PREVENT CHILD ABUSE TENNESSEE

Financial Statements and Supplementary Information

June 30, 2018 and 2017

(With Independent Auditors' Report Thereon)

MAKE A GOOD BUSINESS BETTER

PREVENT CHILD ABUSE TENNESSEE

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LBMC MAKE A GOOD BUSINESS BETTER

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, 2018 and 2017, 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, 2018 and 2017, 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 and the State of Tennessee*, 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, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements and has not been subjected to the auditing procedures applied in the audit of the financial statements. 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 5, 2018, 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 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 the 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 the Organization's internal control over financial reporting and compliance.

LBMC, PC

Brentwood, Tennessee
December 5, 2018

PREVENT CHILD ABUSE TENNESSEE

Statements of Financial Position

June 30, 2018 and 2017

Assets

	2018	2017
Current assets:		
Cash and cash equivalents	$ 481,948	$ 464,002
Grants receivable	521,294	287,465
Other accounts receivable	38,734	38,671
Prepaid expenses	3,275	3,275
Total current assets	1,045,251	793,413
Property and equipment	7,242	4,000
Total assets	$ 1,052,493	$ 797,413

Liabilities and Net Assets

	2018	2017
Current liabilities:		
Accounts payable	$ 69,127	$ 22,241
Accrued expenses	101,247	61,822
Total current liabilities	170,374	84,063
Net assets - unrestricted	882,119	713,350
Total liabilities and net assets	$ 1,052,493	$ 797,413

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statements of Activities

Years ended June 30, 2018 and 2017

	2018	2017
Changes in unrestricted net assets:		
Revenues:		
Grants	$ 3,210,676	$ 3,209,200
Donations	451,689	503,369
Fundraising	46,312	93,709
Service fees	5,765	8,430
In-kind donations	109,777	117,393
Other income	4,760	1,022
Total revenues	3,828,979	3,933,123
Expenses:		
Programs	3,337,335	3,391,627
Management and general	176,748	103,117
Fundraising	146,127	168,597
Total expenses	3,660,210	3,663,341
Increase in net assets	168,769	269,782
Net assets at beginning of year	713,350	443,568
Net assets at end of year	$ 882,119	$ 713,350

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statement of Functional Expenses

Year ended June 30, 2018

	Parent Leadership	Healthy Start	Healthy Families	Nurturing Parents	VOCA	Stewards of Children	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 96,695	$ 130,720	$ 1,249,699	$ 105,844	$ 230,313	$ 46,576	$ 1,470	$ 1,861,317	$ 48,400	$ 72,294	$ 1,982,011
Fringe benefits	18,729	36,585	357,192	30,770	48,475	11,304	461	503,516	3,740	20,465	527,721
Professional fees	2,843	3,080	82,179	2,708	32,700	1,645	10,053	135,208	3,965	6,583	145,756
Supplies	8,454	10,676	73,100	4,898	5,992	12,465	70	115,655	7,043	15,213	137,911
Telephone	1,380	4,869	32,819	2,528	7,638	1,274	31	50,539	(177)	1,405	51,767
Postage	322	420	4,747	442	161	196	-	6,288	343	1,606	8,237
Rent	3,981	9,209	58,502	5,604	2,654	4,170	87	84,207	474	7,696	92,377
Equipment and maintenance	244	633	6,262	357	644	231	5	8,376	87	328	8,791
Printing	297	918	6,622	407	210	446	7	8,907	61,955	1,131	71,993
Travel and conferences	5,766	19,361	101,153	9,976	3,768	1,356	14	141,394	9,282	1,015	151,691
Insurance	906	1,770	12,017	856	1,315	455	4	17,323	213	714	18,250
Utilities	-	61	52	-	-	16	-	129	1	-	130
Indirect compensation and other	11,897	4,983	234,115	9,833	22,247	7,120	2,387	292,582	169	196	292,947
Parent stipends	4,407	-	-	9,300	-	-	-	13,707	-	-	13,707
Depreciation	-	-	-	-	-	-	-	-	1,749	-	1,749
Other	798	50,066	41,130	2,330	3,415	443	5	98,187	39,504	17,481	155,172
Total expenses	$ 156,719	$ 273,351	$ 2,259,589	$ 185,853	$ 359,532	$ 87,697	$ 14,594	$ 3,337,335	$ 176,748	$ 146,127	$ 3,660,210

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	Fundraising	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 compensation and other	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

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Increase in net assets	$ 168,769	$ 269,782
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation expense	1,749	1,000
Donated vehicle included in donations	(4,991)	-
Decrease (increase) in operating assets:		
Grants receivable	(233,831)	173,791
Other accounts receivable	(61)	(38,339)
Prepaid expenses	-	(2,725)
Increase (decrease) in operating liabilities:		
Accounts payable	46,886	(1,530)
Accrued expenses	39,425	(22,479)
Total adjustments	(150,823)	109,718
Net cash provided by operating activities	17,946	379,500
Cash and cash equivalents at beginning of year	464,002	84,502
Cash and cash equivalents at end of year	$ 481,948	$ 464,002

See accompanying notes to the financial statements.

(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 U.S. Department of Health and Human Services. Organization operations are conducted by the chief executive officer 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, 2018 and 2017.

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.

(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, 2018 and 2017, 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, 2018 and 2017, 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.

(f) Revenue recognition

Donations revenue is recognized when received. Non-cash donations are recorded at fair market value when received. Donations 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 $109,777 and $117,393 during the years ended June 30, 2018 and 2017, 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) New accounting standards

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This standard changes certain presentation and disclosure requirements of not-for-profit entities. The primary changes are a reduction in the number of net asset classes from three to two (donor restricted and non-donor restricted), reporting of underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, requiring enhanced disclosures about how a not-for-profit entity manages its liquidity and requiring reporting of expenses by functional and natural classification, as well as enhanced endowment disclosures. This standard is effective for fiscal years beginning after December 15, 2017 and will be adopted by the Organization for fiscal year 2019. The Organization expects the impact of adoption to be in the form of additional disclosures.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09, along with subsequent amendments, supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. In addition, ASU 2014-09 requires expanded quantitative and qualitative disclosures, including disclosure about the nature, amount, timing and uncertainty of revenue. This standard is effective for fiscal years beginning after December 15, 2018 and will be adopted by the Organization for fiscal year 2020. The Organization continues to evaluate its population of revenue sources to assess the potential effects ASU 2014-09 will have on its financial statements and related disclosures; however, the Organization expects the primary impact to be in the form of additional financial statement disclosures.

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires recognition of rights and obligations arising from lease contracts, including existing and new arrangements, as assets and liabilities on the statement of financial position. This standard is effective for fiscal years beginning after December 15, 2019 and will be adopted by the Organization for fiscal year 2021. The Organization is currently evaluating the effect of adoption on the Organization's financial statements.

(l) Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between June 30, 2018 and December 5, 2018 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(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 82.2% of the Organization's revenue for the year ended June 30, 2018. Grants from the State of Tennessee and the federal government agencies amounted to approximately 81.7% of the Organization's revenue for the year ended June 30, 2017.

(4) Property and equipment

Property and equipment at June 30, 2018 and 2017, consisted of the following:

	2018	2017
Equipment	$ 7,000	$ 7,000
Automobile	4,991	-
	11,991	7,000
Accumulated depreciation	(4,749)	(3,000)
	$ 7,242	$ 4,000

(5) Line of credit

The Organization has 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% (6.0% at June 30, 2018), payable monthly. All outstanding principle and unpaid interest is due at maturity on May 10, 2020. The Organization had no borrowings outstanding under the line of credit at June 30, 2018 and 2017.

(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 $22,351 and $18,571 in 2018 and 2017, respectively.

(7) Lease commitments

The Organization leases office space under operating leases. Rent expense under these leases amounted to $92,377 and $87,223 in 2018 and 2017, respectively. Subsequent to June 30, 2018, the Organization entered into a new office lease which will commence in February 2019.

A summary of approximate future minimum payments under these leases as of June 30, 2018 is as follows:

	Amount
2019	$ 49,000
2020	101,000
2021	103,000
2022	105,000
2023	107,000
2024 and later years	637,000
	$ 1,102,000

(8) Supplemental cash and non-cash disclosures of cash flow statement information

Interest paid during the year ended June 30, 2017 totaled $11.

Vehicle received through donation during the year ended June 30, 2018 with a fair market value of $4,991.

PREVENT CHILD ABUSE TENNESSEE

Schedule of Expenditures of Federal and State Grant Awards

Year ended June 30, 2018

CFDA #		Grant Number	Receivable Balance June 30, 2017	Receipts and Other Reductions	Expenditures	Receivable Balance June 30, 2018
	FEDERAL AWARDS					
	U.S. Dept. of Justice					
	Pass-through from Tennessee Department of Finance and Administration					
16.575	Child Abuse Prevention Program - VOCA	184785983	$ 74,918	$ 333,472	$ 308,680	$ 50,126
	Total program		74,918	333,472	308,680	50,126
	U.S. Dept. of Health and Human Services					
	Pass-through from Tennessee Department of Health					
93.136	Core State Violence and Injury Prevention Program	GR185667201	-	4,004	14,594	10,590
	Total program		-	4,004	14,594	10,590
	U.S. Dept. of Health and Human Services					
	Maternal, Infant, and Early Childhood Home Visiting Cluster					
	Pass-through from Tennessee Department of Health					
93.505	Healthy Families	GR1751410	27,825	106,501	78,676	-
93.505	Healthy Families	GR1649099	162,453	653,799	491,346	-
93.870	Healthy Families	GR1855831	-	1,337,685	1,683,808	346,123
	Total cluster		190,278	2,097,985	2,253,830	346,123
	U.S. Dept. of Health and Human Services					
	Pass-through from Tennessee Department of Children's Services					
93.590	Nurturing Parents - Mid Cumberland	45705	-	11,486	13,761	2,275
93.590	Nurturing Parents - Tennessee Valley	45204	651	13,081	14,500	2,070
93.590	Nurturing Parents - Davidson	44797	-	11,853	14,500	2,647
93.590	Stewards of Children - Upper Cumberland	45287	-	2,509	2,900	391
93.590	Stewards of Children - Davidson	44814	927	5,709	5,800	1,018
93.590	Stewards of Children - Smokey	44950	360	2,732	2,900	528
93.590	Stewards of Children - Knox	45104	395	5,144	5,800	1,051
93.590	Stewards of Children - East	44959	39	2,409	2,900	530
93.590	Parent Leadership	46055	4,177	31,022	36,250	9,405
	Total program		6,549	85,945	99,311	19,915
	Total federal awards		271,745	2,521,406	2,676,415	426,754
	STATE AWARDS					
N/A	Tennessee Department of Children's Services					
	Healthy Start	42888	-	182,718	228,500	45,782
	Nurturing Parents - Mid Cumberland	45705	-	28,122	33,691	5,569
	Nurturing Parents - Tennessee Valley	45204	1,564	31,995	35,500	5,069
	Nurturing Parents - Davidson	44797	-	29,020	35,500	6,480
	Stewards of Children - Upper Cumberland	45287	-	6,142	7,100	958
	Stewards of Children - Davidson	44814	2,226	13,933	14,200	2,493
	Stewards of Children - Smokey	44950	863	6,670	7,100	1,293
	Stewards of Children - Knox	45104	947	12,575	14,200	2,572
	Stewards of Children - East	44959	93	5,894	7,100	1,299
	Parent Leadership	46055	10,027	75,752	88,750	23,025
	Total state awards		15,720	392,821	471,641	94,540
	Total federal and state awards		$ 287,465	$ 2,914,227	$ 3,148,056	$ 521,294

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

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

Year ended June 30, 2018

(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 grant 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 2018 in the form of non-cash assistance.

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

The Organization did not provide any funds to subrecipients.

PREVENT CHILD ABUSE TENNESSEE

Schedule of Board Members and Management

June 30, 2018

Board of Directors

Sam Davidson, Chairman
Leiott Smiley, Chair-Elect
Chuck Wilson, Secretary
Emily Bartlett, Treasurer
Kristen Rector, President & CEO

Trevor Garret
Michelle Buchanan
Blaine Strock
Ashok Sudarshan
Lauren Riegle
Randy Kinnard
Will Turner
Ellen Wilkins
Rachel Raker
Paul Fassbender
Beth Mason
Brian McGraw

Members of Management
Kristen Rector, President & CEO
Katherine Snyder, COO
Melanie Scott, Director of Development
Jennifer Vaida, Director of Programs

LBMC MAKE A GOOD BUSINESS BETTER

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, 2018, 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 5, 2018.

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 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 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 5, 2018

Independent Auditors' Report on Compliance for Major Programs 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 programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal programs 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 programs. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on 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 programs for the year ended June 30, 2018.

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 Organization's major federal programs 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.

LBMC, PC

Brentwood, Tennessee
December 5, 2018

PREVENT CHILD ABUSE TENNESSEE

Schedule of Findings and Questioned Costs and Schedule of Prior Audit Findings

Year ended June 30, 2018

SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___yes	_x_no
Significant deficiency(ies) identified?	___yes	_x_none reported
Noncompliance material to financial statements noted?	___yes	_x_no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___yes	_x_no
Significant deficiency(ies) identified?	___yes	_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, 2018 are:

CFDA Number	Name of Federal Program
93.505/93.870	Maternal, Infant, and Early Childhood Home Visiting Cluster

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 AUDIT FINDINGS

None noted