

Management Letter

Prevent Child Abuse Minnesota dba Minnesota Communities Caring for Children

St. Paul, Minnesota

For the Year Ended
June 30, 2018

November 14, 2018

Prevent Child Abuse Minnesota
dba Minnesota Communities Caring for Children
St. Paul, Minnesota

We have audited the financial statements of Prevent Child Abuse Minnesota (the Organization), a Minnesota nonprofit corporation, as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon dated November 14, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter to you dated June 22, 2018. Professional standards also require we communicate to you the following information related to our audit.

Audit Findings

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the Organization for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. We did not find any deficiencies that we consider to be material weaknesses.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

One of the most sensitive estimates affecting the financial statements was the allocation of expenses in the statement of functional expenses. Management's estimate of the expense allocation is based on management's judgment. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such misstatements were noted.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2018.

Management Consultations with Other Independent Accountants

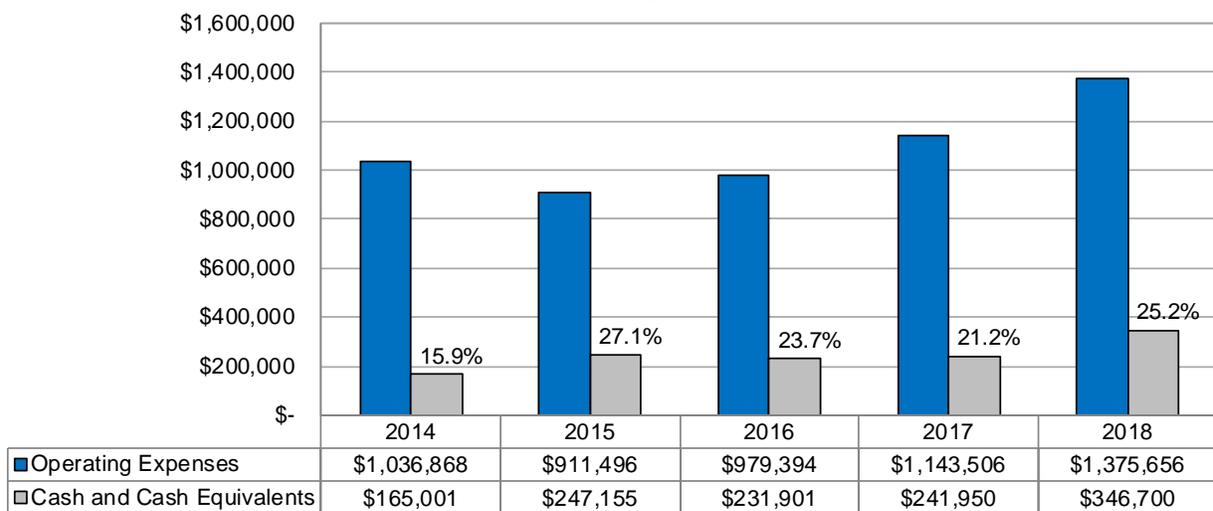
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

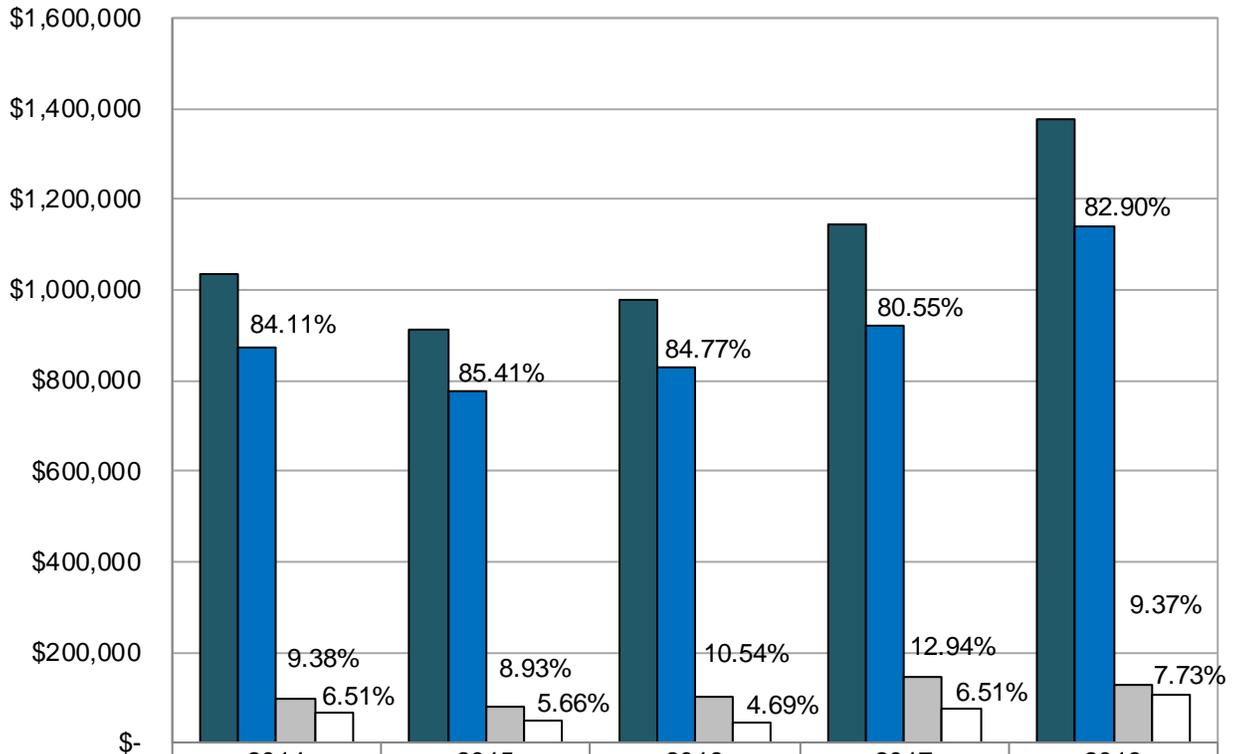
Other Items

Cash and Expenses



Other Items (Continued)

Functional Allocation of Expenses as a Percent of Total Expenses



	2014	2015	2016	2017	2018
■ Total Expenses	\$1,036,868	\$911,496	\$979,394	\$1,143,506	\$1,375,656
■ Program Services	\$872,083	\$778,484	\$830,270	\$921,056	\$1,140,387
■ Management and General	\$97,273	\$81,437	\$103,230	\$148,026	\$128,894
□ Fundraising	\$67,512	\$51,575	\$45,894	\$74,424	\$106,375

New Accounting Standards

The new financial statement reporting rules by the Financial Accounting Standards Board (FASB) are in effect for financial statements ending December 31, 2018 and later. These updates include:

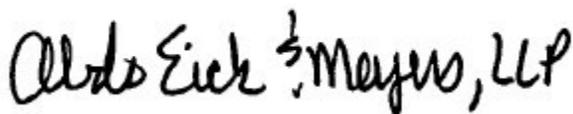
- Change in net asset class terminology
 - With donor restrictions (currently temporarily or permanently restricted)
 - Without donor restrictions (board designation/ unrestricted)
- Functional expense reporting
 - Required statement in either the financial statements or footnote disclosures
 - Required footnote disclosure around the allocation methods used
- Liquidity and availability of resources
 - Qualitative information: How an entity manages its liquid resources
 - Quantitative information: Communicates the availability of the financial assets at the balance sheet date to meet cash needs for the general expenditures within one year
- Investment returns and expenses
 - No longer required to disclose investment expense or components of investment return. For example: Interest, dividends, realized, unrealized, and investment expense would be shown as one net number.
 - Investment returns are disclosed on the face of the statement of activities at net.
- Statement of cash flows
 - Indirect reconciliation is no longer required if the direct method is used.

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This report is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 14, 2018