

ASSOCIATED BLACK CHARITIES, INC.

**Financial Statements and Supplementary Schedules
Together with Reports of Independent Public Accountants**

For the Years Ended December 31, 2022 and 2021

ASSOCIATED BLACK CHARITIES, INC.

Financial Statements and Supplementary Schedules Together with Reports of Independent Public Accountants

DECEMBER 31, 2022 AND 2021

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors
Associated Black Charities, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the statements of financial position of Associated Black Charities, Inc. (the Organization) as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic 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



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required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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 November 13, 2023, on our consideration of the Organization's internal controls 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls 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 Organization's internal controls over financial reporting and compliance.

Owings Mills, MD
November 13, 2023

ASSOCIATED BLACK CHARITIES, INC.

Statements of Financial Position As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 1,904,883	\$ 2,423,793
Investments	832,783	1,028,090
Assets whose use is limited	75,464	75,464
Grants receivable	10,159	2,215,491
Prepaid and other assets	26,950	36,779
Property and equipment, net	16,371	38,179
Right of use asset - operating	50,529	-
Total Assets	<u>\$ 2,917,139</u>	<u>\$ 5,817,796</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 43,377	\$ 51,850
Grants payable to providers for HIV Emergency Relief Grant Program – Ryan White	-	2,130,181
Accrued expenses and other liabilities	18,644	58,470
Deferred revenue	628,270	628,270
Managed funds payable	75,464	75,464
Lease liability - operating	50,529	-
Total Liabilities	<u>816,284</u>	<u>2,944,235</u>
Net Assets		
Without donor restrictions	2,061,659	2,640,183
With donor restrictions	39,196	233,378
Total Net Assets	<u>2,100,855</u>	<u>2,873,561</u>
Total Liabilities and Net Assets	<u>\$ 2,917,139</u>	<u>\$ 5,817,796</u>

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

ASSOCIATED BLACK CHARITIES, INC.

Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2022 and 2021

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2022	2021
Revenue and Support		
Federal grants	\$ 3,575,483	\$ 13,479,984
Contributions	1,014,420	711,680
Special events, net of direct expenses of \$0 and \$59,940, respectively	467,052	484,069
Interest income	962	22,067
Management fees and other income	860	438,598
Loss on disposal of assets	(12,750)	-
Investment income (loss), net	(187,292)	15,299
Total Revenue	4,858,735	15,151,697
Net assets released from restrictions	213,682	175,116
Total Revenue and Support	5,072,417	15,326,813
Expenses		
Program services		
HIV/AIDS Emergency Relief	3,575,082	13,479,984
Community service	3,500	19,288
Other program services	508,895	279,638
Total program services	4,087,477	13,778,910
General and administrative	1,526,761	1,177,577
Development and fundraising	36,703	111,355
Total general and administrative	1,563,464	1,288,932
Total Expenses	5,650,941	15,067,842
Change in net assets without donor restrictions	(578,524)	258,971
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	19,500	191,379
Satisfaction of restrictions	(213,682)	(175,116)
Change in net assets with donor restrictions	(194,182)	16,263
Changes in net assets	(772,706)	275,234
Net assets, beginning of year	2,873,561	2,598,327
Net Assets, End of Year	\$ 2,100,855	\$ 2,873,561

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

ASSOCIATED BLACK CHARITIES, INC.

Statement of Functional Expenses For the Year Ended December 31, 2022 with Comparative Totals for 2021

	2022							2021	
	Program Services			Total	Supporting Services		Total	Totals	Totals
	HIV/AIDS Emergency Relief	Community Service	Other Programs	Program Services	General & Administrative	Development & Fundraising	Supporting Services		
Salaries/wages	\$ 192,369	\$ -	\$ 189,446	\$ 381,815	\$ 973,656	\$ -	\$ 973,656	\$ 1,355,471	\$ 1,482,487
Fringe benefits, except taxes	12,580	-	11,727	24,307	37,695	-	37,695	62,002	58,972
Payroll taxes	14,781	-	8,977	23,758	66,607	-	66,607	90,365	110,846
Bad debt expense	-	-	3,060	3,060	1,000	-	1,000	4,060	28,000
Bank service charges	1,548	-	-	1,548	18,309	-	18,309	19,857	28,289
Contractual services	-	-	270,958	270,958	170,759	34,183	204,942	475,900	132,554
Data processing	1,659	-	-	1,659	18,449	-	18,449	20,108	13,993
Depreciation/amortization	-	-	-	-	9,056	-	9,056	9,056	14,532
Dues & subscriptions	-	-	-	-	27,104	-	27,104	27,104	22,165
General insurance	-	-	-	-	9,653	-	9,653	9,653	9,313
Grants: non-programmed	-	3,500	-	3,500	-	-	-	3,500	1,500
Grants: programs	3,337,051	-	-	3,337,051	-	-	-	3,337,051	12,905,513
Legal/accounting	1,260	-	-	1,260	51,300	-	51,300	52,560	44,991
Meetings	-	-	-	-	3,638	9	3,647	3,647	287
Miscellaneous expenses	-	-	-	-	1,626	-	1,626	1,626	609
Office supplies/expenses	422	-	4,157	4,579	3,258	-	3,258	7,837	13,022
Postage/courier	-	-	-	-	1,223	-	1,223	1,223	16
Printing	-	-	-	-	1,442	291	1,733	1,733	1,125
Promotions/publicity	-	-	9,972	9,972	9,043	2,200	11,243	21,215	9,063
Rent building	13,412	-	6,396	19,808	48,035	-	48,035	67,843	100,500
Rent: equipment/furniture	-	-	-	-	9,598	-	9,598	9,598	12,798
Repairs/maintenance	-	-	1,000	1,000	50,942	-	50,942	51,942	49,977
Staff development	-	-	2,647	2,647	1,415	-	1,415	4,062	11,618
Telephone	-	-	15	15	8,563	-	8,563	8,578	9,827
Transportation	-	-	-	-	217	20	237	237	158
Travel & lodging	-	-	-	-	-	-	-	-	1,394
Utilities	-	-	540	540	-	-	-	540	540
Workers' compensation	-	-	-	-	4,173	-	4,173	4,173	3,753
Total	\$ 3,575,082	\$ 3,500	\$ 508,895	\$ 4,087,477	\$ 1,526,761	\$ 36,703	\$ 1,563,464	\$ 5,650,941	\$ 15,067,842

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

ASSOCIATED BLACK CHARITIES, INC.

Statement of Functional Expenses For the Year Ended December 31, 2021

	Program Services			Total	Supporting Services		Total	Total
	HIV/AIDS	Community	Other	Program	General &	Development &	Supporting	Total
	Emergency Relief	Service	Programs	Services	Administrative	Fundraising	Services	Expenses
Salaries/wages	\$ 420,604	\$ 6,529	\$ 203,632	\$ 630,765	\$ 753,919	\$ 97,803	\$ 851,722	\$ 1,482,487
Fringe benefits, except taxes	27,133	-	22,262	49,395	1,209	8,368	9,577	58,972
Payroll taxes	32,249	-	6,539	38,788	66,874	5,184	72,058	110,846
Bad debt expense	-	-	-	-	28,000	-	28,000	28,000
Bank service charges	3,064	-	-	3,064	25,225	-	25,225	28,289
Contractual services	5,484	10,138	27,824	43,446	89,108	-	89,108	132,554
Data processing	6,403	-	-	6,403	7,590	-	7,590	13,993
Depreciation/amortization	-	-	-	-	14,532	-	14,532	14,532
Dues & subscriptions	390	-	1,000	1,390	20,775	-	20,775	22,165
General insurance	-	-	-	-	9,313	-	9,313	9,313
Grants: non-programmed	-	1,500	-	1,500	-	-	-	1,500
Grants: programs	12,905,513	-	-	12,905,513	-	-	-	12,905,513
Legal/accounting	22,523	-	-	22,523	22,468	-	22,468	44,991
Meetings	-	-	-	-	287	-	287	287
Office supplies/expenses	1,363	371	1,053	2,787	10,235	-	10,235	13,022
Postage/courier	-	-	-	-	16	-	16	16
Printing	-	-	-	-	1,125	-	1,125	1,125
Promotions/publicity	-	-	-	-	9,063	-	9,063	9,063
Rent building	51,725	750	14,263	66,738	33,762	-	33,762	100,500
Rent: equipment/furniture	-	-	-	-	12,798	-	12,798	12,798
Repairs/maintenance	-	-	-	-	49,977	-	49,977	49,977
Staff development	2,738	-	2,525	5,263	6,355	-	6,355	11,618
Telephone	-	-	-	-	9,827	-	9,827	9,827
The children and youth fund	-	-	-	-	-	-	-	-
Transportation	54	-	-	54	104	-	104	158
Travel & lodging	741	-	-	741	653	-	653	1,394
Utilities	-	-	540	540	-	-	-	540
Workers' compensation	-	-	-	-	3,753	-	3,753	3,753
Total	\$ 13,479,984	\$ 19,288	\$ 279,638	\$ 13,778,910	\$ 1,177,577	\$ 111,355	\$ 1,288,932	\$ 15,067,842

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

ASSOCIATED BLACK CHARITIES, INC.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ (772,706)	\$ 275,234
Adjustments to reconcile changes in net assets to net cash from operating activities:		
Depreciation	9,056	14,532
Loss on disposal of assets	12,752	-
Unrealized loss on investments	210,796	65,795
Reinvested dividend income	(32,316)	(86,460)
Effects from changes in non-cash operating assets and liabilities:		
Grants receivable, net	2,205,332	367,711
Prepaid and other assets	9,829	(3,465)
Accounts payable	(8,473)	23,046
Grants payable to providers for HIV Emergency Relief Grant Program – Ryan White	(2,130,181)	(143,495)
Accrued expenses and other liabilities	(39,826)	(107,180)
Deferred revenue	-	(219,831)
Net Cash Flows from Operating Activities	<u>(535,737)</u>	<u>185,887</u>
Cash Flows from Investing Activities		
Purchase of investments	(480,759)	(745,629)
Sale of investments	497,586	-
Purchase of property and equipment	-	(15,788)
Net Cash Flows from Investing Activities	<u>16,827</u>	<u>(761,417)</u>
Net change in cash and cash equivalents	(518,910)	(575,530)
Cash and cash equivalents, beginning of year	2,423,793	2,999,323
Cash and Cash Equivalents, End of Year	<u>\$ 1,904,883</u>	<u>\$ 2,423,793</u>

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

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

1. BACKGROUND OF THE ORGANIZATION

Associated Black Charities, Inc. (the Organization) is a nonprofit organization incorporated under the laws of the State of Maryland in August 1985, and subsequently commenced operations on January 1, 1986. It is a catalyst for community development and problem solving. The Organization's mission is to represent and respond to those issues and concerns which are of special significance to the African American community. The Organization accepts a major role for raising and allocating funds, acting as a coordinating body for the delivery of health and human services, and fostering the involvement and leadership of African Americans in various aspects of policy-making and resource development.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Fair Value of Financial Instruments

Financial instruments consist of cash equivalents, investments, receivables and payables. The carrying value of the Organization's financial instruments in the accompanying statements of financial position approximated their respective estimated fair values as of December 31, 2022 and 2021. Fair values are estimated based on current market rates, prices or liquidation value.

Cash and Cash Equivalents

Cash and cash equivalents include amounts invested in highly liquid investments with original maturities of three months or less. Cash equivalents consisted of money market funds as of December 31, 2022 and 2021.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants Receivable

The Organization receives grants from various entities and records amounts due as a receivable when earned. As of December 31, 2021, the majority of the receivables related to amounts owed by the Baltimore City Health Department under the HIV/AIDS Emergency Relief Grant Program – Ryan White (the Grantor) for invoices submitted and not paid. In February 2022, the Board of Directors voted to discontinue the HIV/AIDS Emergency Relief Program effective March 31, 2022. The Organization wrapped up operations related to the program in August 2022. As of December 31, 2022, there are no funds receivable or payable related to the program.

Estimated losses were based on historical collection experience and the review of the current status of existing grants receivable. As of December 31, 2021, management believed all receivables were fully collectible. As such, there was no reserve recorded as of December 31, 2021.

Loans and Note Receivable, Net

The Organization has a program which provides resources focused on enhancing human capital through the development of economic opportunities. The outstanding loans were a part of the transfer of assets from Empower Baltimore Management Corporation (EBMC) that occurred during the fiscal year ended December 31, 2013. Loans and notes receivable were fully reserved as of December 31, 2022. The Organization has recorded these outstanding loans as an asset and recognized a related liability. The related liability represents deferred revenue for net outstanding loans plus cash on hand from this program. Loans are stated at the amount of unpaid principal adjusted for any write-offs and reserves for estimated uncollectible loans.

Once the funds are collected, the proceeds will be used by the Organization to promote workforce development programs and cover operating expenses. The amounts spent will be recognized as other income and the deferred revenue will be reduced.

The allowance for loan losses is established through a provision for loan losses when management believes that repayment of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb estimated losses on existing loans that may be uncollectible as of year-end, based on current factors and prior loan loss experience. As of December 31, 2022 and 2021, all loans were non-performing with outstanding balances of \$43,235, with interest rates ranging from 4% to 8.5%. Management has not accrued interest on these loans in the accompanying financial statements.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Loans and Note Receivable, Net (continued)

While management uses the best information available to make its evaluation, future adjustments to the allowance may be necessary if there are significant changes in the factors considered, such as the economic condition of the borrower or certain related industry concentrations. As of December 31, 2022 and 2021, an allowance for loan losses was recorded in the amount of \$43,235.

Fair Value Measurements

Accounting principles generally accepted in the United States of America establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment in excess of \$500 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.

Right of Use Asset and Lease Liability

The Organization records a right of use asset related to the facility where the Organization conducts its operations. The Organization's lease was recorded at \$122,502, which represented the present value of the total remaining lease payments on January 1, 2022, at adoption. The right of use asset is being amortized over the term of the lease. During the year ended December 31, 2022, the amortization expense related to the right of use asset was \$71,973 and is recorded in rent expense in the accompanying financial statements. As of December 31, 2022, the net carrying value of the right of use asset was \$50,529.

The lease liability represents the future commitments for the Organization's office lease. The term of the lease is assessed as the non-cancellable period of the lease, plus any extension options that the Organization is reasonably certain to exercise. The lease liability is discounted using the Organization's estimated borrowing rate. Costs related to maintenance and other janitorial services are expensed as incurred.

Managed Funds Payable

Managed funds payable represent a liability for funds received for the purpose of providing scholarships and donations on behalf of the donor. These funds are recorded as a liability as the Organization does not determine how the funds are used. The asset related to this liability is included in assets whose use is limited in the accompanying statements of financial position.

Deferred Revenue

Deferred revenue represents net outstanding loans plus the related cash on hand as these assets are conditional in nature and the conditions were not met as of year-end.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired. It also represents the portion of expendable funds that are available for support of the Organization's operations.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired. It also represents the portion of expendable funds that are available for support of the Organization's operations.

Restricted and Unrestricted Revenue and Support

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

Gifts of cash and other assets are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

During fiscal year 2021 and through August 2022, the Organization had grants from the grantor to provide pass-through funding to providers for services under the HIV Emergency Relief Grant Program – Ryan White. Revenue was recognized when the Organization received invoices from the providers for their services plus allowable indirect costs. Revenue recognized on the grants for which funds had not been received from the Grantor were reflected as grants receivable in the accompanying statements of financial position. Funds received in excess of submitted expenditures were recorded as deferred revenue in the accompanying statements of financial position and were recognized as revenue when the actual expenditures were incurred. The Organization is no longer the administrator of the HIV Emergency Relief Grant Program – Ryan White as of December 31, 2022. All remaining funds related to the program were disbursed in August 2022.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. General and administrative expenses include those expenses that are not directly identified with any other specific function, but provide for the overall support and direction of the Organization. All direct costs are charged to the specific program or event. Salaries and related expenses are charged based on time and effort. Indirect costs are allocated to program and supporting services based upon the direct salary allocation to each category.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. 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 Organization performed an evaluation of uncertain tax positions as of December 31, 2022 and 2021, and determined that there were no matters that would require recognition in the financial statements, or which may have any effect on its tax-exempt status.

As of December 31, 2022, the statute of limitations for fiscal years 2019 through 2022 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Liquidity and Availability of Resources

The Organization receives contributions from donors which may or may not be restricted for specific purposes. Financial assets of the Organization are primarily comprised of cash, investments, and grants receivable from donors. The Organization structures its financial assets to be available as general expenditure liabilities and other obligations come due.

To achieve this, the Organization forecasts its future cash flows and monitors its liquidity on a monthly basis. Management and the Board have been monitoring the Organization's cash balances to ensure that there is at least 3 months of working capital available throughout the year.

The following table summarizes the Organization'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 as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,904,883	\$ 2,423,793
Investments	832,783	1,028,090
Grants receivable, net	10,159	2,215,491
Available financial assets	<u>2,747,825</u>	<u>5,667,374</u>
Less financial assets unavailable for expenditures:		
Restricted by donor with time or purpose restrictions	<u>39,196</u>	<u>233,378</u>
Net available financial assets	<u>\$ 2,708,629</u>	<u>\$ 5,433,996</u>

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Pronouncements Implemented

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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. The Organization adopted this ASU for the fiscal year ended December 31, 2022. The implementation resulted in a right of use asset and lease liability of \$122,502 as of January 1, 2022.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard will require the presentation of contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash or other financial assets. The Organization adopted this ASU for the fiscal year ended December 31, 2022. The implementation of this standard did not have a material effect on the accompanying financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses*. The objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. This standard is effective for periods beginning after December 15, 2022.

Management is evaluating the effects of this pronouncement on the financial statements and will implement this pronouncement by its effective date.

Subsequent Events

The Organization evaluated the subsequent events and transactions through November 13, 2023, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

The following is a description of the valuation methodology used for investments measured at fair value.

Equity funds are investments in mutual funds, which are valued based on the closing price on the primary market. Fixed income funds are investments in mutual funds and commingled funds invested in fixed income instruments and are valued based on the closing price on the primary market.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

3. INVESTMENTS

The following tables set forth by level, the fair value hierarchy of the Organization's investments at fair value as of December 31, 2022 and 2021:

As of December 31, 2021				
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Fixed income	\$ 406,192	\$ -	\$ -	\$ 406,192
Equities	426,591	-	-	426,591
Total	\$ 832,783	\$ -	\$ -	\$ 832,783

As of December 31, 2020				
	Level 1	Level 2	Level 3	Total
Mutual Funds				
Fixed income	\$ 393,660	\$ -	\$ -	\$ 393,660
Equities	634,430	-	-	634,430
Total	\$ 1,028,090	\$ -	\$ -	\$ 1,028,090

For the years ended December 31, 2022 and 2021, investment income consisted of the following:

	2022	2021
Reinvested dividend income	\$ 32,316	\$ 86,460
Unrealized loss on investments	(210,796)	(65,795)
Less: investment fees	(8,812)	(5,366)
Total investment income (loss), net	\$ (187,292)	\$ 15,299

4. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2022 and 2021, consisted of the following:

	2022	2021	Useful Life
Property and equipment	\$ 73,164	\$ 182,879	5-40 years
Software	1,990	1,990	5 years
Total	75,154	184,869	
Less: accumulated depreciation	58,783	146,690	
Property and Equipment, Net	\$ 16,371	\$ 38,179	

Depreciation expense for the years ended December 31, 2022 and 2021, was \$9,056 and \$14,532, respectively.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

5. LEASE LIABILITY

On May 11, 2018, the Organization entered into a 6-year and 6-month operating lease for office space for its corporate offices in Baltimore which expires December 31, 2024. The base rent was \$9,210 per month, with a 3% escalation clause each year. In March 2022, the lease agreement was amended effective June 30, 2022, to relocate the corporate offices. The new base rent is \$2,066 per month starting July 1, 2022, with a 3% escalation clause each year. The lease term still expires December 31, 2024.

Future minimum payments under the lease, as of December 31, 2022, were as follows:

Years Ending December 31,	Amount
2023	\$ 25,164
2024	25,920
Total	51,084
Less: amounts representing interest	555
Total	\$ 50,529

6. NET ASSETS WITH DONOR RESTRICTIONS

With donor restrictions net assets as of December 31, 2022 and 2021, consisted of the following:

	2022	2021
Annie E Casey Grant	\$ 17,000	\$ 87,355
United Way of Central Maryland	-	64,658
PNC	-	4,866
Other	2,500	2,500
Pepsi	-	20,000
Capital One	19,696	53,999
Total	\$ 39,196	\$ 233,378

7. COMMITMENTS AND CONTINGENCIES

Concentration of Risk

The Organization's primary revenue source was a Federal grant. For the years ended December 31, 2022 and 2021, the Organization earned \$3,575,583 and \$13,479,984, respectively, from the Grantor, which was 73% and 88%, respectively, of total revenue. A reduction in funding level could have a significant impact on the Organization. The Organization's grant from the government provided pass-through funding to providers for services under the HIV Emergency Relief Grant Program – Ryan White. Most grants and cost-reimbursable contracts specify the types of expenditures for which the grant or contract funds may be used. As described in Note 2, this program was discontinued in March 2022.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Financial Statements December 31, 2022 and 2021

7. COMMITMENTS AND CONTINGENCIES (continued)

Concentration of Risk (continued)

Certain expenses of these funds are subject to audit by the Grantor, and to the extent an audit determines any expenses were disallowed, the amount is subject to refund to the Grantor. Management does not believe any refund, if required as of December 31, 2022 and 2021, would be material to the financial statements as a whole.

8. RETIREMENT SAVINGS PLANS

The Thrift Plan is qualified under section 403(b) of the Internal Revenue Code. Employees are eligible to participate after completing one year of service and they must be at least 21 years of age. There were no contributions for the year ended December 31, 2022. Total contributions for the year ended December 31, 2021, were \$13,002.

SUPPLEMENTARY INFORMATION



**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS
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 of the
Associated Black Charities, 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 financial statements of Associated Black Charities, Inc. (the Organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated November 13, 2023.

Report on Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal controls over financial reporting (internal controls) 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 Organization's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal controls.

A deficiency in internal controls 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Organization's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal controls or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, MD
November 13, 2023

SB & Company, LLC



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

To the Board of Directors of the
Associated Black Charities, Inc.

Opinion on Each Major Federal Program

We have audited Associated Black Charities, Inc. (the Organization's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major Federal program for the year ended December 31, 2022. The Organization's major Federal program is identified in the summary of independent public accountant's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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



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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major Federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal controls over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal controls over compliance. Accordingly, no such opinion is expressed.

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



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Other Matters

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 2022-002. Our opinion on the major federal program is not modified with respect to this matter. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Controls Over Compliance

Our consideration of internal controls over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal controls over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal controls 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls 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 controls over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our audit described in the



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accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal controls over compliance is solely to describe the scope of our testing of internal controls 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, MD
November 13, 2023

SB & Company, LLC

ASSOCIATED BLACK CHARITIES, INC.

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022**

Federal Department / Grant Program	Federal Assistance Listing	Pass-through Entity Identification Number	Federal Expenditures	Amount Passed Through to Subrecipients
U.S. Department of Health and Human Services Passed through the Baltimore City Health Department: HIV Emergency Relief Project Grants	93.914	H89HA00017	\$ 3,575,483	\$ 3,337,051

The accompanying notes are an integral part of this schedule.

ASSOCIATED BLACK CHARITIES, INC.

Notes to the Schedule of Expenditures of Federal Awards December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Associated Black Charities, Inc. (the Organization) 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* (the Single Audit) for the year ended December 31, 2022. 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 major grant program noted below. The program on the schedule of expenditures of Federal awards represent all Federal award programs for fiscal year 2022 cash or non-cash expenditure activities. For our single audit testing, we tested Federal award programs to ensure coverage of at least 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* (the Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Management has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Program</u>	<u>Federal Assistance Listing</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Passed through the Baltimore City Health Department:		
HIV Emergency Relief Project Grants	93.914	<u>\$ 3,575,483</u>

2. BASIS OF PRESENTATION

The accompanying Schedule includes the Federal award activity of the Organization under programs of the Federal government for the year ended December 31, 2022 and is recorded on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance.

ASSOCIATED BLACK CHARITIES, INC.

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2022

Section I – Summary of Independent Public Accountants' Results

Financial Statements

Type of independent public accountants' report issued on whether the financial statements were prepared in accordance with GAAP	Unmodified
---	------------

Internal controls over financial reporting:

Material weakness(es) identified?	No
-----------------------------------	----

Significant deficiency(ies) identified?	Yes
---	-----

Noncompliance material to the financial statements noted?	No
---	----

Federal Awards

Type of independent public accountants report issued on compliance for major Federal program	Unmodified
--	------------

Internal controls over major Federal program:

Material weakness(es) identified?	No
-----------------------------------	----

Significant deficiency(ies) identified?	Yes
---	-----

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
--	-----

<u>Major Federal Program</u>	<u>Assistance Listing</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services		
Passed through the Baltimore City Health Department:		
HIV Emergency Relief Project Grants	93.914	<u>\$ 3,575,483</u>

Threshold for distinguishing between Type A and B programs	\$ 750,000
--	------------

Did the Organization qualify as a low risk auditee?	Yes
---	-----

ASSOCIATED BLACK CHARITIES, INC.

**Schedule of Current Year Findings and Questioned Costs
For the Year Ended December 31, 2022**

Section II – Financial Statement Findings

See Finding 2022-001.

Section III – Federal Award Findings

See Finding 2022-002.

ASSOCIATED BLACK CHARITIES, INC.

**Schedule of Current Year Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022**

Finding 2022-001

U.S. Department of Health and Human Services

Programs: All

Significant Deficiency over Financial Reporting

Repeat Finding: No

Condition:

The Organization could not readily locate and provide supporting documentation for 2022 financial transactions.

Criteria:

Entities must maintain an adequate system of internal controls over financial reporting to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles. Entities must also maintain support for all financial transactions.

Cause:

The Organization experienced significant turnover in key management positions during fiscal year 2022. As a result, supporting documentation for financial transactions could not be located initially and were not readily available.

Effect:

Supporting documentation for financial transactions was not readily available for review which delayed the financial report process and the audit process, including late submission of the Single Audit.

Questioned Costs:

None.

Recommendation:

We recommend that the Organization ensure appropriate training, knowledge transfer, and succession planning within the organization to ensure that turnover in key management positions does not cause disruption to operations or financial reporting. We also recommend that the Organization review and update monthly and year-end financial reporting procedures and checklists as necessary, to assist in the preparation of financial records, and develop policies around document retention and storage to ensure supporting documentation can be readily located and accessed when needed.

Management's Response and Corrective Action Plan

Management agrees with the finding. See schedule of corrective action.

ASSOCIATED BLACK CHARITIES, INC.

**Schedule of Current Year Findings and Questioned Costs (continued)
For the Year Ended December 31, 2022**

Finding 2022-002

U.S. Department of Health and Human Services

Programs: 93.914 – HIV Emergency Relief Project Grants

Type of Finding: Noncompliance and Significant Deficiency

Compliance Requirement: Timely Submission of Reporting Package and Data Collection Form

Repeat Finding: No

Condition:

The Data Collection Form for the year ended December 31, 2022, was due for submission to the Federal Audit Clearing House by September 30, 2023 and was not submitted by that date.

Criteria:

In accordance with 2 CFR § 200.512, the audit must be completed and the data collection form must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Cause:

The Organization experienced significant turnover in key management positions during fiscal year 2022. As a result, supporting documentation for financial transactions could not be located initially and were not readily available, which delayed the financial reporting process.

Effect:

Because of the late submission of the audit reports, the reporting package was not made available to users in a timely manner.

Questioned Costs:

None.

Recommendation:

We recommended that the Organization develop procedures to ensure that future reporting packages are submitted within the earlier of 30 days after receipt of the auditor's reports, or nine months after the end of the audit period. We also recommend that the Organization ensure appropriate training, knowledge transfer, and succession planning within the organization to ensure that turnover in key management positions does not cause disruption to operations or financial reporting.

Management's Response and Corrective Action Plan

Management agrees with the finding. See schedule of corrective action.

ASSOCIATED BLACK CHARITIES, INC.

Schedule of Corrective Action Plans For the Year Ended December 31, 2022



President and CEO
Chrissy M. Thornton

November 9, 2023

Board of Directors

Tawana Bhagwat, Chair
Organization At Its Best, Inc.

Tony W. Torain, II, Esquire 1st
Vice Chair
Polsinelli

Kenneth Grant, Treasurer
Retired Healthcare Executive

Zed Smith, Secretary
The Cordish Companies

Byron T. Deese, Development Chair
Glass Jacobson Financial Group

Laurie Benner
National Fair Housing Alliance

Allyson Black
BGE

Michelle M. Brown, MBA
Fulton Bank

Natasha M. Dartigue, Esquire
Maryland Office of Public Defender

Jean-Claude Fresnel
Lenserf & Co

Cheo Hurley
THG Companies LLC

Brandon Lockett
Neutron Engineering LLC

Cylin Lowe-Smith, Esquire
Federal Government

Thibault Manekin
Seawall Development

Kishka F. McClain, Esquire
MedStar Health

Jason Murphy
Murphy Enterprises, LLL

Christopher "Chris" R. Rockey
PNC Bank

Taber J. Small
Wesbanco Bank

Granville Templeton, Esquire
Templeton Law

To: **Monique Booker**, CPA, Founding Partner
Stephen Mackall, CPA, Partner
SB & Company, LLC

From: **Travis Curtis**, Director of Finance

Subject: Finding 2021-001: Financial Statement Findings - Timely Submission of Reporting Package and Data Collection Form

In 2022 and into 2023, there was a significant restructuring of our management team, which resulted in challenges when trying to locate files from the prior administration. In response, management is in the process of formulating new policies and procedures (in addition to the Financial Policies and Procedures implemented in May 2023) specifically designed to address succession planning. The objective is to ensure that critical company knowledge is not concentrated in the hands of a single individual but is instead securely stored on a centralized drive. This approach will facilitate a smoother transition when onboarding new management personnel.

Planned Implementation Date of Corrective Action: December 2023

I, Travis Curtis, will be responsible for the corrective action plan mentioned above.

X  11/9/23

Travis Curtis Date

ASSOCIATED BLACK CHARITIES, INC.

Schedule of Corrective Action Plans (continued) For the Year Ended December 31, 2022



President and CEO
Chrissy M. Thornton

November 9, 2023

Board of Directors

Tawana Bhagwat, Chair
Organization At Its Best, Inc.

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Lenserf & Co

Cheo Hurley
THG Companies LLC

Brandon Lockett
Neutron Engineering LLC

Cylia Lowe-Smith, Esquire
Federal Government

Thibault Manekin
Seawall Development

Kishka F. McClain, Esquire
MedStar Health

Jason Murphy
Murphy Enterprises, LLL

Christopher "Chris" R. Rockey
PNC Bank

Taber J. Small
Wesbanco Bank

Granville Templeton, Esquire
Templeton Law

To: **Monique Booker, CPA**, Founding Partner
Stephen Mackall, CPA, Partner
SB & Company, LLC

From: **Travis Curtis**, Director of Finance

Subject: Finding 2021-002: Federal Award Finding - Financial Statement Findings - Timely Submission of Reporting Package and Data Collection Form

In 2022, the Federal Award manager at Associated Black Charities departed mid-year, leading to considerable confusion among the existing management. As we transitioned into 2023, the entire management team underwent changes, resulting in the loss of crucial knowledge about the existing filing system from previous years. With the introduction of new leadership, we are now poised to implement fresh policies and procedures to address our succession planning needs. These updated protocols will outline the process for filing essential information and its specific location, ultimately expediting the audit process.

Planned Implementation Date of Corrective Action: December 2023

I, Travis Curtis, will be responsible for the corrective action plan mentioned above.

X  11/9/23
Travis Curtis Date

ASSOCIATED BLACK CHARITIES, INC.

**Schedule of Prior Year Findings and Questioned Costs
For the Year Ended December 31, 2022**

There were no findings noted during the 2021 single audit.