

Association of Maternal and Child Health Programs

Audited Financial Statements, Supplementary Information and Uniform Guidance Supplemental Reports

*Years ended September 30, 2023 and 2022
with Report of Independent Auditors*

Association of Maternal and Child Health Programs

Audited Financial Statements,
Supplementary Information and
Uniform Guidance Supplemental Reports

Years ended September 30, 2023 and 2022

Contents

Report of Independent Auditors.....1 - 3

Audited Financial Statements

Statements of Financial Position.....4
Statements of Activities and Changes in Net Assets.....5
Statements of Functional Expenses.....6 - 7
Statements of Cash Flows.....8
Notes to Financial Statements.....9 - 16

Supplementary Information

Schedule of Expenditures of Federal Awards.....18 - 19
Notes to the Schedule of Expenditures of Federal Awards.....20

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*.....21 - 22
Report on Compliance for Each Major Federal Program and Report on Internal
Control Over Compliance Required by the *Uniform Guidance*.....23 - 25
Schedule of Findings and Questioned Costs.....26 - 27
Corrective Action Plan.....28 - 29

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Association of Maternal and Child Health Programs (the Association), which comprise the statements of financial position as of September 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as of September 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, effective October 1, 2022, the Association adopted Financial Accounting Standards Board Accounting Standards Update 2016-02 and subsequent amendments, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 18 - 19 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards is required by the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024, 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 effectiveness of the Association'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 the Association's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Johnson Lambert LLP". The signature is written in black ink and is positioned above the date and location information.

Vienna, Virginia
March 20, 2024

Association of Maternal and Child Health Programs

Statements of Financial Position

As of September 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 345,189	\$ 1,026,792
Investments	1,073,939	1,032,076
Accounts and grants receivable	1,021,673	656,169
Prepaid expenses	265,947	148,952
Total current assets	2,706,748	2,863,989
Noncurrent assets:		
Property and equipment		
Furniture & fixtures	159,290	140,901
Leasehold improvements	631,673	631,673
Total property and equipment	790,963	772,574
Less accumulated depreciation and amortization	(547,793)	(461,252)
Total property and equipment, net	243,170	311,322
Other assets - security deposit	112,711	66,813
ROU assets - operating leases	1,172,131	-
Total noncurrent assets	1,528,012	378,135
Total assets	\$ 4,234,760	\$ 3,242,124
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 891,837	\$ 686,483
Deferred dues and meetings	25,621	33,090
Refundable advances	721,516	172,081
Deferred rent	-	98,291
Lease liabilities - operating leases	378,761	-
Total current liabilities	2,017,735	989,945
Noncurrent liabilities:		
Deferred rent	-	502,148
Lease liabilities - operating leases	1,295,518	-
Total noncurrent liabilities	1,295,518	502,148
Total liabilities	3,313,253	1,492,093
Net assets:		
Net assets without donor restrictions	895,943	1,724,467
Net assets with donor restrictions	25,564	25,564
Total net assets	921,507	1,750,031
Total liabilities and net assets	\$ 4,234,760	\$ 3,242,124

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statements of Activities and Changes in Net Assets

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Change in net assets without donor restrictions		
Revenue		
Government grants and contracts	\$ 4,011,193	\$ 4,015,044
Government pass-through grants and contracts	<u>1,135,830</u>	<u>790,841</u>
Total governmental grants and contracts	5,147,023	4,805,885
Non-government grants and contracts	1,088,540	1,291,296
Membership	473,716	554,616
Registration and exhibit	728,778	329,255
Contributions	54,605	4,000
Investment gain (loss), net	41,825	(113,833)
Other revenue	<u>29,642</u>	<u>36,031</u>
Total support and revenue without donor restrictions	7,564,129	6,907,250
Expenses		
Program services:		
Maternal and child health programs and policy	6,078,933	5,815,096
Annual conference	620,958	268,294
Membership, communications and other programs	64,928	69,799
Legislative activities	<u>422,045</u>	<u>348,474</u>
Total program services	7,186,864	6,501,663
Supporting services:		
Fundraising	43,338	43,261
Management and general	<u>1,162,451</u>	<u>885,240</u>
Total supporting services	<u>1,205,789</u>	<u>928,501</u>
Total expenses	<u>8,392,653</u>	<u>7,430,164</u>
Change in net assets without donor restrictions	(828,524)	(522,914)
Change in net assets with donor restrictions		
Contributions	<u>-</u>	<u>13,500</u>
Change in net assets with donor restrictions	-	13,500
Change in net assets	(828,524)	(509,414)
Net assets, beginning of year	<u>1,750,031</u>	<u>2,259,445</u>
Net assets, end of year	<u>\$ 921,507</u>	<u>\$ 1,750,031</u>

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statement of Functional Expenses

Year ended September 30, 2023

	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	\$ 2,261,922	\$ 61,239	\$ 32,954	\$ 207,008	\$ 2,563,123	\$ 23,042	\$ 1,171,313	\$ 1,194,355	\$ 3,757,478	
Benefits	687,938	18,746	10,120	63,366	780,170	7,015	362,837	369,852	1,150,022	
Professional services	1,039,933	198,157	1,917	1,150	1,241,157	-	316,548	316,548	1,557,705	
Subgrants	109,334	-	-	-	109,334	-	-	-	109,334	
Rent	-	-	-	-	-	-	327,392	327,392	327,392	
Telephone	-	-	-	-	-	-	50,636	50,636	50,636	
Travel	342,730	218,209	79	1,422	562,440	-	30,470	30,470	592,910	
Meetings and conferences	182,669	86,785	-	1,350	270,804	-	10,145	10,145	280,949	
Depreciation and amortization	-	-	-	-	-	-	86,541	86,541	86,541	
IT licenses, fees, & maintenance	52,249	509	-	399	53,157	-	245,840	245,840	298,997	
Office expenses	76,673	1,000	-	26,807	104,480	-	37,007	37,007	141,487	
Contributions	2,500	-	-	-	2,500	-	3,499	3,499	5,999	
Miscellaneous	14,069	825	699	580	16,173	-	17,030	17,030	33,203	
Subtotal	4,770,017	585,470	45,769	302,082	5,703,338	30,057	2,659,258	2,689,315	8,392,653	
Allocation of management and general	1,308,916	35,488	19,159	119,963	1,483,526	13,281	(1,496,807)	(1,483,526)	-	
Total expenses	\$ 6,078,933	\$ 620,958	\$ 64,928	\$ 422,045	\$ 7,186,864	\$ 43,338	\$ 1,162,451	\$ 1,205,789	\$ 8,392,653	

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statement of Functional Expenses

Year ended September 30, 2022

	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	\$ 2,291,181	\$ 55,651	\$ 37,906	\$ 175,876	\$ 2,560,614	\$ 23,771	\$ 876,886	\$ 900,657	\$ 3,461,271
Benefits	684,853	16,653	11,378	52,543	765,427	7,137	261,759	268,896	1,034,323
Professional services	1,183,228	104,944	222	-	1,288,394	-	319,082	319,082	1,607,476
Subgrants	46,384	-	-	-	46,384	-	-	-	46,384
Rent	-	-	-	-	-	-	327,512	327,512	327,512
Telephone	11,439	98	-	2,921	14,458	-	66,825	66,825	81,283
Travel	234,325	8,064	-	47	242,436	-	16,899	16,899	259,335
Meetings and conferences	60,467	18,009	-	945	79,421	-	21,503	21,503	100,924
Depreciation and amortization	-	-	-	-	-	-	80,411	80,411	80,411
IT licenses, fees, & maintenance	34,265	152	-	374	34,791	-	212,973	212,973	247,764
Office expenses	70,114	35,898	599	24,252	130,863	-	26,427	26,427	157,290
Contributions	9,325	-	-	500	9,825	-	1,650	1,650	11,475
Miscellaneous	3,941	-	-	65	4,006	-	10,710	10,710	14,716
Subtotal	4,629,522	239,469	50,105	257,523	5,176,619	30,908	2,222,637	2,253,545	7,430,164
Allocation of management and general	1,185,574	28,825	19,694	90,951	1,325,044	12,353	(1,337,397)	(1,325,044)	-
Total expenses	\$ 5,815,096	\$ 268,294	\$ 69,799	\$ 348,474	\$ 6,501,663	\$ 43,261	\$ 885,240	\$ 928,501	\$ 7,430,164

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Statements of Cash Flows

Years ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (828,524)	\$ (509,414)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	86,540	80,411
Unrealized (gain) loss on investments	(2,637)	141,055
Noncash lease expense	255,979	-
 (Increase) decrease in:		
Accounts and grants receivable	(365,504)	263,838
Prepaid expenses	(116,995)	15,223
Security deposit	(45,898)	-
 Increase (decrease) in:		
Accounts payable and accrued liabilities	205,354	26,439
Deferred revenue	(7,469)	(53,175)
Refundable advances	549,435	(362,505)
Deferred rent	-	(87,896)
Lease liability	(354,270)	-
Net cash used in operating activities	(623,989)	(486,024)
 Cash flows from investing activities		
Purchase of fixed assets	(18,390)	-
Purchase of investments	(39,224)	(147,305)
Net cash used in investing activities	(57,614)	(147,305)
Net change in cash and cash equivalents	(681,603)	(633,329)
Cash and cash equivalents, beginning of year	1,026,792	1,660,121
Cash and cash equivalents, end of year	\$ 345,189	\$ 1,026,792

See accompanying notes to the financial statements.

Association of Maternal and Child Health Programs

Notes to Financial Statements

Years ended September 30, 2023 and 2022

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) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Adoption of Accounting Standard

The Association adopted ASC Topic 842, *Leases* on October 1, 2022. Among other requirements, lessees are required to identify leases as either operating or finance and to recognize the following for all leases (with the exception of short-term leases) as of the date of adoption: 1) a lease liability, which is the lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) a right-of-use (ROU) asset, which is an asset that represents the lessee's ROU, or control the use of a specified asset for the lease term. On adoption, the Association elected to utilize the year of adoption modified retrospective approach and recorded a cumulative-effect adjustment to the opening balance of net assets of \$0. The Association also elected to apply all practical expedients applicable to the Association in the updated guidance for transition for leases in effect at adoption, including using hindsight to determine the lease term of existing leases, the option to not reassess whether an existing contract is a lease or contains a lease and whether the lease is an operating or finance lease. As a result of adoption, the Association recognized a ROU asset of \$1,428,109 and a lease liability of \$2,028,548 on October 1, 2022.

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. Investment gain (loss), net consists of interest and dividends earned from cash, cash equivalents and investments, net of related investment management expenses, along with the change in fair value of investments including gains and losses realized upon sales and unrealized resulting from fluctuations in market values of investments.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

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

Accounts and grants receivable

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

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 using the straight-line method over the lesser of their estimated useful life or the life of the lease to their estimated residual value. The cost of maintenance and repairs are expensed as incurred.

Leases

The Association determines if an arrangement is a lease or contains a lease at inception of a contract and classifies each lease as an operating or finance lease. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Association records a right-of-use (ROU) asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis, for the obligation to make lease payments arising from the lease. The Association has elected the risk free rate as the discount rate for all its underlying leased assets. The Association has elected for all classes of underlying assets the practical expedient to not separate lease and nonlease components and account for them as a single lease component. ROU assets are subject to review for impairment.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred.

Classification of net assets

AMCHP's net assets have been classified into the following two classes:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor (or grantor)-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor (or grantor)-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

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

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, 2023 and 2022, AMCHP has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Use of estimates

The preparation of financial statements in accordance with 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.

Revenue recognition

Grants and contracts:

Grants and contracts are recognized when an unconditional promise to give is received. Conditional promises to give, with a measurable performance obligation or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. A portion of AMCHP's revenue is derived from cost-reimbursable grants from various sources. Amounts received are recognized as revenue without donor restriction when expenses have been incurred in compliance with specific contracts or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statements of financial position. AMCHP received grants of \$721,516 and \$172,081 as of September 30, 2023 and 2022, respectively, for which qualifying expenditures have not yet been incurred and are recognized in the statements of financial position as refundable advances.

Membership:

Membership with the Association, which runs on a concurrent basis with the Association's fiscal year, has one performance obligation of member benefits. Member benefits, which include advocacy services and access to various resources, are considered one performance obligation. Member benefits are provided over the term of the membership period and accordingly membership dues revenue is recognized over that time period, which is generally one year. Payment for membership dues is due annually prior to the start of the membership period. Amounts received in advance of a given membership period for member dues are recorded as deferred revenue when received and recognized as revenue over the course of the applicable membership period. Membership dues revenue are refundable in the event of a membership cancellation. The Association has determined that a refund liability is not necessary as of September 30, 2023 and 2022.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

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

Registration and exhibit:

The Association holds various conferences during the year. Payment is due prior to the conference date. The proceeds from registration and events are recognized as revenue, at the end of the month in which the meeting is held, or when goods, services, or benefits related to the conferences are provided. Amounts received in advance for conferences and meetings are recorded as deferred revenue when received and recognized as revenue when the meetings take place. In the event of a conference cancellation, refunds to attendees and sponsors are evaluated on a case by case basis.

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. Certain categories of expenses are attributed to more than one program or supporting activity. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and benefits are allocated based on actual time and effort. Rent, depreciation and amortization and all other expenses which require allocation have been allocated based on employee salaries. Other natural expenses that can be identified specifically with a particular program or supporting service are charged directly based on the nature of the activity.

Fair value measurement

AMCHP follows 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.

Subsequent events

AMCHP has performed an evaluation of subsequent events through March 20, 2024, which is the date the financial statements were available to be issued and has considered any relevant matters in the preparation of the financial statements and footnotes.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

2. Liquidity and Availability of Resources

AMCHP's financial assets available within one year for general expenditures are as follows as of September 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 345,189	\$ 1,026,792
Investments	1,073,939	1,032,076
Accounts and grants receivable	<u>1,021,673</u>	<u>656,169</u>
	2,440,801	2,715,037
Less:		
Amounts unavailable for general expenditures due to:		
Purpose restrictions	<u>(25,564)</u>	<u>(25,564)</u>
Financial assets available for general expenditures	<u>\$ 2,415,237</u>	<u>\$ 2,689,473</u>

AMCHP's main source of revenue is Federal grants which are received on a reimbursable basis. Timing of payments may cause a fluctuation in cash. As part of AMCHP's liquidity management, it has a policy of structuring financial assets to be available as its general obligations become due.

3. 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 the 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 statements 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.

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

3. Investments and Fair Value Measurement (Continued)

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

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>2023</u>	<u>2022</u>	<u>Level</u>
Money market funds*	\$ 189,079	\$ 232,668	N/A
Mutual funds	<u>884,860</u>	<u>799,408</u>	1
Total investments	<u>\$ 1,073,939</u>	<u>\$ 1,032,076</u>	

*Money market funds consist of cash and cash equivalents held within investment accounts and have been excluded from the fair value level disclosures in the above table, in accordance with GAAP.

4. Lease Commitments

The Association entered into an operating lease for office space in Washington DC which runs from October 2016 through September 2027. The lease also contains yearly rental increases based on CPI. At the end of the initial lease term, the Association has the option to renew the lease for one renewal term of 5 years. The Association did not believe it to be reasonably certain that the renewal option would be exercised as of the date of these financial statements.

The Association's lease costs, terms and discount rates are as follows for the year ending September 30, 2023:

Operating lease cost	<u>\$ 327,391</u>
Total lease cost	<u>\$ 327,391</u>
<u>Other Information</u>	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 425,040
ROU assets obtained in exchange for new operating lease liabilities	2,028,548
Weighted-average remaining lease term - operating leases	4 years
Weighted-average discount rate - operating leases	3.79 %

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

4. Lease Commitments (Continued)

Future minimum lease payments and reconciliation to the balance sheet as of September 30, 2023 are as follows:

		Operating
2024	\$	435,683
2025		446,573
2026		457,710
2027		469,178
Total undiscounted future lease payments		1,809,144
Less: present value adjustment		(513,626)
Lease liability	\$	1,295,518

The Association does not have any lease commitments that have not yet commenced as of September 30, 2023.

Prior to the adoption of ASC Topic 842, *Leases*, rent expense of \$327,511 was included within expenses in the statement of activities and changes in net assets for the year ended September 30, 2022.

5. 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, 2023 and 2022, AMCHP made discretionary contributions to the plan totaling \$256,668 and \$230,351, respectively.

6. Contract Balances

The Association's contract liabilities consist of the following:

	2023		2022	
	Opening balance	Closing balance	Opening balance	Closing balance
Contract liabilities	\$ 33,090	\$ 25,621	\$ 86,265	\$ 33,090

Association of Maternal and Child Health Programs

Notes to Financial Statements (Continued)

7. Concentration of Revenue

Approximately 68% and 69% of AMCHP's revenue for the years ended September 30, 2023 and 2022, 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.

8. 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 2023. 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.

9. Commitments

The Association holds meetings at various locations throughout the United States. Certain meetings require contracts with hotels. In the event the Association is required to cancel a meeting or change locations, it may be required to pay certain cancellation fees. As of September 30, 2023 the Association is aware of up to approximately \$1,060,000 in potential contingencies related to hotel commitments that could be incurred in 2024. If meetings are cancelled, the Association will work to negotiate with the hotels to potentially mitigate these losses.

Supplementary Information

Association of Maternal and Child Health Programs

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2023

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	\$ 49,334	\$ 1,720,708	
	MCH Advanced Education Policy	93.110	N/A	N/A	-	107,694	
	Supporting Maternal and Child Health Innovation in States	93.110	N/A	N/A	-	728,473	
	Partnership for State Leadership Coop. Agreement - State Public Health Coordinating Center for Autism	93.110	N/A	N/A	-	290,934	
	Children's Healthy Weight Collaborative Improvement and Innovation Network	93.110		Association of State and Public Health Nutritionists	6U7NMC30388-01-01	-	13,867
	State Maternal Health Innovation Support and Implementation Program	93.110		The University of North Carolina at Chapel Hill	6 U7CM33636-02-02	-	192,716
	Centering Birthing People's Voices Towards Equity and Accountability	93.110	N/A	N/A	-	35,449	
	National Center for MCH Workforce Development (research and development)	93.110		University of North Carolina, Chapel Hill	5 UE7MC262820600	-	295,850
	National Maternal and Child Health Data Resource Initiative	93.110	N/A	N/A	-	7,833	
	Adolescent and Young Adult Health National Resource Center	93.110		Regents of the University of California	U45MC27709-05-00	-	<u>416,465</u>
Subtotal CFDA 93.110					<u>49,334</u>	<u>3,809,989</u>	

See accompanying notes to schedule of expenditures of federal awards. (Continued)

Association of Maternal and Child Health Programs

Schedule of Expenditures of Federal Awards (Continued)

For the year ended September 30, 2023

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:						
	Supporting Healthy Start Performance Project	93.926	National Institute for Children's Health Quality	N/A	\$ -	\$ 25,026
Subtotal 93.926					-	25,026
	Alliance Innovation on Maternal and Child Health	93.524	American College of Obstetricians and Gynecologists	5U380T000162-02	-	34,930
Subtotal 93.524					-	34,930
	IMPACTS for MCH: Improving Performance and Capacity in Territories & States for Maternal & Child Health -CSTLTS Maternal Mortality	93.421	N/A	N/A	-	151,788
	AMCHP Partnership Grant NCBDDD	93.421	N/A	N/A	-	180,950
	IMPACTS for MCH: Improving Performance and Capacity in Territories & States for Maternal & Child Health - CSTLS NBDP	93.421	N/A	N/A	-	568,021
	Impacts for MCH: Improving Performance and Capacity in Territories & States for Maternal and Child Health - CDC-OSTLTS	93.421	N/A	N/A	-	219,257
	Increasing Public Health Preparedness capability among maternal and child health programs	93.421	N/A	N/A	-	151,062
Subtotal 93.421					-	1,271,078
US Department of the Treasury						
	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	N/A	-	6,000
Subtotal 21.027					-	6,000
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 49,334</u>	<u>\$ 5,147,023</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, 2023

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, 2023. 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. Pass-through entity identifying numbers are presented where available. 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, 2023:

Assistance awards	\$	5,133,156
Fixed price contracts		<u>13,867</u>
Total government grants and contracts revenue	\$	<u><u>5,147,023</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

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 Association's statement of financial position as of September 30, 2023, 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 March 20, 2024.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned cost as item 2023-001, which is not considered to be a material weakness or significant deficiency.

Report on 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 financial statements. 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*.

Management's Response to Finding

Government Auditing Standards require the auditor to perform limited procedures on the Association's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Vienna, Virginia
March 20, 2024

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

Report of Independent Auditors

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Association's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Association's major federal programs for the year ended September 30, 2023. The Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Association complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules and provisions of contracts or grant agreements applicable to the Association's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Vienna, Virginia
March 20, 2024

Association of Maternal and Child Health Programs

Schedule of Findings and Questioned Costs

Year ended September 30, 2023

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? | No |
| 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)? | No |
| 7). | Identification of major program: | |

Federal Granting Agency and Program Title

CFDA Number

- | | | |
|-----|---|-----------|
| | 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 (Continued)

Section II - Financial Statement Findings

Finding 2023-001: Deficiency in Expense Classification

Criteria:

Management is responsible for implementing a review process to ensure all transactions are recorded in the appropriate line item in the financial statements.

Condition:

In our sample of 30, the Association did not record two expenses to the appropriate line item in the financial statements. Additionally, alternative additional testing procedures resulted in an additional classification error. These expenses totaled \$61,451 in the aggregate.

Context:

For the year ended September 30, 2023, the expenses that were incorrectly recorded in the financial statements represent 6% of the nonpayroll expense population tested.

Effect:

There is a risk that the statement of functional expenses will be materially misstated.

Cause:

Due to ineffective review by management of expenses to ensure expenses are classified appropriately in the financial statements.

Recommendation:

We recommend management enhance the control processes surrounding the review of expenses to ensure appropriate classification in the financial statements.

View of Responsible Officials and Planned Corrective Action:

See management's response at the Corrective Action Plan on pages 28 -29

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

There were no reportable findings or questioned costs.



Corrective Action Plan
Association of Maternal and Child Health Programs
Year Ending September 30, 2023

Financial Statement Findings

Finding 2023-001: Deficiency over Disbursement Classification

Finding: Management is responsible for implementing a review process to ensure all transactions are recorded in the appropriate line item in the financial statements.

In our sample of 30, the Association did not record two expenses to the appropriate line item in the financial statements. Additionally, alternative testing procedures resulted in an additional classification error. These expenses totaled \$61,451 in the aggregate.

Planned Corrective Action:

AMCHP's management team has identified a four-step process to ensure that all transactions are recorded in the appropriate line item in the financial statements:


1. AMCHP's Controller will issue a notification to all staff reminding them to carefully select the correct expense category when entering business expenses in Tallie.
2. AMCHP's Controller will issue a notification to Budget Managers reminding them of their role in ensuring correct category selection before expense approvals.
3. Upon receipt of monthly budget reports, Budget Managers will examine project expenses to ensure that expenditures align with the appropriate expense category. If an expense is deemed incorrect, the Budget Manager will notify AMCHP's Controller and RSM requesting reclassification.
4. AMCHP's Controller and RSM will review expense categories at month-close, quarterly, and year-end to ensure that all transactions are appropriately recorded.


Name and Person Responsible: All Staff, AMCHP Controller, Budget Managers

Anticipated Completion Date: Notifications to All Staff and Budget Managers by Friday, March 22, 2024; Items #3 and #4 to occur at the intervals noted above.

Federal Award Findings and Questioned Costs

There were no reportable findings.

DocuSigned by:

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Terrance Moore
CEO

DocuSigned by:

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Caroline Stampfel
Chief Strategy and Program Officer