSEE

## Notes to the Financial Statements

June 30, 2017 and 2016

(3) Credit risk and other concentrations

The Organization periodically maintains cash on deposit at banks in excess of federally insured amounts. The Organization has not experienced any losses in such accounts and management believes the Organization is not exposed to any significant credit risk related to cash.

Grants from the State of Tennessee and the federal government agencies amounted to approximately 81.7% and 88.1% of the Organization's revenue and accounts receivable, respectively, as of and for the year ended June 30, 2017. Grants from the State of Tennessee and the federal government agencies amounted to approximately 83.7% and 98.7% of the Organization's revenue and accounts receivable, respectively, as of and for the year ended June 30, 2016.

(4) Property and equipment

Property and equipment at June 30, 2017 and 2016, consisted of the following:

Equipment	\$ 7,000	\$ 7,000
Accumulated depreciation	<u>(3,000)</u>	<u>(2,000)</u>
	<u>\$ 4,000</u>	<u>\$ 5,000</u>

(5) Line of credit

At June 30, 2017, the Organization had a line of credit with a bank that provides for maximum borrowings of up to \$350,000. The line is unsecured and bears interest a variable interest rate equal to the Wall Street Journal Prime rate plus 1.0% (5% at June 30, 2017), payable monthly. All outstanding principle and unpaid interest is due at maturity on April 11, 2018. The Organization had no borrowings outstanding under the line of credit at June 30, 2017 and 2016.

(6) Retirement plan

The Organization sponsors a defined contribution plan pursuant to Section 403(b) of the IRC of 1986, as amended. Under the terms of the plan, each eligible employee may contribute a percentage of wages subject to certain limitations. The Organization may match employee contributions at its discretion. The Organization made contributions in the amount of \$18,571 and \$50,920 in 2017 and 2016, respectively.

(7) Lease commitments

The Company leases office space under operating leases. Rent expense under these leases amounted to \$87,223 and \$94,062 in 2017 and 2016, respectively.

**PREVENT CHILD ABUSE TENNESSEE**

**Notes to the Financial Statements**

**June 30, 2017 and 2016**

A summary of approximate future minimum payments under these leases as of June 30, 2017 is as follows:

	<u>Amount</u>
2018	\$ 28,000
2019	<u>6,000</u>
	<u>\$ 34,000</u>

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the expense for 2017.

**(8) Supplemental disclosures of cash flow statement information**

Interest paid during the years ended June 30, 2017 and 2016 totaled \$11 and \$1,567, respectively.

**PREVENT CHILD ABUSE TENNESSEE**

**Schedule of Expenditures of Federal and State Grant Awards**

**Year ended June 30, 2017**

<u>CFDA #</u>	<u>Grant Number</u>	<u>Receiveable Balance June 30, 2016</u>	<u>Receipts and Other Reductions</u>	<u>Expenditures</u>	<u>Receiveable Balance June 30, 2017</u>
<b>FEDERAL AWARDS</b>					
16.575	U.S. Dept. of Justice Pass-through from Tennessee Department of Finance and Administration Child Abuse Prevention Program - VOCA	\$ 4,241	\$ 120,823	\$ 191,500	\$ 74,918
	Total program	4,241	120,823	191,500	74,918
93.505	U.S. Dept. of Health and Human Services Pass-through from Tennessee Department of Health Healthy Families Healthy Families	76,827 280,533	426,968 2,155,012	377,966 2,036,932	27,825 162,453
	Total program	357,360	2,581,980	2,414,898	190,278
93.590	U.S. Dept. of Health and Human Services Pass-through from Tennessee Department of Children's Services Nurturing Parents - Mid Cumberland Nurturing Parents - Tennessee Valley Nurturing Parents - Davidson Stewards of Children - Upper Cumberland Stewards of Children - Davidson Stewards of Children - Smokey Stewards of Children - Knox Stewards of Children - East Parent Leadership	45705 45204 44797 45287 44814 44950 45104 44959 46055	16,771 16,214 15,548 2,941 5,685 2,790 6,198 2,902 42,013	13,956 14,705 14,705 2,941 5,882 2,941 5,882 2,941 36,763	- 651 - - 927 360 395 39 4,177
	Total program	16,895	111,062	100,716	6,549
	Total federal awards	378,496	2,813,865	2,707,114	271,745
<b>STATE AWARDS</b>					
N/A	Tennessee Department of Children's Services Healthy Start Nurturing Parents - Mid Cumberland Nurturing Parents - Tennessee Valley Nurturing Parents - Davidson Stewards of Children - Upper Cumberland Stewards of Children - Davidson Stewards of Children - Smokey Stewards of Children - Knox Stewards of Children - East Parent Leadership	42888 45705 45204 44797 45287 44814 44950 45104 44959 46055	265,109 40,253 38,915 37,317 7,059 13,645 6,697 14,877 6,966 100,838	228,500 33,496 35,295 35,295 7,059 14,118 7,059 14,118 7,059 88,238	- - 1,564 - - 2,226 863 947 93 10,027
	Total state awards	77,159	531,676	470,237	15,720
	Total federal and state awards	\$ 455,655	\$ 3,345,541	\$ 3,177,351	\$ 287,465

See accompanying notes to the Schedule of Expenditures of Federal and State Grant Awards

# PREVENT CHILD ABUSE TENNESSEE

## Notes to the Schedule of Expenditures of Federal and State Grant Awards

Year ended June 30, 2017

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Grant Awards (the "Schedule") includes the federal and state grant activity of Prevent Child Abuse Tennessee (the "Organization"). The information in the Schedule is presented in accordance with the 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") as codified by HHS at 45 CFR Part 75 and the State of Tennessee. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) Summary of Significant Accounting Policies

For purposes of the Schedule, expenditures of federal and state awards are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization did not expend any Federal or State awards during fiscal year 2017 in the form of non-cash assistance.

The Organization elected to not use the 10% de minimis indirect cost rate.

The Organization did not provide any funds to subrecipients.



# **PREVENT CHILD ABUSE TENNESSEE**

## **Schedule of Board Members and Management**

**June 30, 2017**

### **Board of Directors**

**Trevor Garret, Chairman**

**Sam Davidson, Chair-Elect**

**Leiot Smiley, Secretary**

**Chuck Wilson, Treasurer**

**Kristen Rector, President & CEO**

**Richard Kennedy**

**Evelyn Cotton**

**Shari Lyle**

**Carol Andrews**

**Lauren Riegle**

**Randy Kinnard**

**Will Turner**

**Ellen Wilkins**

**Rachel Raker**

**Paul Fassbender**

**Emily Bartlett**

**Beth Mason**

**Brian McGraw**

### **Members of Management**

**Kristen Rector, President & CEO**

**Katherine Snyder, COO**

**Melanie Scott, Director of Development**

**Claudia Oviedo, Director of Training**

**Jennifer Vaida, Director of Programs**

**Tanya Brown, Director of Human Resources**

**Suzie Browning, CFO**

**Polly Simons, Office Manager**

Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors of  
Prevent Child Abuse Tennessee:

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 Prevent Child Abuse Tennessee (the "Organization"), which are comprised of the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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.

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

### Compliance and Other Matters

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

LBMC, PC

Brentwood, Tennessee  
December 18, 2017

Independent Auditors' Report on Compliance for Each Major  
Program and on Internal Control Over Compliance  
Required by the Uniform Guidance

The Board of Directors of  
Prevent Child Abuse Tennessee:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Prevent Child Abuse Tennessee (the "Organization") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2017. The Organization's major federal program is identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the Federal statutes, regulations, contracts, and grants applicable to its federal program.

*Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Organization's major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

*Opinion on Each Major Federal Program*

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 the Organization's major federal program for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

L B M C, P C

Brentwood, Tennessee  
December 18, 2017

PREVENT CHILD ABUSE TENNESSEE

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

**SUMMARY OF INDEPENDENT AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Material weakness(es) identified?	<u>  </u> yes	<u>  </u> x no
Significant deficiency(ies) identified?	<u>  </u> yes	<u>  </u> x none reported
Noncompliance material to financial statements noted?	<u>  </u> yes	<u>  </u> x no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	<u>  </u> yes	<u>  </u> x no
Significant deficiency(ies) identified?	<u>  </u> yes	<u>  </u> x none reported

Type of auditors' report issued on compliance for major program **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   yes   x no

Identification of major programs for the Organization for the fiscal year ended June 30, 2017 are:

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program</u></b>
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93.505	Healthy Families
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Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   x yes   no

**(1) FINANCIAL STATEMENT FINDINGS**

None noted

**(2) FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS**

None noted

**(3) SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

None noted