

Public Children Services Association of Ohio

Financial Statements

December 31, 2017 and 2016

(with Independent Auditors' Report)

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Public Children Services Association of Ohio (a not-for-profit organization) (the "Association"), which comprise the statement of financial position as of December 31, 2017, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Children Services Association of Ohio as of December 31, 2017 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.

Prior Period Financial Statements

The financial statements of Public Children Services Association of Ohio as of December 31, 2016, were audited by other auditors whose report dated June 9, 2017, expressed an unmodified opinion on those statements.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
June 18, 2018

Public Children Services Association of Ohio
 Statements of Financial Position
 December 31, 2017 and 2016

Assets

	2017	2016
Current assets:		
Cash and cash equivalents	\$ 700,674	683,253
Accounts receivable	7,236	4,067
Grants receivable	164,827	-
Prepaid expenses	12,959	21,780
	885,696	709,100
Property and equipment, net		
Office furniture and fixtures	24,103	22,319
Less accumulated depreciation	(16,063)	(14,282)
	8,040	8,037
	\$ 893,736	717,137
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 130,195	26,074
Accrued expenses	35,516	42,390
Others liabilities	7,220	6,282
Refundable advances	111,843	83,174
Deferred dues	201,447	11,871
	486,221	169,791
Net assets		
Unrestricted	263,265	260,688
Temporarily restricted	144,250	286,658
	407,515	547,346
	\$ 893,736	717,137

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statements of Activities
Years Ended December 31, 2017 and 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and support:						
Contributions	\$ -	20,675	20,675	-	174,889	174,889
Federal grants	328,906	-	328,906	-	-	-
Local grants	430,831	-	430,831	433,511	-	433,511
Program services	48,041	-	48,041	51,140	-	51,140
Member dues	502,779	-	502,779	437,616	-	437,616
Conferences	144,892	-	144,892	165,886	-	165,886
Meetings	37,852	-	37,852	36,479	-	36,479
Interest income	506	47	553	727	-	727
Other revenues	1,937	-	1,937	2,096	-	2,096
Net assets released						
from restrictions	<u>163,130</u>	<u>(163,130)</u>	<u>-</u>	<u>260,687</u>	<u>(260,687)</u>	<u>-</u>
Total revenue and support	<u>1,658,874</u>	<u>(142,408)</u>	<u>1,516,466</u>	<u>1,388,142</u>	<u>(85,798)</u>	<u>1,302,344</u>
 Operating expenses:						
Program services:						
Community/ public awareness	231,476	-	231,476	200,920	-	200,920
Permanency/ family engagement	232,604	-	232,604	297,119	-	297,119
Training, consulting and tech. asst.	136,922	-	136,922	119,030	-	119,030
Systems excellence	244,914	-	244,914	221,036	-	221,036
Ohio Reach	186,503	-	186,503	226,431	-	226,431
Ohio START	257,121	-	257,121	-	-	-
Adventure Therapy	107,265	-	107,265	-	-	-
Advocates for Ohio's Future	<u>147,242</u>	<u>-</u>	<u>147,242</u>	<u>210,783</u>	<u>-</u>	<u>210,783</u>
Total program services	1,544,047	-	1,544,047	1,275,319	-	1,275,319
 General and administrative	<u>112,250</u>	<u>-</u>	<u>112,250</u>	<u>101,763</u>	<u>-</u>	<u>101,763</u>
Total operating expenses	<u>1,656,297</u>	<u>-</u>	<u>1,656,297</u>	<u>1,377,082</u>	<u>-</u>	<u>1,377,082</u>
 Change in net assets	<u>2,577</u>	<u>(142,408)</u>	<u>(139,831)</u>	<u>11,060</u>	<u>(85,798)</u>	<u>(74,738)</u>
Net assets - beginning 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>
Net assets - end of year	\$ <u>263,265</u>	<u>144,250</u>	<u>407,515</u>	<u>260,688</u>	<u>286,658</u>	<u>547,346</u>

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statement of Functional Expenses
Year Ended December 31, 2017

	Program Services								Support	Total	
	Community/ Public Awareness	Permanency/ Family Engagement	Training, Consulting & Tech. Asst.	Systems Excellence	Ohio Reach	Ohio START	Adventure Therapy	Advocates for Ohio's Future	Total Program Services	General and Administrative	2017
Salaries	\$ 76,510	30,604	45,906	61,208	69,938	60,822	9,181	3,667	357,836	45,906	403,742
Employee benefits	7,004	2,801	4,202	5,603	5,956	5,351	840	17,889	49,646	4,202	53,848
Payroll taxes	9,452	3,781	5,671	7,561	10,167	5,519	1,134	572	43,857	5,671	49,528
Total salaries and benefits	92,966	37,186	55,779	74,372	86,061	71,692	11,155	22,128	451,339	55,779	507,118
Conferences	2,627	-	62,171	-	-	-	-	-	64,798	-	64,798
Contract services	97,538	141,569	-	139,485	71,529	173,122	92,570	119,152	834,965	-	834,965
Dues and subscriptions	2,005	2,655	2,005	2,005	80	-	-	78	8,828	2,005	10,833
Insurance and bonding	-	-	-	-	-	-	-	-	-	2,505	2,505
Meetings and memberships	11,014	27,167	6,294	8,543	19,465	731	-	-	73,214	1,573	74,787
Other expenses	516	-	-	-	-	-	-	996	1,512	626	2,138
Postage	-	-	-	-	-	-	-	-	-	953	953
Printing and copying	4,580	2,290	2,290	3,435	2,848	1,500	-	-	16,943	8,015	24,958
Professional fees	-	-	-	-	-	3,189	-	4,612	7,801	13,280	21,081
Rental	15,661	6,264	6,264	12,529	1,140	4,335	-	-	46,193	21,926	68,119
Supplies and equipment	1,917	614	614	922	1,428	602	-	44	6,141	2,151	8,292
Telephone	1,240	620	620	930	860	610	-	50	4,930	2,170	7,100
Travel	1,230	14,057	703	2,511	2,910	1,340	3,540	-	26,291	176	26,467
	231,294	232,422	136,740	244,732	186,321	257,121	107,265	147,060	1,542,955	111,159	1,654,114
Other operating expenses											
Depreciation	182	182	182	182	182	-	-	182	1,092	1,091	2,183
	\$ 231,476	232,604	136,922	244,914	186,503	257,121	107,265	147,242	1,544,047	112,250	1,656,297

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statement of Functional Expenses
Year Ended December 31, 2016

	Program Services						Support	Total	
	Community/ Public Awareness	Permanency/ Family Engagement	Training, Consulting & Tech. Asst.	Systems Excellence	Ohio Reach	Advocates for Ohio's Future	Total Program Services	General and Administrative	2016
Salaries	\$ 99,861	102,861	32,251	38,133	68,766	143,314	485,186	45,760	530,946
Employee benefits	9,468	12,659	3,447	3,035	5,854	10,591	45,054	8,041	53,095
Payroll taxes	8,484	9,000	2,749	3,109	5,670	11,698	40,710	3,727	44,437
Total salaries and benefits	117,813	124,520	38,447	44,277	80,290	165,603	570,950	57,528	628,478
Conferences	4,254	-	66,018	-	-	-	70,272	-	70,272
Contract services	55,215	116,849	3,850	130,914	100,636	3,353	410,817	2,785	413,602
Dues and subscriptions	5,815	5,690	232	1,692	-	1,631	15,060	697	15,757
Insurance and bonding	-	-	-	-	-	-	-	2,793	2,793
Meetings and memberships	-	17,838	1,428	33,763	18,587	1,700	73,316	-	73,316
Other expenses	815	-	-	-	-	20,953	21,768	1,835	23,603
Postage	-	-	-	-	-	-	-	504	504
Printing and copying	879	879	439	439	2,866	439	5,941	879	6,820
Professional fees	-	-	-	-	-	2,056	2,056	11,299	13,355
Rental	13,328	13,328	6,664	6,664	7,546	7,980	55,510	14,680	70,190
Supplies and equipment	194	2,887	194	1,262	13,525	1,309	19,371	5,394	24,765
Telephone	1,462	1,227	613	613	978	1,303	6,196	1,462	7,658
Travel	891	13,647	891	1,158	1,749	4,202	22,538	891	23,429
	200,666	296,865	118,776	220,782	226,177	210,529	1,273,795	100,747	1,374,542
Other operating expenses									
Depreciation	254	254	254	254	254	254	1,524	1,016	2,540
Total	\$ 200,920	297,119	119,030	221,036	226,431	210,783	1,275,319	101,763	1,377,082

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (139,831)	(74,738)
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities:		
Loss on disposal of assets	996	934
Depreciation	2,183	2,540
Effects of changes in operating assets and liabilities:		
Accounts receivable	(3,169)	22,939
Grants receivable	(164,827)	60,000
Prepaid expenses	8,821	(15,055)
Accounts payable	104,121	9,681
Accrued expenses	(6,874)	25,935
Others liabilities	938	(70,566)
Refundable advances	28,669	(9,012)
Deferred dues	189,576	-
Net cash provided (used) by operating activities	20,603	(47,342)
Cash flows from investing activities:		
Purchases of property and equipment	(3,182)	-
Net change in cash and cash equivalents	17,421	(47,342)
Cash and cash equivalents - beginning of year	683,253	730,595
Cash and cash equivalents - end of year	\$ 700,674	683,253

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following accounting principles and practices of Public Children Services Association of Ohio (the Association) are set forth to facilitate the understanding of data presented in the financial statements:

Nature of operations

Public Children Services Association of Ohio was established in 1981 to operate for charitable purposes. The Association is a membership-driven association of Ohio's county Public Children Services Agencies (PCSA) 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 eight major activities:

- Community/Public Awareness – The Association's public policy work and activities dedicated to educating the community about child protection.
- Permanency/Family Engagement – The Association's efforts to increase permanency and family engagement in child protection.
- Training, Consulting & Tech. Asst. – The Association's conference, trainings, meetings, and technical assistance related activities.
- Systems Excellence – The Association's efforts to develop and promote best practices in child protection.
- Ohio Reach – Dedicated to improving post-secondary outcomes for foster care youth and alumni through leadership, empowerment, advocacy, research, and networking.
- Ohio START - An intervention program that will provide specialized victim services, such as intensive trauma counseling, to children who have suffered victimization with substance abuse of a parent being the primary risk factor.
- Adventure Therapy - Allows participating PCSAs to share training, evaluation, consultation and technical assistance costs, while forming the groundwork to launch and maintain sustainable programming and ongoing research.
- Advocates for Ohio's Future – Advocate and educate members and the public about health and human services issues.

Cash and cash equivalents

The Association considers all cash on hand and on deposit and unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Receivables

Accounts receivable are stated at net invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal customer payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. All accounts receivable are considered collectible; therefore, an allowance for doubtful accounts has not been recorded.

Property and equipment

Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 7 years. Costs of repairs and maintenance are charged to expense as incurred.

Deferred dues

Deferred dues represents cash received for memberships, which has 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, 2017 and 2016, Refundable Advances totaled \$111,843 and \$83,174, respectively. Per the agreement, the Ohio Attorney General's Office permitted the Association to apply the refundable advances to the grant period of the following year.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future (pledges), are reported as restricted revenue if received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue recognition

Revenue received relating to future programs and membership dues are deferred until programs are completed and revenues have been earned.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income tax status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). As such, no provision has been made for federal income taxes in the financial statements.

Classification of net assets

Net assets of the Association are classified as unrestricted, temporarily restricted, and permanently restricted, depending on the presence and characteristics of donor-imposed restrictions limiting the Association's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time, or can be removed by meeting certain requirements, result in temporarily restricted net assets. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Temporary restrictions are stipulated by the donor. The Association did not have any permanently restricted net assets as of December 31, 2017 and 2016.

Functional allocation of expenses

The costs of providing program and support services have been reported on a functional basis in the statements of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Reclassification

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation.

Subsequent events

The Association evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 18, 2018, the date the financial statements were available to be issued.

2. OPERATING LEASE OBLIGATION:

The Association leases office space under an operating lease. 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 ended December 31, 2017 and 2016 were both \$61,188.

The Association leases equipment under an operating lease which require monthly payments ranging from \$200 to \$273. Total equipment lease expense for the years ending December 31, 2017 and 2016 were \$4,067 and \$3,276, respectively.

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

2018	\$	65,518
2019		64,010
2020		64,720
2021		49,462
2022		<u>804</u>
Total	\$	<u>244,514</u>

3. CONCENTRATION OF CREDIT RISK:

The Association maintains its cash accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation on balances up to \$250,000. At December 31, 2017 and 2016, the Association has \$488,352 and \$501,245 in excess of the federally insured limit. The Association has not experienced any losses in these accounts.

4. RETIREMENT 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, 2017 and 2016 was \$10,917 and \$11,484, respectively.

5. TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets are restricted for specific purpose or subsequent years' activities. Temporarily restricted net assets as of December 31, 2017 and 2016 are available for the following purposes:

	2017	2016
Dan Schneider Child Welfare Leadership Fund	\$ 47,316	47,269
Advocates for Ohio's Future	-	151,556
Annie E. Casey Foundation for Cuyahoga County	-	10,182
Ohio Reach Fund	92,816	72,316
Gayle Channing Tenenbaum Communications Fund	4,118	5,335
	\$ 144,250	286,658