

Public Children Services Association of Ohio

Financial Statements

December 31, 2018 and 2017

(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 statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 June 10, 2019, on our consideration of Public Children Services Association of Ohio'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 solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Public Children Services Association of Ohio's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Public Children Services Association of Ohio's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
June 10, 2019

Public Children Services Association of Ohio
 Statements of Financial Position
 December 31, 2018 and 2017

Assets

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 808,922	700,674
Accounts receivable	6,600	7,236
Grants receivable	290,917	164,827
Prepaid expenses	<u>26,699</u>	<u>12,959</u>
	<u>1,133,138</u>	<u>885,696</u>
Property and equipment, net:		
Office furniture and fixtures	26,049	24,103
Less accumulated depreciation	<u>(18,014)</u>	<u>(16,063)</u>
	<u>8,035</u>	<u>8,040</u>
	<u>\$ 1,141,173</u>	<u>893,736</u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 271,303	130,195
Accrued expenses	18,859	35,516
Other liabilities	6,969	7,220
Refundable advances	48,804	111,843
Deferred dues	<u>269,100</u>	<u>201,447</u>
	<u>615,035</u>	<u>486,221</u>
Net assets:		
Without donor restrictions	433,379	263,265
With donor restrictions	<u>92,759</u>	<u>144,250</u>
	<u>526,138</u>	<u>407,515</u>
	<u>\$ 1,141,173</u>	<u>893,736</u>

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statements of Activities
Years Ended December 31, 2018 and 2017

	2018			2017		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and support:						
Contributions	\$ 65,150	15,700	80,850	-	20,675	20,675
Federal grants	1,684,852	-	1,684,852	328,906	-	328,906
Local grants	389,289	-	389,289	430,831	-	430,831
Program services	20,660	-	20,660	48,041	-	48,041
Member dues	513,106	-	513,106	502,779	-	502,779
Conferences	145,484	-	145,484	144,892	-	144,892
Meetings	40,976	-	40,976	37,852	-	37,852
Interest income	654	26	680	506	47	553
Other revenues	9,581	-	9,581	1,937	-	1,937
Net assets released						
from restrictions	<u>67,217</u>	<u>(67,217)</u>	<u>-</u>	<u>163,130</u>	<u>(163,130)</u>	<u>-</u>
Total revenue and support	<u>2,936,969</u>	<u>(51,491)</u>	<u>2,885,478</u>	<u>1,658,874</u>	<u>(142,408)</u>	<u>1,516,466</u>
Expenses:						
Program services:						
Community/ public awareness	228,541	-	228,541	231,476	-	231,476
Permanency/ family engagement	104,368	-	104,368	232,604	-	232,604
Training, consulting and tech. asst.	141,510	-	141,510	136,922	-	136,922
Systems excellence	251,663	-	251,663	244,914	-	244,914
Ohio Reach	208,416	-	208,416	186,503	-	186,503
Ohio START	1,543,230	-	1,543,230	257,121	-	257,121
Adventure Therapy	105,865	-	105,865	107,265	-	107,265
Anti-human trafficking	76,279	-	76,279	-	-	-
Advocates for Ohio's Future	<u>-</u>	<u>-</u>	<u>-</u>	<u>147,242</u>	<u>-</u>	<u>147,242</u>
Total program services	2,659,872	-	2,659,872	1,544,047	-	1,544,047
General and administrative	<u>106,983</u>	<u>-</u>	<u>106,983</u>	<u>112,250</u>	<u>-</u>	<u>112,250</u>
Total expenses	<u>2,766,855</u>	<u>-</u>	<u>2,766,855</u>	<u>1,656,297</u>	<u>-</u>	<u>1,656,297</u>
Change in net assets	<u>170,114</u>	<u>(51,491)</u>	<u>118,623</u>	<u>2,577</u>	<u>(142,408)</u>	<u>(139,831)</u>
Net assets - beginning 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>
Net assets - end of year	<u>\$ 433,379</u>	<u>92,759</u>	<u>526,138</u>	<u>263,265</u>	<u>144,250</u>	<u>407,515</u>

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services								Support Services		
	Community/ public awareness	Permanency/ family engagement	Training, consulting & tech. asst.	Systems excellence	Ohio Reach	Ohio START	Adventure Therapy	Anti-human trafficking	Total program services	General and administrative	Total
Salaries	\$ 79,983	31,993	47,990	63,987	72,272	107,370	-	52,323	455,918	47,990	503,908
Employee benefits	6,788	2,715	4,073	5,430	5,824	8,563	-	4,544	37,937	4,073	42,010
Payroll taxes	8,546	3,419	5,128	6,837	12,449	11,633	-	7,404	55,416	5,128	60,544
Total salaries and benefits	95,317	38,127	57,191	76,254	90,545	127,566	-	64,271	549,271	57,191	606,462
Conferences	3,974	-	61,194	-	-	-	-	-	65,168	-	65,168
Contract services	81,186	33,163	925	150,000	94,029	1,387,610	105,865	229	1,853,007	6,651	1,859,658
Dues and subscriptions	15,658	-	418	418	19	31	-	19	16,563	418	16,981
Insurance and bonding	-	-	-	-	-	-	-	-	-	2,447	2,447
Meetings and memberships	12,845	17,534	15,562	8,805	15,843	6,601	-	620	77,810	1,761	79,571
Other expenses	898	-	-	-	-	-	-	-	898	1,184	2,082
Postage	-	-	-	-	-	-	-	-	-	502	502
Printing and copying	1,572	1,330	369	554	319	651	-	398	5,193	554	5,747
Professional fees	-	-	-	-	-	-	-	-	-	16,833	16,833
Rental	11,747	2,937	2,937	11,747	1,200	16,818	-	8,373	55,759	14,311	70,070
Supplies and equipment	1,929	1,248	840	1,260	3,665	804	-	786	10,532	2,521	13,053
Telephone	1,253	627	627	940	913	913	-	346	5,619	1,880	7,499
Travel	1,669	8,909	954	1,192	1,883	2,236	-	1,237	18,080	238	18,318
	228,048	103,875	141,017	251,170	208,416	1,543,230	105,865	76,279	2,657,900	106,491	2,764,391
Other expenses:											
Depreciation	493	493	493	493	-	-	-	-	1,972	492	2,464
\$	228,541	104,368	141,510	251,663	208,416	1,543,230	105,865	76,279	2,659,872	106,983	2,766,855

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 Services		
	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	Total
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 expenses:											
Depreciation	182	182	182	182	182	-	-	182	1,092	1,091	2,183
	\$ <u>231,476</u>	<u>232,604</u>	<u>136,922</u>	<u>244,914</u>	<u>186,503</u>	<u>257,121</u>	<u>107,265</u>	<u>147,242</u>	<u>1,544,047</u>	<u>112,250</u>	<u>1,656,297</u>

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
 Statements of Cash Flows
 Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 118,623	(139,831)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Loss on disposal of assets	187	996
Depreciation	2,464	2,183
Effects of changes in operating assets and liabilities:		
Accounts receivable	636	(3,169)
Grants receivable	(126,090)	(164,827)
Prepaid expenses	(13,740)	8,821
Accounts payable	141,108	104,121
Accrued expenses	(16,657)	(6,874)
Other liabilities	(251)	938
Refundable advances	(63,039)	28,669
Deferred dues	<u>67,653</u>	<u>189,576</u>
Net cash flows from operating activities	<u>110,894</u>	<u>20,603</u>
 Cash flows from investing activities:		
Purchases of property and equipment	<u>(2,646)</u>	<u>(3,182)</u>
 Net change in cash and cash equivalents	108,248	17,421
 Cash and cash equivalents - beginning of year	<u>700,674</u>	<u>683,253</u>
 Cash and cash equivalents - end of year	\$ <u><u>808,922</u></u>	<u><u>700,674</u></u>

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 nine 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.
- Anti-Human Trafficking - Provide training and technical assistance to public children services agencies, juvenile courts, foster parents and those working with victims of human trafficking.

Cash and cash equivalents

The Association considers all cash on hand and on deposit and 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 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 the 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. 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, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities 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.

Adoption of new accounting standard

During 2018, the Association adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about investment return and functional expenses, including allocation methodologies and presentation of a statement of functional expenses as part of the basic financial statements. The Association has adjusted the presentation of these financial statements accordingly.

Basis of presentation

The financial statements of the Association have been prepared in accordance with GAAP, which requires the Association to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and the Governing Board.
- Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will likely be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Association does not have net assets that are perpetual in nature for the years ended December 31, 2018 or 2017.

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.

Functional allocation of expenses

The costs of providing program and support services have been reported on a functional basis in the statements of activities. The Association allocated a portion of administrative expenses to program services based on various direct costs related to each program and an analysis of personnel time for each program.

Reclassification

Certain amounts in the 2017 financial statements have been reclassified to conform to the 2018 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 10, 2019, 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 each of the years ended December 31, 2018 and 2017 was \$61,188.

The Association leases equipment under operating leases which require monthly payments ranging from \$200 to \$273. Total equipment lease expense for the years ending December 31, 2018 and 2017 were \$4,100 and \$4,067, respectively.

Minimum future payments under these non-cancelable operating leases as of December 31, 2018 are as follows:

	2019	\$	64,010
	2020		64,720
	2021		49,462
	2022		<u>402</u>
	Total	\$	<u><u>178,594</u></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, 2018 and 2017, the Association had \$593,117 and \$488,352, respectively, 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, 2018 and 2017 was \$14,420 and \$10,917, respectively.

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets are restricted for specific purpose or subsequent years' activities. Net assets with donor restrictions as of December 31, 2018 and 2017 are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Dan Schneider Child Welfare Leadership Fund	\$ 47,342	47,316
Ohio Reach Fund	42,288	92,816
Gayle Channing Tenenbaum Communications Fund	<u>3,129</u>	<u>4,118</u>
	<u>\$ 92,759</u>	<u>144,250</u>

6. LIQUIDITY DISCLOSURES:

The Association is substantially supported by earned revenue. The Association also receives contributions with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table presents the financial assets available to meet cash needs for general expenditures within one year at December 31:

	<u>2018</u>	<u>2017</u>
Financial assets:		
Cash and cash equivalents	\$ 808,922	700,674
Accounts receivable	6,600	7,236
Grants receivable	<u>290,917</u>	<u>164,827</u>
Financial assets available at year-end	\$ 1,106,439	872,737
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restriction	<u>92,759</u>	<u>144,250</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>1,013,680</u></u>	<u><u>728,487</u></u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, 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, the 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, 2018, 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 June 10, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
June 10, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Public Children Services Association of Ohio's (a not-for-profit organization) (the "Association") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended December 31, 2018. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Association'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association'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 the Association's compliance.

Opinion on Each Major Federal Program

In our opinion, Public Children Services Association of Ohio 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 December 31, 2018.

Report on Internal Control over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Association'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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
June 10, 2019

Public Children Services Association of Ohio
Schedule of Expenditures of Federal Awards
December 31, 2018

<u>Federal Agency/Pass-Through Agency/Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</u>
U.S. Department of Justice:				
Passed through the Ohio Attorney General Crime Victim Assistance	16.575	N/A	\$ <u>1,321,563</u>	\$ <u>1,177,380</u>
Passed through the Ohio Department of Youth Services Juvenile Justice and Delinquency Prevention	16.540	N/A	<u>14,265</u>	<u>-</u>
Total U.S. Department of Justice			<u>1,335,828</u>	<u>1,177,380</u>
U.S. Department of Health and Human Services:				
Passed through the Ohio Department of Mental Health and Addiction Services Opioid STR	93.788	N/A	<u>93,946</u>	<u>33,658</u>
Total federal expenditures			\$ <u>1,429,774</u>	\$ <u>1,211,038</u>

NOTE A. BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Association under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Association, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Association.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE C. INDIRECT COST RATE:

The Association elected to use the 10 percent de minimis cost rate as allowed under the Uniform Guidance.

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None
• Significant deficiency(ies) identified not considered to be material weaknesses?	None
Noncompliance material to the financial statements noted?	None

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	None
• Significant deficiency(ies) identified not considered to be material weaknesses?	None
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with the Uniform Guidance?	None
Identification of major programs:	
• CFDA 16.575 – Crime Victim Assistance	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None