CENTER FOR URBAN FAMILIES, INC.

Consolidated Financial Statements and Supplemental Schedules Together with Reports of Independent Public Accountants

For the Years Ended December 31, 2019 and 2018

SB & COMPANY, LLC
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DECEMBER 31, 2019 AND 2018

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors
Center for Urban Families, Inc.
Baltimore, MD

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of the Center for Urban Families, Inc. and its subsidiary (the Center), as of December 31, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the consolidated 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 Center'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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 August 24, 2021, on our consideration of the Center's internal control over financial reporting and 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 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 Center's internal control over financial reporting and compliance.

SB + Company, LLC

Owings Mills, Maryland
August 24, 2021

CENTER FOR URBAN FAMILIES, INC.

Consolidated Statements of Financial Position
As of December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and cash equivalents	**$ 1,278,455**	$ 1,329,920
Grants and contributions receivable, net	**416,086**	673,357
Pledges receivable, net	**986,230**	903,292
Prepaid expenses and other assets	**55,109**	56,592
Property and equipment, net	**4,077,158**	4,244,902
Total Assets	**$ 6,813,038**	$ 7,208,063
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	**$ 326,813**	$ 482,136
Deferred revenue	**31,149**	85,273
Note payable	**161,621**	202,139
Total Liabilities	**519,583**	769,548
Net assets		
Without donor restrictions	**5,123,923**	4,983,694
With donor restrictions	**1,169,532**	1,454,821
Total Net Assets	**6,293,455**	6,438,515
Total Liabilities and Net Assets	**$ 6,813,038**	$ 7,208,063

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

CENTER FOR URBAN FAMILIES, INC.

Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Support		
Federal grant	$ 898,858	$ 1,231,887
State and local grant	21,503	22,605
Other grants	1,327,696	1,917,249
Special event, net of direct expenses of $0 and $116,143, respectively	-	368,209
Contributions	1,108,239	657,810
Investment income (loss), net	(508)	(1,008)
Total Revenue	3,355,789	4,196,753
Net assets released from restrictions	1,432,792	837,271
Total Revenue and Support	4,788,581	5,034,024
Expenses		
Program services:		
Workforce development	1,153,719	1,063,704
Training and technical assistance	345,387	346,430
Responsible fatherhood	829,565	1,181,240
Families	232,238	571,388
Client and alumni services	633,006	508,039
Total program services	3,193,914	3,670,801
Support services:		
Management and general	550,267	687,293
Research and evaluation	293,135	277,783
Development	611,035	694,302
Total Support Services	1,454,438	1,659,378
Total Expenses	4,648,352	5,330,178
Change in Net Assets Without Donor Restrictions	140,228	(296,155)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grants	1,147,503	817,837
Satisfaction of restrictions	(1,432,792)	(837,271)
Change in Net Assets With Donor Restrictions	(285,289)	(19,434)
Changes in net assets	(145,061)	(315,589)
Net assets, beginning of year	6,438,515	6,754,104
Net Assets, End of Year	$ 6,293,455	$ 6,438,515

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

CENTER FOR URBAN FAMILIES, INC.

Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2019, with Comparative Totals for 2018

	2019											
	Program Services						Support Services					
	Workforce Development	Training and Technical Assistance	Responsible Fatherhood	Families	Family Stability and Economic Success Services	Total Program Services	Management and General	Research & Evaluation	Development (including special event)	Total Support Services	Total	2018 Total
Salaries	$ 630,066	$ 196,136	$ 477,045	$ 74,131	$ 276,877	$ 1,654,255	$ 123,617	$ 123,727	$ 340,647	$ 587,991	$ 2,242,246	$ 2,576,122
Fringe benefits	172,964	60,988	127,919	14,927	69,136	445,933	110,289	39,280	99,935	249,504	695,437	807,653
Advertising	4,154	1,250	90	-	1,080	6,574	3,304	-	16,172	19,476	26,050	64,398
Client support	106,752	3,944	34,776	37,195	64,588	247,255	7,098	173	2,945	10,216	257,472	326,622
Depreciation and amortization	49,080	6,577	41,287	24,855	35,795	157,594	25,239	7,706	21,858	54,803	212,397	201,549
Insurance	6,943	930	5,841	3,516	5,064	22,294	4,728	1,090	3,093	8,911	31,205	24,368
Interest expense	1,201	161	1,010	608	876	3,855	9,773	189	535	10,496	14,351	11,404
Company meetings and conferences	4,186	10,392	354	338	2,980	18,250	14,343	375	7,664	22,382	40,632	40,530
Miscellaneous	-	53	-	-	50	103	13,180	55	-	13,235	13,337	1,172
Other contribution expenses	22,020	345	946	523	1,001	24,836	5,882	1,094	9,590	16,567	41,403	51,531
Office supplies	8,387	1,937	7,346	4,147	10,950	32,767	21,888	1,770	7,278	30,936	63,703	32,036
Facility expenses	38,337	5,138	32,200	19,414	30,033	125,121	37,560	6,019	19,799	63,379	188,500	205,734
Professional services	33,274	42,977	32,921	17,064	75,342	201,578	57,007	96,424	22,808	176,239	377,817	615,472
Taxes and fees	560	24	148	89	128	948	4,847	28	1,978	6,852	7,800	9,148
Technology	45,317	4,225	37,354	23,839	35,784	146,520	61,560	8,406	40,106	110,072	256,592	179,708
Telephone and telecommunications	14,697	1,442	12,163	5,381	8,822	42,505	19,600	1,751	4,655	26,006	68,511	68,176
Bad debt	-	-	-	-	-	-	10,595	-	4,000	14,595	14,595	-
Travel and training	3,519	7,226	7,853	2	5,559	24,158	14,542	3,123	2,511	20,176	44,335	44,037
Utilities	12,261	1,643	10,314	6,209	8,942	39,369	5,216	1,925	5,461	12,601	51,970	70,520
Total	$ 1,153,719	$ 345,387	$ 829,565	$ 232,238	$ 633,006	$ 3,193,914	$ 550,267	$ 293,135	$ 611,035	$ 1,454,438	$ 4,648,352	$ 5,330,179

The accompanying notes are an integral part of this consolidated financial statement.

CENTER FOR URBAN FAMILIES, INC.

Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2018

	Program Services						Support Services				
	Workforce Development	Training and Technical Assistance	Responsible Fatherhood	Families	Family Stability and Economic Success Services	Total Program Services	Management and General	Research & Evaluation	Development (including special event)	Total Support Services	Total
Salaries	$ 539,027	$ 169,539	$ 621,548	$ 249,697	$ 235,313	$ 1,815,125	$ 304,687	$ 131,205	$ 325,105	$ 760,997	$ 2,576,122
Fringe benefits	165,103	62,789	191,222	72,270	78,637	570,020	99,169	40,201	98,264	237,634	807,653
Advertising	1,999	-	42,143	-	4,780	48,922	2,338	-	13,138	15,476	64,398
Client support	152,756	2,249	62,741	71,399	23,294	312,439	5,843	-	8,340	14,183	326,622
Depreciation and amortization	45,552	6,105	38,320	23,068	33,222	146,267	27,842	7,152	20,287	55,281	201,549
Insurance	4,816	645	4,051	2,439	3,512	15,464	6,003	756	2,145	8,904	24,368
Interest expense	-	-	-	-	-	-	11,404	-	-	11,404	11,404
Company meetings and conferences	2,567	20,037	3,702	2,356	779	29,441	7,649	1,157	2,283	11,089	40,530
Miscellaneous	-	52	20	81	-	153	1,019	-	-	1,019	1,172
Other contribution expenses	21,399	(10)	6,305	596	688	28,979	11,022	253	11,277	22,552	51,531
Office supplies	4,553	643	866	2,307	5,192	13,561	6,486	2,061	9,929	18,475	32,036
Facility expenses	35,386	4,783	31,573	18,146	27,896	117,784	61,424	5,713	20,813	87,949	205,734
Professional services	21,957	66,332	111,792	83,103	42,530	325,713	75,349	74,208	140,202	289,759	615,472
Taxes and fees	235	10	29	46	54	373	6,409	12	2,354	8,775	9,148
Technology	32,256	5,297	26,994	25,976	23,360	113,883	26,049	8,255	31,521	65,825	179,708
Telephone and telecommunications	15,659	1,747	12,897	7,365	15,409	53,077	13,391	1,652	57	15,099	68,176
Bad debt	-	-	-	-	-	-	-	-	-	-	-
Travel and training	5,281	4,182	11,879	4,864	2,318	28,524	10,897	2,778	1,838	15,513	44,037
Utilities	15,157	2,031	15,159	7,676	11,054	51,076	10,313	2,380	6,751	19,444	70,520
Total	$ 1,063,704	$ 346,430	$ 1,181,240	$ 571,388	$ 508,039	$ 3,670,801	$ 687,293	$ 277,783	$ 694,302	$ 1,659,378	$ 5,330,179

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

CENTER FOR URBAN FAMILIES, INC.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Changes in net assets	$ (145,061)	$ (315,589)
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation and amortization	212,397	201,549
Effect of changes in non-cash operating assets and liabilities:		
Grants and contributions receivable, net	257,271	(109,587)
Pledges receivable, net	(82,938)	152,372
Prepaid expenses and other assets	1,483	12,905
Accounts payable and accrued expenses	(155,323)	70,158
Deferred revenue	(54,124)	-
Net Cash Flow from Operating Activities	33,705	11,808
Cash Flows from Investing Activities		
Purchase of property and equipment	(44,653)	(70,594)
Cash Flows from Financing Activities		
Proceeds from note payable	-	202,139
Payments on note payable	(40,518)	-
Payments on line of credit	-	(225,000)
Net Cash Flow from Financing Activities	(40,518)	(22,861)
Changes in cash and cash equivalents	(51,466)	(81,647)
Cash and cash equivalents, beginning of year	1,329,920	1,411,567
Cash and cash equivalents, End of Year	$ 1,278,455	$ 1,329,920
Supplemental Cash Flow Information		
Cash paid for interest	$ 14,351	$ 11,404

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

1. DESCRIPTION OF ORGANIZATION

The Center for Urban Families, Inc. (the Center) is a not-for-profit organization incorporated in the State of Maryland in January 1999. The Center's mission is to improve the involvement of fathers in the lives of their children and enhance the relationship between mothers and fathers as it relates to the welfare of their children. This mission is achieved by offering various programs, the cornerstone of which is the STRIVE Baltimore program. These programs provide training, technical assistance and workforce development skills to both men and women who are Baltimore City residents.

Center for Urban Families Fund, Inc. (the Fund) is a not-for-profit organization incorporated in the State of Maryland in 2008. The Fund's main purpose is to support the Center's capital campaign for the construction and maintenance of the 2201 Monroe Street, Baltimore, Maryland property. The Fund is a subsidiary of the Center, thus they are consolidated in the accompanying consolidated financial statements.

Effective December 31, 2018, the Center transferred its 39% interest in the minority-owned entity, Green JobWorks, LLC (Green JobWorks) to the majority owner. In addition, the Center entered into a Charitable Donation Agreement with Green JobWorks. Green JobWorks will support the mission of the Center by donating an agreed upon percentage of the its net profits (as defined within the agreement) annually beginning in 2020 and ending in 2029, unless the agreement is terminated earlier by the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying consolidated financial statements include the Center and the Fund. The accompanying consolidated financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All intercompany transactions have been eliminated.

Use of Estimates

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity

The Center receives contributions from donors which may or may not be restricted for specific purposes. Financial assets of the Center are primarily comprised of cash and grants and pledges receivable from donors. The Center also has access to a $375,000 line of credit with PNC Bank to be used solely to fund receivables that are the result of grants and other contractual payments that are due to the Center.

The Center structures its financial assets to be available as general expenditures and other obligations come due. To achieve this, the Center forecasts its future cash flows and monitors its liquidity on a monthly basis. Management and the Board have been monitoring the Center’s cash balances to ensure that there is at least 3 months of working capital available throughout the year.

The following table summarizes the Center's financial assets available, that is without donor or other restrictions limiting their use, for grant obligations and general expenditure within one year of the balance sheet date:

Cash and cash equivalents	$	**1,278,455**
Grants and contributions receivable, net		**416,086**
Pledges receivable, net		**986,230**
Available financial assets		**2,680,771**
Less financial assets unavailable for expenditures due to:		
Restricted by donor with purpose restrictions		**1,169,532**
Pledges receivable due in greater than 1 year		**166,666**
Financial assets unavailable for expenditure		**1,336,198**
Net available financial assets	**$**	**1,344,573**

Grants and Contributions Receivable

Grants and contributions receivable consisted of grants and contributions that were earned but not yet received at year-end. The allowance for doubtful accounts is based on specific identification of uncollectable accounts and the Center’s historical collection experience. Management believes all receivables are fully collectible as of December 31, 2019; therefore, no allowance for doubtful accounts is recorded. The allowance was $47,246, for the year ended December 31, 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

Pledges receivable consisted of contributions that have been pledged for current year and future support, but not yet received at year-end. Receivables are valued at management's estimate of the amount that will ultimately be collected and discounted for amounts due in greater than one year. Amounts are discounted using a risk-free rate of interest which was 2.2% as of December 31, 2018. The allowance for doubtful accounts is based on specific identification of uncollectable accounts and the Center's historical collection experience. The allowance was $46,631, for the years ended December 31, 2019 and 2018.

Property and Equipment

Property and equipment in excess of $1,000 and an estimated useful life of more than a year, are capitalized and recorded at cost if purchased, or estimated fair market value as of the date of gift, if donated. The carrying value of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line depreciation method. Expenditures for major repairs and maintenance costs are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the Center has been restricted by donors, primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions. As of December 31, 2019 and 2018, there was $1,169,532 and $1,454,821, respectively, in net assets with donor restrictions for a specific time period or purpose.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue

The Center has government contracts and grants for which it recognizes revenue when eligible expenses are incurred.

Contributions received are recorded as with or without restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions.

Unconditional promises to give are recognized as revenue or gain in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Pledges made to the Center for future contributions are recorded as a receivable and as revenue at the present value of such future payments. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Any funds received in advance are recorded as deferred revenue in the accompanying consolidated statements of financial position and are recognized when the conditions on which they depend are substantially met.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restriction.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function or program but provide for the overall support and direction of the Center. All direct costs are specifically identified and charged to the associated program or event. Personnel costs are allocated based on time and effort. Indirect costs or shared costs are generally allocated based upon each program's pro-rata share of the aggregate direct cost of the organization.

Advertising Costs

Advertising costs are charged to operations when incurred. The Center had no significant direct-response advertising. Advertising expense for the years ended December 31, 2019 and 2018, was $26,050 and $64,399, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Center and the Fund are not-for-profit organizations exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are recognized as such by the Internal Revenue Service.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Center performed an evaluation of uncertain tax positions as of December 31, 2019 and 2018, and determined that there were no matters that would require recognition in the consolidated financial statements or, which may have any effect on its tax-exempt status. As of December 31, 2019, the statute of limitations for fiscal years 2016 through 2019 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the Center files tax returns. It is the Center's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

During the year ended December 31, 2018, the Center did not record taxable income related to its ownership interest in Green Jobworks.

Accounting Pronouncements Implemented

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The Center adopted this standard for the year ended December 31, 2019. The adoption of this standard did not have a material effect on the accompanying consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which creates a singular reporting model for leases. This standard will require the Organization to record changes to its statement of financial position to reflect balances for current leases that are not shown in the statement of financial position. This standard will be effective for periods beginning after December 15, 2021.

In June 2016, FASB issued ASU No. 2016-13, *Financial Instruments —Credit Losses: Measurement of Credit Losses on Financial Instruments*, that provides updated guidance on the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard is effective for fiscal years beginning after December 15, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In September 2017, the FASB issued ASU No. 2017-13, *Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606)*. The recognition of revenue when a customer obtains control of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or service. This standard is effective for fiscal years beginning after December 15, 2019.

Management is evaluating the effects of these pronouncements on the financial statements and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

Subsequent Events

The Center has evaluated the accompanying consolidated financial statements for subsequent events and transactions through August 24, 2021, the date these consolidated financial statements were available for issue and have determined that no material subsequent events have occurred.

3. PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2019 and 2018, consisted of the following:

	2019	**2018**
Pledges receivable	**$ 1,032,861**	$ 949,923
Less: discount	**-**	3,673
Less: allowance	**46,631**	42,958
Pledges receivable, net	**$ 986,230**	$ 903,292
Amounts due in:		
Less than one year	**$ 866,195**	$ 567,091
One to five years	**166,666**	382,832
Total	**$ 1,032,861**	$ 949,923

4. PROPERTY AND EQUIPMENT

As of December 31, 2019 and 2018, property and equipment consisted of the following:

	2019	2018	Useful Lives
Land	**$ 778,864**	$ 778,864	N/A
Vehicles	**110,022**	110,022	5 years
Building	**5,206,630**	5,202,080	27 years
Computer equipment	**303,497**	265,542	3-7 years
Furniture and equipment	**173,685**	171,537	5-7 years
Total	**6,572,698**	6,528,045	
Less: accumulated depreciation	**2,495,540**	2,283,143	
Property and Equipment, Net	**$ 4,077,158**	$ 4,244,902	

Depreciation expense was $212,397 and $201,549, for the years ended December 31, 2019 and 2018, respectively.

5. DEBT

In May 2018, the Center entered into a loan agreement for a 5-year term loan of $225,000 which expires May 22, 2023, and a line of credit that allows for borrowing up to $375,000 which expires May 22, 2022. The note has a fixed rate equal to 5.83% per annum. Principal and interest are due monthly. The interest rate on the line of credit is equal to the prime rate. Outstanding balances on this line of credit are secured by all assets of the Center. Interest expense was $14,351 and $11,404 for the years ended December 31, 2019 and 2018, respectively, and the outstanding balance on the term loan was $161,621 and $202,139 as of December 31, 2019 and 2018, respectively. There was no outstanding balance on the line of credit as of December 31, 2019 and 2018.

6. NET ASSETS WITH DONOR RESTRICTIONS

The Center has net assets with donor restrictions that were provided for a specific time period or purpose. Net assets with donor restrictions consisted of the following as of December 31:

	2019	2018
Workforce development	**$ 52,689**	$ 700,620
Boost	**695,000**	-
Client and alumni services	**57,135**	59,412
Training & technical assistance	**153,994**	5,751
Families	**-**	364,258
Other	**210,714**	324,780
Net Assets With Donor Restrictions	**$ 1,169,532**	$ 1,454,821

7. COMMITMENTS AND CONTINGENCIES

Grants

Reimbursed costs under the Center's government awards are subject to final determination of allowability by the government agency. Until such audits have been completed and final settlement reached, 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.

Contingencies

In March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and recommended containment and mitigation measures worldwide. As a result, widespread shutdowns of states, cities, schools, and businesses began to take place, impacting the United States as the number of people infected grew at an unprecedented rate. The COVID-19 outbreak is still evolving, and its financial impact remains unknown. Management of the Center continues to evaluate the impact of the pandemic on its programs.

8. RETIREMENT PLAN

The Center offers its employees who have been employed for one year or more, a Retirement Tax Deferred Annuity Plan. This plan is a Simple IRA plan. The Center contributes to the pension plan, on behalf of the eligible employees, an amount up to 3% of the employees' salaries. For the years ended December 31, 2019 and 2018, the Center contributed $65,036 and $49,972, respectively.

SUPPLEMENTARY INFORMATION

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

To the Board of Directors
Center for Urban Families, Inc.

We have audited 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, the consolidated financial statements of the Center for Urban Families, Inc. (the Center) and its subsidiary, which comprise the statement of financial position as of December 31, 2019, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's consolidated 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 consolidated 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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SB + Company, LLC

Owings Mills, Maryland
August 24, 2021

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

To the Board of Directors
Center for Urban Families, Inc.

Report on Compliance for Each Major Federal Program

We have audited the Center of Urban Families, Inc.'s (the Center) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Center's major Federal programs for the year ended December 31, 2019. The Center's major Federal program is identified in the summary of independent public accountants' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Center'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 the Center's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its Federal program for the year ended December 31, 2019.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on the major Federal program is not modified with respect to this matter.

The Center's response to the noncompliance finding identified in our audit is described in the accompanying schedule of corrective action. The Center's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center'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.

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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.

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.

Owings Mills, Maryland
August 24, 2021

SB & Company, LLC

CENTER FOR URBAN FAMILIES, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through or Grant Number	Amount Passed Through to Subreceipients	Federal Expenditures
U.S. Department of Health and Human Services				
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	N/A	$ -	$ 898,858

The accompanying notes are an integral part of this schedule.

CENTER FOR URBAN FAMILIES, INC.

Notes to the Schedule of Expenditures of Federal Awards
December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the Center for Urban Families, Inc. (the Center) are included in the scope of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. The program included on the Schedule of Expenditures of Federal Awards represents all Federal award programs with fiscal year 2019, cash or non-cash expenditures activities. For our single audit testing, we tested the below Federal award program to ensure coverage of 20% of Federally granted funds. Our actual coverage was 100%.

Expenditures reported on the Schedule of Expenditures of Federal awards (the Schedule) are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

The Federal award program tested for fiscal year 2019 is listed below.

Major Program	CFDA Number	Federal Expenditures
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	$ 898,858

2. BASIS OF PRESENTATION

The accompanying Schedule includes the Federal award activity of the Center under programs of the Federal government for the year ended December 31, 2019 and is accounted for on the accrual basis of accounting. The information in this Schedule is presented in accordance with Uniform Guidance.

CENTER FOR URBAN FAMILIES, INC.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section I –Summary of Independent Public Accountants' Results

Financial Statements

Type of independent public accountants' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies:	None Reported
Noncompliance material to financial statements?	No

Federal Awards

Type of report of independent public accountants' issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies:	No
Audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	Yes

Identification of Major Program:

Major Program	Federal CFDA Number	Federal Expenditures
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	$ 898,858
Dollar threshold used to determine Type A and B programs		$ 750,000
Does the Center qualify as a low-risk auditee?		Yes

CENTER FOR URBAN FAMILIES, INC.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Section II –Financial Statement Findings

None noted.

Section III –Federal Award Findings

Finding No.	Title of Finding
2019-001	Noncompliance – Timely Submission of Reporting Package and Data Collection Form

CENTER FOR URBAN FAMILIES, INC.

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2019

Finding 2019 - 001

Department of Health and Human Services
CFDA No. 93.086 Healthy Marriage Promotion and Responsible Fatherhood Grants

Type of Finding: Noncompliance, Deficiency
Compliance Requirement: Timely Submission of Reporting Package and Data Collection Form

Repeat Finding: No

Condition:
The Data Collection Form and Reporting Package for the year ended December 31, 2019, was due for submission to the Federal Audit Clearing House by March 31, 2021 and was not submitted by that date.

Criteria:
It is the auditee's responsibility to ensure that the Data Collection Form is submitted timely and accurately. The original due date for the data collection form is the earlier of 30 days after receipt of the audit report or nine months after the Center's year-end. Due to the COVID-19 pandemic, the due date was extended for 6 months.

Cause:
Due to the COVID-19 pandemic, the Center's offices were closed for a substantial period of time. As a result, the Center was unable to access and provide source information that was stored in its offices. This resulted in a delay in completing the compliance testing.

Effect:
Because of the delay in accessing the source information, the reporting package was not made available to users in a timely manner.

Questioned Costs:
None.

Recommendation:
We recommended that the Center continue to follow its policies and procedures for the timely preparation of the Schedule in order to meet Federal program reporting deadlines.

Management Response:
Management agrees with the finding. See Schedule of Corrective Action.

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CENTER FOR URBAN FAMILIES, INC.

Schedule of Corrective Action
For the Year Ended December 31, 2019

2019-001

Responsible Official's Response and Corrective Action Plan
The Center experienced significant challenges due to circumstances beyond the control of the organization (coronavirus response primarily) which impacted its ability to timely complete the 2019 audit. Our primary focus during the vast majority of 2020 was to ensure the Center's sustainability and to convert our operations and programming to either hybrid or fully remote.

Planned Implementation Date of Corrective Action
December 2020

Person Responsible for Corrective Action
Bryant Jeffers, Director of Finance and Administration

CENTER FOR URBAN FAMILIES, INC.

Schedule of Prior Year Findings and Questioned Costs
For the Year Ended December 31, 2019

Finding 2018 - 001

Department of Health and Human Services
CFDA No. 93.086 Healthy Marriage Promotion and Responsible Fatherhood Grants

Type of Finding: Significant Deficiency
Compliance Requirement: Cash Management

Repeat Finding: Yes – 2017-001

Condition:
During our testing of the cash management compliance requirement, we noted that for part of the year, the Center requested cash payments based on budgeted expenditures instead of actual expenditures incurred.

Criteria:
2 CFR part 200.305(b) requires that for non-Federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also §200.302 Financial management paragraph (b) (6). Except as noted elsewhere in this part, Federal agencies must require recipients to use only OMB-approved standard government wide information collection requests to request payment.

(1) The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.

(2) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per §200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal award for construction, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal award constitutes a minor portion of the project.

Finding 2018 – 001 *(continued)*

Criteria *(continued)*

When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

(3) If the non-Federal entity cannot meet the criteria for advance payments and the Federal awarding agency or pass-through entity has determined that reimbursement is not feasible because the non-Federal entity lacks sufficient working capital, the Federal awarding agency or pass-through entity may provide cash on a working capital advance basis. Under this procedure, the Federal awarding agency or pass-through entity must advance cash payments to the non-Federal entity to cover its estimated disbursement needs for an initial period generally geared to the non-Federal entity's disbursing cycle. Thereafter, the Federal awarding agency or pass-through entity must reimburse the non-Federal entity for its actual cash disbursements. Use of the working capital advance method of payment requires that the pass-through entity provide timely advance payments to any subrecipients in order to meet the subrecipient's actual cash disbursements. The working capital advance method of payment must not be used by the pass-through entity if the reason for using this method is the unwillingness or inability of the pass-through entity to provide timely advance payments to the subrecipient to meet the subrecipient's actual cash disbursements.

(4) Use of resources before requesting cash advance payments. To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.

Cause:
The Center did not have the proper controls in place to ensure that drawdown requests were based on actual expenditures incurred. The drawdowns were based on budgeted expenditures.

Effect:
The Center could potentially drawdown cash that is not used in a reasonable period of time, which would cause the Center to be noncompliant with grant provisions.

Questioned Costs:
Unknown.

Recommendation:
We recommend that the Center establish procedures to determine the amount and timing of the cash drawdowns to ensure they are based on actual expenditures incurred.

CENTER FOR URBAN FAMILIES, INC.

Schedule of Prior Year Findings and Questioned Costs
For the Year Ended December 31, 2019

Finding 2018 – 001 *(continued)*

Management Response:
Management agrees with the finding.

Status Update:
Based on our current year testing, this finding has been resolved.