



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Public Children Services Association of Ohio

Financial Statements

December 31, 2023 and 2022

(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

Opinion

We have audited the accompanying financial statements of Public Children Services Association of Ohio (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Public Children Services Association of Ohio as of December 31, 2023 and 2022, 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 State of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Public Children Services Association of Ohio and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Children Services Association of Ohio's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Public Children Services Association of Ohio's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Public Children Services Association of Ohio's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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. 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 schedule of expenditures of federal awards 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 3, 2024, 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 solely 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 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 3, 2024

Public Children Services Association of Ohio
Statements of Financial Position
December 31, 2023 and 2022

Assets

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 3,715,172	14,658,823
Investments	1,140,175	942,045
Accounts receivable	120,520	117,618
Grants receivable	233,696	645,472
Prepaid expenses	2,750	11,667
	5,212,313	16,375,625
Property and equipment, net:		
Office furniture and fixtures	28,747	28,747
Less accumulated depreciation	(27,789)	(27,180)
	958	1,567
Operating lease right-of-use asset	105,273	162,762
	\$ 5,318,544	16,539,954
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 113,270	2,938,972
Accrued payroll	63,914	51,505
Operating lease liability, current	57,234	55,010
Refundable advances	31,360	9,595,748
Deferred revenues	388,350	289,928
	654,128	12,931,163
Operating lease liability	48,039	107,752
	702,167	13,038,915
Net assets:		
Without donor restrictions	4,569,035	3,453,697
With donor restrictions	47,342	47,342
	4,616,377	3,501,039
	\$ 5,318,544	16,539,954

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions	\$ 20	-	20	252	-	252
Contributions of nonfinancial assets	2,912	-	2,912	13,252	-	13,252
Grants	12,526,800	-	12,526,800	11,510,330	-	11,510,330
Service revenue	150,050	-	150,050	190,000	-	190,000
Member dues	708,000	-	708,000	587,553	-	587,553
Conferences	299,420	-	299,420	222,835	-	222,835
Meetings	57,563	-	57,563	51,558	-	51,558
Investment income (loss), net	228,359	-	228,359	(127,842)	-	(127,842)
Other revenues	45,449	-	45,449	120	-	120
Net assets released						
from restrictions	-	-	-	1,080	(1,080)	-
Total revenue and support	<u>14,018,573</u>	<u>-</u>	<u>14,018,573</u>	<u>12,449,138</u>	<u>(1,080)</u>	<u>12,448,058</u>
Expenses:						
Program services:						
Public value	86,369	-	86,369	82,413	-	82,413
Public policy	287,922	-	287,922	278,035	-	278,035
Member services	285,974	-	285,974	284,754	-	284,754
Program excellence	380,741	-	380,741	358,516	-	358,516
Ohio START	2,533,181	-	2,533,181	5,133,274	-	5,133,274
Workforce	9,055,352	-	9,055,352	4,872,949	-	4,872,949
Total program services	<u>12,629,539</u>	<u>-</u>	<u>12,629,539</u>	<u>11,009,941</u>	<u>-</u>	<u>11,009,941</u>
General and administrative	<u>273,696</u>	<u>-</u>	<u>273,696</u>	<u>243,864</u>	<u>-</u>	<u>243,864</u>
Total expenses	<u>12,903,235</u>	<u>-</u>	<u>12,903,235</u>	<u>11,253,805</u>	<u>-</u>	<u>11,253,805</u>
Change in net assets	1,115,338	-	1,115,338	1,195,333	(1,080)	1,194,253
Net assets - beginning of year	<u>3,453,697</u>	<u>47,342</u>	<u>3,501,039</u>	<u>2,258,364</u>	<u>48,422</u>	<u>2,306,786</u>
Net assets - end of year	<u>\$ 4,569,035</u>	<u>47,342</u>	<u>4,616,377</u>	<u>3,453,697</u>	<u>47,342</u>	<u>3,501,039</u>

See accompanying notes to the financial statements.

Public Children Services Association of Ohio
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services						Total program services	Support Services	Total		
	Public value		Member services		Program excellence					Ohio START	Workforce
Salaries	\$ 66,051	165,127	132,101	165,127	330,384	-	858,790	112,286	971,076		
Employee benefits	4,312	10,779	8,624	10,779	24,494	-	58,988	7,330	66,318		
Payroll taxes	5,057	12,643	10,114	12,643	25,295	-	65,752	8,597	74,349		
Total salaries and benefits	75,420	188,549	150,839	188,549	380,173	-	983,530	128,213	1,111,743		
Contract services	-	72,000	10,879	10,379	2,030,106	9,055,352	11,178,716	41,196	11,219,912		
Dues and subscriptions	864	2,160	1,728	2,160	259	-	7,171	1,469	8,640		
Insurance and bonding	-	-	-	-	-	-	-	7,160	7,160		
Meetings and memberships	-	-	74,300	154,440	15,443	-	244,183	-	244,183		
Other expenses	-	-	13,772	-	17,794	-	31,566	29,086	60,652		
Printing and copying	967	2,416	4,392	2,416	1,226	-	11,417	1,641	13,058		
Professional fees	-	-	-	-	22,333	-	22,333	47,867	70,200		
Rental	5,208	13,020	10,416	13,020	29,560	-	71,224	10,416	81,640		
Supplies and equipment	1,129	2,824	2,728	2,824	8,454	-	17,959	1,920	19,879		
Telephone	1,727	4,317	11,953	4,317	16,898	-	39,212	2,935	42,147		
Travel	993	2,484	4,845	2,484	10,917	-	21,723	1,689	23,412		
	86,308	287,770	285,852	380,589	2,533,163	9,055,352	12,629,034	273,592	12,902,626		
Other expenses:											
Depreciation	61	152	122	152	18	-	505	104	609		
	\$ 86,369	287,922	285,974	380,741	2,533,181	9,055,352	12,629,539	273,696	12,903,235		

See accompanying notes to the financial statements. 6

Public Children Services Association of Ohio
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services						Total program services	Support Services	Total
	Public value	Public policy	Member services	Program excellence	Ohio START	Workforce			
Salaries	\$ 63,099	157,748	126,199	157,748	296,496	-	801,290	107,269	908,559
Employee benefits	4,065	10,162	8,130	10,162	26,617	-	59,136	6,910	66,046
Payroll taxes	5,006	12,516	10,013	12,516	20,397	-	60,448	8,511	68,959
Total salaries and benefits	72,170	180,426	144,342	180,426	343,510	-	920,874	122,690	1,043,564
Contract services	-	72,000	28,737	26,107	4,696,957	4,861,663	9,685,464	15,303	9,700,767
Dues and subscriptions	1,021	2,552	2,042	2,552	417	-	8,584	1,736	10,320
Insurance and bonding	-	-	-	-	-	-	-	5,315	5,315
Meetings and memberships	-	-	60,574	126,374	15,672	-	202,620	-	202,620
Other expenses	-	-	17,196	-	11,107	-	28,303	24,630	52,933
Printing and copying	433	1,083	1,885	1,083	558	-	5,042	736	5,778
Professional fees	-	-	-	-	21,307	9,266	30,573	58,509	89,082
Rental	5,160	12,900	10,320	12,900	30,847	-	72,127	8,772	80,899
Supplies and equipment	1,231	3,077	3,235	3,077	3,073	187	13,880	2,093	15,973
Telephone	1,197	2,993	7,490	2,993	3,029	1,833	19,535	2,035	21,570
Travel	1,070	2,676	8,670	2,676	6,758	-	21,850	1,820	23,670
	<u>82,282</u>	<u>277,707</u>	<u>284,491</u>	<u>358,188</u>	<u>5,133,235</u>	<u>4,872,949</u>	<u>11,008,852</u>	<u>243,639</u>	<u>11,252,491</u>
Other expenses:									
Depreciation	131	328	263	328	39	-	1,089	225	1,314
	<u>\$ 82,413</u>	<u>278,035</u>	<u>284,754</u>	<u>358,516</u>	<u>5,133,274</u>	<u>4,872,949</u>	<u>11,009,941</u>	<u>243,864</u>	<u>11,253,805</u>

See accompanying notes to the financial statements. 7

Public Children Services Association of Ohio
 Statements of Cash Flows
 Years Ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,115,338	1,194,253
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net unrealized (gain) loss on investments	(83,851)	165,985
Depreciation	609	1,314
Effects of changes in operating assets and liabilities:		
Accounts receivable	(2,902)	(68,871)
Grants receivable	411,776	831,154
Prepaid expenses	8,917	(333)
Accounts payable	(2,825,702)	1,463,459
Accrued payroll	12,409	13,158
Refundable advances	(9,564,388)	9,595,748
Deferred revenues	98,422	104,971
	(10,829,372)	13,300,838
Net cash flows from operating activities		
Cash flows from investing activities:		
Sale of investments	1,047,321	-
Purchases of investments	(1,161,600)	(22,990)
	(114,279)	(22,990)
Net cash flows from investing activities		
Net change in cash and cash equivalents	(10,943,651)	13,277,848
Cash and cash equivalents - beginning of year	14,658,823	1,380,975
Cash and cash equivalents - end of year	\$ 3,715,172	14,658,823

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 that advocates for sound public policy, promotes program excellence, and builds public value for safe children, stable families, and supportive communities. The Association has the following six major activities:

- Public Value – The Association's public policy work and activities dedicated to educating the community about child protection.
- Public Policy – The Association's monitoring of legislation and rules regarding child protection, permanency and family engagement.
- Member Services – The Association's conference, trainings, meetings, and technical assistance related activities.
- Program Excellence – The Association's efforts to develop and promote best practices in child protection.
- Workforce – Intervention to retain and recruit critical frontline county staff.
- 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.

Accounting change

The Association adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, on January 1, 2023. Topic 326 modifies the measurement of expected credit losses on certain financial instruments. The Association adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Association's financial statements but did change how the allowance for credit losses is determined.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

Basis of presentation

The financial statements of the Association have been prepared in accordance with U.S. 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, 2023 and 2022

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.

Investments

Investments are reported at fair value based on readily determinable fair market prices.

Receivables

Accounts receivable are stated at net invoice amounts. An allowance for credit losses is established based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The Association generally does not require collateral for accounts receivable. Management deems its allowance for credit losses to be immaterial.

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 revenues

Deferred revenues represents cash received for memberships or services which has not yet been earned.

Refundable advances

Refundable advances represent funds received on cost reimbursement programs in excess of the costs incurred.

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. Conditional pledges are recognized when the conditions on which they depend are met. At December 31, 2023 and 2022, contributions of \$4,252,387 and \$16,421,803, respectively, have not been recognized in the accompanying financial statements because the conditions on which they depend have not yet been met.

Revenue recognition

The Association's primary revenue and support is obtained from contributions, grants, services, dues and conference revenues. Revenues from contributions and grants are recognized when a donor's unconditional commitment is received.

Contract receivables and contract liabilities associated with dues and service revenues as of January 1, 2022 totaled \$48,747 and \$184,957, respectively.

Conferences and meetings fees are based on the satisfaction of performance obligations at a point in time, which is the completion of the event. Service revenue and membership dues are based on the satisfaction of performance obligations over time, which is the contract period and one year, respectively. Membership dues received in advance are deferred to the applicable period in which the related performance obligation is performed. Total revenue recognized at a point in time is \$356,983 and \$274,393 for December 31, 2023 and 2022, respectively. Total revenue recognized over time is \$858,050 and \$777,553 for December 31, 2023 and 2022, respectively.

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.

Leases

The Association considers an arrangement a lease if, at inception, the arrangement transfers the right to control the use of an identified asset for a period of time in exchange for consideration. Under leasing standards, control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in our statements of financial position.

The lease term reflects the noncancellable period of the lease together with periods covered by an option to extend or terminate the lease when management is reasonably certain that it will exercise such option. The Association uses the incremental borrowing rate for a period of time similar to the lease term, determined at the lease commencement date, in determining the present value of lease payments. The Association has lease agreements with lease and non-lease components, which are generally accounted for as a single lease. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Short-term leases are less than one year without purchase or renewal options that are reasonably certain to be exercised and are recognized on a straight-line basis over the lease term. The right-of-use asset is tested for impairment in accordance with Accounting Standards Codification (ASC) 360.

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 3, 2024, the date on which the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities the Association has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following are descriptions of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used at December 31, 2023.

- Cash and cash equivalents: Valued at \$1 per share.
- Mutual funds and exchange traded funds: Fair value is based on unadjusted quoted market prices within active markets.

The following table presents the Association's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at December 31:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2023</u>				
Investments				
Cash and cash equivalents \$	232,911	232,911	-	-
Equity mutual funds	149,026	149,026	-	-
Bond mutual funds	300,788	300,788	-	-
Exchange traded funds	<u>457,450</u>	<u>457,450</u>	<u>-</u>	<u>-</u>
Total investments \$	<u>\$ 1,140,175</u>	<u>1,140,175</u>	<u>-</u>	<u>-</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>2022</u>				
Investments				
Cash and cash equivalents \$	209,117	209,117	-	-
Equity mutual funds	464,075	464,075	-	-
Fixed income bond funds	<u>268,853</u>	<u>268,853</u>	<u>-</u>	<u>-</u>
Total investments \$	<u>\$ 942,045</u>	<u>942,045</u>	<u>-</u>	<u>-</u>

3. OPERATING LEASES:

The Association leases certain real estate and office equipment through 2025. Short-term lease cost represents the Association's cost with respect to leases with a duration of 12 months or less and is not reflected on the Association's statements of financial position.

As of December 31, 2023, the Association has not entered into any material leases expected to commence in 2024.

For the years ended December 31, 2023 and 2022, the Association had the following recorded in operating expenses associated with lease arrangements:

	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ <u>69,857</u>	\$ <u>69,857</u>
Weighted - average remaining lease term - operating	1.75 years	2.67 years
Weighted - average incremental borrowing rate - operating	7.50%	7.50%

The following is an analysis of maturities of lease liabilities as of December 31:

		<u>Operating</u>
	2024 \$	66,833
	2025	<u>50,125</u>
		116,958
	Less imputed interest	<u>11,685</u>
Total operating lease liability \$		<u><u>105,273</u></u>

Lease payments within operating activities were \$69,503 and \$68,221 for the years ended December 31, 2023 and 2022, respectively.

4. CONTRIBUTED MATERIALS AND SERVICES:

The Association receives and records contributions of donated materials and professional services as support in the accompanying statements.

The donated materials and services were as follows for the year ended December 31:

<u>Revenue Recognized</u>		<u>Utilization</u>	<u>Donor</u> <u>Restrictions</u>	<u>Valuation Techniques</u> <u>and inputs</u>
2023	2022			
Services \$	2,912	\$	13,252	Valued at the fair value of services as provided by the provider. The value was not inconsistent with managements estimated value.
		General &	Administrative	Unrestricted

5. 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, 2023 and 2022 was \$27,799 and \$24,367, respectively.

6. 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, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Modernization Plan	\$ <u>47,342</u>	<u>47,342</u>

7. LIQUIDITY DISCLOSURES:

The Association is substantially supported by contributions, grants and earned revenue. 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>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 3,715,172	14,658,823
Investments	1,140,175	942,045
Accounts receivable	120,520	117,618
Grants receivable	<u>233,696</u>	<u>645,472</u>
Financial assets available at year-end	5,209,563	16,363,958
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restriction	47,342	47,342
Refundable advances restricted for a specific purpose	<u>31,360</u>	<u>9,595,748</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>5,130,861</u>	<u>6,720,868</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, 2023, 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 3, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 3, 2024

**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

Opinion on 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 identified as subject to audit 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, 2023. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Association's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 3, 2024

Public Children Services Association of Ohio
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

<u>Federal Agency/Pass-Through Agency/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>	<u>Amounts Provided to Subrecipients</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	\$ 581,048	447,970
COVID - Block Grant for Prevention and Treatment of Substance Abuse	93.959	N/A	<u>592,078</u>	<u>682,656</u>
Total federal expenditures			\$ <u>1,173,126</u>	<u>1,130,626</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, 2023. 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. Amounts passed through to subrecipients are reported on the accrual basis in accordance with the Uniform Guidance.

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 reported
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 reported
Type of auditors’ report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	None
Identification of major programs:	
• ALN 93.959 – COVID - Block Grant for Prevention and Treatment of Substance Abuse	
Dollar threshold to distinguish between Type A and Type B Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Schedule of Prior Audit Findings

None

