Management Letter

Prevent Child Abuse Minnesota dba Minnesota Communities Caring for Children

St. Paul, Minnesota

For the Year Ended
June 30, 2019

ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

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ABDO EICK & MEYERS LLP
Certified Public Accountants & Consultants

November 20, 2019

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, 2019 and 2018, and have issued our report thereon dated November 20, 2019. 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 July 25, 2019. Professional standards also require we communicate to you the following information related to our audit.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the Organization as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. As described in Note 1, the Organization changed accounting policies related to the presentation of the financial statements by adopting FASB Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities,*, in FY19. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used 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.

5201 Eden Avenue, Suite 250
Edina, MN 55436
952.835.9090 | Fax 952.835.3261

The most sensitive estimates affecting the financial statements are the depreciation of fixed assets and the allocation of expenses in the statement of functional expenses. Management's estimate of the expense allocation is based on time spent in each area and 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 20, 2019.

Management Consultations with Other Independent Accountants

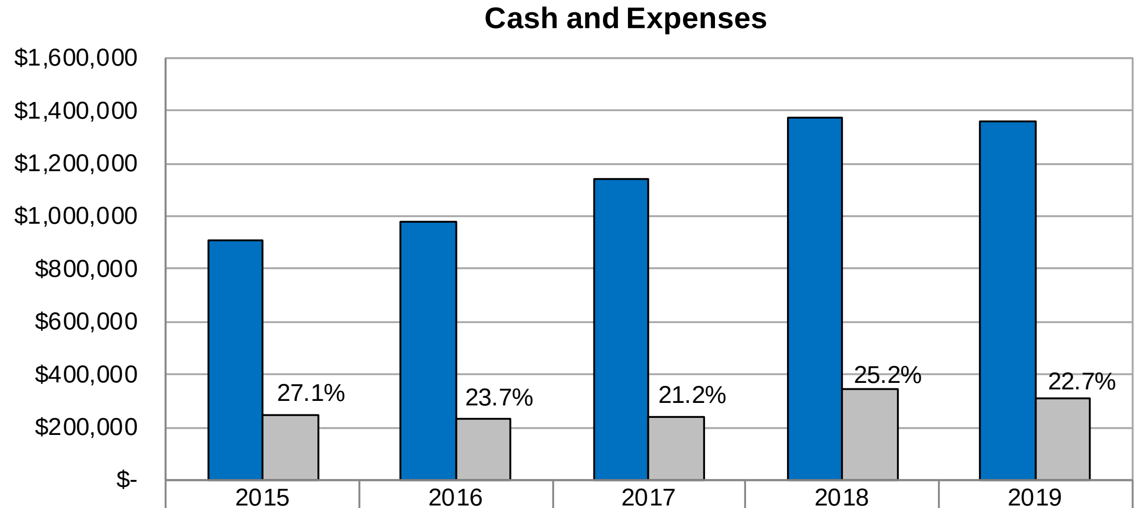
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination 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

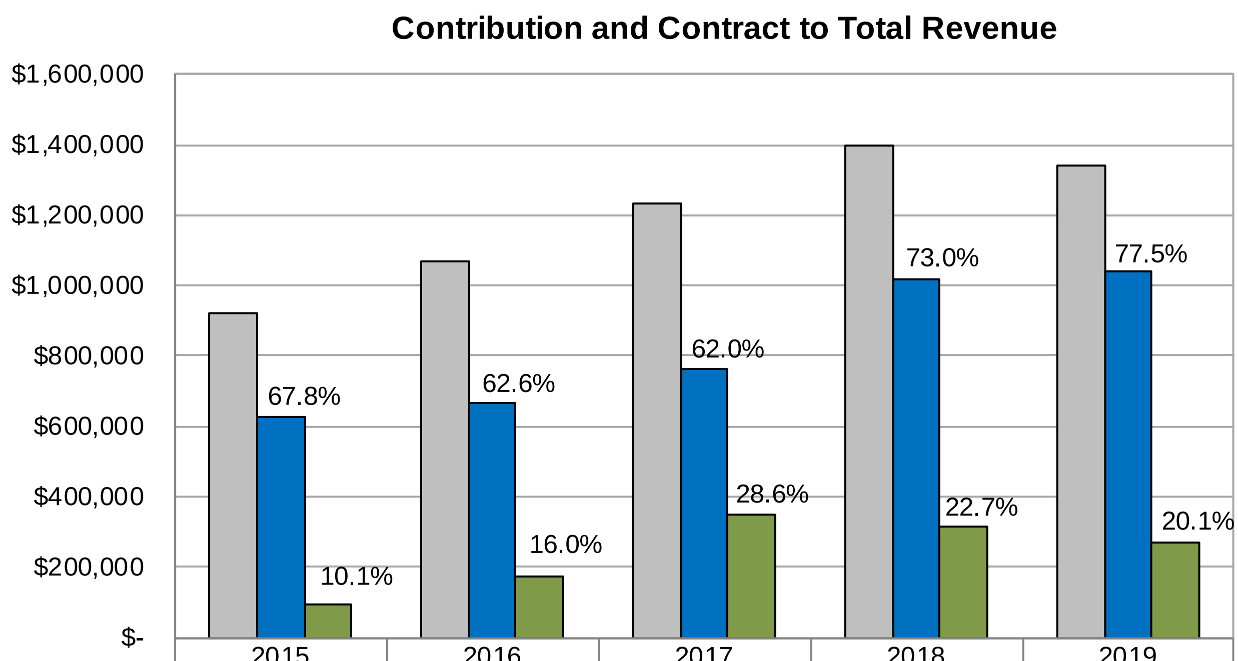
The following chart summarizes the cash and cash equivalents balance relative to operating expenses for the past five years.



	2015	2016	2017	2018	2019
Operating Expenses	$911,496	$979,394	$1,143,506	$1,375,656	$1,361,066
Cash and Cash Equivalents	$247,155	$231,901	$241,950	$346,700	$309,175

The intent of this graph is to give an indication of reserve levels. The current cash balance represents 22.7% of the 2019 expenses or about three months of reserve.

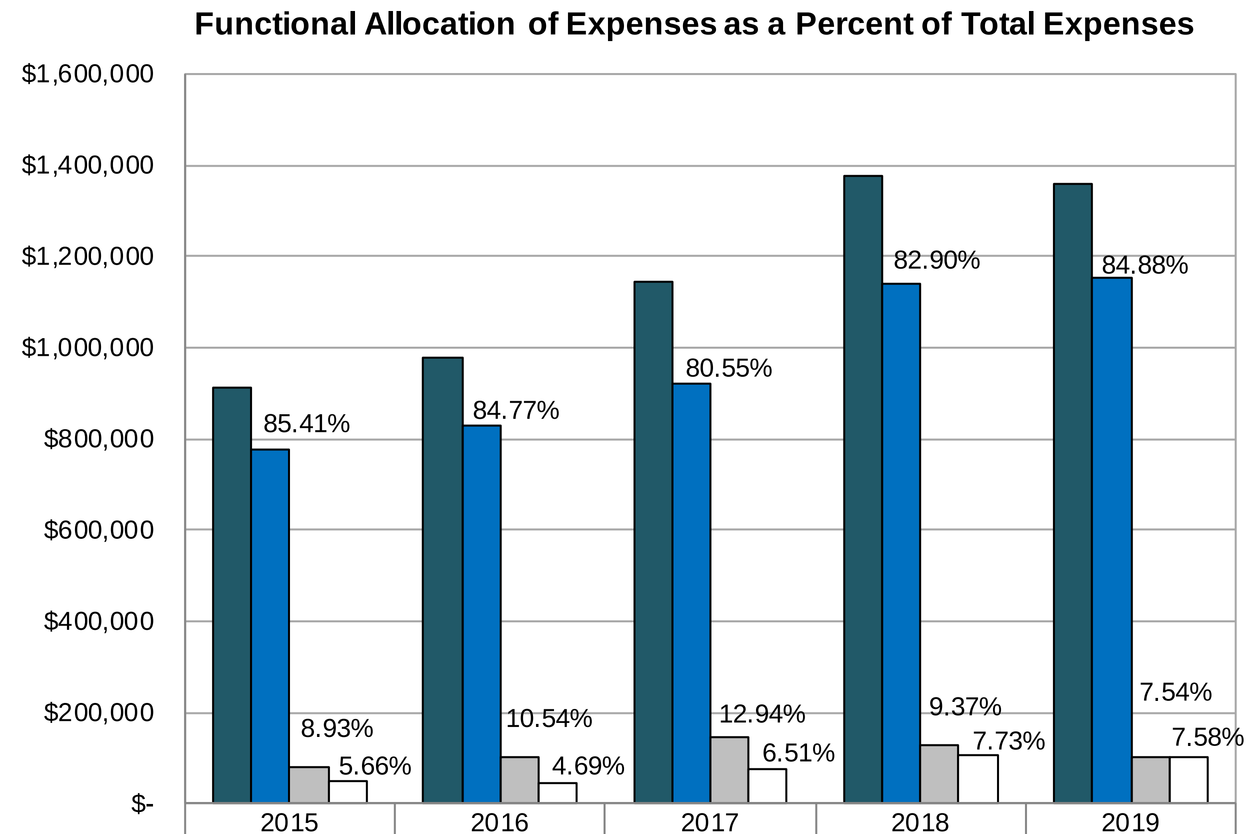
The prior five years history of total contracts and contributions compared to total revenue is graphed below.



	2015	2016	2017	2018	2019
Total Revenue	$923,947	$1,066,372	$1,232,606	$1,398,414	$1,339,710
Contract Revenue	$626,080	$667,087	$763,838	$1,020,496	$1,037,957
Contribution Revenue	$93,418	$170,999	$352,087	$317,724	$269,106

Other Items (Continued)

The prior five years of history of functional allocation of expenses as a percent of total expenses is graphed below.



	2015	2016	2017	2018	2019
Total Expenses	$911,496	$979,394	$1,143,506	$1,375,656	$1,361,066
Program Services	$778,484	$830,270	$921,056	$1,140,387	$1,155,240
Management and General	$81,437	$103,230	$148,026	$128,894	$102,685
Fundraising	$51,575	$45,894	$74,424	$106,375	$103,141

According to Charity Navigator, a national charity evaluator, organizations should spend approximately 75% or more of their budget on programs, 0 - 15% on management and general expenses and 0 - 10% on fundraising expenses.

* * * * *

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
November 20, 2019

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