

Audit Report

**PUBLIC CHILDREN SERVICES
ASSOCIATION OF OHIO**

Audited Financial Statements

For the Years Ended December 31, 2016 and 2015

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO

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Independent Auditor's Report

To the Board of Trustees of
Public Children Services Association of Ohio

We have audited the accompanying financial statements of Public Children Services Association of Ohio (PCSAO), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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. 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 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 PCSAO, as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Panno & Company, LLC

Columbus, Ohio
June 9, 2017

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 683,253	\$ 730,595
Grants receivable	-	60,000
Accounts receivable, net	4,067	27,006
Prepaid expenses and other assets	21,780	6,725
Total Current Assets	709,100	824,326
Furniture, equipment, and improvements	22,319	24,119
Accumulated depreciation	(14,282)	(12,608)
Property and equipment, net	8,037	11,511
Total Assets	\$ 717,137	\$ 835,837
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 26,074	\$ 16,393
Accrued expenses	42,390	18,574
Deferred dues	11,871	82,437
Other liabilities	6,282	4,163
Refundable advances	83,174	92,186
Total Current Liabilities	169,791	213,753
Net Assets		
Unrestricted	260,688	249,628
Temporarily restricted	286,658	372,456
Total Net Assets	547,346	622,084
Total Liabilities and Net Assets	\$ 717,137	\$ 835,837

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

PUBLIC CHILDREN SERVICES OF OHIO
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2016 and 2015

	<u>2016</u>			<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support						
Contributions	\$ 212,000	154,889	\$ 366,889	\$ 89,627	478,503	\$ 568,130
Program Services	272,651	-	272,651	371,436	-	371,436
Member Dues	437,616	-	437,616	308,350	-	308,350
Conferences	165,886	-	165,886	156,525	-	156,525
Meetings	36,479	20,000	56,479	37,785	-	37,785
Interest Income	727	-	727	617	-	617
Other Revenues	2,096	-	2,096	12,476	-	12,476
Net assets released from restrictions	260,687	(260,687)	-	417,816	(417,816)	-
Total Revenue and Support	<u>1,388,142</u>	<u>(85,798)</u>	<u>1,302,344</u>	<u>1,394,632</u>	<u>60,687</u>	<u>1,455,319</u>
Expenses:						
Program Services						
Community/Public Awareness	200,920	-	200,920	210,871	-	210,871
Permanency/Family Engagement	297,119	-	297,119	377,498	-	377,498
Advocates for Ohio's Future	210,783	-	210,783	183,569	-	183,569
Ohio Reach	226,431	-	226,431	243,367	-	243,367
Systems Excellence	221,036	-	221,036	216,645	-	216,645
Training, Consulting & Tech. Asst.	119,030	-	119,030	144,195	-	144,195
Supporting Services						
Management and General	<u>101,763</u>	<u>-</u>	<u>101,763</u>	<u>83,795</u>	<u>-</u>	<u>83,795</u>
Total Expenses	<u>1,377,082</u>	<u>-</u>	<u>1,377,082</u>	<u>1,459,940</u>	<u>-</u>	<u>1,459,940</u>
Change in Net Assets	11,060	(85,798)	(74,738)	(65,308)	60,687	(4,621)
Net Assets, Beginning of Year	<u>249,628</u>	<u>372,456</u>	<u>622,084</u>	<u>314,936</u>	<u>311,769</u>	<u>626,705</u>
Net Assets, End of Year	<u>\$ 260,688</u>	<u>286,658</u>	<u>\$ 547,346</u>	<u>\$ 249,628</u>	<u>372,456</u>	<u>\$ 622,084</u>

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

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016

	Program Services						Supportive Services		
	Community/ Public <u>Awareness</u>	Permanency/ Family <u>Engagement</u>	Advocates for Ohio's <u>Future</u>	<u>Ohio Reach</u>	Systems <u>Excellence</u>	Training, Consulting & Tech. <u>Assistance</u>	Total Program <u>Services</u>	Management and <u>General</u>	Total <u>Expenses</u>
Salaries	\$ 99,861	102,861	143,314	68,766	38,133	32,251	485,186	45,760	\$ 530,946
Payroll taxes	8,484	9,000	11,698	5,670	3,109	2,749	40,710	3,727	44,437
Employee benefits	9,468	12,659	10,591	5,854	3,035	3,447	45,054	8,040	53,094
	<u>117,813</u>	<u>124,520</u>	<u>165,603</u>	<u>80,290</u>	<u>44,277</u>	<u>38,447</u>	<u>570,950</u>	<u>57,527</u>	<u>628,477</u>
Professional fees	-	-	2,056	-	-	-	2,056	11,299	13,355
Dues and subscriptions	5,815	5,690	1,631	-	1,692	232	15,060	697	15,757
Contract services	55,215	116,849	3,353	100,636	130,914	3,850	410,817	2,784	413,601
Conferences	4,254	-	-	-	-	66,018	70,272	-	70,272
Meetings and memberships	-	17,838	1,700	18,587	33,763	1,428	73,316	-	73,316
Other expenses	815	-	20,953	-	-	-	21,768	1,838	23,606
Insurance and bonding	-	-	-	-	-	-	-	2,793	2,793
Travel	891	13,647	4,202	1,749	1,158	891	22,538	891	23,429
Rental	13,328	13,328	7,980	7,546	6,664	6,664	55,510	14,680	70,190
Telephone	1,462	1,227	1,303	978	613	613	6,196	1,462	7,658
Supplies and equipment	194	2,887	1,309	13,525	1,262	194	19,371	5,394	24,765
Postage	-	-	-	-	-	-	-	503	503
Printing and copying	879	879	439	2,866	439	439	5,941	879	6,820
Total expenses before depreciation	200,666	296,865	210,529	226,177	220,782	118,776	1,273,795	100,747	1,374,542
Depreciation and amortization	254	254	254	254	254	254	1,524	1,016	2,540
Total expenses	<u>\$ 200,920</u>	<u>297,119</u>	<u>210,783</u>	<u>226,431</u>	<u>221,036</u>	<u>119,030</u>	<u>1,275,319</u>	<u>101,763</u>	<u>\$ 1,377,082</u>

The accompanying notes are an integral part of these financial statements

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015

	Program Services						Supportive Services		
	Community/ Public <u>Awareness</u>	Permanency/ Family <u>Engagement</u>	Advocates for Ohio's <u>Future</u>	<u>Ohio Reach</u>	Systems <u>Excellence</u>	Training, Consulting & Tech. <u>Assistance</u>	Total Program <u>Services</u>	Management and <u>General</u>	Total <u>Expenses</u>
Salaries	\$ 88,222	\$ 178,720	126,400	65,088	37,040	32,790	528,259	47,340	\$ 575,599
Payroll taxes	7,022	14,615	10,321	5,266	3,002	2,668	42,894	3,836	46,730
Employee benefits	7,289	17,432	8,291	5,260	2,549	2,456	43,277	2,574	45,851
	<u>102,532</u>	<u>210,766</u>	<u>145,012</u>	<u>75,615</u>	<u>42,591</u>	<u>37,915</u>	<u>614,431</u>	<u>53,750</u>	<u>668,181</u>
Professional fees	-	-	-	-	-	-	-	12,203	12,203
Dues and subscriptions	4,893	2,823	50	-	1,845	2,510	12,120	290	12,410
Contract services	44,568	92,231	23,068	120,077	133,835	35,500	449,280	823	450,102
Conferences	5,380	3,371	-	-	10,112	53,932	72,795	-	72,795
Meetings and memberships	14,875	22,970	17	16,803	3,238	3,188	61,090	-	61,090
Other expenses	226	226	250	1,226	478	226	2,631	1,849	4,480
Insurance and bonding	-	-	-	-	-	-	-	2,580	2,580
Travel	691	27,936	5,374	7,901	6,896	2,052	50,849	108	50,956
Rental	23,486	12,254	6,915	6,461	6,637	6,637	62,391	6,637	69,028
Telephone	2,404	1,803	975	600	601	601	6,985	601	7,586
Supplies and equipment	734	1,567	1,081	13,450	734	734	18,300	4,159	22,459
Postage	74	74	-	74	74	74	372	149	521
Printing and copying	10,547	1,016	367	700	9,144	367	22,141	184	22,325
Total expenses before depreciation	210,411	377,038	183,109	242,907	216,185	143,735	1,373,385	83,331	1,456,716
Depreciation and amortization	460	460	460	460	460	460	2,760	464	3,224
Total expenses	<u>\$ 210,871</u>	<u>\$ 377,498</u>	<u>183,569</u>	<u>243,367</u>	<u>216,645</u>	<u>144,195</u>	<u>1,376,145</u>	<u>83,795</u>	<u>1,459,940</u>

The accompanying notes are an integral part of these financial statements

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Change in Net Assets:	\$ (74,738)	\$ (4,621)
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:		
Depreciation	2,540	3,224
Loss on Disposal of Property and Equipment	934	2,508
 (Increase) Decrease in Assets:		
Grants Receivable	60,000	15,000
Accounts Receivable	22,939	50,348
Prepaid Expenses and Other Assets	(15,055)	(3,190)
 Increase (Decrease) in Liabilities:		
Accounts Payable	9,681	1,066
Accrued Expenses	23,816	(1,695)
Deferred Dues	(70,566)	(50,904)
Deferred Revenues	-	(21,319)
Other Liabilities	2,119	3,272
Refundable Advances	(9,012)	(32,049)
 Net Cash (Used In) Operating Activities	(47,342)	(38,360)
 Cash Flows from Investing Activities:		
Disposal of Property and Equipment	-	500
Purchases of Property and Equipment	-	(1,947)
 Net Cash (Used In) Investing Activities	-	(1,447)
 Net Change in Cash and Cash Equivalents	(47,342)	(39,807)
 Cash and Cash Equivalents at Beginning of Year	730,595	770,402
 Cash and Cash Equivalents at End of Year	\$ 683,253	\$ 730,595

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

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Public Children Services Association of Ohio (PCSAO or the Association) was established in 1981 to operate for charitable purposes. PCSAO is a membership-driven association of Ohio's county Public Children Services Agencies that advocates for and promotes child protection program excellence and sound public policy for safe children, stable families, and supportive communities. The Association has the following six major program activities:

- Community/Public Awareness – PCSAO's public policy work and activities dedicated to educating the community about child protection.
- Permanency/Family Engagement – PCSAO's efforts to increase permanency and family engagement in child protection.
- Advocates for Ohio's Future – Advocate and educate members and the public about health and human services issues.
- Ohio Reach – Dedicated to improve post-secondary outcomes for foster care youth and alumni through leadership, empowerment, advocacy, research, and networking.
- Systems Excellence – PCSAO's efforts to develop and promote best practices in child protection.
- Training, Consulting & Tech Asst. – PCSAO's conference, trainings, meetings, and technical assistance related activities.

Basis of accounting

The financial statements of the Association have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of presentation

The accompanying financial statements are prepared on the basis of accrual accounting in accordance with generally accepted accounting principles for not-for-profit organizations. Accordingly, the net assets of PCSAO are reported in each of the following three classes:

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

Temporarily restricted net assets – Net assets subject to donor imposed stipulations that may or will be met either by actions of the organization or the passage of time. As of December 31, 2016 and 2015, temporarily restricted net assets totaled \$286,658 and \$372,456, respectively.

The expiration of a donor imposed restriction on a contribution is recognized in the period in which the restriction expires and at that time, the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both. If the donor restriction expires in the same fiscal year the gift is received, the Association reports the gift as a temporarily restricted contribution and as net assets released from restriction in the statement of activities.

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. As of December 31, 2016 and 2015, there were no permanently restricted net assets.

Cash and Cash Equivalent

Cash and cash equivalent include cash on hand and on deposit and highly liquid cash investments with original maturities of three months or less.

Property and Equipment

Property and equipment additions are stated at cost. Depreciation is provided over the estimated useful lives of the assets utilizing the straight line method. The cost of assets sold or retired and the related accumulated depreciation is removed from the accounts in the year of disposal and any gain or loss is included in net income. Maintenance is charged to expenses as incurred. Renewals and betterment over \$500 are capitalized.

Deferred Dues

Deferred dues represents cash received for memberships, which have not yet been earned.

Deferred Revenue

Deferred revenue represents cash received for goods or services, such as the Association's Factbook publication, which have not yet been earned.

Refundable Advances

The Association entered into a grant agreement with Ohio Attorney General's Office to receive funds specifically for the Ohio Reach program. Per the Agreement, unexpended funds must be returned to the Attorney General. The Association records the unexpended funds in the Refundable Advances liability account. As of December 31, 2016 and 2015, Refundable Advances totaled \$83,174 and \$92,186, respectively. Per the agreement beginning in October 2015, Ohio Attorney General's Office permitted the Association to apply the Refundable Advances to the grant period of the following two years.

Contribution

The Association recognizes contributions received and contributions made in accordance with ASC No. 985-605-25, "Accounting for Contributions Received and Contributions Made." Under ASC No. 985-605-25, a contribution made to the Association is recognized when the donors make an unconditional promise to give to the Association. Conditional promises to give are not recognized by the Association as contribution received until the condition has been met. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor imposed restriction. Contributions received with donor imposed restrictions that are met in the same reporting period are reported as unrestricted contributions.

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Expense Recognition

Revenue received relating to future programs and membership dues are deferred until programs are completed and revenues have been earned. Expenses paid relating to future programs and revenues are deferred until programs are completed and revenues have been earned. Functional expenses are charged to program, administrative, or fundraising based on a combination of specific identification and allocation by management.

Functional expenses

The Association allocates its expenses on a functional basis among its various programs and support services. Expenses are allocated either directly according to their natural expenditure classification or by various statistical bases.

Use of Estimates

The financial statements of the Association are prepared in conformity with accounting principles generally accepted in the United States of America. This presentation requires the use of estimates and assumptions made by management that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Instruments

The Association believes that the carrying value of its financial instruments, which includes receivables, payables and deferred income, approximates fair value based on market rates currently available for financial instruments with similar terms.

Federal Income Tax

The Association is a qualifying organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is, therefore, exempt from income taxes under IRC Section 501(a) on its normal operations. Accordingly, no provision for federal income taxes has been made in the financial statements.

The Association follows Financial Accounting Standards Board (FASB) guidance on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Association may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty income taxes also address de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2016 and 2015, there were no unrecognized tax benefits identified or recorded as liabilities. The Association's open tax periods are 2013 through 2015 based on filed Forms 990.

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

The Association has evaluated subsequent events for potential recognition and/or disclosure through June 9, 2017, the date the financial statements were available to be issued.

Reclassification

Certain amounts from the prior year may have been reclassified to conform to the current year presentation.

NOTE 2 – CONCENTRATION OF RISK

During the years ending 2016 and 2015, the Association maintained in a financial institution cash amounts in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits. As of December 2016 and 2015, the uninsured amount is \$501,245 and \$489,191, respectively. The Association has not experienced any losses in such accounts and believes it is not exposed to any significant concentration of credit risk in relation to cash and cash equivalents.

NOTE 3 – OPERATING LEASES

The Association leases office space under an operating lease. In 2014, the Association entered into an office space lease for a term of 84 months beginning October 2014. Rent expense is recorded under the straight line method for \$5,099 per month. Total rent expense of the office space for the years ending December 31, 2016 and 2015 were both \$61,188.

In March 2014, the Association entered into an operating lease for a copying machine which requires 60 monthly payments of \$273. Total copying machine expense for the years ending December 31, 2016 and 2015 were both \$3,276.

Minimum future payments under these non-cancelable operating leases are:

2017	\$ 63,525
2018	64,714
2019	63,479
2020	63,916
2021	48,658
Thereafter	<u> -</u>
Total	\$ <u>304,292</u>

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015

NOTE 4 – RETIRMENT PLAN

The Association sponsors a Saving Incentive Match Plan for an employee retirement plan for all employees of the Association who have completed their probationary period. The Association will match up to 3% of eligible employees' contributions. The Executive Director receives a total employer contribution of 7.35% of her salary to her retirement plan account. The Association retirement plan expense for the years ended December 31, 2016 and 2015 was \$11,484 and \$12,035, respectively.

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Due to Purpose Restriction

In 2002, the Association established the Dan Schneider Child Welfare Leadership Fund for Executive Training. This fund is to support child welfare professionals attending such leadership programs as the Kennedy School of State and Local Government and the Voinovich Center Executive Leadership Institute. Subsequently, the Association accepted donations toward the fund from various county child service agencies, individuals, and companies.

In 2010, the Association began administrating for a coalition called Advocates for Ohio's Future. The Association received funds for Advocates for Ohio's Future in the form of designated funds and donations to advocate and promote health and human service budget and policy solutions.

In 2013, the Association established the Ohio Reach Fund to improve post-secondary outcomes for foster care youth and alumni through leadership, empowerment, advocacy, research and networking. The balance from contributions received is temporarily restricted.

In 2014, the Association began administrating the Annie E. Casey Foundation Grant related to the Family to Family Initiative in Cuyahoga County. The Cuyahoga County DCFS requests funds from the Association for acceptable program expenses.

In 2015, the Association established the Gayle Channing Tenenbaum Communications Fund to employ effective strategic communications, media advocacy and public relations.

Due to Time Restriction

In 2015, the Association received from the George Gund Foundation a two-year grant for Advocates for Ohio's Future operating support. The total grant amount was \$100,000, of which \$20,000 was with conditions that were not met as of December 31, 2015. Therefore, the Association recorded contribution revenue of \$80,000, of which \$40,000 is reserved for 2016 program and is temporarily restricted as of December 31, 2015 due to timing.

PUBLIC CHILDREN SERVICES ASSOCIATION OF OHIO
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2016 and 2015

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

In 2016, all temporarily restricted net assets due to timing were released from restriction. There is no temporarily restricted as of December 31, 2016 due to timing.

Temporarily restricted net assets as of December 31, 2016 and 2015 are available for the following purposes:

	<u>2016</u>	<u>2015</u>
<u>Purpose restriction:</u>		
Dan Schneider Child Welfare Leadership Fund	\$ 47,269	\$ 47,228
Advocates for Ohio's Future	151,556	167,693
Annie E. Casey Foundation for Cuyahoga County	10,182	60,464
Ohio Reach Fund	72,316	52,316
Gayle Channing Tenenbaum Communications Fund	5,335	4,755
<u>Time restriction:</u>		
Annie E. Casey Foundation for Franklin Country	-	-
George Gund Foundation	<u>-</u>	<u>40,000</u>
Total temporarily restricted net assets	\$ <u>282,658</u>	\$ <u>372,456</u>