

**PREVENT CHILD ABUSE
TENNESSEE**

Financial Statements and Supplementary Information

June 30, 2014

(With Independent Auditors' Report Thereon)



LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

PREVENT CHILD ABUSE TENNESSEE

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10
Supplementary Information:	
Schedule of Expenditures of Federal and State Grant Awards	11
Notes to the Schedule of Expenditures of Federal and State Grant Awards	12
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 <i>Government Auditing Standards</i>	13 - 14
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	15 - 16
Schedule of Findings and Questioned Costs	17
Summary Schedule of Prior Audit Findings	18 - 19

INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Prevent Child Abuse Tennessee:

We have audited the accompanying financial statements of Prevent Child Abuse Tennessee (the "Organization") which are comprised of the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 audit 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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 January 5, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Brentwood, Tennessee
January 5, 2015

Lattimore Black Morgan & Cain, PC

PREVENT CHILD ABUSE TENNESSEE

Statement of Financial Position

June 30, 2014

Assets

Current assets:

Cash	\$ 18,277
Grants receivable	735,908
Other accounts receivable	<u>19,355</u>
Total current assets	773,540

Property and equipment	<u>7,000</u>
------------------------	--------------

Total assets	<u>\$ 780,540</u>
--------------	-------------------

Liabilities and Net Assets

Current liabilities:

Line of credit	\$ 201,248
Accounts payable	321,659
Accrued expenses	<u>52,383</u>
Total current liabilities	<u>575,290</u>

Net assets -

Unrestricted	<u>205,250</u>
--------------	----------------

Total liabilities and net assets	<u>\$ 780,540</u>
----------------------------------	-------------------

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statement of Activities

Year ended June 30, 2014

Changes in unrestricted net assets:

Revenue:

Grants	\$ 3,129,352
Donations	162,000
Fundraising	68,316
Service fees	18,580
In-kind donations	<u>57,409</u>
Total revenue	3,435,657

Expenses:

Programs	3,256,183
Management and general	104,063
Fundraising	<u>62,605</u>
Total expenses	<u>3,422,851</u>

Increase in net assets	12,806
------------------------	--------

Net assets at beginning of year	<u>192,444</u>
---------------------------------	----------------

Net assets at end of year	<u>\$ 205,250</u>
---------------------------	-------------------

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statement of Functional Expenses

Year ended June 30, 2014

	<u>Parent Leadership</u>	<u>Healthy Start</u>	<u>Healthy Families</u>	<u>Nurturing Parents</u>	<u>VOCA</u>	<u>Other Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 90,331	\$ 37,882	\$ 1,119,750	\$ 86,108	\$ 60,965	\$ 54,746	\$ 1,449,782	\$ 49,679	\$ 17,026	\$ 1,516,487
Fringe benefits	7,796	9,968	295,183	9,079	2,876	8,286	333,188	8,437	5,733	347,358
Professional fees	-	20	744,582	-	-	2,475	747,077	1,712	9,485	758,274
Supplies	8,672	4,837	65,244	19,014	4,330	2,184	104,281	28,984	9,094	142,359
Telephone	2,730	2,730	41,143	1,685	16,160	2,065	66,513	566	1,770	68,849
Postage	649	362	2,657	1,599	41	1,657	6,965	159	42	7,166
Rent	2,428	3,217	46,110	2,500	394	2,586	57,235	255	3,385	60,875
Equipment and maintenance	4,004	43	16,823	1,071	1,329	3,001	26,271	(23)	758	27,006
Printing	5,804	77	17,376	200	5,829	580	29,866	74	1,092	31,032
Travel and conferences	12,532	4,719	200,142	11,441	194	17,200	246,228	3,742	2,888	252,858
Insurance	569	629	14,648	947	1,495	1,131	19,419	(3,343)	380	16,456
Administrative	-	407	4,298	340	-	294	5,339	(2,892)	96	2,543
Indirect	9,767	1,234	94,042	12,514	-	9,402	126,959	1,966	2,479	131,404
Parent stipends	8,535	-	-	19,995	-	-	28,530	-	-	28,530
Other	1,500	160	3,570	-	3,228	72	8,530	1,985	8,377	18,892
Interest	-	-	-	-	-	-	-	12,762	-	12,762
Total expenses	<u>\$ 155,317</u>	<u>\$ 66,285</u>	<u>\$ 2,665,568</u>	<u>\$ 166,493</u>	<u>\$ 96,841</u>	<u>\$ 105,679</u>	<u>\$ 3,256,183</u>	<u>\$ 104,063</u>	<u>\$ 62,605</u>	<u>\$ 3,422,851</u>

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statement of Cash Flows

Year ended June 30, 2014

Cash flows from operating activities:	
Increase in net assets	\$ 12,806
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Decrease (increase) in operating assets:	
Grants receivable	117,801
Other accounts receivable	(17,311)
Increase (decrease) in operating liabilities:	
Accounts payable	145,909
Other accrued expenses	(20,044)
Deferred revenue	<u>(10,000)</u>
Total adjustments	<u>216,355</u>
Net cash provided by operating activities	229,161
Cash flows from investing activities -	
Purchase of property and equipment	(7,000)
Cash flows from financing activities -	
Repayments on line of credit, net	<u>(268,752)</u>
Decrease in cash	(46,591)
Cash at beginning of year	<u>64,868</u>
Cash at end of year	<u>\$ 18,277</u>

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Notes to the Financial Statements

June 30, 2014

(1) Nature of activities

Prevent Child Abuse Tennessee (the "Organization"), is a private, 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 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, 2014.

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, 2014

(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, 2014, 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 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 benefit.

As of June 30, 2014, 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 currently open to audit under the statute of limitations by the Internal Revenue Service for years subsequent to June 30, 2010.

(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.

PREVENT CHILD ABUSE TENNESSEE

Notes to the Financial Statements

June 30, 2014

(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 \$57,409 during the year ended June 30, 2014.

(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, 2014 and January 5, 2015 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 concentration

Grants from the State and Federal Governments amounted to approximately 88% and 96% of the Organization's revenue and accounts receivable, respectively, as of and for the year ended June 30, 2014.

PREVENT CHILD ABUSE TENNESSEE

Notes to the Financial Statements

June 30, 2014

(4) Line of credit

The Organization has a \$250,000 line of credit with a bank, which is secured by all grants receivable and bears interest at a variable rate equal to the bank's index rate plus 1.5% (5.25% at June 30, 2014). The line of credit is set to mature on April 30, 2015. The Organization owed approximately \$201,000 on this line of credit at June 30, 2014.

(5) Lease commitments

The Company leases office space under operating leases. Rent expense under these leases amounted to \$60,875 in 2014. Future minimum payments under these leases total approximately \$47,000 for the year ending June 30, 2015.

(6) Supplemental disclosures of cash flow statement information

Interest paid during the year ended June 30, 2014 totaled \$12,762.

PREVENT CHILD ABUSE TENNESSEE

Schedule of Expenditures of Federal and State Grant Awards

Year ended June 30, 2014

<u>CFDA #</u>		<u>Grant Number</u>	<u>Receivable Balance June 30, 2013</u>	<u>Receipts and Other Reductions</u>	<u>Expenditures</u>	<u>Receivable Balance June 30, 2014</u>
<u>FEDERAL AWARDS</u>						
16.575	U.S. Dept. of Justice Pass-through from Tennessee Department of Finance and Administration Child Abuse Prevention Program - VOCA	18819	\$ 48,014	\$ 96,747	\$ 74,891	\$ 26,158
	Total program		48,014	96,747	74,891	26,158
* 93.505	U.S. Dept. of Health and Human Services Pass-through from Tennessee Department of Health Healthy Families	GR1338748	77,978	364,204	372,952	86,726
	Healthy Families	GR1334604	576,471	2,406,643	2,300,358	470,186
	Total program		654,449	2,770,847	2,673,310	556,912
93.590	U.S. Dept. of Health and Human Services Pass-through from Tennessee Department of Children's Services Nurturing Families - Mid Cumberland	31715	6,497	15,375	14,736	5,858
	Nurturing Families - East Tennessee	31701	5,666	12,595	10,016	3,087
	Nurturing Families - Tennessee Valley	31769	12,331	31,001	35,326	16,656
	Darkness to Light	31657	7,780	13,646	8,842	2,976
	Parent Leadership	35723	17,333	36,907	36,767	17,193
	Total program		49,607	109,524	105,687	45,770
	Total federal awards		752,070	2,977,118	2,853,888	628,840
<u>STATE AWARDS</u>						
N/A	Tennessee Department of Children's Services Nurturing Families - Mid Cumberland	31715	2,653	23,963	35,371	14,061
	Nurturing Families - East Tennessee	31701	13,872	30,501	24,039	7,410
	Nurturing Families - Tennessee Valley	31769	5,037	12,816	14,718	6,939
	Darkness to Light	31657	19,048	33,126	21,222	7,144
	Parent Leadership	35723	42,437	89,420	88,249	41,266
	Total program		83,047	189,826	183,599	76,820
	Total state awards		83,047	189,826	183,599	76,820
	Total federal and state awards		\$ 835,117	\$ 3,166,944	\$ 3,037,487	\$ 705,660

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

June 30, 2014

(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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Federal and State Expenditures

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

**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, 2014, 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 January 5, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Lattimore Black Morgan & Co., PC". The signature is written in a cursive, flowing style.

Brentwood, Tennessee
January 5, 2015

Independent Auditors' Report on Compliance for Each Major
Program and on Internal Control Over Compliance
Required by OMB Circular A-133

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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2014. 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 requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Brentwood, Tennessee
January 5, 2015

Lattimore Black Morgan & Cain, PC

PREVENT CHILD ABUSE TENNESSEE

Schedule of Findings and Questioned Costs

June 30, 2014

(1) Summary of Auditors' Results

- (a) The independent auditors' report expressed an unmodified opinion on the financial statements.
- (b) No significant deficiencies relating to the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
- (c) No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Accounting Standards*, were disclosed during the audit.
- (d) No deficiencies in internal control over major federal award programs are reported in the Internal Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133. No material weaknesses are reported.
- (e) The independent auditors' report on compliance for the major federal award programs for the Organization expresses an unmodified opinion on all the major federal programs.
- (f) There are no audit findings relative to the federal award programs for the Organization which are required to be reported under Section 510(a) of OMB Circular A-133.
- (g) The programs tested as major programs included:

<u>CFDA#</u>	<u>Grantor</u>	<u>Program</u>
93.505	U.S. Department of Health and Human Services	Healthy Families

- (h) The threshold used to distinguish between Type A and Type B programs was approximately \$300,000.
- (i) The Organization did not qualify as a low-risk auditee.

(2) Findings - Financial Statement Audit

None

(3) Findings and Questioned Costs - Major Federal Award Program Audit

None

PREVENT CHILD ABUSE TENNESSEE

Summary Schedule of Prior Audit Findings

June 30, 2014

Financial Statement Findings

Finding Number	Finding Title	Status
2013-001	Segregation of Duties	Corrected

Condition

The Organization did not have proper segregation of duties during the year ended June 30, 2013.

Recommendation

The auditor recommended that the Organization segregate key accounting functions.

Current Status

The recommendation has been implemented. The Organization has hired a full time certified professional accountant to share financial functions and assigned key accounting functions in a manner sufficient to ensure proper segregation of duties.

Finding Number	Finding Title	Status
2013-002	Budgeting	Corrected

Condition

The Organization did not have a budget in place during the year ended June 30, 2013.

Recommendation

The auditor recommended that the Organization should have a budget every year, with amendments as needed.

Current Status

The Organization has implemented an annual budget process.

Finding Number	Finding Title	Status
2013-003	Debit Card Policies	Corrected

Condition

The Organization did not have proper policies and detailed purposes for debit card purchases during the year ended June 30, 2013.

Recommendation

The auditor recommended that the Organization should establish a policy for when debit cards can be used. All receipts for debit card purchases need to be readily available.

Current Status

This finding does not warrant further action. During the year ended June 30, 2014, the Organization replaced its debit cards with credit cards, and, in conjunction with this change, established control over credit card use, including retention of receipts or other supporting documentation.

PREVENT CHILD ABUSE TENNESSEE

Summary Schedule of Prior Audit Findings

June 30, 2014

Federal Award Findings and Questioned Costs

There were no prior findings reported