

**Mid-Atlantic Network of Youth
and Family Services, Inc.**

Financial Statements and
Supplementary Information

For the Years Ended September 30, 2018 and 2017
with Independent Auditor's Reports

MaherDuessel

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MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

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MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

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Independent Auditor's Report

**Board of Directors
Mid-Atlantic Network of Youth
and Family Services, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Mid-Atlantic Network of Youth and Family Services, Inc. (MANY), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, 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 MANY as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of MANY as of September 30, 2017 were audited by another auditor, whose report, dated June 20, 2018, expressed an unmodified opinion on those statements.

Other Matters

Other 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 February 22, 2019 on our consideration of MANY'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 solely 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 effectiveness of MANY'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 MANY's internal control over financial reporting and compliance.

Mahe Duessel

Pittsburgh, Pennsylvania
February 22, 2019

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2018 AND 2017

	2018	2017
Assets		
<hr/>		
Current assets:		
Cash	\$ 360,891	\$ 299,509
Accounts receivable	146,355	68,040
Grants receivable	283,398	423,746
Prepaid expenses	24,610	4,941
	815,254	796,236
Property and equipment	40,566	40,566
Work in progress	13,964	-
Less: accumulated depreciation	(40,566)	(40,566)
	13,964	-
Property and equipment, net	13,964	-
	13,964	-
Total Assets	\$ 829,218	\$ 796,236
Liabilities and Net Assets		
<hr/>		
Liabilities:		
Accounts payable	\$ 177,335	\$ 530,934
Accrued expenses	245,352	65,261
Payroll related liabilities	82,063	74,323
Deferred revenue	1,375	50
	506,125	670,568
Total Liabilities	506,125	670,568
Net Assets:		
Without donor restrictions	41,707	7,433
With donor restrictions	281,386	118,235
	323,093	125,668
Total Net Assets	323,093	125,668
	323,093	125,668
Total Liabilities and Net Assets	\$ 829,218	\$ 796,236

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

**MID-ATLANTIC NETWORK OF YOUTH
AND FAMILY SERVICES, INC.**

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities:						
Public support:						
Grants from governmental agencies	\$ 3,267,652	\$ -	\$ 3,267,652	\$ 3,339,330	\$ -	\$ 3,339,330
Contributions	1,500	-	1,500	5,365	-	5,365
Grants - other	25,000	500,000	525,000	50,000	159,779	209,779
Total public support	3,294,152	500,000	3,794,152	3,394,695	159,779	3,554,474
Revenues:						
Membership	82,525	-	82,525	45,400	-	45,400
Workshops, conferences, and consulting fees	423,701	-	423,701	388,275	-	388,275
Total revenues	506,226	-	506,226	433,675	-	433,675
Net assets released from restrictions	336,849	(336,849)	-	41,544	(41,544)	-
Total public support and revenues	4,137,227	163,151	4,300,378	3,869,914	118,235	3,988,149
Expenses:						
Program services:						
Grants to other organizations	2,142,547	-	2,142,547	2,295,020	-	2,295,020
Training and technical assistance	1,796,188	-	1,796,188	1,505,762	-	1,505,762
Total program services	3,938,735	-	3,938,735	3,800,782	-	3,800,782
Supporting services:						
Management and general	164,218	-	164,218	104,082	-	104,082
Total supporting services	164,218	-	164,218	104,082	-	104,082
Total expenses	4,102,953	-	4,102,953	3,904,864	-	3,904,864
Change in Net Assets	34,274	163,151	197,425	(34,950)	118,235	83,285
Net Assets:						
Beginning of year	7,433	118,235	125,668	42,383	-	42,383
End of year	\$ 41,707	\$ 281,386	\$ 323,093	\$ 7,433	\$ 118,235	\$ 125,668

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

**MID-ATLANTIC NETWORK OF YOUTH
AND FAMILY SERVICES, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Grants to Other Organizations</u>	<u>Training and Technical Assistance</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ -	\$ 875,023	\$ 875,023	\$ 118,500	\$ 993,523
Employee benefits	-	17,433	17,433	2,280	19,713
Payroll taxes	-	73,431	73,431	10,778	84,209
Total salaries and related expenses	-	965,887	965,887	131,558	1,097,445
Professional fees and temporary services	-	381,648	381,648	16,597	398,245
Staff development	-	6,161	6,161	196	6,357
Supplies and printing	-	12,344	12,344	2,295	14,639
Telephone	-	11,696	11,696	575	12,271
Postage	-	4,685	4,685	168	4,853
Occupancy	-	49,206	49,206	5,747	54,953
Travel - staff and consultants	-	218,044	218,044	3,749	221,793
Conferences and training seminars	-	135,020	135,020	75	135,095
Grants to other organizations	2,142,547	-	2,142,547	-	2,142,547
Dues and publications	-	2,999	2,999	478	3,477
Miscellaneous expense	-	8,498	8,498	2,780	11,278
Total expenses	<u>\$ 2,142,547</u>	<u>\$ 1,796,188</u>	<u>\$ 3,938,735</u>	<u>\$ 164,218</u>	<u>\$ 4,102,953</u>

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

**MID-ATLANTIC NETWORK OF YOUTH
AND FAMILY SERVICES, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Program Services</u>			<u>Supporting Services</u>	
	<u>Grants to Other Organizations</u>	<u>Training and Technical Assistance</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ -	\$ 812,207	\$ 812,207	\$ 75,735	\$ 887,942
Employee benefits	-	15,077	15,077	1,298	16,375
Payroll taxes	-	65,397	65,397	6,731	72,128
Total salaries and related expenses	-	892,681	892,681	83,764	976,445
Professional fees and temporary services	-	315,469	315,469	9,766	325,235
Staff development	-	5,298	5,298	-	5,298
Supplies and printing	-	18,896	18,896	580	19,476
Telephone	-	14,018	14,018	646	14,664
Postage	-	4,749	4,749	254	5,003
Occupancy	-	45,289	45,289	6,077	51,366
Travel - staff and consultants	-	174,466	174,466	1,471	175,937
Conferences and training seminars	-	24,901	24,901	84	24,985
Grants to other organizations	2,295,020	-	2,295,020	-	2,295,020
Dues and publications	-	1,145	1,145	460	1,605
Miscellaneous expense	-	8,850	8,850	980	9,830
Total expenses	\$ 2,295,020	\$ 1,505,762	\$ 3,800,782	\$ 104,082	\$ 3,904,864

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

**MID-ATLANTIC NETWORK OF YOUTH
AND FAMILY SERVICES, INC.**

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	\$ 197,425	\$ 83,285
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in:		
Accounts receivable	(78,315)	(117,126)
Grants receivable	140,348	(183,417)
Prepaid expenses	(19,669)	7,319
Accounts payable	(353,599)	362,127
Accrued expenses	180,091	45,963
Payroll related liabilities	7,740	34,021
Deferred revenue	1,325	(495)
	75,346	231,677
Cash Flows From Investing Activities:		
Purchases of property and equipment	(13,964)	-
Net Increase (Decrease) in Cash	61,382	231,677
Cash:		
Beginning of year	299,509	67,832
End of year	\$ 360,891	\$ 299,509

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

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

1. Organization

The Mid-Atlantic Network of Youth and Family Services, Inc. (MANY) harnesses the power of the youth services community to innovate, evaluate, and drive effective strategies that assure the safety and well-being of youth and young adults, unlocking their limitless potential.

MANY partners its highly experienced staff with over 500 practicing professionals, providing a variety of services, including training and consulting, technical assistance, resources, and coordination activities. MANY also provides leadership in youth development through innovative model programs and strategic initiatives that address emerging trends.

MANY was incorporated in October 1989, and is based in Pittsburgh, Pennsylvania.

As of November 14, 2018, MANY has changed its name to Youth Collaboratory, Inc. (Youth Collaboratory) to more closely reflect the scope of work being offered through its various programs.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Financial Statement Presentation and Contributions

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of MANY and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

primary objectives of the organization. These net assets may be used at the discretion of MANY's management and its Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of MANY or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. MANY does not have any net assets to be maintained in perpetuity as of September 30, 2018 and 2017.

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

Equipment and Depreciation

Equipment is recorded at cost when purchased or fair value at the date of the gift for donated assets. Depreciation is provided on the straight-line method over the estimated useful lives of the depreciable assets. The useful lives range from three to seven years. MANY's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred. MANY's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered. For the years ended September 30, 2018 and 2017, it was determined that there were no indicators present to require a review for impairment.

Equipment purchased with federal grant funds are not capitalized by MANY because the title remains with the federal grantor.

Donated Services

Donated services meeting the requirements of accounting principles generally accepted in the United States of America are reflected as contributions at fair values on the date of receipt. The requirements for recognition of voluntary donations are that the services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not provided by donation.

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

A number of volunteers have donated significant amounts of their time in MANY's administrative operations; however, these services do not qualify for recognition and therefore no amounts have been recorded in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Programs and Services

MANY provides programs and services to other human service organizations. MANY applies for federal grants to support specific programs on behalf of its members and partner agencies. Some of these funds are then transferred to these agencies interested in implementing these programs through a sub-granting process.

Functional Allocation of Expenses

The costs of providing MANY's various programs and supporting services have been summarized on a functional basis. Accordingly, indirect expenses have been allocated among the programs and supporting services benefited. These costs include personnel and overhead expenses and allocations are based upon the estimated amount of time worked by employees and space utilized in each functional area.

Accounts and Grants Receivable

Accounts and grants receivable are recorded at their net realizable value. The majority of the receivables are from government grants and contracts. Accounts that are past due are individually analyzed for collectability. The allowance for uncollectible accounts was \$0 for September 30, 2018 and 2017.

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Revenue Recognition

Government Grants

Grants and contract funds are reported as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received, but not yet earned, are reported as deferred revenue. MANY's financial and program records are subject to examination by appropriate government authorities in accordance with terms of the various grants, awards, and contracts. The government authorities are authorized to review actual expenditures and to make necessary adjustments in subsequent reimbursements or request refunds of grant amounts, if warranted.

Contributions and Non-Governmental Grants

Contributions and non-governmental grants are recorded as with or without donor restrictions depending on the existence and/or nature of donor restrictions. Donor restricted revenues which are received and expended in the same period are classified as revenues without donor restrictions.

Earned Revenues

Revenue for membership and workshops, conferences and consulting fees is recognized when earned. Cash received for these services in advance of the year to which they relate are deferred.

Tax-Exempt Status

MANY is recognized as a non-profit organization, under Section 501 (c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 509(a) of the Code. Further, MANY annually files a Form 990.

Management is responsible for evaluating its uncertain tax positions. Management believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

Pending Pronouncements

ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*," is effective for the financial statements for the year ending September 30, 2020 (as amended by ASU 2015-14). This amendment provides guidance for revenue recognition related to contracts with the transfer of promised goods or services to customers and related disclosures. Management has not yet determined the impact of this amendment on MANY's financial statements.

ASU 2016-02, "*Leases (Topic 842)*," is effective for the financial statements for the year ending September 30, 2021. This amendment will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Management has not yet determined the impact of this amendment on MANY's financial statements.

ASU 2018-08, "*Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*," is effective for the financial statements for the year ending September 30, 2020. This amendment provides guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. Management has not yet determined the impact of this amendment on MANY's financial statements.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued. See Note 10.

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

3. Property and Equipment

At September 30, 2018 and 2017, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Property and equipment	\$ 40,566	\$ 40,566
Work in progress	13,964	-
Less: Accumulated depreciation	<u>(40,566)</u>	<u>(40,566)</u>
	<u>\$ 13,964</u>	<u>\$ -</u>

4. Retirement Plan

MANY has established a defined contribution Simple IRA retirement plan (Plan) covering all eligible employees. Under the Plan, eligible employees may elect to defer a portion of their salary to be contributed to the Plan up to the maximum amount set for the year. In addition, MANY will make an annual contribution equal to 2% of each eligible employee's compensation. Total employer contributions charged to expense for the years ended September 30, 2018 and 2017 were \$19,713 and \$16,375, respectively.

5. Compensated Absences

Employees of MANY are entitled to paid vacation and compensatory time depending on the length of service and other factors. Accrued vacation and compensatory time at September 30, 2018 and 2017 was \$56,694 and \$53,631, respectively.

6. Availability and Liquidity

MANY regularly monitors liquidity required to meet its operating needs and other contractual commitments. As of September 30, 2018, and 2017, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures:

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	2018	2017
Cash	\$ 360,891	\$ 299,509
Accounts receivable	429,753	491,786
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	(281,386)	(118,235)
	\$ 509,258	\$ 673,060

MANY has established a goal to generally maintain unrestricted net working capital to meet 90 days of operating expenses (approximately \$487,700 for 2018). Management is currently evaluating strategies to develop and maintain this liquidity. Unrestricted net working capital as of September 30, 2018 and 2017 was \$29,160 and \$7,433, respectively.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions were as follows for the years ended September 30, 2018 and 2017:

	2018	2017
Balance, beginning of year	\$ 118,235	\$ -
Funds received with donor restrictions:		
Related to purpose	500,000	159,779
Less: net assets released due to satisfaction of purpose restrictions:		
Research and education	(336,849)	(41,544)
	\$ 281,386	\$ 118,235

During years ended September 30, 2018 and 2017, MANY received grants of \$500,000 and \$159,779, respectively for projects intended to reduce inequalities in youth outcomes through developing policies, programs, or practices and to facilitate a professional learning community for MANY's grantees. Expenses for September 30, 2018 and 2017, for the restricted purposes of \$336,849 and \$41,544, respectively, were released from MANY's restricted funds.

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

There were no net assets with donor restrictions related to passage of time during the years ended September 30, 2018 and 2017.

8. Operating Leases

The Organization is committed to operating leases of office space and various office equipment. The future minimum lease payments are as follows:

For the Year Ending September 30,		
2019	\$	40,561
Thereafter		<u>4,164</u>
	\$	<u><u>44,725</u></u>

Rent charged to expense on these leases for the years ended September 30, 2018 and 2017 amounted to \$40,361 and \$34,930, respectively.

9. Concentration of Credit Risk

MANY maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount which exceeded the FDIC limit at September 30, 2018 and 2017 was \$265,697 and \$95,481, respectively. Management believes that MANY is not exposed to any significant credit risk on cash.

MANY receives a substantial amount of its support from the federal government. A significant reduction in the level of support, if this were to occur, may have a significant effect on programs and activities. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by MANY with the terms of the underlying grant agreement.

For the year ended September 30, 2018, two grants expired. While MANY did get additional funding for one of the grants for fiscal year ending September 30, 2019, it was not awarded additional grant monies for the second of the grants. MANY does not believe

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2018 AND 2017

that this will have a significant effect on funding for the year, as fees for service and other earned revenues have increased.

10. Subsequent Event

On December 11, 2018, MANY opened a revolving line of credit agreement (LOC) with First National Bank of Pennsylvania in the amount of \$500,000. The LOC carries an interest rate of the Prime Rate plus 50 basis points. The purpose of the LOC is to provide short-term liquidity due to funding delays related to accounts and grants receivable, if any. The LOC cannot be used to fund operating deficits and is collateralized by MANY's operating assets. The LOC is reviewed annually and is due on demand. As of the date of this report, there have been no borrowings against the line.

11. Related Party Transactions

In the normal course of business, MANY may be involved in transactions with businesses that are represented by MANY's Board of Directors (Board) members. Two businesses represented by MANY's Board members were subgrantee organizations during the fiscal year ended September 30, 2018. MANY passed through approximately \$42,000 and \$52,000 to subgrantees Catholic Social Services and Children's Home Society of West Virginia, respectively.

SUPPLEMENTARY INFORMATION

**MID-ATLANTIC NETWORK OF YOUTH
AND FAMILY SERVICES, INC.**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor Number or Pass-Through Grantor Number	Total Federal Expenditures	Amounts Passed Through to Subrecipients
<u>U.S. Department of Justice</u>				
Juvenile Mentoring Program - Mentoring Children of Incarcerated Parents Partnership	16.726	2014-JU-FX-0008	\$ 373,967	\$ 349,140
Juvenile Mentoring Program - Mentoring Children of Incarcerated Parents Partnership	16.726	2015-JU-FX-0021	874,757	619,468
Juvenile Mentoring Program - Mentoring Children of Incarcerated Parents Partnership	16.726	2016-JU-FX-0027	853,483	639,769
Juvenile Mentoring Program - Mentoring Children of Incarcerated Parents Partnership	16.726	2017-JU-FX-0004	346,694	248,570
Total CFDA 16.726			<u>2,448,901</u>	<u>1,856,947</u>
Missing Children's Assistance	16.543	2014-MU-FX-K009	404,521	153,534
Missing Children's Assistance	16.543	2017-MC-FX-K051	414,229	132,066
Total CFDA 16.543			<u>818,750</u>	<u>285,600</u>
Total Expenditures of Federal Awards/U.S. Department of Justice			<u>\$ 3,267,651</u>	<u>\$ 2,142,547</u>

See accompanying notes to schedule of expenditures of federal awards.

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Mid-Atlantic Network of Youth and Family Services, Inc. (MANY) 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 of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MANY, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MANY.

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 the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. MANY has elected to not use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Mid-Atlantic Network of Youth
and Family Services, Inc.**

Independent Auditor's Reports
Required by the Uniform Guidance

For the Year Ended September 30, 2018

**Independent Auditor’s 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***

**Board of Directors
Mid-Atlantic Network of Youth
and Family Services, Inc.**

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 Mid-Atlantic Network of Youth and Family Services, Inc. (MANY), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, 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 22, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MANY’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 MANY’s internal control. Accordingly, we do not express an opinion on the effectiveness of MANY’s internal control.

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

Our consideration of internal control 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.

Board of Directors
Mid-Atlantic Network of Youth
and Family Services, Inc.
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MANY'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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahe Duessel

Pittsburgh, Pennsylvania
February 22, 2019

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

**Board of Directors
Mid-Atlantic Network of Youth
and Family Services, Inc.**

Report on Compliance for Each Major Federal Program

We have audited Mid-Atlantic Network of Youth and Family Services, Inc.'s (MANY) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on MANY's major federal programs for the year ended September 30, 2018. MANY'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of MANY's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MANY'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 MANY's compliance.

Board of Directors
Mid-Atlantic Network of Youth
and Family Services, Inc.
Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance

Opinion on Each Major Federal Program

In our opinion, MANY 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, 2018.

Report on Internal Control Over Compliance

Management of MANY 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 MANY's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MANY'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.

Board of Directors
Mid-Atlantic Network of Youth
and Family Services, Inc.
Independent Auditor's Report on Compliance for Each
Major Program and on Internal Control over Compliance

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.

Maier Duessel

Pittsburgh, Pennsylvania
February 22, 2019

MID-ATLANTIC NETWORK OF YOUTH AND FAMILY SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

I. Summary of Audit Results

1. Type of auditor's report issued: Unmodified, prepared in accordance with Generally Accepted Accounting Principles

2. Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

3. Noncompliance material to financial statements noted? yes no

4. Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified that are not considered to be material weakness(es)?
 yes none reported

5. Type of auditor's report issued on compliance for major programs: Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? yes no

7. Major Programs:

CFDA Number(s)

16.726

16.543

Name of Federal Program or Cluster

Juvenile Mentoring Program

Mentoring for Child Victims of CSE/DST Training and Technical Assistance

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

9. Auditee qualified as low-risk auditee? yes no

II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

No matters were reported.

III. Findings and questioned costs for federal awards.

No matters were reported.

**MID-ATLANTIC NETWORK OF YOUTH
AND FAMILY SERVICES, INC.**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

NO PRIOR YEAR FINDINGS