

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Financial Statements and Supplemental Schedules Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2017



JUNE 30, 2017

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Family League of Baltimore City, Inc.

Report on the Financial Statements

We have audited the accompanying statement of financial position of the Family League of Baltimore City, Inc. (the Organization) as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's 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 the Organization as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year's Report

The financial statements of the Organization for the year ended June 30, 2016, were audited by another auditor who expressed an unmodified opinion on those statements on November 10, 2016.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of Federal awards as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the Schedule of Budget and Actual Financial Information- Governor's Office for Children are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 November 1, 2017, on our consideration of the Organization's internal control over financial reporting and 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 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 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 the Organization's internal control over financial reporting and compliance.

Hunt Valley, Maryland
November 1, 2017

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Statement of Financial Position
As of June 30, 2017**

ASSETS	
Cash and cash equivalents	\$ 1,376,890
Accounts receivable	6,628,474
Unbilled accounts receivable	580,324
Prepaid expenses	7,073
Total current assets	<u>8,592,761</u>
Property and equipment, net	<u>736,545</u>
Total Assets	<u><u>\$ 9,329,306</u></u>
LIABILITIES AND NET ASSETS	
Accounts payable	\$ 4,700,040
Accrued compensation	309,745
Accrued expenses	113,839
Deferred revenue	822,451
Deferred rent	162,376
Total Liabilities	<u>6,108,451</u>
Net Assets	
Unrestricted	3,012,695
Temporarily Restricted	208,160
Total Net Assets	<u>3,220,855</u>
Total Liabilities and Net Assets	<u><u>\$ 9,329,306</u></u>

The accompanying notes are an integral part of this financial statement.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Statement of Activities and Changes in Net Assets For the Year Ended June 30, 2017

CHANGE IN UNRESTRICTED NET ASSETS

Revenue and Support

Government direct and passed-through grants	\$ 10,641,048
Other governmental grants	18,281,051
Foundation and other grants	916,523
Contributions	43,821
Other income	2,982
Total Revenue	<u>29,885,425</u>
Net assets released from restrictions	195,408
Total Revenue and Support	<u>30,080,833</u>

Expenses

Program services	
School age & high school programs	15,929,931
Early childhood programs	5,773,167
Food Access programs	7,644,691
Total program services	<u>29,347,789</u>
General and administrative	544,592
Fundraising	185,465
Total Expenses	<u>30,077,846</u>
Change in unrestricted net assets	<u>2,987</u>

CHANGE IN TEMPORARILY RESTRICTED NET ASSETS

Contributions	208,160
Satisfaction of restrictions	(195,408)
Change in temporarily restricted net assets	<u>12,752</u>
Changes in net assets	15,739
Net assets, beginning of year, as restated	3,205,116
Net Assets, End of Year	<u><u>\$ 3,220,855</u></u>

The accompanying notes are an integral part of this financial statement.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Statement of Functional Expenses
For the Year Ended June 30, 2017**

	Program Services			Total Program Services	General and Administrative	Fundraising	Total
	School Age & High School	Early Childhood	Food Access				
Direct service awards	\$ 12,479,161	\$ 3,089,977	\$ 5,000	\$ 15,574,138	\$ -	\$ -	\$ 15,574,138
Program costs	322,258	154,110	6,638,824	7,115,192	260	-	7,115,452
Salaries and wages	910,794	561,574	290,678	1,763,046	1,561,875	140,882	3,465,803
Consultants	517,911	1,115,260	-	1,633,171	204,792	-	1,837,963
Fringe benefits	262,753	171,054	88,703	522,510	245,347	42,265	810,122
Training	57,332	144,679	7,834	209,845	19,301	319	229,465
Rent	-	-	9,500	9,500	333,962	-	343,462
Meeting expenses	30,289	20,844	722	51,855	38,242	316	90,413
Office supplies and expenses	3,937	2,148	1,371	7,456	41,359	221	49,036
Equipment rental and expense	-	37	1,487	1,524	75,938	-	77,462
Legal and accounting	1,440	18,053	1,020	20,513	49,600	-	70,113
Depreciation	-	-	-	-	88,934	-	88,934
Communication	8,160	6,000	5,040	19,200	37,960	660	57,820
Printing and duplicating	12,864	1,277	5,015	19,156	19,671	-	38,827
Travel	12,003	6,265	6,604	24,872	14,758	231	39,861
Dues and subscriptions	-	-	-	-	31,392	-	31,392
Temporary help	6,216	-	2,456	8,672	34,297	-	42,969
Insurance	-	-	200	200	20,381	-	20,581
Advertising	5,544	141	1,444	7,129	3,543	571	11,243
Fees	-	-	-	-	22,305	-	22,305
Other expenses	-	-	5,400	5,400	37,247	-	42,647
Storage	-	-	-	-	5,620	-	5,620
Postage	93	-	115	208	3,931	-	4,139
Interest expense	-	-	-	-	8,079	-	8,079
Conference center transfer	20,435	5,085	1,800	27,320	(27,320)	-	-
Direct Expenses	14,651,190	5,296,504	7,073,213	27,020,907	2,871,474	185,465	30,077,846
Overhead recovery	1,278,741	476,663	571,478	2,326,882	(2,326,882)	-	-
Total Expenses	\$ 15,929,931	\$ 5,773,167	\$ 7,644,691	\$ 29,347,789	\$ 544,592	\$ 185,465	\$ 30,077,846

The accompanying notes are an integral part of this financial statement.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Statement of Cash Flows For the Year Ended June 30, 2017

Cash Flows from Operating Activities

Changes in net assets	\$ 15,739
Adjustments to reconcile changes in net assets to net cash from operating activities:	
Depreciation	88,934
Effects from changes in non-cash operating assets and liabilities:	
Accounts receivable	(2,147,912)
Unbilled accounts receivable	(149,142)
Prepaid expenses	190
Accounts payable	(1,076,388)
Accrued compensation	16,259
Accrued expenses	(33,335)
Deferred revenue	267,146
Deferred rent	14,796
Net Cash Flows from Operating Activities	<u>(3,003,713)</u>

Cash Flows from Investing Activities

Purchase of property and equipment	<u>(557,040)</u>
Net change in cash and cash equivalents	(3,560,753)
Cash and cash equivalents, beginning of year	<u>4,937,643</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,376,890</u>

Supplemental disclosure

Interest paid	<u>\$ 8,079</u>
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The accompanying notes are an integral part of this financial statement.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Financial Statements

June 30, 2017

1. DESCRIPTION OF THE ORGANIZATION

Family League of Baltimore City, Inc. (the Organization) was incorporated in the State of Maryland in April 1991. The Organization mobilizes resources and empowers communities to make sure that every child and family in Baltimore reaches their full potential. The Organization is focused in three key areas: strengthening organizations, leading collaboration and influencing systems to improve the health, well-being, education and nutrition of children and families across the city. By employing these strategies—Family League is working toward a future where all of Baltimore’s children grow up healthy, succeed in school, graduate high school, and are college and career ready.

The Organization currently has projects operating to serve the needs of children and families including:

School Age and High School – Supports 78 out-of-school-time enrichment opportunities for 52 community schools in FY17. The Food Access Program provided 2,491,617 snacks and suppers during the FY17 school year at 251 sites and 328,756 summer meals (breakfast, lunch, and supper) at 156 sites within Baltimore City.

Early Childhood – This initiative focuses on reducing infant mortality through improving policies, referral systems and services in Baltimore City through collaboration with community based organizations. Programs include Healthy Families/Home Visiting, which provides comprehensive home visiting and family support services to pregnant women and parents of young children living in Baltimore City and Family Child Care sponsorship, which supports 250 home-based child care sites.

Food Access – Family League serves as the sponsor for the school year Snack and Supper Program, providing meals to approximately 250 program sites in Baltimore City; the Summer Food Program serving 2 meals each day at over 150 sites; and the Family Child Care program, which works with 200 Family Child care providers ensuring healthy meals are served to children year round.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Financial Statements

June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investment funds, which have a maturity of 90 days or less. Cash equivalents as of June 30, 2017, consisted of short-term highly liquid investments.

Accounts Receivable and Unbilled Accounts Receivable

Accounts receivable and unbilled accounts receivable represent revenue earned but not collected as of year end. Receivables are valued at management's estimate of the amount that will ultimately be collected. An allowance for doubtful accounts, if needed, is based on specific identification of uncollectible accounts and the Organization's historical collection experience. Management believes all receivables are fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2017.

Property and Equipment

Property and equipment purchases in excess of \$1,000 with an estimated useful life of more than 1 year are capitalized at cost and depreciated over the estimated useful lives of the assets using the straight-line method once the assets are placed in service. Gifts of long-lived assets are recorded at their fair values when donated. Expenditures for major repairs and improvements are capitalized, and expenditures for minor repairs and maintenance are expensed as incurred.

Deferred Revenue

Deferred revenue is primarily related to governmental grants that have advanced funds and the revenue will be recognized once services are rendered and costs are incurred under the conditions of the grants.

Deferred Rent

The Organization recognizes rent expense on a straight-line basis over the term of its lease agreements. The difference in the amount of cash paid and recognized rent expense is recorded as deferred rent in the accompanying statements of financial position. The Organization received rent abatement for several months that resulted in deferred rent.

Net Assets

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Financial Statements

June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Temporarily restricted net assets are those whose use by the Organization has been restricted by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently restricted net assets consist of contribution received from donors, which are subject to restriction of gift instruments requiring, in perpetuity, that the principal be invested and only the investment income be used. Investment income earned from such contributions is temporarily restricted to support the purpose designated. As of June 30, 2017, there were no permanently restricted net assets.

Restricted and Unrestricted Support and Revenue

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends, or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities and changes in net assets as net assets released from restrictions. Donor restricted contributions that expire in the same period they were received are recorded as unrestricted revenue in the period received.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services that benefit from those costs. Fundraising costs are that which are specific to the related activity. General and administrative expenses include those expenses that are not directly identified with any other specific function, but provide for the overall support and direction of the Organization.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Financial Statements

June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax

The Organization is exempt from the payment of income taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions as of June 30, 2017, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of June 30, 2017, the statute of limitations for fiscal years 2014 through 2017 remain open with the U.S. Federal jurisdiction or the state and local jurisdiction in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, as income tax expense.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) No. 2016-02, *Leases*, that creates a singular reporting model for leases. This standard will be effective for periods beginning after December 15, 2019. In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* and ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, that provides updated guidance on the reporting model for not-for-profits and the statement of cash flows. These standards are effective for periods beginning after December 15, 2017 and December 15, 2018, respectively. Management is evaluating the effects of these pronouncements on the financial statements, and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements-Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU No. 2014-15 requires management to assess an entity's ability to continue as a going concern. Management should evaluate whether conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. It is effective for annual reporting periods ending after December 15, 2016. Management implemented this pronouncement in fiscal year 2017. It did not materially impact the financial statements.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Financial Statements

June 30, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restatement

Family League restated net assets by \$195,408, as of June 30, 2016, to properly account for temporarily restricted net assets for grants with donor restrictions, primarily for a specific time period or purpose, as well as depreciation. The restatement is as follows:

Net assets as of June 30, 2016, as previously reported	\$ 3,009,708
Accounting change for temporarily restricted net assets	195,408
Net Assets as of June 30, 2016, as Restated	<u><u>\$ 3,205,116</u></u>

Subsequent Events

The Organization's management evaluated the accompanying financial statements for subsequent events and transactions through November 1, 2017, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. PROPERTY AND EQUIPMENT

As of June 30, 2017, property and equipment consisted of the following:

	<u>Amount</u>	<u>Useful Life</u>
Construction in progress	\$ 584,003	N/A
Computer equipment	198,691	3 years
Telephone equipment	16,658	5 years
Furniture and fixtures	177,074	5 years
Leasehold improvements	308,504	Life of the lease
Total	<u>1,284,930</u>	
Less: accumulated depreciation	<u>548,385</u>	
Property and Equipment, net	<u><u>\$ 736,545</u></u>	

Depreciation expense was \$88,934, for the year ended June 30, 2017.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Financial Statements

June 30, 2017

4. LINE OF CREDIT

The Organization maintains a line of credit with a financial institution under which it can borrow up to \$4,000,000. The line of credit bears interest at the daily London Interbank Offered Rate (LIBOR) plus 200 basis points (2.00%). As of June 30, 2017, the rates was 2.75%. Interest expense on the line of credit was \$8,079, for the year ended June 30, 2017. The line of credit was used during the year; however, there were no borrowings outstanding as of June 30, 2017.

5. RESTRICTIONS OF NET ASSETS

Temporary restricted net assets as of June 30, 2017 were available for the following purposes:

Family Literacy	\$ 111,173
B'More Fit	67,389
Summer and High School	26,955
Social Emotional Learning	2,642
Total	<u><u>\$ 208,160</u></u>

6. COMMITMENTS AND CONTINGENCIES

Leases

The Organization maintains operating leases principally for office space and equipment. Rental expense under these leases totaled \$343,462, during the year ended June 30, 2017.

Future minimum rental payments under the agreement as of June 30, 2017, were as follows:

<u>Years Ending June,</u>	<u>Amount</u>
2018	\$ 359,487
2019	376,201
2020	387,078
2021	397,957
2022	167,705
Total	<u><u>\$ 1,688,428</u></u>

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Financial Statements

June 30, 2017

6. COMMITMENTS AND CONTINGENCIES (continued)

Grants

The Organization receives financial assistance from Federal, state, and local government entities in the form of grants, which are subject to audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date. In the opinion of management, adjustment for unallowable costs, if any, resulting from such audits would not have a material effect on the accompanying financial statements.

Concentrations

The Organization received approximately 96% of its revenue and support from governmental agencies for the year ended June 30, 2017.

7. RETIREMENT PLAN

The Organization provided benefits to all eligible employees under a defined contribution retirement plan. On an annual basis, the Organization determines its level of contribution while employees may contribute up to the maximum statutory amount. The employer's contribution for the year ended June 30, 2017, was \$156,825.

8. RELATED PARTY TRANSACTIONS

During the normal course of business, the Organization contracts with a variety of service providers in the Baltimore-Metropolitan area. On occasion, requests for proposals are issued by the Organization and replies are received by companies who have members serving on the Organization's Board of Directors. When this situation arises, the Board member's application is treated as an "arm's length transaction." Board members with funding requests pending are ineligible to vote on matters where they maintain a direct financial interest.

Also, they are not able to vote on the funding of other organizations with whom they are competing. At the beginning of each fiscal year, all Board members must also sign a conflict of interest statement.

**SUPPLEMENTARY INFORMATION
UNIFORM GRANT GUIDANCE**



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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 Directors of
Family League of Baltimore City, Inc.

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 Family League of Baltimore City, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statement of activities and changes in net assets, 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 November 1, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 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 entity'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

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 result of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hunt Valley, MD
November 1, 2017



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the Board of Directors of
Family League of Baltimore City, Inc.

Report on Compliance for Each Major Federal Program

We have audited Family League of Baltimore City, Inc.'s (the Organization) compliance requirements disclosed in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major Federal programs for the year ended June 30, 2017. The Organization's major Federal programs are identified in the summary of independent public accountants' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 (CFR) 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 Organization'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 Organization's compliance.



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Opinion on Each Major Federal Program

In our opinion, the Organization 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 June 30, 2017.

Report on Internal Control over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing 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 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 Organization'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 a 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hunt Valley, MD
November 1, 2017

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount paid to Sub-recipients	Federal Expenditures
U.S. Department of Agriculture				
<u>Pass-through Maryland State Department of Education</u>				
Child and Adult Care Food Program	10.558	347224	\$ -	\$ 6,842,870
Summer Food Service Program for Children	10.559	551500	-	745,969
<u>Pass-through Maryland Department of Human Resources</u>				
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	FIA/FSO 15-021	-	16,372
Total U.S. Department of Agriculture			-	7,605,211
U.S. Department of Justice				
<u>Pass-through Governor's Office of Crime Control and Prevention</u>				
Juvenile Justice and Delinquency Prevention	16.540	JJAC-2015-1617	-	41,738
Juvenile Justice and Delinquency Prevention	16.540	JJAC-2015-1517	13,449	13,449
Total U.S. Department of Justice			13,449	55,187
U.S. Department of Health and Human Services				
<u>Direct Program Revenue</u>				
National Community Centers of Excellence in Women's Health	93.290	N/A	-	12,733
National Community Centers of Excellence in Women's Health	93.290	N/A	103,637	134,918
<u>Pass-through Baltimore City Health Department</u>				
Teenage Pregnancy Prevention Program	93.297	1TP1AH000088-01-00	-	27,106
Abstinence Education Program	93.235	N/A	-	74,040
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	35549	747,000	1,049,929
<u>Pass-through Maryland Department of Health and Mental Hygiene</u>				
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PHPA-G2148	-	7,965
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PHPA-G2398	-	109,776
Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PHPA-G2289	-	1,064,183
Total U.S. Department of Health and Human Services			850,637	2,480,650
U.S. Department of Housing and Urban Development (HUD)				
<u>Pass-through Mayor and City Council of Baltimore</u>				
Community Development Block Grant program for Entitlement Communities	14.218	B-16-MC-24-0010	456,390	500,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,320,476	\$ 10,641,048

The accompanying notes are an integral part of this schedule.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

Notes to the Schedule of Expenditures of Federal Awards June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Family League of Baltimore City, Inc. (the Organization) are included in the scope of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit) for the year ended June 30, 2017. The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant programs noted below. The programs on the schedule of expenditures of Federal awards represent all Federal award programs for fiscal year 2017 cash or non-cash expenditure activities. For our single audit testing, we tested Federal award programs to ensure coverage of at least 20% of Federally granted funds. Our actual coverage was 71%.

Major Programs	Federal CFDA Number	Federal Expenditures
Child and Adult Care Food Program	10.558	\$ 6,842,870
Summer Food Service Program for Children	10.559	745,969
		\$ 7,588,839

Expenditures reported on the accompanying schedule of expenditures of Federal awards (the Schedule) are reported on the accrual basis of accounting. Management has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards includes the Federal award activity of the Organization under programs of the Federal government for the year ended June 30, 2017. The information in the 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*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Financial Statements

Type of Independent Public Accountants' Report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Type of Independent Public Accountants' Report issued on compliance for major programs	Unmodified
Audit finding disclosed that are required to be reported in accordance with Uniform Guidance?	No

Identification of Major Programs:

Major Programs	Federal CFDA Number	Federal Expenditures
Child and Adult Care Food Program	10.558	\$ 6,842,870
Summer Food Service Program for Children	10.559	745,969
		<u>\$ 7,588,839</u>

Threshold for distinguishing between Type A and B programs	\$ 750,000
Did the Organization qualify as a low risk auditee?	Yes

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Section II – Financial Statement Findings

None Noted.

Section III – Award Findings

None Noted.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2017**

There were no prior year findings.

**SUPPLEMENTARY INFORMATION
GOVERNOR'S OFFICE FOR CHILDREN**

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Schedule of Budget and Actual Financial Information- Governor's Office for Children
For the Year Ended June 30, 2017**

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Revenue			
Administrative	\$ 618,742	\$ 618,742	\$ -
Program	1,860,236	1,860,236	-
Total Revenue	<u>\$ 2,478,978</u>	<u>\$ 2,478,978</u>	<u>-</u>
Expenses			
Administrative	\$ 618,742	\$ 618,742	-
Program Expenses			
Local Access Mechanism	380,236	380,236	-
Youth Service Bureau	1,155,000	1,149,012	5,988
Out of School Time Programs	275,000	275,000	-
Homeless Youth Initiative	20,000	19,655	345
Baltimore Partnership to End Childhood Hunger	30,000	30,000	-
Total program expenses	<u>1,860,236</u>	<u>1,853,903</u>	<u>6,333</u>
Total Expenses	<u>\$ 2,478,978</u>	<u>\$ 2,472,645</u>	<u>6,333</u>
Due to Governor's Office for Children			<u>\$ 6,333</u>