



Abrams
Foster
Nole &
Williams, P.A.

FAMILY LEAGUE OF BALTIMORE CITY, INC.

**Financial Statements
and
Independent Auditor's Report**

Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Family League of Baltimore City, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and change 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.

Auditors' 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. 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, 2021 and the change in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Certified Public Accountants & Business Advisors

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 7, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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.



Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

January 7, 2022

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Statement of Financial Position
June 30, 2021

ASSETS

Current Assets	
Cash, cash equivalents and restricted cash	\$ 8,577,404
Investments - cash equivalents	47,137
Accounts receivable	4,178,194
Prepaid expenses	<u>7,972</u>
Total current assets	<u>12,810,707</u>
Property and Equipment	
Furniture and fixtures	177,074
Computer software and hardware	921,761
Equipment	16,658
Leasehold improvements	308,504
Right of Use asset	<u>1,033,426</u>
Total property and equipment	2,457,423
Less: accumulated depreciation	<u>(1,058,494)</u>
Net property and equipment	<u>1,398,929</u>
Total Assets	<u>\$ 14,209,636</u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts payable	\$ 4,636,155
Accrued expenses	1,364,706
Accrued salaries and wages	136,982
Accrued vacation	156,648
Capitalized operating lease liability	1,033,426
PPP loan payable	655,000
Deferred revenue	<u>2,835,610</u>
Total current liabilities	<u>10,818,527</u>
Net Assets	
Without Donor Restrictions	3,342,381
With Donor Restrictions	<u>48,728</u>
Total net assets	<u>3,391,109</u>
Total Liabilities and Net Assets	<u>\$ 14,209,636</u>

“The accompanying notes are an integral part of the financial statements”

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Statement of Activities and Change in Net Assets
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
Support and Revenue			
Federal direct and passed-through grants	\$ 9,348,685	\$ -	\$ 9,348,685
Other governmental grants	17,494,695	-	17,494,695
Corporate grants, contracts and awards	28,333	275,000	303,333
Contributions	111,738	-	111,738
Fee for service	226,415	-	226,415
Other income	<u>6,766</u>	<u>-</u>	<u>6,766</u>
Total	27,216,632	275,000	27,491,632
Net assets released from restrictions	<u>276,063</u>	<u>(276,063)</u>	<u>-</u>
Total support and revenue	<u>27,492,695</u>	<u>(1,063)</u>	<u>27,491,632</u>
Expenses			
Program services			
School age and high school programs	12,508,054	-	12,508,054
Early childhood programs	5,770,246	-	5,770,246
Food access programs	4,019,874	-	4,019,874
Childhood stability emergency funds	<u>3,773,585</u>	<u>-</u>	<u>3,773,585</u>
Total program services	<u>26,071,759</u>	<u>-</u>	<u>26,071,759</u>
Supporting services			
General and administrative	<u>1,568,452</u>	<u>-</u>	<u>1,568,452</u>
Total supporting services	<u>1,568,452</u>	<u>-</u>	<u>1,568,452</u>
Total expenses	<u>27,640,211</u>	<u>-</u>	<u>27,640,211</u>
(Decrease) in net assets	(147,516)	(1,063)	(148,579)
Net assets at beginning of year	<u>3,489,897</u>	<u>49,791</u>	<u>3,539,688</u>
Net Assets at End of Year	<u>\$ 3,342,381</u>	<u>\$ 48,728</u>	<u>\$ 3,391,109</u>

“The accompanying notes are an integral part of the financial statements”

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Statement of Functional Expenses
Year Ended June 30, 2021

	<u>Program Services</u>				<u>Supporting Services</u>		<u>2021 Total</u>
	<u>School Age and High School Programs</u>	<u>Early Childhood Programs</u>	<u>Food Access Programs</u>	<u>Childcare Stability Emergency Funds</u>	<u>Total Program Services</u>	<u>General & Administrative</u>	
Salaries and wages	\$ 778,837	\$ 279,063	\$ 379,758	\$ -	\$ 1,437,658	\$ 1,674,254	\$ 3,111,912
Fringe benefits	217,768	83,016	112,807	-	413,591	458,648	872,239
Direct service awards	10,116,866	4,761,164	349,350	3,743,585	18,970,965	-	18,970,965
Program costs	127,179	101,598	2,913,621	-	3,142,398	-	3,142,398
Consultants	183,950	88,700	10,736	30,000	313,386	219,837	533,223
Training	12,786	19,205	-	-	31,991	13,177	45,168
Rent	-	-	-	-	-	341,600	341,600
Office supplies and expenses	1,303	-	152	-	1,455	7,069	8,524
Equipment rental and expense	14,753	-	-	-	14,753	52,539	67,292
Legal and accounting	-	-	-	-	-	67,683	67,683
Depreciation	-	-	-	-	-	128,454	128,454
Communication	6,780	2,520	2,947	-	12,247	52,554	64,801
Printing and duplicating	1,904	2,245	-	-	4,149	544	4,693
Travel	-	-	96	-	96	6,492	6,588
Dues and subscriptions	10,236	205	150	-	10,591	66,240	76,831
Temporary help	1,300	-	-	-	1,300	49,457	50,757
Insurance	21,810	-	-	-	21,810	-	21,810
Advertising	-	83,050	36	-	83,086	2,058	85,144
Fees	-	-	-	-	-	21,337	21,337
Other expenses	-	-	-	-	-	8,221	8,221
Storage	-	-	-	-	-	8,875	8,875
Postage	152	-	12	-	164	1,532	1,696
Sub total	<u>11,495,624</u>	<u>5,420,766</u>	<u>3,769,665</u>	<u>3,773,585</u>	<u>24,459,640</u>	<u>3,180,571</u>	<u>27,640,211</u>
Indirect Cost Allocation	<u>1,012,430</u>	<u>349,480</u>	<u>250,209</u>	<u>-</u>	<u>1,612,119</u>	<u>(1,612,119)</u>	<u>-</u>
Total expenses	<u>\$ 12,508,054</u>	<u>\$ 5,770,246</u>	<u>\$ 4,019,874</u>	<u>\$ 3,773,585</u>	<u>\$ 26,071,759</u>	<u>\$ 1,568,452</u>	<u>\$ 27,640,211</u>

“The accompanying notes are an integral part of the financial statements”

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Statement of Cash Flows
Year Ended June 30, 2021

Cash Flows from Operating Activities

Change in net assets	\$ (148,579)
Adjustments to reconcile change in net assets to cash (used) provided by operating activities:	
Depreciation	128,454
Noncash adoption of ASC 842	(1,033,426)
ROU asset adoption of ASC 842	1,033,426
Changes in assets and liabilities	
(Increase) decrease in assets	
Accounts receivable, net	(1,140,827)
Prepaid expenses	(6,972)
Increase (decrease) in liabilities	
Accounts payable	1,127,421
Accrued salaries and wages	1,019
Accrued vacation	20,160
Accrued expenses	702,868
Deferred revenue	1,335,771
Total adjustments	<u>2,205,428</u>
Net cash provided by operating activities	<u>2,056,849</u>

Cash Flows from Investing Activities

Purchase of property and equipment	<u>(10,429)</u>
Net cash provided by investing activities	<u>(10,429)</u>

Cash Flows from Financing Activities

Proceeds from payroll protection program	<u>655,000</u>
Net cash provided by financing activities	<u>655,000</u>
Net increase in cash	2,701,420
Cash, cash equivalents and restricted cash at beginning of year	<u>5,923,121</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	<u><u>\$ 8,624,541</u></u>

“The accompanying notes are an integral part of the financial statements”

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

1. NATURE OF ACTIVITIES

Family League of Baltimore City, Inc. (the Organization) is a 501(c)(3) nonprofit that was incorporated in the state of Maryland in April 1991. The Organization supports data-informed, community-driven solutions that align resources to dismantle the systemic barriers which limit the possibilities for children, families, and communities. The Organization carries out its' mission through management and oversight of the work of its' partners, oversight of the Local Care Team (LCT) for Baltimore, programs that focus on education, and child, youth and family support, and advocating for public policy that insures children and families in the City of Baltimore are thriving.

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

School Age and High School – Family League serves as a facilitating partner for the Community School strategy in partnership with Baltimore City Public Schools, The Mayor's Office, and Baltimore City Council. The Baltimore Community Schools and Strategy is composed of two critical components: Community Schools and Out-of-School (OST) programs. A Community School is a place and set of strategic partnerships that promote student achievement, positive conditions for learning, and the well-being of families and communities. OST programs provide students with the opportunity to explore new ideas, build 21st century skills, find new talents and experience success. The Organization supported 30 expanded youth programs and 46 out-of-school-time-enrichment opportunities for 43 community schools in fiscal year ended June 30, 2021.

Family Stability Program (FSP) consists of clinicians, student interns, and staff using an antiracist lens and the racially-just interventions of the SHARP Model as they collaborate with parents, caregivers, and families to assist them in meeting their basic needs and in some cases supporting the family through utility service needs. The program works as a family preservation, stability, and neglect prevention service provider in Baltimore City. For the fiscal year ended June 30, 2021, there were 78 families served.

The Family Recovery Program (FRP) aligns parents with the treatment services, community resources, and a safe and supportive environment to rebuild, reinvest, and reunify with their child(ren). The work of the FRP as the Family Dependency Court for Baltimore City, focuses on reducing a child's length of stay within the foster care system by providing a full range of services to the family. In fiscal year ended June 30, 2021, 136 families were served.

Baltimore City Local Care Team (LCT) Family League oversees the work of a group of leaders within local agencies, direct service providers, and stakeholders that come together to offer navigation support and resource recommendations for youth and families with children that have intensive care needs.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

1. NATURE OF ACTIVITIES (Continued)

The LTC is vital to supporting the healthy and safe development of children by diverting youth from out-of-state placements with the provisions of timely and effective resource recommendations that are available within the youth's community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements of the Organization are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as the source of authoritative accounting principles generally accepted in the United States of America on the accrual basis of accounting with a fiscal year ending June 30.

B. Basis of Presentation

The Organization is required to report its financial statements in accordance with Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in the financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. Net assets, revenues, expenses, gains and losses are reported based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (continued)

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

The Organization's net assets with donor restrictions was \$48,728 as of June 30, 2021.

C. Cash, cash equivalents and restricted cash

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

The Organization adopted the requirements in accordance with Accounting Standards Board's Accounting Standards Update No. 2016-18-*Not-for-Profit Entities* (Topic 230): *Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-18). This update addresses diversity in presentation of the Statements of Cash Flows. Cash, cash equivalents, restricted cash, and restricted cash equivalents that are presented in more than one line on the statements of financial position are now required to either be presented on the face of the statements of cash flows or disclosed in the notes to the financial statements.

As of June 30, 2021, cash, cash equivalents and restricted cash are restricted on the Statement of Financial Position as:

Financial assets at year end:

Cash and cash equivalents	\$ 8,577,404
Total cash, cash equivalents and restricted cash	<u>\$ 8,577,404</u>

D. Accounts and Grants Receivable

Accounts and grants receivable are recorded upon accrual of revenue earned based upon fulfillment of grant terms and conditions by the Organization, less an allowance for doubtful accounts. For the year ended June 30, 2021, management has not recorded an allowance for doubtful accounts.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Revenue Recognition

A major portion of the support for the Organization was provided by grants from the Maryland State Department of Education and City of Baltimore. These funds are recognized as revenue when the conditions for revenue recognition has been met.

Contributions received by the Organization are treated as net assets without donor restrictions, unless restricted by the donor.

F. Income Taxes

Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from Federal and state income taxes, except for unrelated business income, if any. Accordingly, no provision for income taxes has been made in the accompanying financial statements. An informational tax return Form 990 is filed annually.

The Internal Revenue Service has not examined (audited) any income tax returns of the Organization; thus, the previous three years are subject to examination. The Organization has not taken any questionable tax positions.

G. 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 assumptions that affect the reported amounts of assets, liabilities, and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

H. Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. Concentration of Revenue Sources

Approximately 97 percent of the Organization's revenue is derived from grants with the state and federal governments and passed through to nonprofit organizations. There is an administrative fee assessed to each grant ranging from 10 to 14 percent. The level of the Organization's operations and program services will be impacted or segments discontinued if funding is not provided as scheduled.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Advertising

All advertising costs are expensed as incurred. The Organization's advertising expenses were \$85,144 for the year ended June 30, 2021.

K. Property and Equipment

Property and equipment purchased in excess of \$1,000, with an estimated useful life of more than one year are capitalized at cost and depreciated over the estimated useful lives of the assets using the straight-line method once the asset is placed into service. Gifts of long-lived assets are recorded at their fair values when donated. Expenditures for minor repairs are expensed as incurred. Depreciation expense for the year ended June 30, 2021 was \$128,454.

L. Deferred Revenue

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

3. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2021:

Financial assets at year end:	
Cash and cash equivalents	\$ 8,577,404
Accounts receivable	4,178,194
Total financial assets	<u>12,755,598</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>(48,728)</u>
Financial assets available to meet general expenses over the next twelve months	<u><u>\$ 12,706,870</u></u>

The organization's policy is to structure its financial assets to be available for its general expenditures, liabilities and other obligations as they come due. To help manage unanticipated liquidity needs, the Organization has a \$4,000,000 line of credit available for use.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

4. FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash in several financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) for a maximum of \$250,000 for all account types per depositor. The risk is managed by maintaining all deposits in high quality financial institutions. At June 30, 2021 the Organization had \$8,374,041, in cash accounts exceeding the FDIC coverage limitation. The Organization has not experienced any losses in such accounts.

5. LINE OF CREDIT

The Organization maintains a line of credit with a financial institution under which it can borrow up to \$4,000,000 as mentioned in Note 3 with an expiration date of January 31, 2022. The line of credit bears interest at the daily London Interbank Offered Rate (LIBOR) plus 200 basis points, 2 percent.

6. CONTRIBUTIONS AND GRANTS

The Organization reports gifts of cash and other assets as without donor restricted support available for general operations unless specifically restricted by the donor. When a donor-imposed restriction expires, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities and change in net assets as net assets released from restrictions.

7. ACCOUNTS AND GRANTS RECEIVABLE

Accounts and grants receivable as of June 30, 2021 consisted of reimbursements due from Organization administrative fees for service as follows:

	<u>2021</u>
Sub Award Contracts	\$ 4,166,544
Accrued Revenue	<u>11,650</u>
Total	<u><u>\$ 4,178,194</u></u>

There is no allowance for doubtful accounts at June 30, 2021. The Organization has determined all receivables to be fully collectible.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

8. PAYCHECK PROTECTION PROGRAM LOAN

In August 2020, the Organization received \$655,000 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at one percent, but payments are not required to begin for six months after funding of the loan unless extended. On November 3, 2021, the loan was fully forgiven.

9. COMPLIANCE WITH GRANTOR RESTRICTIONS

Financial assistance from Federal, State, and local governmental entities in the form of grants are subject to special audit. 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.

10. DEFINED CONTRIBUTION PLAN

The Organization has a defined contribution plan available to all eligible employees. The Organization contributes five percent of eligible employee salaries to the plan. Individual employees are not required to contribute to the plan. For the year ended June 30, 2021, the Organization contributed \$129,621 to the plan.

11. LEASES

The Organization maintains an operating lease principally for office space through August 31, 2025.

In June 2020, the FASB issued ASU 2020-05, "Leases (Topic 842): Effective Dates for Certain Entities." Under the new standards, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

11. LEASES (continued)

The Organization elected to early adopt the ASU 2020-05 standard, effective July 1, 2020. As a result, the right of use asset and liability has been calculated using the present value of the remaining lease payments. The Organization will be required to calculate the present value at the end of each year. The asset will be depreciated on a straight-line basis and the imputed interest for the year will be recorded as interest expense. Monthly rental payments will still be captured as rent expense.

Future minimum rental payments under the agreement as of June 30, 2021, were as follows:

Years Ending June 30,	Amount
2022	\$ 336,000
2023	336,000
2024	336,000
2025	56,000
Total	1,064,000
Less: imputed interest	(30,574)
Total present value of Right of Use asset and liability	\$ 1,033,426

The Organization maintains various operating leases principally for office space and equipment through 2024. Rental expense during the year ended June 30, 2021 totaled \$341,600.

12. RELATED PARTIES 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. There were no related party transaction for the year ended June 30, 2021.

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Financial Statements
June 30, 2021

13. SUBSEQUENT EVENTS

In December 2019, a global outbreak of a novel strain of coronavirus (COVID-19) occurred. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition as of March 30, 2020, Maryland Governor Larry Hogan ordered the closure of the physical location of every “non-life sustaining” (“non-essential”) business for an extended period of time. On May 12, 2021, the order requiring use of face coverings in certain circumstances was amended, and the state of emergency, and catastrophic health emergency to control and prevent the spread of COVID-19 within the State was renewed. As of May 15, 2021, Mayor of Baltimore City lifted the indoor and outdoor restrictions placed on churches and other businesses to begin phasing in normal operations with safety precautions in place. The future effects of the pandemic on the Organization are unknown.

ASC 855-10-50 requires entities to recognize in the financial statements the effect of all events or transactions that provide additional evidence of conditions that existed at the statement of financial position date, including the estimates inherent in the financial preparation process. Subsequent events that provide evidence about conditions that arose after the statement of financial position date should be disclosed if the financial statements would otherwise be misleading.

The Organization has evaluated subsequent events through the date the financial statements were available to be issued on January 7, 2022 and determined there are no material transactions to disclose.

SUPPLEMENTARY INFORMATION

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Pass-through Maryland State Department of Education Child and Adult Care Food Program	10.558	347224	\$ -	\$ 3,532,578
Total U.S. Department of Agriculture			<u>-</u>	<u>3,532,578</u>
U.S. Department of Education				
Pass-through Maryland State Department of Education Healthy Families Home Visiting Program	93.558	200088	541,039	595,143
Total U.S. Department of Education			<u>541,039</u>	<u>595,143</u>
U.S. Department of Health and Human Services				
Pass-through Baltimore City Health Department Maternal, Infant, and Early Childhood Home Visiting Cluster Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870	39284	901,211	1,195,964
Pass-through Maryland State Department of Education Local Early Childhood Advisory Council Quality Improvements	93.434	200923	22,727	25,000
Total Maternal, Infant, and Early Childhood Home Visiting Cluster			<u>923,938</u>	<u>1,220,964</u>
Total U.S. Department of Health and Human Services			<u>923,938</u>	<u>1,220,964</u>
U.S. Department of Treasury				
Pass-through Mayor and City Council of Baltimore CARES Act - Treasury's Coronavirus Relief Fund (Covid-19 Childcare Stability Awards)	21.019	1001-000000-4460-692001-607001	\$ 3,743,585	\$ 4,000,000
Total Expenditures of Federal Awards			<u>\$ 5,208,562</u>	<u>\$ 9,348,685</u>

“The accompanying notes are an integral part of this schedule”

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
- b. The Organization has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**



Abrams
Foster
Nole &
Williams, P.A.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Independent Auditor's Report

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

We have audited, in accordance with the 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) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and change 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 January 7, 2022.

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 over financial reporting. 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.

Certified Public Accountants & Business Advisors

Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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.



Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

January 7, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**



Abrams
Foster
Nole &
Williams, P.A.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited Family League of Baltimore City, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *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, 2021. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 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.

Certified Public Accountants & Business Advisors

Auditor's Responsibility (Continued)

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 on 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 its major federal program for the year ended June 30, 2021.

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 on compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the 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 the 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. 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.

Report on Internal Control Over Compliance (Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Abrams, Foster, Nole & Williams, P.A." The signature is written in black ink and is positioned above the printed name of the firm.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

January 7, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor’s report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

FAMILY LEAGUE OF BALTIMORE CITY, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditor’s Results (Continued)

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
21.019	Coronavirus Relief Fund Childcare Grant Program
93.870	Maternal, Infant and Early Childhood Home Visiting Grant

Dollar threshold used to distinguish
between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

Section II – Financial Statements Findings

No Findings.

Section III – Federal Award Findings and Questioned Costs

No Findings.

Section IV – Summary Schedule of Prior Audit Findings

No Findings.



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