



ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2015

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

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FINANCIAL STATEMENTS



ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

**FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2014**

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

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GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the 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 (AMCHP), which comprise the statement of financial position as of September 30, 2015, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMCHP as of September 30, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRF CPA.COM

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Report on Summarized Comparative Information

We have previously audited AMCHP's 2014 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on page I-16, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2016, on our consideration of AMCHP'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 AMCHP's 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 AMCHP's internal control over financial reporting and compliance.



January 19, 2016

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 303,897	\$ 400,632
Investments	1,058,920	1,048,727
Accounts and grants receivable	1,017,119	465,847
Prepaid expenses	64,983	119,288
Advances to subgrantees	27,500	98,707
Total current assets	2,472,419	2,133,201
FIXED ASSETS		
Equipment	286,478	286,478
Leasehold improvements	164,312	164,312
Less: Accumulated depreciation and amortization	450,790 (419,920)	450,790 (382,199)
Net fixed assets	30,870	68,591
OTHER ASSETS - Security Deposit	50,027	50,027
TOTAL ASSETS	\$ 2,553,316	\$ 2,251,819
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 549,794	\$ 239,918
Deferred revenue	95,285	84,924
Refundable advances	942,445	1,114,580
Deferred rent, current portion	103,594	39,181
Total current liabilities	1,691,118	1,478,603
LONG-TERM LIABILITIES - Deferred Rent, Net of Current Portion	-	153,525
Total liabilities	1,691,118	1,632,128
NET ASSETS - Unrestricted	862,198	619,691
TOTAL LIABILITIES AND NET ASSETS	\$ 2,553,316	\$ 2,251,819

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	<u>Unrestricted</u>	
	<u>2015</u>	<u>2014</u>
REVENUE		
Government grants	\$ 2,346,915	\$ 2,601,206
Foundation grants	2,843,627	1,428,446
Membership	401,105	363,860
Registration and exhibit	419,950	365,653
Sponsorship and contributions	5,723	525
Investment income	16,408	54,643
Lease termination incentive	73,210	-
Other revenue	<u>24,212</u>	<u>8,816</u>
Total revenue	<u>6,131,150</u>	<u>4,823,149</u>
EXPENSES		
Program Services:		
Maternal and Child Health Programs and Policy	4,984,369	3,966,826
Training and Technical Assistance for Health Officials	6,194	31,538
Partnership and Coalition Meetings	698	2,025
Legislative Activities	340,192	269,381
Membership, Communications and Other Programs	72,620	63,629
Annual Conference	356,667	394,529
National Center for Health Reform	<u>126</u>	<u>1,115</u>
Total program services	<u>5,760,866</u>	<u>4,729,043</u>
Supporting Services:		
Management and General	101,476	154,178
Fundraising	<u>26,301</u>	<u>26,586</u>
Total supporting services	<u>127,777</u>	<u>180,764</u>
Total expenses	<u>5,888,643</u>	<u>4,909,807</u>
Change in unrestricted net assets	242,507	(86,658)
Unrestricted net assets at beginning of year	<u>619,691</u>	<u>706,349</u>
UNRESTRICTED NET ASSETS AT END OF YEAR	<u>\$ 862,198</u>	<u>\$ 619,691</u>

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014**

	2015					
	Program Services					
	Maternal and Child Health Programs and Policy	Training and Technical Assistance for Health Officials	Partnership and Coalition Meetings	Legislative Activities	Membership, Communications and Other Programs	Annual Conference
Salaries	\$ 1,746,505	\$ -	\$ 425	\$ 179,340	\$ 31,231	\$ 44,276
Benefits	474,030	-	115	48,676	8,477	12,017
Printing and production	44,618	-	-	953	666	3,392
Professional fees	195,238	-	-	-	-	17,429
Rent	-	-	-	-	-	-
Insurance	-	-	-	-	-	1,438
Depreciation and amortization	-	-	-	-	-	-
Telephone	52,138	-	-	2,421	320	10,381
Travel	815,745	923	-	9,381	7,704	7,266
Postage and delivery	5,187	-	-	5	314	3,071
Supplies	14,144	-	-	596	35	3,516
Subscriptions and publications	8,864	-	-	15,494	-	-
Meetings and conferences	235,661	5,271	-	12,626	2,247	223,902
Bank fees	-	-	-	389	583	13,549
Equipment	7,095	-	-	-	-	-
Information technology	36,998	-	-	330	8,765	-
Subgrants	522,065	-	-	-	-	-
Dues to other organizations	1,915	-	-	3,430	689	-
Miscellaneous	-	-	-	-	-	-
Recruitment and training	795	-	-	-	-	-
Sub-total	4,160,998	6,194	540	273,641	61,031	340,237
Allocation of management and general	823,371	-	158	66,551	11,589	16,430
TOTAL	\$ 4,984,369	\$ 6,194	\$ 698	\$ 340,192	\$ 72,620	\$ 356,667

							2014
<u>Supporting Services</u>							
National Center for Health Reform	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses	Total Expenses	
\$ -	\$ 2,001,777	\$ 273,462	\$ 15,668	\$ 289,130	\$ 2,290,907	\$ 1,978,303	
-	543,315	74,222	4,253	78,475	621,790	506,651	
126	49,755	1,383	44	1,427	51,182	28,903	
-	212,667	154,524	-	154,524	367,191	362,062	
-	-	273,158	-	273,158	273,158	321,707	
-	1,438	9,555	-	9,555	10,993	10,959	
-	-	37,721	-	37,721	37,721	26,706	
-	65,260	25,193	9	25,202	90,462	74,661	
-	841,019	3,931	165	4,096	845,115	600,530	
-	8,577	2,731	-	2,731	11,308	6,158	
-	18,291	22,069	-	22,069	40,360	20,682	
-	24,358	25	-	25	24,383	4,853	
-	479,707	4,939	53	4,992	484,699	371,063	
-	14,521	3,046	-	3,046	17,567	15,987	
-	7,095	16,044	-	16,044	23,139	62,777	
-	46,093	121,105	-	121,105	167,198	195,267	
-	522,065	-	-	-	522,065	309,665	
-	6,034	1,069	295	1,364	7,398	8,666	
-	-	-	-	-	-	100	
-	795	1,212	-	1,212	2,007	4,107	
126	4,842,767	1,025,389	20,487	1,045,876	5,888,643	4,909,807	
-	918,099	(923,913)	5,814	(918,099)	-	-	
\$ 126	\$ 5,760,866	\$ 101,476	\$ 26,301	\$ 127,777	\$ 5,888,643	\$ 4,909,807	

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 242,507	\$ (86,658)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation and amortization	37,721	26,706
Unrealized loss (gain) on investments	20,977	(24,594)
(Increase) decrease in:		
Accounts and grants receivable	(551,272)	(388,737)
Prepaid expenses	54,305	92,126
Advances to subgrantees	71,207	(13,707)
Increase (decrease) in:		
Accounts payable and accrued liabilities	309,876	(76,260)
Deferred revenue	10,361	(53,986)
Refundable advances	(172,135)	560,411
Deferred rent	<u>(89,112)</u>	<u>(30,477)</u>
Net cash (used) provided by operating activities	<u>(65,565)</u>	<u>4,824</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(31,170)</u>	<u>(29,969)</u>
Net cash used by investing activities	<u>(31,170)</u>	<u>(29,969)</u>
Net decrease in cash and cash equivalents	(96,735)	(25,145)
Cash and cash equivalents at beginning of year	<u>400,632</u>	<u>425,777</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 303,897</u>	<u>\$ 400,632</u>

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Association of Maternal and Child Health Programs (AMCHP) 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 of reproductive age, 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 FASB ASC 958, *Not-for-Profit Entities*.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with AMCHP's financial statements for the year ended September 30, 2014, from which the summarized information was derived.

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, and excluding money market funds held by investment managers in the amount of \$253,953 for the year ended September 30, 2015.

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 their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statement 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. Accordingly, an allowance for doubtful accounts has not been established.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Temporarily restricted contributions and grants received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

AMCHP 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 income 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
SEPTEMBER 30, 2015

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Contributions and grants (continued) -

Grants receivable represents amounts due from funding organizations for reimbursable expenses incurred in accordance with the grant agreements. Grant funding received in advance of incurring the related expenses is recorded as a refundable advance.

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 and conference sponsorships. AMCHP recognizes member dues on a pro-rata basis over the annual membership period. AMCHP recognizes conference sponsorships when the event occurs.

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 Statement of Activities and Change in Net Assets as net assets released from restrictions. As of September 30, 2015, there were no temporarily restricted net assets.
- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by AMCHP. As of September 30, 2015, 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.

Uncertain tax positions -

For the year ended September 30, 2015, AMCHP has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes and 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 SEPTEMBER 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

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 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 Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Investment risks and uncertainties -

AMCHP invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

AMCHP adopted 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

Investments consisted of the following at September 30, 2015:

	<u>Cost</u>	<u>Fair Value</u>
Money market funds	\$ 253,953	\$ 253,953
Equity and real estate mutual funds	348,910	384,791
Fixed income mutual funds	386,839	386,391
Managed futures	<u>33,783</u>	<u>33,785</u>
TOTAL INVESTMENTS	<u>\$ 1,023,485</u>	<u>\$ 1,058,920</u>

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

2. INVESTMENTS (Continued)

Included in investment income are the following:

Interest and dividends	\$ 37,385
Unrealized loss	<u>(20,977)</u>
TOTAL INVESTMENT INCOME	\$ <u>16,408</u>

3. LEASE COMMITMENTS

On September 14, 2014, AMCHP entered into an agreement with Tishman Speyer (building-purchaser) to accelerate its current lease expiration date from June 30, 2018 to September 30, 2016. The purchaser agreed to pay AMCHP an initial lease termination incentive payment of \$73,210 and an acceleration payment of \$292,840. The initial payment was received and included in this year's Statement of Activities and Change in Net Assets. The acceleration payment is contingent upon successful completion of a sale of the building to the purchaser on September 30, 2016. An adjustment was made to the deferred rent, leasehold and tenant improvement as of September 30, 2015 to reflect the new lease expiration date of September 30, 2016.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be 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 Statement of Financial Position.

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

Year Ending September 30,	\$ <u>372,721</u>
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Rent expense for the year ended September 30, 2015 was \$273,158. The deferred rent liability aggregated \$103,594 as of September 30, 2015.

4. RETIREMENT PLAN

AMCHP provides retirement benefits to its employees through a 403(b) defined contribution plan covering all full-time employees. AMCHP made discretionary contributions to the plan totaling \$153,893 during the year ended September 30, 2015.

5. CONCENTRATION OF REVENUE

Approximately 38% of AMCHP's revenue for the year ended September 30, 2015 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 SEPTEMBER 30, 2015

6. CONTINGENCY

AMCHP receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of OMB Circular A-133. 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 provisions of OMB Circular A-133 have been completed for all required fiscal years through 2015. 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 2016. 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.

8. 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. 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.

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, 2015.

- *Money market funds* - Fair value is equal to the reported net asset value of the fund.
- *Equity and real estate mutual funds* - The fair value is equal to the reported net asset value of the related equity and/or real estate fund, which is the price at which additional shares can be obtained.

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

8. FAIR VALUE MEASUREMENT (Continued)

- *Fixed income 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.
- *Managed futures* - The fair value is based on the daily net asset value as reported by the managing member of the Berkeley Quantitative Colorado Fund LLC. The reported net asset value represents fair value based on observable data such as ongoing redemption and/or subscription activity.

The table below summarizes, by level within the fair value hierarchy, AMCHP's investments as of September 30, 2015:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total September 30, 2015</u>
Money market funds	\$ 253,953	\$ -	\$ -	\$ 253,953
Equity and real estate mutual funds	384,791	-	-	384,791
Fixed income mutual funds	386,391	-	-	386,391
Managed futures	<u>-</u>	<u>33,785</u>	<u>-</u>	<u>33,785</u>
TOTAL	<u>\$ 1,025,135</u>	<u>\$ 33,785</u>	<u>\$ -</u>	<u>\$ 1,058,920</u>

9. SUBSEQUENT EVENTS

In preparing these financial statements, AMCHP has evaluated events and transactions for potential recognition or disclosure through January 19, 2016, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

<u>Federal Granting Agency and Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Health and Human Services / Health Resources and Services Administration:		
Maternal and Child Health Federal Consolidated Programs:		
Partnership for State Title V MCH Leadership Community Cooperative Agreement	93.110	\$ 1,612,515
Alliance for Innovation on Maternal and Child Health	93.110	182,091
Partnership for State Leadership Cooperative Agreement	93.110	<u>319,821</u>
Total CFDA 93.110		<u>2,114,427</u>
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs:		
Maternal and Child Health Epidemiology National and State Coalition Capacity Building to Improve Outcomes	93.946	<u>232,488</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,346,915</u>

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of AMCHP under programs of the Federal government for the year ended September 30, 2015. The information in the Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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. Pass-through entity identifying numbers are presented where available.

Note 3. Subrecipients

Of the Federal expenditures presented in the Schedule, AMCHP provided Federal awards to subrecipients as follows:

<u>Program Name</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 18,871

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

- 1). Type of auditor's report issued: **Unmodified**
- 2). Internal control over financial reporting:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported
- 3). Noncompliance material to financial statements noted? Yes No

Federal Awards

- 4). Internal control over major program:
- Material weakness(es) identified? Yes No
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None Reported
- 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 Section 510(a) of Circular A-133? Yes No
- 7). Identification of major program:

<u>Federal Granting Agency and Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Department of Health and Human Services / Health Resources and Services Administration:		
Maternal and Child Health Federal Consolidated Programs	93.110	\$ 2,114,427

- 8). Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- 9). Auditee qualified as a low-risk auditee? Yes No

ASSOCIATION OF MATERNAL AND CHILD HEALTH PROGRAMS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (Circular A-133, Section .510)

Finding 2015-001: U.S. Government Terrorism Requirement

Federal Programs: 93.110, 93.946

Criteria: The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 was enacted in order to deter and punish terrorist acts in the United States and around the world and to enhance law enforcement investigatory tools. Executive Order (EO) 13224, which was signed into law during 2001, provides a means by which to disrupt the financial support network for terrorists and related organizations by authorizing the U.S. Treasury, in consultation with other U.S. government agencies, to designate and block the assets of foreign individuals and entities that commit, or pose a significant risk of committing, acts of terrorism. Compliance with this requirement requires screening vendors and individuals paid using federal funds using the system for award management (SAM).

Condition: During our audit, we did note that vendors with payments large enough to fall under AMCHP's procurement procedures are screened during the process, indicated by a check box to indicate that the vendor had been screened and no results found by the person performing procurement. However, to ensure an adequate screening process is consistently conducted and properly documented, we recommend management update the policies and procedures to dictate when the screening is required, communicate such policies and procedures to all employees, and attach a screen shot result to show that the vendor was in fact appropriately checked against the excluded parties list.

Questioned Costs: None.

Context, Effect and Cause: Compliance with the screening requirement decreases the risk that donor funds may inadvertently be provided to individuals or organizations deemed to be excluded parties by the U.S. Government. Without the printed documentation that the screening occurred we cannot verify that AMCHP complied with this requirement.

Recommendation: To ensure an adequate screening process is consistently conducted and properly documented, we recommend management update the policies and procedures to dictate when the screening is required, communicate such policies and procedures to all employees, and attach a screen shot result to show that the vendor was in fact appropriately checked against the excluded parties list.

Views of Responsible Officials and Planned Corrective Actions: AMCHP is updating existing purchase procurement to include the screening process of SAM checks.

Anticipated Completion Date: May 31, 2016

Responsible Official: Lori Freeman

Section IV - Prior Year Findings

There were no reportable findings.

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



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

To the 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 (AMCHP) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise AMCHP's basic financial statements, and have issued our report thereon dated January 19, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AMCHP'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AMCHP's internal control. Accordingly, we do not express an opinion on the effectiveness of AMCHP'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of AMCHP'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control 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 AMCHP'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001.

4550 MONTGOMERY AVENUE • SUITE 650 NORTH • BETHESDA, MARYLAND 20814
(301) 951-9090 • FAX (301) 951-3570 • WWW.GRFCPA.COM

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

AMCHP's Response to Finding

AMCHP's response to the finding identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. AMCHP's response is not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 "Gelman Rosenberg & Freedman".

January 19, 2016

GELMAN, ROSENBERG

& FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

To the 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' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of AMCHP's major federal programs for the year ended September 30, 2015. AMCHP's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of AMCHP'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 AMCHP's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AMCHP's compliance.

Opinion on Each Major Federal Program

In our opinion, AMCHP complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

AMCHP's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. AMCHP's response was not subjected to the 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 AMCHP 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 AMCHP'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 OMB Circular A-133, 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 AMCHP's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as Finding 2015-001, that we consider to be a significant deficiency.

AMCHP's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. AMCHP'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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gelman Rosenberg & Freedman

January 19, 2016