

Association of Maternal and Child Health Programs

Audited Financial Statements Other Financial Information and Uniform Guidance Supplemental Reports

*Years ended September 30, 2018 and 2017
with Report of Independent Auditors*

Association of Maternal and Child Health Programs

Audited Financial Statements
Other Financial Information and
Uniform Guidance Supplemental Reports

Years ended September 30, 2018 and 2017

Contents

Report of Independent Auditors.....1 - 2

Audited Financial Statements

Statements of Financial Position 3
Statements of Activities and Changes in Net Assets..... 4
Statements of Functional Expenses..... 5 - 6
Statements of Cash Flows..... 7
Notes to Financial Statements..... 8 - 13

Other Financial Information

Schedule of Expenditures of Federal Awards..... 15 - 17
Notes to the Schedule of Expenditures of Federal Awards..... 18

Uniform Guidance Supplemental Reports

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*..... 19 - 20
Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by *Uniform Guidance*..... 21 - 23
Schedule of Findings and Questioned Costs..... 24 - 25
Management's Corrective Action Plan..... 26

Report of Independent Auditors

Board of Directors
Association of Maternal and Child Health Programs
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of the Association of Maternal and Child Health Programs ("the Association"), which comprise the statements of financial position as of September 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 *Governmental Auditing Standards*, issued by the Comptroller of the United States of America. Those standards require that we plan and perform the audits 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 over financial reporting. 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 Association of Maternal and Child Health Programs as of September 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 Matter - Other Financial Information

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 on pages 15 - 17 is presented for purposes of additional analysis as required by the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the 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.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2019, on our consideration of the Association'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* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Vienna, Virginia
February 27, 2019

Association of Maternal and Child Health Programs

Statements of Financial Position

	September 30,	
	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 669,251	\$ 158,756
Investments	966,994	954,299
Accounts and grants receivable	643,601	837,724
Prepaid expenses	<u>175,576</u>	<u>110,933</u>
Total current assets	2,455,422	2,061,712
Noncurrent assets:		
Property and equipment		
Furniture & fixtures	125,901	125,901
Leasehold improvements	<u>631,673</u>	<u>631,673</u>
Total property and equipment	757,574	757,574
Less accumulated depreciation and amortization	<u>(149,610)</u>	<u>(74,199)</u>
Total property and equipment, net	607,964	683,375
Other assets - security deposit	<u>66,813</u>	<u>66,813</u>
Total noncurrent assets	<u>674,777</u>	<u>750,188</u>
Total assets	<u>\$ 3,130,199</u>	<u>\$ 2,811,900</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 683,960	\$ 482,953
Deferred dues and meetings	178,425	181,035
Deferred revenue - other	<u>71,202</u>	<u>16,043</u>
Total current liabilities	933,587	680,031
Noncurrent liabilities:		
Deferred rent	<u>867,626</u>	<u>724,811</u>
Total noncurrent liabilities	<u>867,626</u>	<u>724,811</u>
Total liabilities	1,801,213	1,404,842
Net assets:		
Unrestricted net assets	1,319,456	1,407,058
Temporarily restricted assets	<u>9,530</u>	<u>-</u>
Total net assets	<u>1,328,986</u>	<u>1,407,058</u>
Total liabilities and net assets	<u>\$ 3,130,199</u>	<u>\$ 2,811,900</u>

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statements of Activities and Changes in Net Assets

	September 30,	
	<u>2018</u>	<u>2017</u>
Change in unrestricted net assets		
Revenue		
Government grants and contracts	\$ 3,506,892	\$ 2,892,120
Government pass-through grants and contracts	<u>1,244,735</u>	<u>1,540,318</u>
Total governmental grants and contracts	4,751,627	4,432,438
Non-government grants and contracts	178,693	1,023,018
Membership	526,955	523,385
Registration and exhibit	440,795	467,900
Contributions	-	17,175
Investment income, net	12,670	43,566
Other revenue	<u>19,217</u>	<u>23,665</u>
Total revenue	5,929,957	6,531,147
Expenses		
Program services:		
Maternal and Child Health Programs and Policy	4,948,707	5,417,747
Annual Conference	322,427	234,572
Membership, Communications and Other Programs	76,033	78,200
Legislative Activities	<u>359,977</u>	<u>289,207</u>
Total program services	5,707,144	6,019,726
Supporting services:		
Fundraising	13,996	31,593
Management and general	<u>296,419</u>	<u>196,311</u>
Total supporting services	<u>310,415</u>	<u>227,904</u>
Total expenses	<u>6,017,559</u>	<u>6,247,630</u>
Change in unrestricted net assets	(87,602)	283,517
Change in temporarily restricted net assets		
Contributions	<u>9,530</u>	<u>-</u>
Change in temporarily restricted net assets	<u>9,530</u>	<u>-</u>
Change in net assets	(78,072)	283,517
Net assets, beginning of year	<u>1,407,058</u>	<u>1,123,541</u>
Net assets, end of year	<u>\$ 1,328,986</u>	<u>\$ 1,407,058</u>

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statement of Functional Expenses

Year ended September 30, 2018

	Program Services					Supporting Services				Total Expenses
	Maternal and Child Health Programs and Policy	Annual Conference	Membership, Communications and Other Programs	Legislative Activities	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Salaries	\$ 1,567,838	\$ 48,764	\$ 35,287	\$ 171,167	\$ 1,823,056	\$ 6,685	\$ 407,665	\$ 414,350	\$ 2,237,406	
Benefits	404,257	12,472	9,025	43,780	469,534	1,983	143,372	145,355	614,889	
Professional services	331,997	82,732	70	10,788	425,587	1,200	125,026	126,226	551,813	
Subgrants	833,046	-	-	-	833,046	-	-	-	833,046	
Office supplies	6,631	75	21	400	7,127	-	7,899	7,899	15,026	
Equipment	1,846	-	-	-	1,846	-	13,091	13,091	14,937	
Rent	-	-	-	-	-	-	333,129	333,129	333,129	
Telephone	43,433	99	369	2,779	46,680	-	22,924	22,924	69,604	
Postage and delivery	2,434	1,440	86	-	3,960	-	1,343	1,343	5,303	
Printing and production	15,560	2,573	184	392	18,709	17	1,767	1,784	20,493	
Subscriptions and publications	13,450	-	245	8,293	21,988	-	686	686	22,674	
Dues to other organizations	295	-	-	4,746	5,041	-	2,011	2,011	7,052	
Travel	579,572	20,524	-	4,189	604,285	-	26,721	26,721	631,006	
Meetings and conference	175,832	100,477	12	8,070	284,391	-	34,221	34,221	318,612	
Depreciation and amortization	-	-	-	-	-	-	75,411	75,411	75,411	
Insurance	-	1,827	-	-	1,827	-	9,376	9,376	11,203	
Training	4,127	-	-	100	4,227	-	4,095	4,095	8,322	
Information technology	3,515	3,800	8,472	-	15,787	-	199,739	199,739	215,526	
Bad debt	-	-	-	-	-	-	8,772	8,772	8,772	
Miscellaneous	-	17,149	195	-	17,344	-	5,991	5,991	23,335	
Subtotal	3,983,833	291,932	53,966	254,704	4,584,435	9,885	1,423,239	1,433,124	6,017,559	
Allocation of management and general	964,874	30,495	22,067	105,273	1,122,709	4,111	(1,126,820)	(1,122,709)	-	
Total expenses	\$ 4,948,707	\$ 322,427	\$ 76,033	\$ 359,977	\$ 5,707,144	\$ 13,996	\$ 296,419	\$ 310,415	\$ 6,017,559	

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statement of Functional Expenses

Year ended September 30, 2017

	Program Services					Supporting Services				Total Expenses
	Maternal and Child Health Programs and Policy	Annual Conference	Membership, Communications and Other Programs	Legislative Activities	Total Program Services	Fundraising	Management and General	Total Supporting Services		
Salaries	\$ 1,690,894	\$ 40,553	\$ 38,493	\$ 138,336	\$ 1,908,276	\$ 16,780	\$ 411,771	\$ 428,551	\$ 2,336,827	
Benefits	469,867	11,290	10,717	38,514	530,388	4,672	114,642	119,314	649,702	
Professional services	695,037	39,683	-	377	735,097	-	86,744	86,744	821,841	
Subgrants	556,335	-	-	-	556,335	-	-	-	556,335	
Office supplies	5,397	204	72	68	5,741	-	13,294	13,294	19,035	
Equipment	-	-	-	-	-	-	13,117	13,117	13,117	
Rent	7,409	-	-	-	7,409	-	323,372	323,372	330,781	
Telephone	62,102	482	1,117	10,371	74,072	195	6,997	7,192	81,264	
Postage and delivery	2,326	3,629	510	-	6,465	-	1,771	1,771	8,236	
Printing and production	11,430	3,824	2	1	15,257	4	355	359	15,616	
Subscriptions and publications	10,599	-	174	17,024	27,797	-	108	108	27,905	
Dues to other organizations	268	-	-	3,750	4,018	-	1,006	1,006	5,024	
Travel	651,019	7,642	-	3,616	662,277	-	8,524	8,524	670,801	
Meetings and conferences	282,674	89,456	28	1,490	373,648	795	17,493	18,288	391,936	
Depreciation and amortization	-	-	-	-	-	-	74,199	74,199	74,199	
Insurance	-	1,821	-	-	1,821	-	7,156	7,156	8,977	
Training	3,093	-	-	-	3,093	-	2,243	2,243	5,336	
Information technology	23,721	466	5,600	-	29,787	-	182,598	182,598	212,385	
Miscellaneous	-	13,416	504	250	14,170	-	4,143	4,143	18,313	
Subtotal	4,472,171	212,466	57,217	213,797	4,955,651	22,446	1,269,533	1,291,979	6,247,630	
Allocation of management and general	945,576	22,106	20,983	75,410	1,064,075	9,147	(1,073,222)	(1,064,075)	-	
Total expenses	<u>\$ 5,417,747</u>	<u>\$ 234,572</u>	<u>\$ 78,200</u>	<u>\$ 289,207</u>	<u>\$ 6,019,726</u>	<u>\$ 31,593</u>	<u>\$ 196,311</u>	<u>\$ 227,904</u>	<u>\$ 6,247,630</u>	

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statements of Cash Flows

	Years ended September 30,	
	2018	2017
Cash flows from operating activities		
Change in net assets	\$ (78,072)	\$ 283,517
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	75,411	74,199
Unrealized loss (gain) on investments	12,266	(29,895)
Realized gain on sales of investments	(5,576)	(117)
 (Increase) decrease in:		
Accounts and grants receivable	194,123	501,433
Prepaid expenses	(64,643)	6,070
Security deposit	-	50,026
 Increase (decrease) in:		
Accounts payable and accrued liabilities	201,007	(290,526)
Deferred revenue	52,549	(430,126)
Deferred rent	142,815	147,311
Net cash provided by operating activities	529,880	311,892
 Cash flows from investing activities		
Purchase of fixed assets	-	(175,403)
Purchase of investments	(32,918)	(121,225)
Proceeds from sales of investments	13,533	107,678
Net cash used in investing activities	(19,385)	(188,950)
 Net change in cash and cash equivalents	510,495	122,942
 Cash and cash equivalents, beginning of year	158,756	35,814
 Cash and cash equivalents, end of year	\$ 669,251	\$ 158,756
 Supplemental cash flow information		
Deferred rent - noncash portion	\$ -	\$ 577,500
Noncash additions of fixed assets	\$ -	\$ 577,500

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Notes to Financial Statements

Years ended September 30, 2018 and 2017

1. Summary of Significant Accounting Policies and General Information

Organization

The Association of Maternal and Child Health Programs (AMCHP or the Association) is a non-profit organization, incorporated and located in Washington, D.C. AMCHP was established to provide leadership to assure the health and well-being of all women, children and adolescents, including those with special health care needs, and their families.

Basis of presentation

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents

AMCHP considers all cash and other highly liquid investments including certificates of deposit, with maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, AMCHP maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments

Investments are recorded at fair value. Realized and unrealized gains and losses, net are included in investment income, net in the statements of activities and change in net assets.

Accounts and grants receivable

Accounts and grants receivable approximate fair value. Management considers all amounts to be fully collectible within one year. Accordingly, an allowance for doubtful accounts has not been established.

Grants and contracts

Grants and contracts are recorded when the associated expenses are incurred, using the cost-reimbursement basis. The Association receives funding under grants and contracts from the U.S. government and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted revenue to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

1. Summary of Significant Accounting Policies and General Information (Continued)

Fixed assets

Fixed assets in excess of \$3,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to eight years. Leasehold improvements are amortized over the remaining life of the lease. The cost of maintenance and repairs is recorded as expenses are incurred.

Deferred revenue

Deferred revenue consists of member dues, conference sponsorships and grants. AMCHP recognizes member dues on a pro-rata basis over the annual membership period. AMCHP recognizes conference sponsorships when the event occurs. See grants and contracts policy note for respective revenue recognition.

Net asset classification

The net assets are reported in three self-balancing groups as follows:

- Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of AMCHP and include both internally designated and undesignated resources.
- Temporarily restricted net assets include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of AMCHP and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and change in net assets as net assets released from restrictions. As of September 30, 2018, temporarily restricted net assets consisted of contributions for a scholarship fund. There were no temporarily restricted net assets as of September 30, 2017.
- Permanently restricted net assets represent funds restricted by the donor to be maintained in-perpetuity by AMCHP. As of September 30, 2018 and 2017, there were no permanently restricted net assets.

Income taxes

AMCHP is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. AMCHP is not a private foundation.

For the years ended September 30, 2018 and 2017, AMCHP has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

1. Summary of Significant Accounting Policies and General Information (Continued)

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs have been allocated based on employee salaries and other reasonable methodologies.

Fair value measurement

AMCHP uses the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. AMCHP accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

2. Investments and Fair Value Measurement

In accordance with FASB ASC 820, *Fair Value Measurement*, AMCHP has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

2. Investments and Fair Value Measurement (Continued)

Investments recorded in the statement of financial position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market AMCHP has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at September 30, 2018.

- Money market funds - Fair value is equal to the reported net asset value of the fund.
- Mutual funds - The fair value is equal to the reported net asset value of the related fund, which is the price at which additional shares can be obtained.

The fair value of investments, along with the level within the fair value hierarchy on a recurring basis, consisted of the following as of September 30:

	<u>2018</u>	<u>2017</u>	<u>Level</u>
Money market funds	\$ 186,876	\$ 179,208	1
Mutual funds	<u>780,118</u>	<u>775,091</u>	1
Total investments	<u>\$ 966,994</u>	<u>\$ 954,299</u>	

Included in investment income are the following for the year ended September 30, 2018:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 27,342	\$ 21,221
Unrealized (loss) gain	(12,266)	29,895
Realized gain on sales	5,576	117
Investment fees	<u>(7,982)</u>	<u>(7,667)</u>
Investment income, net	<u>\$ 12,670</u>	<u>\$ 43,566</u>

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

3. Lease Commitments

During June 2016, AMCHP signed an 11-year lease for office space commencing October 1, 2016. The lease includes an annual increase, and a tenant allowance of \$70 per square foot.

In accordance with GAAP, the total rent commitment is recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability in the statements of financial position.

The following is a schedule of the future minimum lease payments:

<u>Year Ending September 30,</u>	
2019	\$ 377,025
2020	386,430
2021	396,082
2022	414,645
2023	425,040
Thereafter	<u>1,809,143</u>
	<u>\$ 3,808,365</u>

Rent expense for the years ended September 30, 2018 and 2017 was \$333,129 and \$330,781, respectively.

4. Retirement Plan

AMCHP provides retirement benefits to its employees through a 403(b) defined contribution plan covering all full-time employees. During the years ended September 30, 2018 and 2017, AMCHP made discretionary contributions to the plan totaling \$176,726 and \$185,643, respectively.

5. Concentration of Revenue

Approximately 80% and 68% of AMCHP's revenue for the years ended September 30, 2018 and 2017, respectively, was derived from grants awarded by agencies of the United States Government. AMCHP has no reason to believe that relationships with these agencies will be discontinued in the foreseeable future. However, any interruption of these relationships (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect AMCHP's ability to finance ongoing operations.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

6. Contingency

AMCHP receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2018. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

7. Commitments

AMCHP is committed under agreements for conference space through fiscal year 2019. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increases through the date of the event. AMCHP has an insurance policy for any potential liabilities related to these commitments.

8. Line of Credit

Effective April 14, 2016, AMCHP obtained a line of credit in the amount of \$60,000 from a banking institution. The line of credit has an interest rate of the U.S. Prime Rate + 6.75%. There were no balances outstanding on the line of credit as of September 30, 2018 and 2017. Drawdowns on the line of credit were \$60,000 and \$0 for the years ended September 30, 2018 and 2017, respectively.

9. Subsequent Events

In preparing these financial statements, AMCHP has evaluated events and transactions for potential recognition or disclosure through February 27, 2019, the date the financial statements were issued.

Other Financial Information

Association of Maternal and Child Health Programs

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2018

Federal Grantor	Program Title	Federal CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services/ Health Resources and Services Administration:	Partnership for State Title V MCH Leadership Community Cooperative Agreement	93.110	N/A	N/A	\$ 73,873	\$ 1,479,908
	Alliance for Innovation on Maternal and Child Health	93.110	N/A	N/A	-	81,444
	Partnership for State Leadership Cooperative Agreement	93.110	N/A	N/A	-	57,997
	MCH Advanced Education Policy	93.110	N/A	N/A	-	20,916
	Collaborative Improvement and Innovation Network to Reduce Infant Mortality	93.110	National Institute for Children's Health Quality	RFA-13-282	62,927	452,237
	Improving Timeliness of Newborn Screening Diagnosis	93.110	University of Colorado	FY17.368.004_AMD	-	10,000
	Health Care Delivery System Innovations for Children with Medical Complexity	93.110	N/A	N/A	-	25,675
	Adolescent and Young Adult Health National Resource Center	93.110	Regents of the University of California	8392SC	75,104	481,034
	National Center for MCH Workforce Development (research and development)	93.110	University of North Carolina, Chapel Hill	5105333	34,453	347,321
	Maternal and Child Environment Health Collaborative Improvement and Innovation Network	93.110	N/A	N/A	456,240	682,749

(Continued)

Association of Maternal and Child Health Programs

Schedule of Expenditures of Federal Awards (Continued)

For the year ended September 30, 2018

Federal Grantor	Program Title	Federal CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services/ Health Resources and Services Administration: (Continued)	Partnership for State Leadership Coop. Agreement - State Public Health Coordinating Center for Autism	93.110	N/A	N/A	-	264,655
	Support for Maternal and Child Health Innovation in States	93.110	N/A	N/A	-	104,051
	Children's Healthy Weight Collaborative Improvement and Innovation Network	93.110	Association of State Public Health Nutritionists	6U7NMC30388-01-01	-	48,000
	Early Childhood Comprehensive Systems Collaborative Improvement	93.110	National Institute for Children's Health Quality	NONE	-	13,864
	Subtotal CFDA 93.110					702,597

(Continued)

Association of Maternal and Child Health Programs

Schedule of Expenditures of Federal Awards (Continued)

For the year ended September 30, 2018

Federal Grantor	Program Title	Federal CFDA Number	Pass-Through Entity	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Total Federal Expenditures
Department of Health and Human Services/ Center for Disease Control and Prevention:						
	Maternal and Child Health Epidemiology National and State Coalition Capacity Building to Improve Outcomes	93.946	N/A	N/A	\$ -	\$ 377,858
	OSTLTS Partnership-CBA of the Public Health System	93.424	Association of University Centers on Disabilities	6NU380T000140-04-02	130,450	178,609
	State Capacity Building for Zika Virus Disease Control	93.424	Association of State and Territorial Health Officials	64-10764	-	1,365
	Zika Communication Improvement	93.424	March of Dimes Foundation	5U380T000199-05-00	-	57,833
	Alliance for Innovation on Maternal and Child Health	93.424	American College of Obstetricians and Gynecologists	5U380T000162-02	-	<u>60,117</u>
Subtotal 93.424					130,450	297,924
	Improving Performance and Capacity in Territories & States for Maternal and Child Health	93.421	N/A	N/A	-	<u>5,994</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 833,047</u>	<u>\$ 4,751,627</u>

See accompanying notes to schedule of expenditures of federal awards.

Association of Maternal and Child Health Programs

Notes to the Schedule of Expenditures of Federal Awards

Year ended September 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the Federal award activity of AMCHP under programs of the federal government for the year ended September 30, 2018. 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 AMCHP, it is not intended to and does not present the financial position, changes in net assets or cash flows of AMCHP.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Revenue Reconciliation

Included in government grants and contracts revenue are the following for the year ended September 30, 2018:

Assistance awards	\$	4,703,627
Fixed price contracts		<u>48,000</u>
Total government grants and contracts revenue	\$	<u><u>4,751,627</u></u>

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*

Report of Independent Auditors

Board of Directors
Association of Maternal and Child Health Programs
Washington, D.C.

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 the Association of Maternal and Child Health Programs (the Association), which comprise the statement of financial position as of September 30, 2018 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 February 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Association'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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Association's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 Association'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. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Johnson Lambert LLP". The signature is written in black ink and is positioned to the right of the main text.

Vienna, Virginia
February 27, 2019

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance

Report of Independent Auditors

Board of Directors
Association of Maternal and Child Health Programs
Washington, D.C.

Report on Compliance for Each Major Federal Program

We have audited the Association of Maternal and Child Health Programs' (the Association) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Association's major federal program for the year ended September 30, 2018. The Association'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 of the Association's major federal program 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 Association'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 the major federal program. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on Major Federal Program

In our opinion, the Association 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 September 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on the major federal program is not modified with respect to these matters. The Association's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Association's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Association is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Association's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Association'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. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

The Association's response to the internal control over compliance finding identified in our audit is described in the accompanying Corrective Action Plan. The Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Johnson Lambert LLP

Vienna, Virginia
February 27, 2019

Association of Maternal and Child Health Programs

Schedule of Findings and Questioned Costs

Year ended September 30, 2018

Section I - Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: | Unmodified |
| 2). Internal control over financial reporting: | |
| • Material weakness identified? | No |
| • Significant deficiency identified that is not considered to be a material weakness? | None reported |
| 3). Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 4). Internal control over major program: | |
| • Material weakness identified? | No |
| • Significant deficiency identified that is not considered to be a material weakness? | Yes |
| 5). Type of auditor's report issued on compliance for major program: | Unmodified |
| 6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7). Identification of major program: | |

<u>Federal Granting Agency and Program Title</u>	<u>CFDA Number</u>
Department of Health and Human Services / Health Resources and Services Administration:	
Maternal and Child Health Federal Consolidated Programs	93.110

- | | |
|---|-----------|
| 8). Dollar threshold used to distinguish between Type A and B programs: | \$750,000 |
| 9). Auditee qualified as a low-risk auditee? | Yes |

Association of Maternal and Child Health Programs

Schedule of Findings and Questioned Costs

Year ended September 30, 2018

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

Finding 2018-001: Significant Deficiency over Subrecipient Reporting

Information on Federal Award: Department of Health and Human Services / Health Resources and Services Administration - Maternal and Child Health Federal Consolidated Programs

CFDA Number: 93.110

Criteria:

Federal Funding Accountability and Transparency Act ("FFATA") reports are required to be filed for subrecipients receiving direct awards in excess of \$25,000.

Condition:

The Association did not file FFATA reports for 5 subrecipients who were awarded \$25,000 or more.

Questioned Costs:

There were no material questioned costs identified.

Context:

For 2018, the FFATA reports not filed represent 100% of the total population of those reports.

Cause:

Due to lack of controls surrounding the monitoring of FFATA reporting for subrecipients.

Effect:

Noncompliance due to failure of filing required FFATA reports.

Repeat finding:

No.

Recommendation:

We recommend management establish a control to identify when FFATA reporting is needed and to ensure the respective reports are filed on a timely basis. This can be done as a part of their existing subrecipient monitoring checklist.

View of Responsible Official and Planned Corrective Action:

Reference is made to Corrective Action Plan on page 26.



February 27, 2019

Corrective Action Plan
Association of Maternal and Child Health Programs
Year Ending September 30, 2018

Financial Statement Findings

There were no reportable findings.

Federal Award Findings and Questioned Costs

Finding 2018-001: Significant Deficiency over Subrecipient Reporting

CFDA Number: 93.110

Finding: All direct subrecipient awards in excess of \$25,000 require a Federal Funding Accountability and Transparency Act (FFATA) report to be filed. The Association did not file the necessary FFATA reports for the year ended September 30, 2018.

Planned Corrective Action: Management plans to implement improved controls over subrecipient monitoring to ensure necessary reports are filed.

Person Responsible for Corrective Action: AJ Bennett, Controller

Planned Completion Date: No later than September 2019.

Jonathan Webb
CEO

AJ Bennett
Controller