

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Northern Manhattan Perinatal Partnership, Inc.
127 West 127th Street
New York, New York 10027

Attention: Board of Directors,

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Northern Manhattan Perinatal Partnership, Inc., which comprise the consolidated Statement of Financial Position as of December 31, 2017 and 2018 and the related consolidated Statements of Activities, Functional Expenditures and Cash Flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
(CONTINUED)**

Opinions

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Northern Manhattan Perinatal Partnership, Inc. as of December 31, 2017 and 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

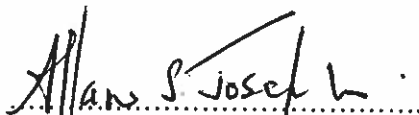
Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purpose of additional analysis 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 statement 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 information 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 14, 2019, on our consideration of Northern Manhattan Perinatal Partnership, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Manhattan Perinatal Partnership, Inc.'s internal control over financial reporting and compliance.



Allan S. Joseph
Certified Public Accountants
5 Hanover Square, Suite 1902
New York, New York, 10004
August 14, 2019

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
STATEMENT OF FINANCIAL POSITION
AS DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and Cash Equivalents (Note 2)	\$ 122,008	\$ 191,766
Grants Receivable (Note 3)	<u>1,111,318</u>	<u>1,743,230</u>
Total Current Assets	\$ 1,233,326	\$ 1,934,996
Property and Equipment - Net (Note 4)	46,330	74,866
Other Receivable (Note 5)	397	9,165
Security Deposits (Note 6)	15,407	24,567
Pre-Paid Insurance (Note 7)	6,818	6,818
TOTAL ASSETS	<u>\$ 1,302,278</u>	<u>\$ 2,050,412</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Loan Payable (Note 8)	\$ -	\$ 127,317
Accounts Payable and Accrued Expenses (Note 9)	227,051	294,360
Unapplied Advances (Note 10)	1,470,044	2,034,532
Due to NYC - ACS (Note 11)	59,087	59,087
TOTAL LIABILITIES	<u>\$ 1,756,182</u>	<u>\$ 2,515,296</u>
Net Assets (Note 13)	(453,904)	(464,884)
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,302,278</u>	<u>\$ 2,050,412</u>

ALLAN S. JOSEPH, CPA
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
STATEMENT OF ACTIVITIES
FOR YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2018</u>	<u>2017</u>
<u>SUPPORT AND REVENUES</u>				
Grants and Contract Services:				
Government	\$ -	\$ 5,846,295	\$ 5,846,295	\$ 5,450,830
Other	-	209,167	209,167	647,242
Contributions:				
In-Kind	250,479		250,479	580,704
Other	5,155		5,155	87,068
	255,634	6,055,462	6,311,096	6,765,844
Net Assets released from restrictions	6,055,462	(6,055,462)	-	-
TOTAL REVENUE	\$ 6,311,096	\$ -	\$ 6,311,096	\$ 6,765,844
<u>EXPENSES:</u>				
Program Services:				
Northern Manhattan Head Start and Pre-K (EL)	\$ 2,783,822	\$ -	\$ 2,783,822	\$ 2,926,692
Greater Harlem Healthy Start (HS)	1,806,340	-	1,806,340	1,657,799
Maternal Infant Community Health Collaborative (MICHC)	511,953	-	511,953	624,050
Healthy Families Central Harlem (Baby Steps)	575,073	-	575,073	593,784
Maternal Intentions (Merck)	192,560	-	192,560	544,659
Other Programs	464,002	-	464,002	328,719
Total Program Services	\$ 6,333,750	\$ -	\$ 6,333,750	\$ 6,675,703
Management and General	79,349	-	79,349	168,142
TOTAL EXPENSES	\$ 6,413,099	\$ -	\$ 6,413,099	\$ 6,843,845
Changes in Net Assets (before Non-operating Revenues)	\$ (102,003)	\$ -	\$ (102,003)	\$ (78,001)
Non-operating Revenues:				
Special Events	\$ -	\$ -	\$ -	\$ -
Less: Direct Cost to Donor	-	-	-	-
Net Special Events Revenue	\$ -	\$ -	\$ -	\$ -
Interest and Other Income	121,751	-	121,751	-
TOTAL NON-OPERATING REVENUES	\$ 121,751	\$ -	\$ 121,751	\$ -
Changes in Net Assets	\$ 19,748	\$ -	\$ 19,748	\$ (78,001)
Net Assets, Beginning of Year	(464,884)	-	(464,884)	(386,883)
Prior Period Adjustments	(8,768)	-	(8,768)	-
NET ASSETS, END OF YEAR	\$ (453,904)	\$ -	\$ (453,904)	\$ (464,884)

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NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

PROGRAM NAME	PROGRAM SERVICES						SUPPORTING SERVICES		TOTAL PROGRAM & SUPPORTING SERVICES	2017	
	NORTHERN MANHATTAN HEAD START AND PRE-K (EL)	GREATER HARLEM HEALTHY START (HS)	MATERNAL INFANT COMMUNITY HEALTH COLLABORATIVE (MICHC)	HARLEM FAMILIES CENTRAL HARLEM (BABY STEPS)	MATERNAL INTENTIONS (MERCCK)	OTHER PROGRAMS	TOTAL	ADMINISTRATIVE			GENERAL &
Salaries	\$ 1,401,637	\$ 1,053,527	\$ 281,505	\$ 353,905	\$ 78,679	\$ 262,444	\$ 3,431,697	\$ -	\$ -	\$ 3,431,697	\$ 3,525,226
Salaries In-Kind	162,731	-	-	-	-	-	162,731	-	-	162,731	50,905
Payroll Taxes and Fringe Benefits	438,347	336,781	89,989	113,133	25,152	83,896	1,087,298	-	-	1,087,298	1,102,601
Payroll Taxes and Fringe Benefits In-Kind	61,736	-	-	-	-	-	61,736	-	-	61,736	19,344
Rent	153,813	166,616	41,692	32,585	10,262	31,191	436,159	-	18,513	454,672	468,518
Rent In-Kind	-	-	-	-	-	-	-	-	-	-	510,456
Contracts & Consultants	87,905	35,449	52,554	10,500	61,753	10,041	258,202	-	15,192	273,394	256,242
Contracts & Consultants In-Kind	6,653	-	-	-	-	-	6,653	-	-	6,653	-
Client Incentives	-	16,599	2,559	658	6,023	-	25,839	-	3,448	29,287	63,741
Supplies	102,923	18,200	10,208	8,020	1,054	15,313	155,718	-	3,212	158,930	297,395
Food and Non Food Supplies	169,109	-	-	-	-	-	169,109	-	-	169,109	-
Equipment Repair and Maintenance	93,298	7,158	2,148	1,503	469	1,485	106,061	-	4,176	110,237	102,651
Telephone	18,641	37,579	10,733	12,945	2,354	2,025	84,277	-	-	84,277	82,589
Travel and Transportation	6,909	27,615	2,025	9,702	1,434	959	48,644	-	-	48,644	73,342
Professional Fees	-	-	-	-	-	-	-	-	-	-	58,270
Insurance	17,267	4,000	3,500	3,500	-	25,857	54,124	-	-	54,124	53,581
Printing	961	16,351	-	13,790	2,236	1,487	34,825	-	-	34,825	42,152
Utilities	21,801	-	-	-	-	2,315	24,116	-	-	24,116	34,992
Interest Expense	-	-	-	-	-	-	-	-	5,230	5,230	-
Depreciation	-	-	-	-	-	-	-	-	28,536	28,536	28,536
Payroll Processing Fee	13,257	12,941	2,652	2,569	1,136	2,100	34,655	-	-	34,655	28,059
Staff Training	16,582	4,280	-	5,380	-	-	26,242	-	-	26,242	16,432
Temporary Services	-	8,365	-	-	-	-	8,365	-	929	9,294	3,371
Recruitment	2	241	241	364	-	-	4,025	-	-	4,025	2,516
Postage	156	1,019	1,296	146	591	111	3,319	-	113	3,432	1,826
Publications	-	734	4,085	-	-	-	4,819	-	-	4,819	125
Other Program Expenses	10,094	55,708	6,766	6,373	1,417	14,353	94,711	-	-	94,711	20,975
TOTAL EXPENSES	\$ 2,783,822	\$ 1,806,340	\$ 511,953	\$ 575,073	\$ 192,560	\$ 464,002	\$ 6,333,750	\$ 79,349	\$ -	\$ 6,413,099	\$ 6,843,845

ALLAN S. JOSEPH, CPA
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
Cash Flows from Operation Activities:		
Change in Net Assets	\$ 19,748	\$ (78,001)
Adjustments to Prior Years Net Assets	\$ (8,768)	\$ -
Depreciation and Amortization	\$ 28,536	28,536
Decrease (Increase) in Assets:		
Contracts and Grants Receivable	\$ 631,912	\$ 150,138
Other Receivable	(8,768)	-
Security Deposits	9,160	-
Increase (Decrease) in Liabilities:		
Loan Payable	(127,317)	-
Accounts Payable and Accrued Expenses	(67,309)	38,119
Unapplied Advances	(564,488)	(611,567)
Net Cash Provided from Operating Activities	\$ <u>(87,294)</u>	\$ <u>(472,775)</u>
Cash Flows from Investing Activities:		
Purchase/Sale of Fixed Assets	\$ -	\$ -
Cash Flows from Financing Activities:		
Bank Borrowings	\$ -	\$ 26,502
Net Increase (Decrease) in Cash and Cash Equivalents	\$ <u>(87,294)</u>	\$ <u>(446,273)</u>
Cash and Cash Equivalents, Beginning of Year	191,766	638,039
Cash and Cash Equivalents, End of Year	<u>\$ 104,472</u>	<u>\$ 191,766</u>

ALLAN S. JOSEPH, CPA
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Background

Northern Manhattan Perinatal Partnership, Inc. (the Organization) is a not-for-profit entity incorporated in the State of New York. It is a collaboration of community-based organizations, workers and residents, which was established for the primary goal of reducing infant mortality in Northern Manhattan.

The Organization focuses on strategies that ensure the health and well-being of low-income women of child-bearing age and their families in Central Harlem, East Harlem, West Harlem and Washington Heights. Its activities are substantially funded by government grants and contracts.

B. Basis of Accounting

All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. The financial statements of Northern Manhattan Perinatal Partnership, Inc. have been prepared on the accrual basis. In the statement of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

C. Financial Statement Presentation

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

(i) **Permanently Restricted** - Net assets resulting from contributions and other inflows of assets whose use by Northern Manhattan Perinatal Partnership, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of Northern Manhattan Perinatal Partnership, Inc.

(ii) **Temporarily Restricted** - Net assets resulting from contributions and other inflows of assets whose use by Northern Manhattan Perinatal Partnership, Inc is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Northern Manhattan Perinatal Partnership, Inc pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

(iii) **Unrestricted** - That part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations and/or the net assets which the Board of Directors has to use in carrying on the operations of Northern Manhattan Perinatal Partnership, Inc.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Cash and Cash Equivalents

Northern Manhattan Perinatal Partnership, Inc considers all liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

E. Government Contracts

Revenue from government contracts is recognized when reimbursable expenses are incurred under the terms of the contracts. Contract payments in excess of or less than qualified expenses are accounted for as due to/due from government agencies or contracts receivable respectively.

F. Third Party Reimbursement and Revenue Recognition

Northern Manhattan Perinatal Partnership, Inc receives substantially all its revenue for services provided to approved clients from third-party reimbursement agencies; primarily the U.S. Department of Health and Human Services. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the respective third-party fiscal intermediary. The revenue for prior years earned as a result of these retroactive rate adjustments is recorded during the year the rates are finalized.

G. Restricted Funds

Northern Manhattan Perinatal Partnership, Inc records a provision for doubtful accounts for specific accounts receivable which are considered uncollectible by management.

H. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities, which all expenses incurred within the year. Accordingly, certain costs have been allocated programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

I. Income Taxes

Northern Manhattan Perinatal Partnership, Inc was incorporated in the State of New York and is exempt from Federal and state income taxes under Section 501 (c) (3) of the Internal Revenue Code and, therefore, had made no provision for income taxes in accompanying financial statements. In addition, Northern Manhattan Perinatal Partnership, Inc has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for 2018.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Use of Estimates

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

K. Concentration of Credit Risk

Financial instruments which potentially subject Northern Manhattan Perinatal Partnership, Inc to concentration of credit risk consist primarily of cash and cash equivalents in excess of FDIC insurance limits. At various times during the year, Northern Manhattan Perinatal Partnership, Inc may have cash deposits at financial institutions in excess of FDIC insurance limits. These financial institutions have strong credit rating and management believes that credit risk related to these accounts is minimal.

L. Comparative Financial Information

The financial statements included certain prior year summarized comparative information. With respect to the statement of activities, the prior year information is presented in total, not by net asset class. With respect to the statement to functional expenses, the prior year expenses are presented by expense classification in total rather than functional category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Northern Manhattan Perinatal Partnership, Inc's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

M. Fair Value Measurements

The Organization reports a fair value measurement for all applicable assets and liabilities.

N. Property and Equipment

Property and equipment are carried at cost net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Purchases of property and equipment covered by government funding are charged to expenditures as incurred and are not capitalized over the useful life of the asset.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Vacation and Sick Leave

a. Vacation Leave

Eligible full-time regular employees accrue one and two-thirds (1 & 2/3) vacation days per month for a maximum of 20 days' vacation days per year. Eligible part-time regular employees accrue paid annual vacation on a pro-rata basis.

Eligible full-time regular employees can carry over unused days from past years, up to a total calendar year of five (5) vacation says. Eligible part-time regular employees can carry over unused vacation days from past years, up to a total number in any calendar year of three (3) vacation days. Except in the final year of a funded program, vacation chargeable to the program must be used before the end of the contract year.

b. Sick Leave

All Eligible full-time regular employees are entitled to 12 working days of paid sick leave per full year of employment, except that a maximum of only two (2) days of paid accrued sick leave may be taken during the first three (3) months of employment. All eligible part-time regular employees accrue paid sick leave on a pro-rata basis, except that a maximum of only two (2) days of paid accrued sick leave may be taken during the first three (3) months of employment.

Up to five (5) days of unused paid sick leave may be carried over to the following year. Unused sick leave is not convertible into vacation leave. At termination of employment there is not cash payment or credit for unused paid sick leave.

P. Subsequent Events

The Corporation evaluates events occurring after the date of the financial statements to consider whether or not the impact of such events needs to be reflected or disclosed in the financial statements. Such evaluation is performed through the dated the financial statements are available for issuance, which is August 14, 2019, for these financial statements. Other than the following matter, the Corporation concluded that no additional disclosures are required.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 2: CASH AND CASH EQUIVALENTS

\$122,008 represents Cash and Cash Equivalents as on December 31, 2018.

CURRENT YEAR PROGRAM

	<u>BALANCE</u>
J. P MORGAN CHASE	
Northeast Market	
P.O. Box 260180	
Baton Rouge, LA 70826-0180	
Checking – Main xxx2405	\$ 49,568
Checking - Payroll xxx3165	2,523
Checking – Board xxx8320	4,766
Checking - Head Start xxx1165	19,207
Checking – Baby Steps xxx1965	2,800
Checking – CHW xxx7965	7,750
Checking – Network xxx8765	3,646
Checking – ACS Preventative xxx0065	11,770
Checking – Healthy Start xxx2397	4,369
Checking – CACFP xxx8365	13,209
TOTAL CASH IN BANK	\$ <u>119,608</u>
 PETTY CASH	
Petty Cash – ADM	\$ 500
Petty Cash – Head Start	400
Petty Cash – Baby Steps	300
Petty Cash – Merck	300
Petty Cash – MICHC	300
Petty Cash – IMRI	300
Petty Cash – Healthy Start	300
TOTAL PETTY CASH	\$ <u>2,400</u>
 TOTAL CASH AND CASH EQUIVALENTS	 \$ <u>122,008</u>

Bank Charges of \$2,528 are included in the expense category “Support and Other Costs”.

There were no checks outstanding for a period of six months or longer.

The Agency maintains its Cash in Bank at financial institutions, which limit their maximum FDIC insurance coverage to \$250,000. Should the financial institutions fail the Agency will be at risk of losing amounts in excess of the respective FDIC coverage.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 3: GRANTS RECEIVABLE

\$ 1,111,318 represents funds receivable from funding sources at December 31, 2018.

<u>GRANTOR / PROGRAM</u>	<u>2018</u>	<u>2017</u>
ACS Early Learn	\$ 457,280	\$ 443,573
Child and Adult Care Food Program	10,950	-
Healthy Start	252,073	472,199
Maternal Infant Community Health Collaborative	123,232	165,615
Baby Steps	131,666	559,143
Maternal Intentions	1,345	-
Universal Pre-K	7,384	25,149
NY Presbyterian	46,597	17,965
Skate	42,516	-
General Fund HIV	38,275	59,586
TOTAL GRANTS RECEIVABLE	\$ <u>1,111,318</u>	\$ <u>1,743,230</u>

The Organization subsequently received the receivables listed above.

NOTE 4: PROPERTY AND EQUIPMENT

\$46,330 represents Property and Equipment net of Accumulated Depreciation at December 31, 2018.

NOTE 5: OTHER RECEIVABLE

\$397 represents Other Receivable at December 31, 2018.

Other Receivable	\$ 397
TOTAL OTHER RECEIVABLE	\$ <u>397</u>

NOTE 6: SECURITY DEPOSITS

\$15,407 represents Security Deposits at December 31, 2018.

NOTE 7: PREPAID INSURANCE

\$6,818 represents Pre-Paid Insurance at December 31, 2018.

NOTE 8: LOANS PAYABLE

None

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 9: ACCOUNTS PAYABLE AND ACCRUED EXPENSES

\$ 136,088 represents Accounts Payable and Accrued Expenses as of December 31, 2018.

NOTE 10: UNRECOUPED ADVANCES

\$ 1,470,044 represents Unrecouped Advances at December 31, 2018:

<u>GRANTOR / PROGRAM</u>	<u>2018</u>	<u>2017</u>
NYC-ACS	\$ 1,361,727	\$ 1,214,532
MERCK	108,317	820,000
TOTAL UNRECOUPED ADVANCES	\$ <u>1,470,044</u>	\$ <u>2,034,532</u>

NOTE 11: DUE TO NYC-ACS

\$59,087 represents Due to Government Agencies as of December 31, 2018:

NOTE 12: LINE OF CREDIT

The Agency has a Line of Credit with J.P. Morgan Chase, N.A., for \$150,000, at an interest rate of 4.00% per annum.

The Line of Credit Expense (Interest Expense) for the year ended December 31, 2018 is \$5,230.

NOTE 13: NET ASSETS

\$ (453,904) represents Net Assets (Loss) as of December 31, 2018:

Net Assets, Beginning of Year	\$ (464,884)
Prior Period Adjustment	(8,768)
Net Assets, Restated	\$ <u>(473,652)</u>
Change in Net Assets	19,748
NET ASSETS (LOSS), END OF YEAR	\$ <u>(453,904)</u>

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

NOTE 14: GOVERNMENT GRANTS

\$5,846,295 represents Total Revenue as of December 31, 2018:

GRANTOR / PROGRAM

Northern Manhattan Early Learn	\$ 2,341,033
Greater Harlem Healthy Start	1,867,486
Maternal Infant Community Health Collaborative (MICHHC)	517,838
Healthy Families Central Harlem (Baby Steps)	551,385
Child and Adult Care Food Program	186,616
Department of Education Universal Pre-K	189,775
Maternal Intentions (MERCK)	192,162
TOTAL REVENUE	\$ <u>5,846,295</u>

NOTE 15: IN-KIND CONTRIBUTIONS

In-Kind Contributions amounted to \$250,479 in 2018 and \$580,704 in 2017. These contributions were recorded at their estimated fair market value at the time of donation.

NOTE 16: LEASE COMMITMENTS

The Organization is committed under various space and equipment operating leases expiring in various years through 2032.

At December 31, 2018, the minimum future rental payments under non-cancelable operating leases are as follows:

<u>Year</u>	<u>Amount</u>
2019	192,836
2020	192,836
2021	192,836
2022	192,836
2023 to 2032	1,558,758

Rent Expense, including In-kind Rent, amounted to \$454,672 in 2018 and \$978,974 in 2017.

NOTE 15: CONTINGENCIES

The Organization is subject to audits from the funding entities that support its various programs. Accordingly, reported grant revenues are subject to adjustments for various disallowed costs, if any, based upon the results of these audits.

NOTE 16: RELATED PARTIES

The agency has indicated to us that there were no transactions with persons who are related to individuals (Employees) involved in the program.

ALLAN S. JOSEPH, CPA
 THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2018**

Federal grantor/Pass-Through Grantor Grantor Program/ Cluster Title	Federal CFDA Number	Pass-Through Contract Number	Contract/ Budget Period	Program Amount	Federal Expenditures
MAJOR PROGRAMS:					
U.S. Department of Health and Human Services New York City Administration for Children Services: Head Start/Early Learn	93.600	20131406975 20131406975	07/01/17 - 06/30/18 07/01/18 - 06/30/19	\$ 1,911,395	\$ 1,911,395
	Subtotal (CFDA # 93.600)				
U.S. Department of Health and Human Services Health Resources and Services Administration Healthy Start	93.926	6 H49MCC001341700 6 H49MCC001341701 5 H49MCC001341800 6 H49MCC001341801 6 H49MCC001341802	04/01/17 - 03/31/18 04/01/17 - 03/31/18 04/01/18 - 03/31/19 04/01/18 - 03/31/19 04/01/18 - 03/31/19	\$ 1,867,486	\$ 1,867,486
	Subtotal (CFDA # 93.926)				
TOTAL MAJOR PROGRAMS					\$ 3,778,881
NON-MAJOR PROGRAMS:					
U.S. Department of Health and Human Services/ New York State Department of Health/ Maternal Infant Community Health Collaborative	93.778	C-028967 C-028967	10/01/17 -09/30/18 10/01/18 -09/30/19	\$ 517,838	\$ 258,919
	Subtotal (CFDA # 93.778)				
U.S. Department of Agriculture Food and Nutrition Service New York State Department of Health Child and Adult Care Food Program	10.558	4427 4427	10/01/17 -09/30/18 10/01/18 -09/30/19	\$ 169,109	\$ 169,109
	Subtotal (CFDA # 10.558)				
TOTAL NON-MAJOR PROGRAMS					\$ 686,947
TOTAL EXPENDITURES OF FEDERAL AWARDS					\$ 4,465,828

ALLAN S. JOSEPH, CPA
THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

**NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 1: BASIS OF PRESENTATION:

The accompanying Schedules of Expenditures of Federal Awards includes the federal award activity of Northern Manhattan Perinatal Partnership, Inc. under programs of the Federal Government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Northern Manhattan Perinatal Partnership, Inc, it is not intended to and does not present the financial position, change in net assets or cash flows for Northern Manhattan Perinatal Partnership, Inc.

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 the Uniform Guidance; wherein certain types of expenditures are not allowable are limited as to reimbursement. Negative amounts are shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: SUBRECIPIENTS:

No amounts were provided to sub-recipients.

**NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2018**

EXIT CONFERENCE

The exit conference was held on August 14, 2019, at 127 West 127th Street, New York, New York 10027. The following persons were in attendance.

NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.

Ms. Cynthia Wilson	- Board of Directors – Chairperson
Ms. Paula Odellas	- Board of Directors
Ms. Madeline Dorval-Moller	- Executive Director
Mr. Diomedes Carrasco	- CFO

ALLAN S. JOSEPH, CPA'S

Mr. Allan Joseph	- Proprietor
Mr. Clifton Hurst	- Audit Senior

RESULT OF CONFERENCE:

The audit report and schedules were discussed, and the Agency had no questions regarding the contents and therefore accepted the draft report as presented.

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

Board of Directors
Northern Manhattan Perinatal Partnership, Inc.
127 West 127th Street
New York, NY 10027

Attention: Board of Directors,

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Northern Manhattan Perinatal Partnership, Inc., which comprise the consolidated statement of financial position as of December 31, 2017 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2019.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant 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 over financial reporting 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 that might be significant deficiencies or material weaknesses. Giving 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.

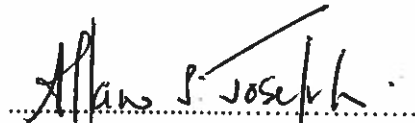
**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.
(CONTINUED)**

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Northern Manhattan Perinatal Partnership, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Northern Manhattan Perinatal Partnership, Inc.'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 Northern Manhattan Perinatal Partnership, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


.....
Allan S. Joseph
Certified Public Accountants
5 Hanover Square, Suite 1902
New York, New York, 10004
August 14, 2019

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE.

Board of Directors
Northern Manhattan Perinatal Partnership, Inc.
127 West 127th Street
New York, NY 10027

Attention: Board of Directors,

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Northern Manhattan Perinatal Partnership Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Manhattan Perinatal Partnership Inc.'s major federal programs for the year ended December 31, 2018. Child Development Support Corporation's major federal programs are identified in the summary of auditors' 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 Northern Manhattan Perinatal Partnership, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Manhattan Perinatal Partnership, Inc.'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 Northern Manhattan Perinatal Partnership, Inc.'s compliance.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE.
(CONTINUED)**

Opinion on Each Major Federal Program

In our opinion, Northern Manhattan Perinatal Partnership, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

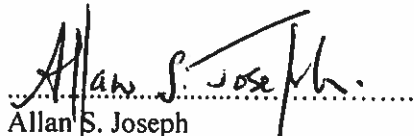
Our consideration of internal control over compliance was for the limited purpose described in the paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies 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 internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE.
(CONTINUED)**

**REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
UNIFORM GUIDANCE**

We have audited the financial statements of Northern Manhattan Perinatal Partnership, Inc. as of and for the year ended December 31, 2018, and have issued our report thereon dated August 14, 2019, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by The Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or 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.


Allan S. Joseph
Certified Public Accountants
5 Hanover Square, Suite 1902
New York, New York, 10004
August 14, 2019

**NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

TYPE OF AUDITOR'S REPORT ISSUED: Unqualified

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material weakness (es) identified? No

Significant Deficiency (ies) identified? No

Noncompliance material to financial statements noted? No

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

Material weakness (es) identified? No

Significant Deficiency (ies) identified? No

Type of auditor's report issued on compliance for Major Programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516 (a)? No

IDENTIFICATION OF MAJOR PROGRAMS:

CFDA NUMBER(S)	NAME OF FEDERAL PROGRAM OR CLUSTER
93.600	Head Start
93.926	Healthy Start

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

Auditee qualified as a low risk Auditee? Yes

**NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES:

None

SIGNIFICANT DEFICIENCIES:

None

NON-COMPLIANCE MATERIAL TO FINANCIAL STATEMENTS:

None

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS

MATERIAL WEAKNESSES:

None

SIGNIFICANT DEFICIENCIES:

None

QUESTIONED COSTS:

None

**NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
SCHEDULE OF PRIOR YEARS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

TYPE OF AUDITOR'S REPORT ISSUED: Unqualified.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

Material weakness (es) identified? No.

Reportable condition(s) identified not considered material weaknesses? No.

Noncompliance material to financial statements noted? No.

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

Material weakness (es) identified? No

Reportable condition(s) identified not considered material weaknesses? No

Type of auditor's report issued on compliance for Major Programs: Unqualified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200.516 (a)? No

IDENTIFICATION OF MAJOR PROGRAMS:

**NAME OF FEDERAL PROGRAM OR
CLUSTER**

93.600	Early Learn
93.926	Healthy Start

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

Auditee qualified as a low-risk Auditee? Yes

**NORTHERN MANHATTAN PERINATAL PARTNERSHIP, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

A.F. Paredes & Co. Certified Public Accountants, LLP performed the prior year's audit, and contained the following findings:

SECTION II – FINANCIAL STATEMENT FINDINGS

REPORTABLE CONDITIONS:

None

MATERIAL WEAKNESSES:

None

INSTANCES OF NON-COMPLIANCE:

None

SECTION III – FEDERAL AWARDS AND QUESTIONED COSTS

REPORTABLE CONDITIONS:

None

MATERIAL WEAKNESSES:

None

INSTANCES OF NON-COMPLIANCE:

None

QUESTIONED COSTS:

None