

**PREVENT CHILD ABUSE TENNESSEE**

**Financial Statements and Supplementary Information**

**June 30, 2016 and 2015**

**(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, 2016 and 2015, 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, 2016 and 2015, 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 awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2016, 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.

LBMC, PC

Brentwood, Tennessee  
December 6, 2016

**PREVENT CHILD ABUSE TENNESSEE**

**Statements of Financial Position**

**June 30, 2016 and 2015**

**Assets**

	<b><u>2016</u></b>	<b><u>2015</u></b>
<b>Current assets:</b>		
Cash	\$ 84,502	\$ 3,731
Grants receivable	461,588	458,359
Other accounts receivable	-	180
Prepaid expenses	<u>550</u>	<u>-</u>
Total current assets	546,640	462,270
 Property and equipment	 <u>5,000</u>	 <u>6,000</u>
Total assets	<b><u>\$ 551,640</u></b>	<b><u>\$ 468,270</u></b>

**Liabilities and Net Assets**

<b>Current liabilities:</b>		
Checks written in excess of bank balance	\$ -	\$ 7,764
Accounts payable	23,771	116,859
Accrued expenses	<u>84,301</u>	<u>50,557</u>
Total current liabilities	<u>108,072</u>	<u>175,180</u>
 Net assets - unrestricted	 <u>443,568</u>	 <u>293,090</u>
Total liabilities and net assets	<b><u>\$ 551,640</u></b>	<b><u>\$ 468,270</u></b>

See accompanying notes to the financial statements.

**PREVENT CHILD ABUSE TENNESSEE**

**Statements of Activities**

**Years ended June 30, 2016 and 2015**

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Changes in unrestricted net assets:</b>		
<b>Revenue:</b>		
Grants	\$ 3,453,104	\$ 3,722,539
Donations	272,541	202,340
Fundraising	178,205	157,480
Service fees	12,580	8,095
In-kind donations	93,073	64,323
Other income	<u>966</u>	<u>-</u>
<b>Total revenue</b>	<b>4,010,469</b>	<b>4,154,777</b>
<b>Expenses:</b>		
Programs	3,605,522	3,842,009
Management and general	121,623	99,561
Fundraising	<u>132,846</u>	<u>125,367</u>
<b>Total expenses</b>	<b><u>3,859,991</u></b>	<b><u>4,066,937</u></b>
<b>Increase in net assets</b>	<b>150,478</b>	<b>87,840</b>
<b>Net assets at beginning of year</b>	<b><u>293,090</u></b>	<b><u>205,250</u></b>
<b>Net assets at end of year</b>	<b><u>\$ 443,568</u></b>	<b><u>\$ 293,090</u></b>

See accompanying notes to the financial statements.

**PREVENT CHILD ABUSE TENNESSEE**

**Statements of Functional Expenses**

**Year ended June 30, 2016**

	<u>Parent</u>		<u>Healthy</u>		<u>Nurturing</u>		<u>Stewards of</u>	<u>Other</u>	<u>Total</u>	<u>Management</u>		<u>Total</u>
	<u>Leadership</u>	<u>Healthy Start</u>	<u>Families</u>	<u>Helpline</u>	<u>Parents</u>	<u>VOCA</u>	<u>Children</u>	<u>Programs</u>	<u>Program</u>	<u>and General</u>	<u>Fund Raising</u>	
									<u>Services</u>			
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
<b>Total expenses</b>	<b>\$ 158,919</b>	<b>\$ 268,192</b>	<b>\$ 2,727,810</b>	<b>\$ -</b>	<b>\$ 234,424</b>	<b>\$ 102,450</b>	<b>\$ 88,072</b>	<b>\$ 25,655</b>	<b>\$ 3,605,522</b>	<b>\$ 121,623</b>	<b>\$ 132,846</b>	<b>\$ 3,859,991</b>

See accompanying notes to the financial statements.

# PREVENT CHILD ABUSE TENNESSEE

## Statements of Functional Expenses

Year ended June 30, 2015

	<u>Parent</u>		<u>Healthy</u>		<u>Nurturing</u>		<u>Stewards of</u>	<u>Other</u>	<u>Total</u>	<u>Management</u>		
	<u>Leadership</u>	<u>Healthy Start</u>	<u>Families</u>	<u>Helpline</u>	<u>Parents</u>	<u>VOCA</u>	<u>Children</u>	<u>Programs</u>	<u>Program</u>	<u>and General</u>	<u>Fund Raising</u>	<u>Total</u>
									<u>Services</u>			
Salaries	\$ 93,105	\$ 160,891	\$ 1,177,398	\$ -	\$ 100,120	\$ 70,311	\$ 18,865	\$ 13,909	\$ 1,634,599	\$ 23,494	\$ 38,955	\$ 1,697,048
Fringe benefits	21,961	48,775	337,823	-	15,862	6,114	4,886	1,170	436,591	3,689	11,394	451,674
Professional fees	271	-	612,091	-	861	-	287	-	613,510	9,847	14,305	637,662
Supplies	5,183	21,142	210,746	2,532	6,681	2,638	1,807	760	251,489	34,869	19,515	305,873
Telephone	3,154	7,239	54,149	-	2,660	17,124	893	48	85,267	102	1,538	86,907
Postage	91	379	1,618	-	128	94	35	126	2,471	916	1,158	4,545
Rent	4,140	6,960	64,658	-	5,534	1,215	1,211	100	83,818	1,226	3,062	88,106
Equipment and maintenance	3,078	5,061	36,624	-	1,901	722	572	17	47,975	238	592	48,805
Printing	834	62	7,362	-	1,515	226	536	12	10,547	228	1,999	12,774
Travel and conferences	9,262	24,414	305,422	32	11,566	432	4,205	2,507	357,840	4,304	3,318	365,462
Insurance	918	1,145	3,941	-	576	397	162	46	7,185	107	471	7,763
Indirect	9,427	15,312	189,186	-	15,216	-	4,052	1,366	234,559	5,994	5,966	246,519
Parent stipends	2,750	-	-	-	8,000	-	-	-	10,750	-	-	10,750
Depreciation	-	-	-	-	-	-	-	-	-	1,000	-	1,000
Other	2,537	4,875	47,284	-	5,582	5,129	1	-	65,408	2,164	23,094	90,666
Interest	-	-	-	-	-	-	-	-	-	11,383	-	11,383
Total expenses	\$ 156,711	\$ 296,255	\$ 3,048,302	\$ 2,564	\$ 176,202	\$ 104,402	\$ 37,512	\$ 20,061	\$ 3,842,009	\$ 99,561	\$ 125,367	\$ 4,066,937

See accompanying notes to the financial statements.



**PREVENT CHILD ABUSE TENNESSEE**

**Statements of Cash Flows**

**Years ended June 30, 2016 and 2015**

	<u><b>2016</b></u>	<u><b>2015</b></u>
<b>Cash flows from operating activities:</b>		
Increase in net assets	\$ 150,478	\$ 87,840
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	1,000	1,000
Decrease (increase) in operating assets:		
Grants receivable	(3,229)	277,549
Other accounts receivable	180	19,175
Prepaid expenses	(550)	-
Increase (decrease) in operating liabilities:		
Accounts payable	(93,088)	(204,800)
Accrued expenses	<u>33,744</u>	<u>(1,826)</u>
Total adjustments	<u>(61,943)</u>	<u>91,098</u>
Net cash provided by operating activities	<u>88,535</u>	<u>178,938</u>
<b>Cash flows from financing activities:</b>		
Repayments on line of credit, net	-	(201,248)
Change in checks written in excess of bank balance	<u>(7,764)</u>	<u>7,764</u>
Net cash used by financing activities	<u>(7,764)</u>	<u>(193,484)</u>
Increase (decrease) in cash	80,771	(14,546)
Cash at beginning of year	<u>3,731</u>	<u>18,277</u>
Cash at end of year	\$ <u>84,502</u>	\$ <u>3,731</u>

See accompanying notes to the financial statements.

# **PREVENT CHILD ABUSE TENNESSEE**

## **Notes to the Financial Statements**

**June 30, 2016 and 2015**

### **(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 Tennessee Department of 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, 2016 and 2015.

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, 2016 and 2015**

**(b) 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, 2016 and 2015, no valuation allowance was deemed necessary.

**(c) 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.

**(d) 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, 2016 and 2015, 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, 2016 and 2015**

**(e) 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.

**(f) 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 \$93,073 and \$64,323 during the years ended June 30, 2016 and 2015, respectively.

**(g) 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.

**(h) 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.

**(i) 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.

**(j) Events occurring after reporting date**

The Organization has evaluated events and transactions that occurred between June 30, 2016 and December 6, 2016 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, 2016 and 2015

(3) Credit risk and other concentrations

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. Grants from the State of Tennessee and the federal government agencies amounted to approximately 88.0% and 99.6% of the Organization's revenue and accounts receivable, respectively, as of and for the year ended June 30, 2015.

(4) Property and equipment

Property and equipment at June 30, 2016 and 2015, consisted of the following:

Equipment	\$ 7,000	\$ 7,000
Accumulated depreciation	<u>(2,000)</u>	<u>(1,000)</u>
	<u>\$ 5,000</u>	<u>\$ 6,000</u>

(5) Line of credit

At June 30, 2016, 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% (4.50% at June 30, 2016), payable monthly. All outstanding principle and unpaid interest is due at maturity on March 14, 2017. The Organization did not owe any balance on the line of credit at June 30, 2016 and 2015.

(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 \$50,920 in 2016.

(7) Lease commitments

The Company leases office space under operating leases. Rent expense under these leases amounted to \$94,062 and \$88,106 in 2016 and 2015, respectively.

**PREVENT CHILD ABUSE TENNESSEE**

**Notes to the Financial Statements**

**June 30, 2016 and 2015**

A summary of approximate future minimum payments under these leases as of June 30, 2016 is as follows:

	<u>Amount</u>
2017	\$ 8,160
2018	<u>4,760</u>
	<u>\$ 12,920</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 2016.

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

Interest paid during the years ended June 30, 2016 and 2015 totaled \$1,567 and \$11,383, respectively.

**PREVENT CHILD ABUSE TENNESSEE**

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

**Year ended June 30, 2016**

<u>CFDA #</u>		<u>Grant Number</u>	<u>Receivable Balance July 1, 2015</u>	<u>Receipts and Other Reductions</u>	<u>Expenditures</u>	<u>Receivable Balance June 30, 2016</u>
<b><u>FEDERAL AWARDS</u></b>						
16.575	U.S. Dept. of Justice					
	Pass-through from Tennessee Department of Finance and Administration					
	Child Abuse Prevention Program - VOCA	184785983	\$ 17,090	\$ 92,097	\$ 79,248	\$ 4,241
	Total program		17,090	92,097	79,248	4,241
93.505	U.S. Dept. of Health and Human Services					
	Pass-through from Tennessee Department of Health					
	Healthy Families	GR1647048	31,216	276,592	322,203	76,827
	Healthy Families	GR1649099	313,677	2,416,693	2,383,549	280,533
	Total program		344,893	2,693,285	2,705,752	357,360
93.590	U.S. Dept. of Health and Human Services					
	Pass-through from Tennessee Department of Children's Services					
	Nurturing Parents - Mid Cumberland	45705	3,112	14,253	13,956	2,815
	Nurturing Parents - East Tennessee	39452	3,333	3,333	-	-
	Nurturing Parents - Tennessee Valley	45204	3,453	15,998	14,705	2,160
	Nurturing Parents - Davidson	44797	-	13,862	14,705	843
	Stewards of Children - Upper Cumberland	45287	2,342	5,267	2,925	-
	Stewards of Children - Davidson	44814	-	5,152	5,882	730
	Stewards of Children - Smokey	44950	-	2,732	2,941	209
	Stewards of Children - Knox	45104	-	5,171	5,882	711
	Stewards of Children - East	44959	-	2,941	2,941	-
	Parent Leadership	46055	8,146	35,482	36,763	9,427
	Total program		20,386	104,191	100,700	16,895
	Total federal awards		382,369	2,889,573	2,885,700	378,496
<b><u>STATE AWARDS</u></b>						
N/A	Tennessee Department of Children's Services					
	Healthy Start	42888	25,287	217,178	228,500	36,609
	Nurturing Parents - Mid Cumberland	45705	7,470	34,209	33,496	6,757
	Nurturing Parents - East Tennessee	39452	8,000	8,000	-	-
	Nurturing Parents - Tennessee Valley	45204	8,287	38,398	35,295	5,184
	Nurturing Parents - Davidson	44797	-	33,273	35,295	2,022
	Stewards of Children - Upper Cumberland	45287	5,621	12,640	7,019	-
	Stewards of Children - Davidson	44814	-	12,365	14,118	1,753
	Stewards of Children - Smokey	44950	-	6,558	7,059	501
	Stewards of Children - Knox	45104	-	12,412	14,118	1,706
	Stewards of Children - East	44959	-	7,059	7,059	-
	Parent Leadership	46055	19,551	85,162	88,238	22,627
	Total state awards		74,216	467,254	470,197	77,159
	Total federal and state awards		\$ 456,585	\$ 3,356,827	\$ 3,355,897	\$ 455,655

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, 2016**

### **(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"). 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.

For new awards or modifications of existing awards after December 26, 2014, the expenditures reported in the SEFA follow the cost principles contained in the Uniform Guidance. For existing awards prior to December 26, 2014, the expenditures follow the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. The cost principles indicate that certain types of expenditures are not allowable or reimbursements of allowable costs are limited as to reimbursement.

### **(2) Summary of Significant Accounting Policies for Federal and State Award Expenditures**

For purposes of the Schedule, expenditures of federal and state awards are recognized on the accrual basis of accounting.

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