

PREVENT CHILD ABUSE ATHENS, INC.

(A Nonprofit Organization)

Financial Report

For the fiscal years ended June 30, 2017 and 2016

PREVENT CHILD ABUSE ATHENS, INC.

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Independent Auditor's Report

To the Board of Directors of
Prevent Child Abuse Athens, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Prevent Child Abuse Athens, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, cash flows, and functional expenses 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.

Auditor's 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 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 Athens, Inc., as of June 30, 2017 and 2016 and the changes in its net assets and its cash flows for the years then ended in conformity 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 basic financial statements taken as a whole. The schedule of state awards expended on page 18 is presented for purposes of additional analysis and is not a required part of the basic 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 September 30, 2017 on our consideration of Prevent Child Abuse Athens, Inc.'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Rushion & Company, LLC

Certified Public Accountants

Gainesville, Georgia
September 30, 2017

PREVENT CHILD ABUSE ATHENS
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash	\$ 452,289	\$ 422,283
Certificates of deposit	154,649	154,403
Receivables		
Grants	99,249	127,880
Allocations	24,050	24,050
Pledges	47,624	0
Other	0	9,566
Prepaid expenses	13,839	6,755
Total current assets	791,700	744,937
Property and equipment, net	151,249	160,498
Total Assets	\$ 942,949	\$ 905,435
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 0	\$ 2,929
Payroll liabilities	25,929	3,103
Compensated absences	35,534	27,869
Due to other agencies	1,499	1,064
Total current liabilities	62,962	34,965
Net Assets		
With donor restrictions	24,050	24,050
Without donor restrictions	855,937	846,420
Total net assets	879,987	870,470
Total Liabilities and Net Assets	\$ 942,949	\$ 905,435

PREVENT CHILD ABUSE ATHENS
Statement of Activities
For the fiscal year ended June 30, 2017
(With comparative totals for June 30, 2016)

	2017			2016 Totals
	Without Donor Restriction	With Donor Restriction	Totals	
NET ASSETS				
Revenues, gains and other support				
Contributions	\$ 90,703	\$ 0	\$ 90,703	\$ 66,882
Grant revenue	627,683	0	627,683	661,623
United Way allocations	0	48,100	48,100	48,100
Special events				
Gross revenue	\$ 99,804			
Costs of direct benefits to donors	(32,616)	0	67,188	56,448
Investment revenue	918	0	918	1,113
	786,492	48,100	834,592	834,166
Net assets released from restrictions				
Restrictions satisfied by payments	48,100	(48,100)	0	0
Total revenues, gains and other support	834,592	0	834,592	834,166
Expenses				
Program services				
Healthy Families	591,748	0	591,748	547,222
First Steps	110,621	0	110,621	101,776
Parenting Classes	46,627	0	46,627	61,191
Community Education	14,059	0	14,059	13,284
General Administration	36,096	0	36,096	37,825
Fundraising	25,924	0	25,924	15,163
Total expenses	825,075	0	825,075	776,461
Loss on disposal of property and equipment	0	0	0	247
Total expenses and losses	825,075	0	825,075	776,708
Increase (decrease) in net assets	9,517	0	9,517	57,458
Net assets, July 1	846,420	24,050	870,470	813,012
Net assets, June 30	\$ 855,937	\$ 24,050	\$ 879,987	\$ 870,470

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

PREVENT CHILD ABUSE ATHENS
Statement of Activities
For the fiscal year ended June 30, 2016

	Without Donor Restriction	With Donor Restriction	Totals
UNRESTRICTED NET ASSETS			
Revenues, gains and other support			
Contributions	\$ 66,882	\$ 0	\$ 66,882
Grant revenue	661,623	0	661,623
United Way allocations	0	48,100	48,100
Special events			
Gross revenue	\$ 102,018		
Costs of direct benefits to donors	(45,570)	0	56,448
Investment revenue	1,113	0	1,113
	786,066	48,100	834,166
Net assets released from restrictions			
Restrictions satisfied by payments	48,100	(48,100)	0
Total revenues, gains and other support	834,166	0	834,166
Expenses			
Program services			
Healthy Families	547,222	0	547,222
First Steps	101,776	0	101,776
Parenting Classes	61,191	0	61,191
Community Education	13,284	0	13,284
General Administration	37,825	0	37,825
Fundraising	15,163	0	15,163
Total expenses	776,461	0	776,461
Loss on disposal of property and equipment	247	0	247
Total expenses and losses	776,708	0	776,708
Increase (decrease) in net assets	57,458	0	57,458
Net assets, July 1	788,962	24,050	813,012
Net assets, June 30	\$ 846,420	\$ 24,050	\$ 870,470

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

PREVENT CHILD ABUSE ATHENS
Statements of Cash Flow
For the fiscal years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 9,517	\$ 57,458
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,249	9,203
Loss on sale of assets	0	247
(Increase) decrease in operating assets		
Grants receivable	28,632	52,684
Pledges receivable	(47,624)	0
Other receivable	9,566	(9,566)
Prepaid expenses	(7,084)	89
Increase (decrease) in operating liabilities		
Accounts payable	(2,931)	2,931
Accrued payroll liabilities	30,492	3,389
Due to other agencies	435	690
	<u>30,252</u>	<u>117,125</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	0	(3,431)
Proceeds from certificates of deposit	154,403	153,937
Purchase of certificates of deposit	(154,649)	(154,403)
	<u>(246)</u>	<u>(3,897)</u>
Net cash provided (used) by investing activities		
Net increase (decrease) in cash	30,006	113,228
Cash, July 1	<u>422,283</u>	<u>309,055</u>
Cash, June 30	<u>\$ 452,289</u>	<u>\$ 422,283</u>

PREVENT CHILD ABUSE ATHENS
Statement of Functional Expenses
For the fiscal year ended June 30, 2017
(With comparative totals for June 30, 2016)

	Program Services		
	Healthy Families	First Steps	Parenting Classes
Compensation and related expenses			
Compensation	\$ 420,895	\$ 74,674	\$ 34,085
Employee benefits	34,529	8,270	2,780
Payroll taxes	33,114	5,803	2,759
Total compensation expenses	<u>488,538</u>	<u>88,747</u>	<u>39,624</u>
Occupancy			
Rent	2,364	0	0
Utilities	2,100	411	0
Insurance	4,493	812	437
Total occupancy expenses	<u>8,957</u>	<u>1,223</u>	<u>437</u>
Administration			
Postage and printing	1,122	175	102
Supplies	26,642	11,651	1,645
Professional fees	8,136	1,469	791
Total administration expenses	<u>35,900</u>	<u>13,295</u>	<u>2,538</u>
Repairs and maintenance	4,550	815	442
Telephone	8,401	1,365	961
Travel	38,659	3,974	1,978
Depreciation	6,660	1,202	647
Other	83	0	0
Total functional expenses	<u>\$ 591,748</u>	<u>\$ 110,621</u>	<u>\$ 46,627</u>

Program Services	Supporting Services			
Community Education	General Administration	Fundraising	2017 Totals	2016 Totals
\$ 11,063	\$ 24,922	\$ 19,411	\$ 585,050	\$ 535,509
897	4,510	2,057	53,043	50,402
928	1,986	1,542	46,132	43,811
<u>12,888</u>	<u>31,418</u>	<u>23,010</u>	<u>684,225</u>	<u>629,722</u>
0	0	0	2,364	2,112
0	146	88	2,745	2,778
0	312	187	6,241	6,988
<u>0</u>	<u>458</u>	<u>275</u>	<u>11,350</u>	<u>11,878</u>
0	74	726	2,199	2,581
953	1,454	120	42,465	38,999
0	1,316	339	12,051	11,787
<u>953</u>	<u>2,844</u>	<u>1,185</u>	<u>56,715</u>	<u>53,367</u>
0	316	134	6,257	16,324
60	374	230	11,391	10,624
158	224	317	45,310	44,348
0	462	278	9,249	9,203
<u>0</u>	<u>0</u>	<u>495</u>	<u>578</u>	<u>995</u>
<u>\$ 14,059</u>	<u>\$ 36,096</u>	<u>\$ 25,924</u>	<u>\$ 825,075</u>	<u>\$ 776,461</u>

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

PREVENT CHILD ABUSE ATHENS
Statement of Functional Expenses
For the fiscal year ended June 30, 2016

	Program Services		
	Healthy Families	First Steps	Parenting Classes
Compensation and related expenses			
Compensation	\$ 381,212	\$ 75,060	\$ 34,813
Employee benefits	34,560	6,305	2,282
Payroll taxes	30,672	5,894	2,828
Total compensation expenses	<u>446,444</u>	<u>87,259</u>	<u>39,923</u>
Occupancy			
Rent	2,112	0	0
Utilities	2,306	244	0
Insurance	5,332	621	483
Total occupancy expenses	<u>9,750</u>	<u>865</u>	<u>483</u>
Administration			
Postage and printing	1,627	195	159
Supplies	15,631	5,132	15,361
Professional fees	8,588	1,017	791
Total administration expenses	<u>25,846</u>	<u>6,344</u>	<u>16,311</u>
Repairs and maintenance	12,172	1,418	1,103
Telephone	7,894	1,055	1,043
Travel	37,922	3,882	1,717
Depreciation	6,933	902	611
Other	261	51	0
Total functional expenses	<u>\$ 547,222</u>	<u>\$ 101,776</u>	<u>\$ 61,191</u>

<u>Program Services</u>	<u>Supporting Services</u>		<u>2016 Totals</u>
<u>Community Education</u>	<u>General Administration</u>	<u>Fundraising</u>	
\$ 10,527	\$ 26,130	\$ 7,767	\$ 535,509
823	4,531	1,901	50,402
911	1,994	1,512	43,811
<u>12,261</u>	<u>32,655</u>	<u>11,180</u>	<u>629,722</u>
0	0	0	2,112
0	152	76	2,778
0	345	207	6,988
<u>0</u>	<u>497</u>	<u>283</u>	<u>11,878</u>
0	144	456	2,581
756	1,526	593	38,999
0	1,052	339	11,787
<u>756</u>	<u>2,722</u>	<u>1,388</u>	<u>53,367</u>
0	822	809	16,324
60	352	220	10,624
207	308	312	44,348
0	469	288	9,203
0	0	683	995
<u>\$ 13,284</u>	<u>\$ 37,825</u>	<u>\$ 15,163</u>	<u>\$ 776,461</u>

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

PREVENT CHILD ABUSE ATHENS, INC.
Notes to Financial Statements
For the fiscal years ended June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Prevent Child Abuse Athens, Inc., is a non-profit organization incorporated under the laws of the State of Georgia. The Organization was formed in 1986 to provide leadership, support and coordination for the prevention of child abuse and neglect in Clarke, Oconee, Oglethorpe, Jackson, and Madison Counties.

Basis of Accounting

The accompanying financial statements of Prevent Child Abuse Athens have been prepared using the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements for Not-for-Profit Organizations*, as updated by Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires classification of net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of these two classes of net assets, with donor restrictions and without donor restrictions, be displayed in the statement of activities and changes in net assets. The accounting standards provide that if a governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restriction.

Contributions

Prevent Child Abuse Athens follows the recommendations of the FASB ASC 958, *Financial Statements for Not-for-Profit Organizations*, as updated by ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, whereby contributions received are recorded as without donor restriction, or with donor restriction depending on the existence and/or nature of donor restrictions. Net assets with donor restriction are reclassified to net assets without donor restriction upon satisfaction of time or purpose restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as support without donor restriction.

Description of Programs

The Organization's programs are supported in part by the Governor's Office of Children and Families through federal funds and state appropriations from the Georgia General Assembly. The Organization operated the following programs during the fiscal year ended June 30, 2017.

Healthy Families – The program provides in-home visits to overburdened, parents of newborns by family support workers, who offer support, parenting education, and information on community resources for up to 4 years after birth of a child. Potential clients are referred through multiple community partners.

First Steps – Trained First Steps volunteers are matched with new parents to give support, parenting education, and referrals to community resources in the first three months of parenting. Community and self-referrals are welcome.

PREVENT CHILD ABUSE ATHENS, INC.
Notes to Financial Statements
For the fiscal years ended June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Description of Programs (continued)

Parenting Classes Program – The program offers parenting classes to community members in a variety of community settings. The goals of the program are to improve family communication and to teach parents about child development and more effective, nonphysical parenting techniques.

Community Education Program – The Community Education program promotes public awareness of child abuse prevention through media campaigns, special events, and presentations to community groups. The emphasis is on successful parenting, and on preventing, recognizing, and reporting child abuse. During regular business hours, a confidential telephone service provides information and guidance regarding questions caregivers may have about their child's development or behavior.

Income Taxes

The Internal Revenue Service has ruled that the Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from state income tax.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments such as checking, savings and money market accounts to be cash equivalents.

Property and Equipment

Property and equipment are carried at cost or, if donated, at their approximate fair value at the date of donation. Interest expense incurred in direct relation to construction projects is capitalized and recorded in the cost of the constructed asset. The Organization has adopted the policy to capitalize assets with a historical cost greater than \$500 and useful lives greater than 3 years. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. Depreciation is computed using the straight-line method over the following years:

	<u>Years</u>
Furniture and office equipment	5 – 7
Building	39

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in without donor restrictions net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

PREVENT CHILD ABUSE ATHENS, INC.
Notes to Financial Statements
For the fiscal years ended June 30, 2017 and 2016

NOTE 3 – ALLOCATIONS RECEIVABLE

The United Way of Northeast Georgia committed \$48,100 and \$48,100 for January through December 2017 and 2016, respectively. \$24,050 and \$24,050 was recorded as receivable for the July through December 2017 and 2016 remaining commitment, respectively.

NOTE 4 – PROPERTY & EQUIPMENT, NET

Property and equipment at June 30, consists of the following:

	<u>2017</u>	<u>2016</u>
Building	\$ 258,274	\$ 258,274
Office equipment	12,480	12,480
	<u>270,754</u>	<u>270,754</u>
Less: Accumulated Depreciation	(119,505)	(110,256)
Total Property & Equipment	<u>\$ 151,249</u>	<u>\$ 160,498</u>

Depreciation expense for fiscal years 2017 and 2016 was \$9,249 and \$9,203, respectively.

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets in the following amounts were released from restriction by satisfying the restricted purpose during the year ended June 30:

	<u>2017</u>	<u>2016</u>
United Way calendar year pledge for July - December 2015	\$ 0	\$ 24,050
United Way calendar year pledge for July - December 2016	24,050	0
United Way calendar year pledge for January - June 2016	0	24,050
United Way calendar year pledge for January - June 2017	24,050	0
Total	<u>\$ 48,100</u>	<u>\$ 48,100</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributions restricted for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
United Way calendar year pledge for July - December	<u>\$ 24,050</u>	<u>\$ 24,050</u>

PREVENT CHILD ABUSE ATHENS, INC.
Notes to Financial Statements
For the fiscal years ended June 30, 2017 and 2016

NOTE 7 – CONCENTRATION OF CREDIT RISK

Concentration of Revenues

A large portion of the Organization’s total support and revenue is provided by four sources:

	<u>2017</u>		<u>2016</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Georgia Department of Human Resources				
Division of Family and Children Services	\$ 529,867	63.82%	\$ 579,053	71.18%
Clarke County Department of				
Family and Children Services Grants	88,464	10.65%	81,093	8.33%
Starry, Starry Night Special Event	99,804	12.02%	102,020	12.29%
United Way	48,100	5.79%	48,100	5.79%

Concentration of Cash Balances

The organization maintains cash and cash equivalent balances at a financial institution in Athens, Georgia. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2017, the organization’s uninsured balances totaled \$334,125.

Concentration of Accounts Receivable

Credit risk for accounts receivable is concentrated, as well, 100% the balances are receivable from 3 different agencies.

NOTE 8 – FUNCTIONAL EXPENSES BY PERCENTAGE

Functional expenses for years ended June 30 are as follows:

	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Healthy Families	\$591,748	71.72%	\$547,222	70.48%
First Steps	110,621	13.41%	101,776	13.11%
Parenting Classes	46,627	5.65%	61,191	7.88%
Community Education	14,059	1.70%	13,284	1.71%
General Administration	36,096	4.37%	37,825	4.87%
Fundraising	25,924	3.15%	15,163	1.95%

NOTE 9 – UNCERTAIN TAX POSITIONS

Effective July 1, 2009, the Organization implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, Income Taxes. The guidance prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2017, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

With few exceptions, the Organization is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before fiscal year 2014.

PREVENT CHILD ABUSE ATHENS, INC.
Notes to Financial Statements
For the fiscal years ended June 30, 2017 and 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the donor makes the promise to give and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Contributions with Donor Restrictions and without Donor Restrictions

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Deferred Revenue

Deferred revenue is recognized when cash advances exceed revenues earned against such advances.

Compensated Absences

The Organization has adopted the policy to allow employees to accumulate earned but unused vacation leave benefits, which will be paid to the employee upon separation. Employees may accumulate up to twice the accrual rate of vacation benefits. Currently, permanent employees working 20 hours or more per week earn from 96 to 176 hours per year, based on years of service. The Organization also allows employees to accumulate earned but unused sick leave benefits; the maximum accrual is 192 hours and is based on twice the annual accrual rate. However, employees will not be paid for any unused sick leave upon separation. Therefore, no liability is reported for accumulated sick leave benefits due to the non-vesting nature of the benefit, and any amount would be undeterminable.

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 and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function have been allocated among the programs and supporting services. General and administrative expenses include those expenses that provide for the overall support and direction of the Organization.

Subsequent Events

Management has evaluated events through September 30, 2017 the date the financial statements were available to be issued. During this period, management did not have material recognizable subsequent events that required recognition or disclosure in the accompanying financial statements.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable at June 30 are:

	<u>2017</u>	<u>2016</u>
Georgia Department of Human Resources		
Division of Family and Children Services	\$ 99,249	\$ 127,880

**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 of
Prevent Child Abuse Athens, Inc.

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 Athens, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Prevent Child Abuse Athens' 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 Athens' 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 below that we consider to be significant deficiencies.

2017-001

Condition: Personnel may require additional training in the application of generally accepted accounting principles and the preparation of financial statements. Currently, the Organization relies on the external auditors for technical assistance in applying generally accepted accounting principles and the preparation of the financial statements. This is common for not-for-profits of similar size and structure to Prevent Child Abuse Athens. Under current auditing standards, providing technical assistance does not impair the independence of the external auditor. However, changes to auditing standards by standards setting boards could state that providing technical assistance would impair the independence of the external auditor. This does not indicate that the Executive Director and Administrative Assistant are not trained to perform the daily accounting functions, but that the Organization has elected as a cost benefit to outsource this expertise to their auditors.

Criteria: Effective internal control requires that the Organization accept responsibility and understanding of the audited financial report.

2017-001, continued

Effect: Failure to understand the financial statements may lead to material misstatements.

Recommendation: Organization personnel should continue to receive training in the identification and application of generally accepted accounting principles and the preparation of the Organization's financial statements.

Management Response: Management concurs with this finding. The Organization has determined that the cost of training Organization personnel to fully perform the duties of a financial director as it relates to GAAP financial statements is prohibitive. The governing body and management have determined that personnel should receive training to the extent that is economically feasible and to continue to rely on the technical assistance of the external auditor or other qualified professional when necessary. This action was taken immediately upon receipt of the comment from our auditors.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Prevent Child Abuse Athens', financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

Prevent Child Abuse Athens' Response to Findings

Prevent Child Abuse Athens' response to the findings identified in our audit is described above. Prevent Child Abuse Athens' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Rushion & Company, LLC

Certified Public Accountants

Gainesville, Georgia
September 30, 2017

PREVENT CHILD ABUSE ATHENS
Schedule of State Awards Expended
For the fiscal year ended June 30, 2017

<u>Grantor/Program Title</u>	<u>Contract Number</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Amount Due from Grantor</u>
Georgia Department of Human Resources Division of Family and Children Services				
2016 Family Support Project	553-2490	\$ 74,786	\$ 20,940	\$ 0
2017 Family Support Project	553-2490	74,556	52,046	15,478
2016 Great Start Georgia Early Education Empowerment Zone	42700-040-40123	126,247	50,500	0
2017 Great Start Georgia Early Education Empowerment Zone	42700-040-40123	126,247	59,016	34,221
2016 Positive Parenting Program	42700-040-34981	49,134	12,283	0
2017 Positive Parenting Program	42700-040-34981	74,449	35,830	11,943
2016 First Steps	42700-040-34927	15,000	7,500	0
2017 First Steps	42700-040-34927	15,000	7,500	0
2016 Home Visitation	42700-040-35000	391,907	78,381	0
2017 Home Visitation	42700-040-35000	391,907	276,073	37,607
Georgia Department of Early Child Care and Learning				
2016 Family Engagement	469-G16PCAAFE001	10,828	9,352	0