PREVENT CHILD ABUSE TENNESSEE

Financial Statements and Supplementary Information

June 30, 2019 and 2018

(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, 2019 and 2018, 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state grant awards and related notes, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Schedule of Board Members and Management, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on that information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Effect of Adopting New Accounting Standard

As discussed in Note 2, in August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-For-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return. The Organization retrospectively adopted the standard for fiscal year 2019, except where the standard does not require comparable information to be presented.

LBMC, PC

Brentwood, Tennessee
December 4, 2019

PREVENT CHILD ABUSE TENNESSEE

Statements of Financial Position

June 30, 2019 and 2018

Assets

	2019	2018
Current assets:		
Cash and cash equivalents	$ 739,397	$ 481,948
Grants receivable	479,392	521,294
Other accounts receivable	64,198	38,734
Prepaid expenses	9,099	3,275
Total current assets	1,292,086	1,045,251
Property and equipment	5,244	7,242
Total assets	$ 1,297,330	$ 1,052,493

Liabilities and Net Assets

	2019	2018
Current liabilities:		
Accounts payable	$ 97,802	$ 69,127
Accrued expenses	38,593	101,247
Total current liabilities	136,395	170,374
Net assets without donor restrictions	1,160,935	882,119
Total liabilities and net assets	$ 1,297,330	$ 1,052,493

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statements of Activities

Years ended June 30, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenues:		
Grants	$ 3,392,696	$ 3,210,676
Donations	557,594	451,689
Fundraising	47,422	46,312
Service fees	-	5,765
In-kind donations	127,049	109,777
Other income	18,265	4,760
Total revenues	4,143,026	3,828,979
Expenses:		
Programs	3,565,345	3,337,335
Management and general	97,523	176,748
Fundraising	201,342	146,127
Total expenses	3,864,210	3,660,210
Change in net assets	278,816	168,769
Net assets at beginning of year	882,119	713,350
Net assets at end of year	$ 1,160,935	$ 882,119

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	$ 245,977	$ 1,281,816	$ 105,778	$ 293,631	$ 51,373	$ 13,640	$ 2,095,712	$ 9,012	$ 86,053	$ 2,190,777
Fringe benefits	24,535	82,128	373,914	35,222	67,930	14,891	2,808	601,428	12,117	24,304	637,849
Professional fees	3,566	15,087	106,088	8,435	36,443	2,483	752	172,854	584	5,857	179,295
Supplies	5,640	3,752	61,939	6,896	2,950	1,128	160	82,465	1,520	5,220	89,205
Telephone	1,602	5,604	29,707	2,313	9,612	971	172	49,981	1,775	1,679	53,435
Postage	54	95	696	50	169	21	9	1,094	224	2,831	4,149
Rent	5,699	9,735	82,431	7,858	5,907	3,016	1,200	115,846	1,010	4,893	121,749
Equipment and maintenance	85	715	3,740	151	993	135	5	5,824	(183)	79	5,720
Printing	213	835	7,458	812	445	190	34,469	44,422	130	5,656	50,208
Travel and conferences	4,921	21,644	103,485	9,062	3,888	2,349	81	145,430	9,384	4,433	159,247
Insurance	571	1,940	14,483	1,112	3,407	279	70	21,862	(1,236)	622	21,248
Utilities	1	268	816	-	-	27	-	1,112	-	-	1,112
Technology	3,715	12,374	117,483	5,516	20,980	1,358	232	161,658	1,061	1,689	164,408
Parent stipends	4,398	148	152	3,500	-	-	-	8,198	-	-	8,198
Depreciation	-	-	-	-	-	-	-	-	1,998	-	1,998
Bad debt	-	-	-	-	-	-	-	-	4,330	-	4,330
Other	8,268	2,621	35,033	4,327	4,403	2,648	159	57,459	55,797	58,026	171,282
Total expenses	$ 166,765	$ 402,923	$ 2,219,241	$ 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

Statement of Functional Expenses

Year ended June 30, 2018

	Parent Leadership	Healthy Start	Healthy Families	Nurturing Parents	VOCA	Stewards of Children	Other Programs	Total Program Services	Management and General	Fundraising	Total
Salaries	$ 104,681	$ 144,258	$ 1,404,590	$ 105,844	$ 230,313	$ 46,576	$ 32,258	$ 2,068,520	$ 48,400	$ 72,294	$ 2,189,214
Fringe benefits	18,729	36,585	357,192	30,770	48,475	11,304	461	503,516	3,740	20,465	527,721
Professional fees	5,206	5,443	129,499	2,708	32,700	1,645	20,955	198,156	4,022	6,761	208,939
Supplies	8,454	10,676	73,100	4,898	5,992	12,465	70	115,655	7,043	15,213	137,911
Telephone	1,411	4,900	33,551	2,528	7,638	1,274	171	51,473	(177)	1,405	52,701
Postage	322	420	4,747	442	161	196	-	6,288	343	1,606	8,237
Rent	4,315	9,543	65,296	5,604	2,654	4,170	1,489	93,071	474	7,696	101,241
Equipment and maintenance	267	656	6,780	357	644	231	101	9,036	87	328	9,451
Printing	297	918	6,622	407	210	446	7	8,907	61,955	1,131	71,993
Travel and conferences	5,868	19,463	103,146	9,976	3,768	1,356	504	144,081	9,289	1,016	154,386
Insurance	906	1,770	12,017	856	1,315	455	4	17,323	213	714	18,250
Utilities	-	61	52	-	-	16	-	129	1	-	130
Technology	273	273	5,370	-	-	-	1,328	7,244	7	14	7,265
Parent stipends	4,407	-	-	9,300	-	-	-	13,707	-	-	13,707
Depreciation	-	-	-	-	-	-	-	-	1,749	-	1,749
Other	1,585	34,749	56,864	2,330	3,415	443	843	100,229	39,602	17,484	157,315
Total expenses	$ 156,721	$ 269,715	$ 2,258,826	$ 176,020	$ 337,285	$ 80,577	$ 58,191	$ 3,337,335	$ 176,748	$ 146,127	$ 3,660,210

See accompanying notes to the financial statements.

PREVENT CHILD ABUSE TENNESSEE

Statements of Cash Flows

Years ended June 30, 2019 and 2018

		2019		2018
Cash flows from operating activities:				
Change in net assets	$	278,816	$	168,769
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:				
Depreciation expense		1,998		1,749
Bad debt expense		4,330		-
Donated automobile included in donations		-		(4,991)
Decrease (increase) in operating assets:				
Grants receivable		41,904		(233,831)
Other accounts receivable		(29,796)		(61)
Prepaid expenses		(5,824)		-
Increase (decrease) in operating liabilities:				
Accounts payable		28,675		46,886
Accrued expenses		(62,654)		39,425
Total adjustments		(21,367)		(150,823)
Net cash provided by operating activities		257,449		17,946
Cash and cash equivalents at beginning of year		481,948		464,002
Cash and cash equivalents at end of year	$	739,397	$	481,948

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 standards

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The standard changes certain presentation and disclosure requirements of not-for-profit entities. The primary changes are a reduction in the number of net asset classes from three to two (with donor restrictions and without donor restrictions), reporting of underwater amounts of donor-restricted endowment funds in net assets with donor restrictions, requiring enhanced disclosures about how a not-for-profit entity manages its liquidity and requiring reporting of expenses by functional and natural classification, as well as enhanced endowment disclosures. This standard is effective for fiscal years beginning after December 15, 2017 and has been retrospectively adopted by the Organization for fiscal year 2019, except where the standard does not require comparable information to be presented. There are no restatements or reclassifications of net assets as a result of adoption of this guidance.

(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, 2019 and 2018, no valuation allowance was deemed necessary by management.

(d) Property and equipment

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

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

(e) Income taxes

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

As of June 30, 2019 and 2018, 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. The Organization's board of directors has designated, from net assets without donor restrictions, net assets for particular purposes.

Net assets with donor restrictions - 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, 2019 or 2018.

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) Revenue recognition

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

(h) 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 $127,049 and $109,777 during the years ended June 30, 2019 and 2018, respectively.

(i) 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.

(j) 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.

(k) 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.

(l) New accounting standards

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. This standard is effective for fiscal years beginning after December 15, 2018 and will be adopted by the Organization for fiscal year 2020. The Organization continues to evaluate its population of revenue sources to assess the potential effects ASU 2014-09 will have on its financial statements and related disclosures; however, the Organization expects the primary impact to be in the form of additional financial statement disclosures.

In February 2016, the FASB issued ASU 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 is effective for the Organization beginning July 1, 2020. Management of the Organization is currently evaluating the impact adoption of ASU 2016-02 will have on its financial statements and disclosures.

In June 2018, the FASB issued 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. ASU No. 2018-08 is effective for the Organization's fiscal year beginning July 1, 2019 for transactions in which the Organization serves as a resource recipient, and for its fiscal year beginning July 1, 2020, for transactions in which the Organization serves as a resource provider. Early adoption is permitted.

(m) Events occurring after reporting date

The Organization has evaluated events and transactions that occurred between June 30, 2019 and December 4, 2019 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(n) Reclassifications

Certain items in the 2018 financial statements have been reclassified to conform to the presentation of the 2019 financial statements. These reclassifications had no effect on net assets available for benefits as previously reported.

(3) Liquidity and availability

The Organization's financial assets as of June 30, 2019 and 2018 consist of cash and cash equivalents totaling $739,397 and $481,948, respectively. Grants and accounts receivable total $543,590 and $560,028 as of June 30, 2019 and 2018, respectively. All such financial assets are available for general use within one year of the statement of financial position date and are not subject to donor-imposed restrictions.

The Organization seeks to maintain liquid assets in order to meet its obligations as they become due. Additionally, the Organization has a $350,000 line of credit available which could provide for operating cash, if needed.

(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 80% of the Organization's revenue for the year ended June 30, 2019. Grants from the State of Tennessee and the federal government agencies amounted to approximately 82% of the Organization's revenue for the year ended June 30, 2018.

(5) Property and equipment

Property and equipment at June 30, 2019 and 2018, consist of the following:

	2019	2018
Equipment	$ 7,000	$ 7,000
Automobile	4,991	4,991
	11,991	11,991
Accumulated depreciation	(6,747)	(4,749)
	$ 5,244	$ 7,242

(6) Line of credit

The Organization has a line of credit with a bank that provides for maximum borrowings of up to $350,000. The line is unsecured and bears interest at a variable interest rate equal to the Wall Street Journal Prime rate plus 1.0% (6.5% at June 30, 2019), payable monthly. All outstanding principle and unpaid interest is due at maturity on May 10, 2020. The Organization had no borrowings outstanding under the line of credit at June 30, 2019 and 2018.

(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 $36,601 and $22,351 in 2019 and 2018, respectively.

(8) Lease commitments

The Organization leases office space under operating leases. Rent expense under these leases amounted to $121,749 and $101,241 in 2019 and 2018, respectively.

A summary of approximate future minimum payments under these leases as of June 30, 2019 is as follows:

	Amount
2020	$ 103,000
2021	103,000
2022	105,000
2023	107,000
2024	109,000
2025 and later years	528,000
	$ 1,055,000

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

The Organization received an automobile from a donor during the year ended June 30, 2018 with a fair market value of $4,991.

PREVENT CHILD ABUSE TENNESSEE

Schedule of Expenditures of Federal and State Grant Awards

Year ended June 30, 2019

CFDA #		Grant Number	Receivable Balance June 30, 2018	Receipts and Other Reductions	Expenditures	Receivable Balance June 30, 2019
	FEDERAL AWARDS					
	U.S. Dept. of Justice					
	Pass-through from Tennessee Department of Finance and Administration					
16.575	Child Abuse Prevention Program - VOCA	184785983	$ 50,126	$ 373,778	$ 396,345	$ 72,693
	Total program		50,126	373,778	396,345	72,693
	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	10,590	25,626	18,940	3,904
	Total program		10,590	25,626	18,940	3,904
	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	GR1855831	-	683,792	683,792	-
93.870	Healthy Families	GR1960193	346,123	1,540,484	1,514,953	320,592
	Total cluster		346,123	2,224,276	2,198,745	320,592
	U.S. Dept. of Health and Human Services					
	Pass-through from Tennessee Department of Children's Services					
93.590	Nurturing Parents - Mid Cumberland	57594	2,275	14,687	13,761	1,349
93.590	Nurturing Parents - Tennessee Valley	57305	2,070	15,451	14,500	1,119
93.590	Nurturing Parents - Davidson	57637	2,647	15,809	14,500	1,338
93.590	Stewards of Children - Upper Cumberland	45287	391	391	-	-
93.590	Stewards of Children - Davidson	57638	1,018	6,638	5,800	180
93.590	Stewards of Children - Smokey	57552	528	3,428	2,900	-
93.590	Stewards of Children - Knox	57289	1,051	6,377	5,800	474
93.590	Stewards of Children - East	57276	530	3,223	2,900	207
93.590	Parent Leadership	57768	9,405	43,472	39,150	5,083
	Total program		19,915	109,476	99,311	9,750
	Total federal awards		426,754	2,733,156	2,713,341	406,939
	STATE AWARDS					
N/A	Tennessee Department of Children's Services					
	Healthy Start	59315	45,782	360,203	363,000	48,579
	Nurturing Parents - Mid Cumberland	57594	5,569	35,957	33,691	3,303
	Nurturing Parents - Tennessee Valley	57305	5,069	37,830	35,500	2,739
	Nurturing Parents - Davidson	57637	6,480	38,703	35,500	3,277
	Stewards of Children - Upper Cumberland	45287	958	958	-	-
	Stewards of Children - Davidson	57638	2,493	16,251	14,200	442
	Stewards of Children - Smokey	57552	1,293	8,393	7,100	-
	Stewards of Children - Knox	57289	2,572	15,612	14,200	1,160
	Stewards of Children - East	57276	1,299	7,891	7,100	508
	Parent Leadership	57768	23,025	106,430	95,850	12,445
	Total state awards		94,540	628,228	606,141	72,453
	Total federal and state awards		$ 521,294	$ 3,361,384	$ 3,319,482	$ 479,392

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, 2019

(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 2019 in the form of non-cash assistance.

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

The Organization did not provide any funds to subrecipients.

PREVENT CHILD ABUSE TENNESSEE

Schedule of Board Members and Management

June 30, 2019

Board of Directors

Leiott Smiley, Chairman
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LBMC MAKE A GOOD BUSINESS BETTER

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

The Board of Directors of
Prevent Child Abuse Tennessee:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Prevent Child Abuse Tennessee (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2019.

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 4, 2019

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, 2019. 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, 2019.

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 4, 2019

PREVENT CHILD ABUSE TENNESSEE

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

Year ended June 30, 2019

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, 2019 are:

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

Dollar threshold to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	_x_yes	___no

(1) FINANCIAL STATEMENT FINDINGS

None noted

(2) FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS

None noted

(3) SUMMARY OF PRIOR AUDIT FINDINGS

None noted