PREVENT CHILD ABUSE TENNESSEE

Financial Statements and Supplementary Information

June 30, 2020 and 2019

(With Independent Auditors' Report Thereon)

LBMC MAKE A GOOD BUSINESS BETTER

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 comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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, as required by the Tennessee Audit Manual issued by the State of Tennessee Comptroller of the Treasury, 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.

LBMC, PC

Brentwood, Tennessee
December 2, 2020

PREVENT CHILD ABUSE TENNESSEE

Statements of Financial Position

June 30, 2020 and 2019

Assets

		2020		2019
Current assets:				
Cash and cash equivalents	$	931,737	$	739,397
Cash restricted for fiscal sponsorships		311,239		-
Grants receivable		734,303		479,392
Other accounts receivable		44,207		64,198
Prepaid expenses and other current assets		13,936		9,099
Total current assets		2,035,422		1,292,086
Property and equipment, net		3,246		5,244
Total assets	$	2,038,668	$	1,297,330

Liabilities and Net Assets

		2020		2019
Current liabilities:				
Accounts payable	$	108,822	$	97,802
Accrued expenses		37,384		38,593
Accrued wages and benefits		131,818		-
Funds held for fiscal sponsorships		311,239		-
Total current liabilities		589,263		136,395
Net assets without donor restrictions		1,449,405		1,160,935
Total liabilities and net assets	$	2,038,668	$	1,297,330

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statements of Activities and Changes in Net Assets

Years ended June 30, 2020 and 2019

	2020	2019
Changes in net assets without donor restrictions:		
Revenues:		
Grants	$ 3,864,954	$ 3,392,696
Donations	593,102	557,594
Fundraising	19,766	47,422
In-kind donations	123,854	127,049
Other income	85,905	18,265
Total revenues	4,687,581	4,143,026
Expenses:		
Programs	3,985,959	3,565,345
Management and general	207,300	97,523
Fundraising	205,852	201,342
Total expenses	4,399,111	3,864,210
Change in net assets	288,470	278,816
Net assets at beginning of year	1,160,935	882,119
Net assets at end of year	$ 1,449,405	$ 1,160,935

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statement of Functional Expenses

Year ended June 30, 2020

	Parent Leadership	Healthy Start / Healthy Families	Nurturing Parents	VOCA	Stewards of Children	Building Strong Brains	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 82,181	$ 1,617,273	$ 113,088	$ 367,901	$ 42,616	$ 24,431	$ 16,412	$ 2,263,902	$ 95,274	$ 102,583	$ 2,461,759
Fringe benefits	19,466	483,701	35,447	58,489	14,429	4,978	3,271	619,781	15,292	22,051	657,124
Professional fees	7,451	233,469	9,514	23,440	3,405	33,760	1,152	312,191	19,224	7,411	338,826
Supplies	18,822	158,181	1,430	20,046	7,531	62	138	206,210	2,110	5,088	213,408
Telephone	2,523	38,617	3,182	12,515	1,198	437	355	58,827	3,605	2,483	64,915
Postage	76	1,888	101	285	60	11	17	2,438	187	2,776	5,401
Rent	5,836	97,268	8,881	6,472	3,311	1,088	1,725	124,581	1,651	5,469	131,701
Equipment and maintenance	4	538	-	-	32	-	-	574	9	18	601
Printing	1,110	11,322	469	1,475	348	401	59	15,184	128	2,611	17,923
Travel and conferences	2,685	94,789	4,676	8,882	1,797	97	129	113,055	4,331	2,498	119,884
Insurance	380	9,645	1,017	2,003	378	17	16	13,456	121	391	13,968
Technology	3,288	103,714	8,003	41,478	2,539	2,094	1,052	162,168	1,251	2,581	166,000
Parent stipends	5,920	-	9,000	-	-	-	-	14,920	-	-	14,920
Depreciation	-	-	-	-	-	-	-	-	1,998	-	1,998
Bad debt	-	-	-	-	-	-	-	-	715	-	715
Other	9,674	51,881	1,561	1,069	367	14,023	97	78,672	61,404	49,892	189,968
Total expenses	$ 159,416	$ 2,902,286	$ 196,369	$ 544,055	$ 78,011	$ 81,399	$ 24,423	$ 3,985,959	$ 207,300	$ 205,852	$ 4,399,111

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statement of Functional Expenses

Year ended June 30, 2019

	Parent Leadership	Healthy Start / Healthy Families	Nurturing Parents	VOCA	Stewards of Children	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 103,497	$ 1,527,793	$ 105,778	$ 293,631	$ 51,373	$ 13,640	$ 2,095,712	$ 9,012	$ 86,053	$ 2,190,777
Fringe benefits	24,535	456,042	35,222	67,930	14,891	2,808	601,428	12,117	24,304	637,849
Professional fees	3,566	121,175	8,435	36,443	2,483	752	172,854	584	5,857	179,295
Supplies	5,640	65,691	6,896	2,950	1,128	160	82,465	1,520	5,220	89,205
Telephone	1,602	35,311	2,313	9,612	971	172	49,981	1,775	1,679	53,435
Postage	54	791	50	169	21	9	1,094	224	2,831	4,149
Rent	5,699	92,166	7,858	5,907	3,016	1,200	115,846	1,010	4,893	121,749
Equipment and maintenance	85	4,455	151	993	135	5	5,824	(183)	79	5,720
Printing	213	8,293	812	445	190	34,469	44,422	130	5,656	50,208
Travel and conferences	4,921	125,129	9,062	3,888	2,349	81	145,430	9,384	4,433	159,247
Insurance	571	16,423	1,112	3,407	279	70	21,862	(1,236)	622	21,248
Technology	3,715	129,857	5,516	20,980	1,358	232	161,658	1,061	1,689	164,408
Parent stipends	4,398	300	3,500	-	-	-	8,198	-	-	8,198
Depreciation	-	-	-	-	-	-	-	1,998	-	1,998
Bad Debt	-	-	-	-	-	-	-	4,330	-	4,330
Other	8,269	38,738	4,327	4,403	2,675	159	58,571	55,797	58,026	172,394
Total expenses	$ 166,765	$ 2,622,164	$ 191,032	$ 450,758	$ 80,869	$ 53,757	$ 3,565,345	$ 97,523	$ 201,342	$ 3,864,210

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statements of Cash Flows

Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 288,470	$ 278,816
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation expense	1,998	1,998
Bad debt expense	715	4,330
Decrease (increase) in operating assets:		
Grants receivable	(255,626)	41,904
Other accounts receivable	19,991	(29,796)
Prepaid expenses and other current assets	(4,837)	(5,824)
Increase (decrease) in operating liabilities:		
Accounts payable	11,020	28,675
Accrued expenses	(1,209)	(62,654)
Accrued wages and benefits	131,818	-
Fiscal sponsorship liability	311,239	-
Total adjustments	215,109	(21,367)
Net cash provided by operating activities	503,579	257,449
Cash, cash equivalents and restricted cash at beginning of year	739,397	481,948
Cash, cash equivalents and restricted cash at end of year	$ 1,242,976	$ 739,397

Supplemental cash and non-cash disclosures of cash flow statement information

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of the same shown above:

	2020	2019
Cash and cash equivalents	$ 931,737	$ 739,397
Cash restricted for fiscal sponsorships	311,239	-
	$ 1,242,976	$ 739,397

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) Recently adopted accounting standard

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). ASU No. 2018-08 is intended to clarify (1) when transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of contribution accounting guidance, or as exchange (reciprocal) transactions subject to other guidance, and (2) determining whether a contribution is conditional. The Organization adopted this guidance on July 1, 2019, using the modified prospective method. The adoption did not result in a material change to the financial statements.

(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, 2020 and 2019, 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 to 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 net assets without donor restrictions.

(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, 2020 and 2019, 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) Net assets

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions.

<u>Net assets with donor restrictions</u> - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when restrictions expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization has no net assets subject to donor-imposed restrictions at June 30, 2020 or 2019.

Contributions received are recorded as without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

(g) <u>Revenue recognition</u>

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.

(h) <u>In-kind donations</u>

In-kind donations include contributions of supplies or auction items received from donors which are recorded at their estimated fair value when received. Additionally, 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 goods and services in the amount of $123,854 and $127,049 during the years ended June 30, 2020 and 2019, respectively.

(i) Fiscal agent

Beginning in 2020, the Organization began to serve as the fiscal agent for All Children Excel ("ACE") Nashville, a collective impact initiative whose purpose is to prevent and mitigate the lifelong impact of childhood adversity to improve the safety, health and prosperity of the Nashville community. The Organization is the primary organization tasked to develop grant sources for ACE. The Organization does not have variance power over the contributions received for ACE which is governed by representatives from certain participating other non-profit organizations or community leaders. As a result, receipts from grants or other income sources for ACE and the related expenditures are not recorded on the Organization's statement of activities and changes in net assets. The Organization maintains restricted cash and an agency liability related to cash restricted for ACE.

(j) 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.

(k) 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.

(l) 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.

(m) New accounting standards, not yet adopted

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"). 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. The guidance was planned to be effective for the Organization beginning July 1, 2019; however, in April 2020, the FASB voted to defer the standard and it is now effective for the Organization beginning July 1, 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 No. 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 will generally require on-balance sheet recognition for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new rules, a lessee would account for most existing capital leases as finance leases (that is, recognizing amortization of the right-of-use ("ROU") asset, as well as separately recognizing interest on the lease liability in the statement of operations). Most existing operating leases will remain as operating leases (that is, recognizing a single total lease expense). Both finance leases and operating leases will result in the lessee recognizing a ROU asset and a lease liability. The guidance was planned to be effective for the Organization beginning July 1, 2020; however, in April 2020, the FASB voted to defer the standard and it is now effective for the Organization beginning July 1, 2022. Management of the Organization is currently evaluating the impact adoption of ASU 2016-02 will have on its financial statements and disclosures.

(n) Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between June 30, 2020 and December 2, 2020 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(3) Liquidity and availability

The following table reflects the Organization's financial assets as of June 30, 2020 and 2019 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2020	2019
Cash and cash equivalents	$ 931,737	$ 739,397
Cash restricted for fiscal sponsorships	311,239	-
Grants receivable	734,303	479,392
Other accounts receivable	44,207	64,198
Total financial assets at end of year	2,021,486	1,282,987
Less: assets unavailable for general expenditure within one year:		
Cash restricted for fiscal sponsorships	311,239	-
Financial assets available to meet cash needs for general expenditures within one year	$ 1,710,247	$ 1,282,987

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in money market funds and interest bearing accounts and seeks to maintain liquid assets in order to meet its obligations as they become due. Additionally, at June 30, 2019, the Organization has a $350,000 line of credit available which could provide for operating cash, if needed. This line of credit was not renewed when it matured in May 2020.

(4) 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% and 80%, respectively, of the Organization's revenue for the years ended June 30, 2020 and 2019.

(5) Property and equipment

Property and equipment at June 30, 2020 and 2019, consist of the following:

	2020	2019
Equipment	$ 7,000	$ 7,000
Automobile	4,991	4,991
	11,991	11,991
Accumulated depreciation	(8,745)	(6,747)
	$ 3,246	$ 5,244

(6) Line of credit

The Organization had a line of credit with a bank at June 30, 2019 that provided for maximum borrowings of up to $350,000. The line was unsecured and matured on May 10, 2020. Upon maturity, the Organization did not renew the line of credit. The Organization had no borrowings outstanding under the line of credit at June 30, 2019.

(7) 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 $24,943 and $36,601 in 2020 and 2019, respectively.

(8) Lease commitments

The Organization leases office space and equipment under operating leases. Rent expense under these leases amounted to $131,701 and $121,749 in 2020 and 2019, respectively.

A summary of approximate future minimum payments under these leases as of June 30, 2020 is as follows:

	Amount
2021	$ 122,000
2022	121,000
2023	120,000
2024	111,000
2025	111,000
2026 and later years	409,000
	$ 994,000

(9) Current economic environment

As of the date this report was available to be issued, the United States, as well as many other countries around the world, was experiencing an infectious disease (COVID-19) outbreak, impacting individuals, governments, businesses and financial markets with unprecedented disruption and risk. While it is not possible to predict the impacts of the outbreak on the Organization's financial condition and results of operations, the Organization has not currently experienced significant changes in its operations except for the limitation of certain fundraising events and disruptions resulting from "safer at home" orders issued by state and local authorities. Additionally, the Organization received a Paycheck Protection Program loan totaling $38,500 for which all conditions for forgiveness had been substantially met during 2020.

Management is closely monitoring the situation and has implemented strategies designed to mitigate the impacts of these conditions. While the Organization continues to work to mitigate COVID-19 related impacts, the financial impact and duration of these uncertainties cannot be reasonably estimated.

(10) Subsequent event

Effective July 1, 2020, the Organization changed its legal name from Prevent Child Abuse Tennessee to Nurture the Next.

PREVENT CHILD ABUSE TENNESSEE

Schedule of Expenditures of Federal and State Grant Awards

Year ended June 30, 2020

CFDA #		Grant Number	Receivable Balance June 30, 2019	Receipts and Other Reductions	Expenditures	Receivable Balance June 30, 2020
	FEDERAL AWARDS					
	U.S. Dept. of Justice					
	Pass-through from Tennessee Department of Finance and Administration					
16.575	Child Abuse Prevention Program - VOCA	184785983	$ 72,693	$ 434,631	$ 488,900	$ 126,962
	Total program		72,693	434,631	488,900	126,962
	U.S. Dept. of Health and Human Services					
	Pass-through from Tennessee Department of Health					
93.136	Core State Violence and Injury Prevention Program	GR1959307	3,904	5,370	1,466	-
93.136	Core State Violence and Injury Prevention Program	GR2064927	-	13,052	19,752	6,700
	Total program		3,904	18,422	21,218	6,700
	U.S. Dept. of Health and Human Services					
	Maternal, Infant, and Early Childhood Home Visiting Cluster					
	Pass-through from Tennessee Department of Health					
93.870	Healthy Families	GR1960193	320,592	2,370,458	2,500,852	450,986
	Total program		320,592	2,370,458	2,500,852	450,986
	U.S. Dept. of Health and Human Services					
	Pass-through from Tennessee Department of Children's Services					
93.590	Nurturing Parents - Mid Cumberland	57594	1,349	12,425	13,760	2,684
93.590	Nurturing Parents - Tennessee Valley	57305	1,119	13,500	14,494	2,113
93.590	Nurturing Parents - Davidson	57637	1,338	15,286	14,500	552
93.590	Stewards of Children - Davidson	57638	180	4,519	5,800	1,461
93.590	Stewards of Children - Smokey	57552	-	2,488	2,900	412
93.590	Stewards of Children - Knox	57289	474	4,537	5,800	1,737
93.590	Stewards of Children - East	57276	207	2,564	2,900	543
93.590	Parent Leadership	57768	5,083	30,508	36,250	10,825
	Total program		9,750	85,827	96,404	20,327
	Total federal awards		406,939	2,909,338	3,107,374	604,975
	STATE AWARDS					
N/A	Tennessee Department of Children's Services					
	Healthy Start	59315	48,579	364,988	364,700	48,291
	Nurturing Parents - Mid Cumberland	57594	3,303	30,421	33,691	6,573
	Nurturing Parents - Tennessee Valley	57305	2,739	33,053	35,487	5,173
	Nurturing Parents - Davidson	57637	3,277	37,427	35,500	1,350
	Stewards of Children - Davidson	57638	442	11,065	14,200	3,577
	Stewards of Children - Smokey	57552	-	6,092	7,100	1,008
	Stewards of Children - Knox	57289	1,160	11,107	14,200	4,253
	Stewards of Children - East	57276	508	6,279	7,100	1,329
	Parent Leadership	57768	12,445	74,694	88,750	26,501
	Building Strong Brains	63446	-	48,727	80,000	31,273
	Total state awards		72,453	623,853	680,728	129,328
	Total federal and state awards		$ 479,392	$ 3,533,191	$ 3,788,102	$ 734,303

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, 2020

(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 2020 in the form of non-cash assistance or provide any funds to subrecipients.

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

PREVENT CHILD ABUSE TENNESSEE

Schedule of Board Members and Management

June 30, 2020

Board of Directors

Chuck Wilson, Chairman
Blaine Strock, Chair-Elect
Eric Strickland, Secretary
Ashok Sudarshan, Treasurer
Kristen Davis, President & CEO

Eric Bacon
Sam Davidson
Kristen Davis
Paul Fassbender
Trevor Garrett
Rosemary Hunter
Tony Jones
Anne Morgan
Charlane Oliver
Jon Perkins
Leiott Smiley
Eric Strickland
Blaine Strock
Ashok Sudarshan
Mark Tinsey
Will Turner
Mario Vangeli
Mary Beth West
Chuck Wilson

Members of Management

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

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 comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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 2, 2020.

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 2, 2020

LBMC MAKE A GOOD BUSINESS BETTER

Independent Auditors' Report on Compliance for the 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 the Major Federal Program

We have audited Prevent Child Abuse Tennessee's (the "Organization") compliance 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, 2020. The Organization's major federal program is 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 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 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, 2020.

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 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.

LBMC, PC

Brentwood, Tennessee
December 2, 2020

PREVENT CHILD ABUSE TENNESSEE

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

Year ended June 30, 2020

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, 2020 are:

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

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