

**PREVENT CHILD ABUSE TENNESSEE**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2013**

# PREVENT CHILD ABUSE TENNESSEE

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**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Prevent Child Abuse Tennessee  
Nashville, Tennessee

***Report on the Financial Statements***

We have audited the accompanying financial statements of Prevent Child Abuse Tennessee, which comprise the statements of financial position as of June 30, 2013, 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 audit. We conducted our audit 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 auditor's 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, 2013, 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 and state 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 March 25, 2014, on our consideration of Prevent Child Abuse Tennessee'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 Prevent Child Abuse Tennessee's internal control over financial reporting and compliance.

*Bellonfant & Niles, PLLC*

March 25, 2014

**PREVENT CHILD ABUSE TENNESSEE**  
**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2013**

**ASSETS**

Current Assets:

Cash	\$ 64,867
Accounts receivable	20,636
Grants receivable	<u>835,117</u>
Total Current Assets	<u>920,620</u>

Furniture and Equipment:

Furniture and equipment	29,326
Less: accumulated depreciation	<u>29,326</u>

Net Furniture and Equipment	<u>-</u>
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TOTAL ASSETS	<u><u>\$ 920,620</u></u>
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**LIABILITIES AND NET ASSETS**

Accounts payable	175,750
Accrued expenses	45,785
Accrued leave	26,641
Unearned revenue	10,000
Loan payable	<u>470,000</u>

Total Current Liabilities	728,176
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Net Assets, unrestricted	<u>192,444</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 920,620</u></u>
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The accompanying notes are an integral part of these financial statements.

**PREVENT CHILD ABUSE TENNESSEE**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2013**

**SUPPORT AND REVENUE:**

Grants:

Victims of Crime Act	\$ 77,937
Healthy Families	1,432,214
Nurturing Parents	107,715
Parent Leadership	59,770
Darkness to Light	26,828

Total Grants 1,704,464

Contributions	295,332
In-Kind Services	20,103
Kappa Delta	59,101
Fees for Services	28,420
Fundraising	14,290

Total Support and Revenue 2,121,710

**EXPENSES:**

**Program Services:**

Parent Leadership/Support	76,011
Parent Helpline	97,179
Healthy Families	1,501,199
Parent Awareness	256,972
Nurturing Parents	138,321
Total Program Services	2,069,682

**Support Services:**

Administration	20,827
Fundraising	14,641
Total Support Services	35,468

Total Expenses 2,105,150

Change in Net Assets 16,560

Net Assets, July 1, 2012 175,884

Net Assets, June 30, 2013 \$ 192,444

The accompanying notes are an integral part of these financial statements.

**PREVENT CHILD ABUSE TENNESSEE**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Program Services						Support Services			
	Parent Leadership / Support	Parent Helpline	Healthy Families	Parent Awareness	Nurturing Parents	Total Program Services	Administration	Fund Raising	Total Support Services	Total All Funds
Salaries	\$ 22,484	\$ 49,425	\$ 557,018	\$ 64,686	\$ 69,151	\$ 762,764	\$ 4,272	\$ 4,842	\$ 9,114	\$ 771,878
In Kind Salaries	2,000	8,673	-	-	-	10,673	-	-	-	10,673
Fringe Benefits	5,317	335	131,183	10,143	15,479	162,457	322	-	322	162,779
Professional Fees	-	-	261,911	6,583	-	268,494	731	2,692	3,423	271,917
Supplies	5,778	8,707	78,718	14,401	13,338	120,942	1,523	948	2,471	123,413
Telephone	371	18,920	54,069	9,063	655	83,078	1,006	-	1,006	84,084
Postage	290	-	616	840	614	2,360	93	-	93	2,453
Rent	1,598	2,100	39,222	5,752	566	49,238	639	1,157	1,796	51,034
Equipment & Maintenance	1,755	1,051	11,619	3,666	17	18,108	407	150	557	18,665
Printing	33,879	5,808	39,096	44,700	7,809	131,292	1,611	4,445	6,056	137,348
Travel/Conferences/Meetings	2,539	-	239,204	58,665	3,100	303,508	4,189	-	4,189	307,697
Insurance	-	2,160	2,034	6,080	1,500	11,774	676	-	676	12,450
Other	-	-	39,598	23,950	8,050	71,598	2,488	407	2,895	74,493
Scholarships	-	-	-	23	-	23	2	-	2	25
Administration	-	-	46,911	8,420	8,612	63,943	635	-	635	64,578
In-Kind Services	-	-	-	-	9,430	9,430	-	-	-	9,430
Interest	-	-	-	-	-	-	2,233	-	2,233	2,233
Total Expenses	<u>\$ 76,011</u>	<u>\$ 97,179</u>	<u>\$1,501,199</u>	<u>\$ 256,972</u>	<u>\$ 138,321</u>	<u>\$2,069,682</u>	<u>\$ 20,827</u>	<u>\$ 14,641</u>	<u>\$ 35,468</u>	<u>\$ 2,105,150</u>

The accompanying notes are an integral part of these financial statements.

**PREVENT CHILD ABUSE TENNESSEE**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED JUNE 30, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 16,560
Adjustments to reconcile to net cash provided by operations	
(Increase) decrease in assets:	
Accounts receivable	(4,636)
Grant receivable	(743,456)
Increase (decrease) in:	
Accounts payable and accrued expenses	242,797
Unearned revenue	<u>10,000</u>
Net cash used by operating activities	<u>(478,735)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Borrowings from loan payable	<u>470,000</u>
Net cash provided by financing activities	<u>470,000</u>
NET DECREASE IN CASH	(8,735)
Cash, July 1, 2012	<u>73,602</u>
Cash, June 30, 2013	<u><u>\$ 64,867</u></u>

The accompanying notes are an integral part of these financial statements.



# PREVENT CHILD ABUSE TENNESSEE

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

#### **Organization and Purpose:**

Prevent Child Abuse Tennessee (the "Agency") is a private, nonprofit agency located in Nashville, Tennessee. The Agency 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. Agency operations are conducted by the executive director and staff under the guidance of the board of directors.

#### **Financial Statement Presentation:**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Agency is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by action of the Agency and/or passage of time. The Agency had no temporarily restricted net assets as of June 30, 2013.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on related investments for general or specific purposes. The Agency had no permanently restricted net assets as of June 30, 2013.

#### **Revenue Recognition:**

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 Agency has incurred expenditures in compliance with the specific restrictions.

#### **Functional Allocation of Expenses:**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

# PREVENT CHILD ABUSE TENNESSEE

## NOTES TO FINANCIAL STATEMENTS - continued

JUNE 30, 2013

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - continued

#### **Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Property and Equipment:**

Disbursements for equipment with a unit cost in excess of \$500 are capitalized and reflected in the statement of financial position at cost. Expenditures for additions are capitalized while those for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful life of three to five years for each item and is reflected as an expense in the statement of activities. Donated items are recorded at estimated fair market value.

### 2. FEDERAL INCOME TAX STATUS

The Agency has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

The Agency has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Agency believes that it has taken no uncertain tax positions. The Agency's returns for the years prior to fiscal year ending June 30, 2010 are no longer open for examination.

### 3. FUNDING

The Agency receives a substantial amount of support from federal and state grants from the Tennessee Department of Health and Tennessee Department of Children's Services and Tennessee Department of Finance and Administration's Office of Criminal Justice Programs for operations. A major reduction of funds by the grantor agencies, should this occur, may have a significant effect on future operations.

### 4. IN-KIND SUPPORT AND DONATIONS

#### Salaries

The Agency received a significant amount of volunteer services. Since these services were an integral part of the Agency's programs and would otherwise have been performed by salaried personnel, the estimated value of these services have been recorded as in-kind revenues and expenses.

# PREVENT CHILD ABUSE TENNESSEE

## NOTES TO FINANCIAL STATEMENTS - continued

JUNE 30, 2013

### 5. LEASES

The Agency rents office space under a three non-cancellable lease expiring between December 31, 2014 and December 31, 2015.

The Agency also rents a copier under a non-cancellable lease expiring February 19, 2014.

Future minimum payments are as follows for the year ended June 30:

	<u>Office Space</u>	<u>Copier</u>	<u>Total</u>
2014	\$ 44,208	\$ 2,985	\$ 47,193
2015	<u>4,362</u>	<u>1,990</u>	<u>6,352</u>
Total	<u>\$ 48,570</u>	<u>\$ 4,975</u>	<u>\$ 53,545</u>

Rent expenses paid by the Agency for the year ended June 30, 2013 was \$51,034.

### 6. FAIR VALUE

The following methods and assumptions were used by the Chamber in estimating its fair value:

Cash, accounts receivable, grant receivables, accounts payable and other liabilities: They carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

### 7. LOAN PAYABLE

The Agency has a loan payable in the amount of \$470,000 from a commercial bank. The total line of credit related to the loan is \$470,000. Interest is due and payable monthly at 5.25%. The balance at June 30, 2013 was \$470,000. The loan is secured by receivables.

### 8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 25, 2014, which was the date the financial statements were issued.

## **SUPPLEMENTAL INFORMATION**

**PREVENT CHILD ABUSE TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Receivable June 30, 2012</u>	<u>Cash Receipts</u>	<u>Expenditures Amount Earned</u>	<u>Receivable June 30, 2013</u>
<b>FEDERAL AWARDS</b>							
Tennessee Department of Finance and Administration	VOCA	16.575	18819	\$ 15,755	\$ 15,755	\$ -	\$ -
Tennessee Department of Finance and Administration	VOCA	16.575	18819	12,769	42,692	77,937	48,014
		Total CFDA 16.575		28,524	58,447	77,937	48,014
** Tennessee Department of Health	Healthy Families	93.505	GR1338748	44,160	291,820	325,638	77,978
** Tennessee Department of Health	Healthy Families 2	93.505	GR1334604	-	530,105	1,106,576	576,471
		Total CFDA 93.505		44,160	821,925	1,432,214	654,449
Tennessee Department of Children's Services	Nurturing - Mid Cumb	93.590	31715	-	15,382	21,879	6,497
Tennessee Department of Children's Services	Nurturing - East	93.590	31701	-	4,194	9,860	5,666
Tennessee Department of Children's Services	Nurturing - TN Valley	93.590	31769	-	18,128	30,459	12,331
Tennessee Department of Children's Services	Darkness to Light	93.590	31657	-	-	7,780	7,780
Tennessee Department of Children's Services	Parent Leadership	93.590	35723	5,503	5,503	17,333	17,333
		Total CFDA 93.590		5,503	43,207	87,311	49,607
<b>Total Federal Awards</b>				\$ 78,187	\$ 923,579	\$ 1,597,462	\$ 752,070
<b>STATE AWARDS</b>							
Tennessee Department of Children's Services	Nurturing - Mid Cumb	93.590	31715	\$ -	6,283	8,936	\$ 2,653
Tennessee Department of Children's Services	Nurturing - East	93.590	31701	-	10,268	24,140	13,872
Tennessee Department of Children's Services	Nurturing - TN Valley	93.590	31769	-	7,404	12,441	5,037
Tennessee Department of Children's Services	Darkness to Light	93.590	31657	-	-	19,048	19,048
Tennessee Department of Children's Services	Parent Leadership	93.590	35723	13,474	13,474	42,437	42,437
<b>Total State Awards</b>		Total CFDA 93.590		13,474	37,429	107,002	83,047
<b>Total Federal and State Awards</b>				\$ 91,661	\$ 961,008	\$ 1,704,464	\$ 835,117

***Basis of presentation***

This schedule of expenditures of federal and state awards includes the federal and state grant activity of Prevent Child Abuse Tennessee and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

\*\* Tested as Major Program



**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S 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**

To the Board of Directors  
Prevent Child Abuse Tennessee  
Nashville, 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 which comprise the statement of financial position as of June 30, 2013, 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 March 25, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Prevent Child Abuse Tennessee'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 Prevent Child Abuse Tennessee'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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies as items 13-1 and 13-3.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Prevent Child Abuse Tennessee'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 13-2.

## **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.

*Bellonfant & Miles, PLLC*

March 25, 2014





**BELLENFANT + MILES, PLLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors  
Prevent Child Abuse Tennessee  
Nashville, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited Prevent Child Abuse Tennessee's compliance 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 Prevent Child Abuse Tennessee's major federal programs for the year ended June 30, 2013. Prevent Child Abuse Tennessee's major federal programs are identified in the summary of auditor's 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Prevent Child Abuse Tennessee'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 Prevent Child Abuse Tennessee'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 Prevent Child Abuse Tennessee's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Prevent Child Abuse Tennessee 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, 2013. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and responses as item 13-2.



## Report on Internal Control Over Compliance

Management of Prevent Child Abuse Tennessee 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 Prevent Child Abuse Tennessee'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 Prevent Child Abuse Tennessee'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.

*Bellefleur & Miles, PLLC*

March 25, 2014

**PREVENT CHILD ABUSE TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**PART I - SUMMARY OF AUDITORS' RESULTS**

**I. Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_yes        x  no

Significant deficiencies identified not  
considered to be material weaknesses?   x  yes      \_\_\_\_\_none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes        x  no

**Federal Awards**

Internal Control over major programs:

Material weaknesses identified? \_\_\_\_\_yes        x  no

Significant deficiencies identified not  
Considered to be material weaknesses?   x  yes      \_\_\_\_\_none reported

Type of auditors' report issued on compliance  
For major programs:

Unqualified

Any Audit findings disclosed that are required to be  
reported in accordance with A-133, Section 510(a)? \_\_\_\_\_yes        x  no

Identification of major programs:

93.505 Healthy Families

Dollar threshold used to distinguish between  
Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee? \_\_\_\_\_yes        x  no

**PREVENT CHILD ABUSE TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**PART II – FINDINGS AND RESPONSES REPORTED IN ACCORDANCE WITH GENERALLY  
ACCEPTED GOVERNMENT AUDITING PROCEDURES**

**Finding – 13-1 – SEGREGATION OF DUTIES**

**Condition:**

The Agency did not have proper internal controls over financial reporting or proper segregation of duties in place during the year ended June 30, 2013.

**Criteria:**

The Agency should maintain effective internal controls over financial reporting that would identify financial reporting errors during the regular course of operations.

**Cause:**

The executive director performs most of the financial functions.

**Effect:**

There is an increased likelihood that financial reporting errors could occur and not be detected during the regular course of operations.

**Recommendation:**

Internal accounting control would be strengthened by a uniform segregation of duties.

**Views of Responsible Officials and Planned Corrective Actions:**

We have hired a full time CPA to share financial functions. We are continuing to monitor office responsibility and we will segregate duties to the extent possible.

**Finding – 13-2 – BUDGETING**

**Condition:**

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

**Criteria:**

The Agency should have a budget every year with amendments as needed.

**Cause:**

The Agency may not realize a budget is needed.

## **PREVENT CHILD ABUSE TENNESSEE**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS - continued**

#### **FOR THE YEAR ENDED JUNE 30, 2013**

##### **Finding – 13-2 – BUDGETING - continued**

###### **Effect:**

The Agency's management cannot track revenues and expenditures as compared to budget and therefore may overspend.

###### **Recommendation:**

We recommend that the Agency approve a budget in the future.

###### **Views of Responsible Officials and Planned Corrective Actions:**

We concur with the auditors' finding and we will prepare a budget in the future. We already have budgets from grantor agencies for each grant that we comply with.

##### **Finding – 13-3 – DEBIT CARD POLICIES**

###### **Condition:**

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

###### **Criteria:**

The Agency should maintain effective internal controls over financial reporting that would identify financial reporting errors during the regular course of operations.

###### **Cause:**

The Agency may not have the time to provide policies and details of purchases.

###### **Effect:**

There is an increased likelihood that financial reporting errors could occur and not be detected during the regular course of operations.

###### **Recommendation:**

A policy should describe when a debit card can be used. All receipts for debit card purchases need to be readily available and attached to monthly bank statement. We discourage the use of debit cards because they are susceptible to misuse.

###### **Views of Responsible Officials and Planned Corrective Actions:**

We concur with the auditors' finding and we have taken steps to put procedures in place and keep receipts with description of purchase and account code written.

#### **PART III– FINDINGS AND RESPONSES FOR FEDERAL AWARDS**

There are no questionable costs related to the major federal program and the finding reported in 13-2 did not directly affect the major federal award.

**PREVENT CHILD ABUSE TENNESSEE**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

There were no audit findings for the year ended June 30, 2012.