

**FAMILY LEAGUE OF BALTIMORE CITY, INC.**

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

**For the Years Ended June 30, 2018 and June 30, 2017**



**S B & COMPANY, LLC**  
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**JUNE 30, 2018 AND 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 statements of financial position of the Family League of Baltimore City, Inc. (the Organization) as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows, for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 controls 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 controls. 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.



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### ***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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Supplemental Information*

Our audits were 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 December 4, 2018, on our consideration of the Organization's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal controls 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 controls over financial reporting and compliance.

Hunt Valley, Maryland  
December 4, 2018

**FAMILY LEAGUE OF BALTIMORE CITY, INC.**

**Statements of Financial Position  
As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,856,584	\$ 1,376,890
Accounts receivable, net	4,020,381	6,628,474
Unbilled accounts receivable	134,246	580,324
Prepaid expenses	4,908	7,073
<b>Total current assets</b>	<u>8,016,119</u>	<u>8,592,761</u>
Property and equipment, net	712,305	736,545
<b>Total Assets</b>	<u>\$ 8,728,424</u>	<u>\$ 9,329,306</u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 4,502,315	\$ 4,700,040
Accrued compensation	301,063	309,745
Accrued expenses	101,196	113,839
Deferred revenue	231,402	822,451
Deferred rent	188,358	162,376
<b>Total Liabilities</b>	<u>5,324,334</u>	<u>6,108,451</u>
<b>Net Assets</b>		
Unrestricted	3,257,717	3,012,695
Temporarily restricted	146,373	208,160
<b>Total Net Assets</b>	<u>3,404,090</u>	<u>3,220,855</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 8,728,424</u>	<u>\$ 9,329,306</u>

The accompanying notes are an integral part of these financial statements.

**FAMILY LEAGUE OF BALTIMORE CITY, INC.**

**Statements of Activities and Changes in Net Assets  
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
<b>Revenue and Support</b>		
Federal direct and passed-through grants	\$ 6,920,539	\$ 10,641,048
Other governmental grants	17,400,259	18,281,051
Foundation and other grants	614,523	916,523
Contributions	164,428	43,821
Other income	7,983	2,982
<b>Total Revenue</b>	<u>25,107,732</u>	<u>29,885,425</u>
Net assets released from restrictions	202,249	195,408
<b>Total Revenue and Support</b>	<u>25,309,981</u>	<u>30,080,833</u>
<b>Expenses</b>		
Program services		
School age and high school programs	14,633,013	15,929,931
Early childhood programs	5,445,756	5,773,167
Food Access programs	4,099,003	7,644,691
Total program services	<u>24,177,772</u>	<u>29,347,789</u>
General and administrative	740,207	544,592
Fundraising	146,980	185,465
<b>Total Expenses</b>	<u>25,064,959</u>	<u>30,077,846</u>
Change in unrestricted net assets	<u>245,022</u>	<u>2,987</u>
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	140,462	208,160
Satisfaction of restrictions	<u>(202,249)</u>	<u>(195,408)</u>
Change in temporarily restricted net assets	<u>(61,787)</u>	<u>12,752</u>
Changes in net assets	183,235	15,739
Net assets, beginning of year, as restated	<u>3,220,855</u>	<u>3,205,116</u>
<b>Net Assets, End of Year</b>	<u>\$ 3,404,090</u>	<u>\$ 3,220,855</u>

The accompanying notes are an integral part of these financial statements.

**FAMILY LEAGUE OF BALTIMORE CITY, INC.**

**Statement of Functional Expenses  
For the Year Ended June 30, 2018, with comparative Totals 2017**

	Program Services				General and Administrative	Fundraising	Total	2017 Total
	School Age & High School	Early Childhood	Food Access	Total Program Services				
Direct service awards	\$ 10,204,715	\$ 2,555,656	\$ 10,000	\$ 12,770,371	\$ -	\$ -	\$ 12,770,371	\$ 15,574,138
Program costs	1,254,827	177,460	3,428,543	4,860,830	46	-	4,860,876	7,115,452
Salaries and wages	1,098,249	688,464	267,944	2,054,657	1,252,051	109,312	3,416,020	3,465,803
Fringe benefits	326,536	205,377	79,742	611,655	220,255	32,712	864,622	810,122
Consultants	199,612	1,164,795	-	1,364,407	197,027	-	1,561,433	1,837,963
Training	97,658	138,535	7,690	243,883	30,002	-	273,885	229,465
Rent	-	-	15,735	15,735	310,247	-	325,982	343,462
Meeting expenses	230,663	9,685	3,902	244,250	31,408	-	275,658	90,413
Office supplies and expenses	12,370	996	2,077	15,443	23,765	108	39,316	49,036
Equipment rental and expense	95,000	-	3,576	98,576	67,465	-	166,041	77,462
Legal and accounting	3,060	6,240	240	9,540	45,874	-	55,414	70,113
Depreciation	-	-	-	-	105,943	-	105,943	88,934
Communication	6,000	5,340	5,460	16,800	36,823	300	53,923	57,820
Printing and duplicating	5,575	1,425	2,792	9,792	4,075	-	13,867	38,827
Travel	20,986	5,799	4,237	31,022	15,481	134	46,637	39,861
Dues and subscriptions	-	-	190	190	29,656	-	29,846	31,392
Temporary help	52,766	31,982	-	84,748	31,613	4,414	120,775	42,969
Insurance	-	-	600	600	16,533	-	17,133	20,581
Advertising	1,671	-	207	1,878	663	-	2,541	11,243
Fees	-	-	-	-	11,760	-	11,760	22,305
Other expenses	-	-	-	-	22,301	-	22,301	42,647
Storage	-	-	-	-	5,776	-	5,776	5,620
Postage	1,351	20	1,278	2,649	3,008	-	5,657	4,139
Interest expense	14,246	-	-	14,246	4,935	-	19,182	8,079
Conference center transfer	39,840	9,565	1,000	50,405	(50,405)	-	-	-
Direct Expenses	13,665,125	5,001,339	3,835,213	22,501,677	2,416,302	146,980	25,064,959	30,077,846
Overhead recovery	967,888	444,417	263,790	1,676,095	(1,676,095)	-	-	-
<b>Total Expenses</b>	<b>\$ 14,633,013</b>	<b>\$ 5,445,756</b>	<b>\$ 4,099,003</b>	<b>\$ 24,177,772</b>	<b>\$ 740,207</b>	<b>\$ 146,980</b>	<b>\$ 25,064,959</b>	<b>\$ 30,077,846</b>

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
Fringe benefits	262,753	171,054	88,703	522,510	245,347	42,265	810,122
Consultants	517,911	1,115,260	-	1,633,171	204,792	-	1,837,963
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)	-	-
<b>Total Expenses</b>	<b>\$ 15,929,931</b>	<b>\$ 5,773,167</b>	<b>\$ 7,644,691</b>	<b>\$ 29,347,789</b>	<b>\$ 544,592</b>	<b>\$ 185,465</b>	<b>\$ 30,077,846</b>

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



**FAMILY LEAGUE OF BALTIMORE CITY, INC.**

**Statements of Cash Flows  
For the Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 183,235	\$ 15,739
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	105,943	88,934
Effects from changes in non-cash operating assets and liabilities:		
Accounts receivable, net	2,608,093	(2,147,912)
Unbilled accounts receivable	446,078	(149,142)
Prepaid expenses	2,165	190
Accounts payable	(197,725)	(1,076,388)
Accrued compensation	(8,682)	16,259
Accrued expenses	(12,643)	(33,335)
Deferred revenue	(591,049)	267,146
Deferred rent	25,982	14,796
<b>Net Cash Flows from Operating Activities</b>	<u>2,561,397</u>	<u>(3,003,713)</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	<u>(81,703)</u>	<u>(557,040)</u>
Net change in cash and cash equivalents	2,479,694	(3,560,753)
Cash and cash equivalents, beginning of year	<u>1,376,890</u>	<u>4,937,643</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 3,856,584</u>	<u>\$ 1,376,890</u>
<b>Supplemental disclosure</b>		
Interest paid	<u>\$ 19,182</u>	<u>\$ 8,079</u>

The accompanying notes are an integral part of these financial statements.

# **FAMILY LEAGUE OF BALTIMORE CITY, INC.**

## **Notes to the Financial Statements June 30, 2018 and 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 77 out-of-school-time enrichment opportunities for 44 community schools in FY18. The Food Access Program provided over 800,000 snacks and suppers during the FY18 school year at 115 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 180 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 115 program sites in Baltimore City; the Family Child Care Program, which works with 180 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, 2018 and 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, 2018, consisted of short-term highly liquid investments.

#### **Accounts Receivable and Unbilled Accounts Receivable, net**

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. As of June 30, 2018, management recorded an allowance for doubtful accounts of \$130,000. There was no allowance for doubtful accounts for the year ended June 30, 2017.

#### **Property and Equipment, net**

Property and equipment purchased 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, 2018 and 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 contributions 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, 2018 and 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 those 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.

#### **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.

# FAMILY LEAGUE OF BALTIMORE CITY, INC.

## Notes to the Financial Statements June 30, 2018 and 2017

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Income Tax (continued)

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, 2018, 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, 2018, the statute of limitations for fiscal years 2015 through 2018 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 Standards Update (ASU) No. 2016-02, *Leases*, that creates a singular reporting model for leases. This standard will require the entity to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. In July 2018, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; and *Leases (Topic 842): Targeted Improvements*, which provide further clarity and transition options for adoption of FASB ASU N. 2016-02. These standards 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*. ASU No 2016-14 provides updated guidance on the reporting model for not-for-profits and is effective for periods beginning after December 15, 2017. ASU No. 2016-15 provides guidance on the statement of cash flows and is effective for periods beginning after December 15, 2018.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, that improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprise. This standard is effective for periods beginning after December 15, 2019.

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.

## FAMILY LEAGUE OF BALTIMORE CITY, INC.

### Notes to the Financial Statements June 30, 2018 and 2017

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Subsequent Events

The Organization's management evaluated the accompanying financial statements for subsequent events and transactions through December 4, 2018, 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, NET

As of June 30, 2018 and June 30, 2017, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>	<u>Useful Life</u>
Construction in progress	\$ -	\$ 584,003	N/A
Software	660,469	-	5 years
Computer equipment	203,928	198,691	3 years
Telephone equipment	16,658	16,658	5 years
Furniture and fixtures	177,074	177,074	5 years
Leasehold improvements	308,504	308,504	Life of the lease
Total	<u>1,366,633</u>	<u>1,284,930</u>	
Less: accumulated depreciation	<u>654,328</u>	<u>548,385</u>	
Property and Equipment, net	<u>\$ 712,305</u>	<u>\$ 736,545</u>	

Depreciation expense was \$105,943 and \$88,934, for the years ended June 30, 2018 and 2017, respectively.

#### 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, 2018, the rate was 3.75%. Interest expense on the line of credit was \$19,182 and \$8,079, for the years ended June 30, 2018 and 2017, respectively. The line of credit was used during the year; however, there were no borrowings outstanding as of June 30, 2018.

## FAMILY LEAGUE OF BALTIMORE CITY, INC.

### Notes to the Financial Statements June 30, 2018 and 2017

#### 5. RESTRICTIONS OF NET ASSETS

Temporary restricted net assets as of June 30, 2018 and 2017, were available for the following purposes:

	<u>2018</u>	<u>2017</u>
Family Literacy	\$ 140,451	\$ 111,173
B'More Fit	-	67,389
Summer and High School	5,922	26,955
Social Emotional Learning	-	2,643
<b>Total</b>	<u>\$ 146,373</u>	<u>\$ 208,160</u>

#### 6. COMMITMENTS AND CONTINGENCIES

##### Leases

The Organization maintains operating leases principally for office space and equipment through 2022. Rental expense during the years ended June 30, 2018 and 2017, totaled \$285,743 and \$343,462, respectively.

Future minimum rental payments under the agreement as of June 30, 2018, were as follows:

<u>Years Ending June,</u>	<u>Amount</u>
2019	\$ 312,000
2020	380,730
2021	391,608
2022	402,486
<b>Total</b>	<u><u>\$ 1,486,824</u></u>

##### 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 years ended June 30, 2018 and 2017, respectively.

# **FAMILY LEAGUE OF BALTIMORE CITY, INC.**

## **Notes to the Financial Statements June 30, 2018 and 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 years ended June 30, 2018 and 2017, was \$141,520 and \$156,825, respectively.

### **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, the Board Members 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 GUIDANCE**



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL  
CONTROLS 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, 2018, 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 December 4, 2018.

**Internal Controls over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal controls over financial reporting (internal controls) 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 controls. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal controls.

*A deficiency in internal controls* exists when the design or operation of a controls 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Hunt Valley, MD  
December 4, 2018

*SB & Company, LLC*



**S B & COMPANY, LLC**  
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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON  
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON  
INTERNAL CONTROLS 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, 2018. 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.



### ***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, 2018.

### **Report on Internal Controls over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal controls 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 controls 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 controls over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal controls over compliance.

*A deficiency in internal controls 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 controls over compliance* is a deficiency, or combination of deficiencies in internal controls 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls 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 controls 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 controls 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 controls over compliance is solely to describe the scope of our testing of internal controls 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.

**FAMILY LEAGUE OF BALTIMORE CITY, INC.**

**Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount paid to Sub- recipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
<u>Pass-through Maryland State Department of Education</u>				
Child and Adult Care Food Program	10.558	347224	\$ -	\$ 3,215,763
Summer Food Service Program for Children	10.559	551500	-	779,490
Total U.S. Department of Agriculture			-	3,995,253
 <b>U.S. Department of Health and Human Services</b>				
Maternal, Infant, and Early Childhood Home Visiting Cluster				
<u>Pass-through Baltimore City Health Department</u>				
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	FHD39MIC	712,127	1,013,312
<u>Pass-through Maryland Department of Health</u>				
Affordable Care Act-Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PHPA-G2810	-	1,446,168
Total Maternal, Infant, and Early Childhood Home Visiting Cluster			712,127	2,459,480
<u>Pass-through Baltimore City Department of Social Services</u>				
Temporary Assistance for Needy Families - Ready By 21 Jobs Project	93.558	BCDSS/CWS-16-110	-	19,349
Total U.S. Department of Health and Human Services			712,127	2,478,829
 <b>U.S. Department of Housing and Urban Development (HUD)</b>				
<u>Pass-through Mayor and City Council of Baltimore</u>				
Community Development Block Grant program for Entitlement Communities	14.218	CDBG-43	405,870	446,457
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,117,997</b>	<b>\$ 6,920,539</b>

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, 2018

### 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, 2018. 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 2018 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 36%.

<u>Major Programs</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>Maternal, Infant, and Early Childhood Home Visiting Cluster</b>		
Affordable Care Act-Maternal, Infant, and Early Childhood Home Visiting Program	93.505	\$ 1,446,168
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	1,013,312
<b>Total Cluster</b>		<u>\$ 2,459,480</u>

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, 2018. 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*.

**FAMILY LEAGUE OF BALTIMORE CITY, INC.**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**Financial Statements**

Type of Independent Public Accountants' Report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Noted
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Audit finding disclosed that are required to be reported in accordance with Uniform Guidance?	No
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Noted
Type of Independent Public Accountants' Report issued on compliance for major programs	Unmodified

Identification of Major Programs:

<u>Major Programs</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>Maternal, Infant, and Early Childhood Home Visiting Cluster</b>		
Affordable Care Act-Maternal, Infant, and Early Childhood Home Visiting Program	93.505	\$ 1,446,168
Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	1,013,312
<b>Total Cluster</b>		<u>\$ 2,459,480</u>

Threshold for distinguishing between Type A and B programs	<u>\$ 750,000</u>
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, 2018**

**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 findings for the year ended June 30, 2017.

**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, 2018**

	2018		Difference
	Budget	Actual	
<b>Revenue</b>			
Community Partnership Agreement			
Administrative	\$ 830,322	\$ 830,322	\$ -
Program	2,178,280	2,096,494	81,786
Total Community Partnership Agreement	<u>3,008,602</u>	<u>2,926,816</u>	<u>81,786</u>
Other Programs			
Governor's Young Readers (#160080)	-	-	-
Governor's Young Readers (#170025)	185,901	158,816	27,085
School-Based Food Pantries	-	-	-
Regional Training	16,000	16,000	-
Total Other Programs	<u>201,901</u>	<u>174,816</u>	<u>27,085</u>
<b>Total Revenue</b>	<u>3,210,503</u>	<u>3,101,632</u>	<u>108,871</u>
<b>Expenses</b>			
Community Partnership Agreement Administrative Expenses	<u>830,322</u>	<u>830,322</u>	<u>-</u>
Community Partnership Agreement Program Expenses			
Youth Service Bureau	380,236	380,236	-
Out of School Time Programs	1,045,000	1,030,605	14,395
B'More for Healthy Babies Home Visiting Programs	275,000	275,000	-
Opportunity Youth-Unaccompanied Youth	355,495	355,495	-
Baltimore Hunger Project	35,049	32,549	2,500
Local Care Team Coordinator	87,500	22,609	64,891
Total Community Partnership Agreement Program Expenses	<u>2,178,280</u>	<u>2,096,494</u>	<u>81,786</u>
Total Community Partnership Agreement Expenses	<u>3,008,602</u>	<u>2,926,816</u>	<u>81,786</u>
Other Programs			
Governor's Young Readers (#160080)	-	-	-
Governor's Young Readers (#170025)	185,901	158,816	27,085
School-Based Food Pantries	-	-	-
Regional Training	16,000	16,000	-
Total Other Programs	<u>201,901</u>	<u>174,816</u>	<u>27,085</u>
<b>Total Expenses</b>	<u>3,210,503</u>	<u>3,101,632</u>	<u>108,871</u>
<b>Due to Governor's Office for Children</b>			<u>\$ -</u>

**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**

	2017		
	Budget	Actual	Difference
<b>Revenue</b>			
Community Partnership Agreement			
Administrative	\$ 618,742	\$ 618,742	\$ -
Program	1,860,236	1,860,236	-
Total Community Partnership Agreement	2,478,978	2,478,978	-
Other Programs			
Governor's Young Readers (#160080)	47,344	47,344	-
Governor's Young Readers (#170025)	200,000	69,099	130,901
School-Based Food Pantries	250,000	250,000	-
Total Other Programs	497,344	366,443	130,901
<b>Total Revenue</b>	<b>2,976,322</b>	<b>2,845,421</b>	<b>130,901</b>
<b>Expenses</b>			
Community Partnership Agreement Administrative Expenses	618,742	618,742	-
Community Partnership Agreement Program Expenses			
Youth Service Bureau	380,236	380,236	-
Out of School Time Programs	1,155,000	1,149,012	5,988
B'More for Healthy Babies Home Visiting Programs	275,000	275,000	-
Opportunity Youth-Unaccompanied Youth	-	-	-
Baltimore Hunger Project	20,000	19,655	345
Local Care Team Coordinator	30,000	30,000	-
Total Community Partnership Agreement Program Expenses	1,860,236	1,853,903	6,333
Total Community Partnership Agreement Expenses	2,478,978	2,472,645	6,333
Other Programs			
Governor's Young Readers (#160080)	47,344	47,344	-
Governor's Young Readers (#170025)	200,000	69,099	130,901
School-Based Food Pantries	250,000	250,000	-
Total Other Programs	497,344	366,443	130,901
<b>Total Expenses</b>	<b>2,976,322</b>	<b>2,839,088</b>	<b>137,234</b>
<b>Due to Governor's Office for Children</b>			<b>\$ 6,333</b>