

BLOOMINGDALE FAMILY PROGRAM, INC.

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORTS**

JUNE 30, 2017 AND 2016

BLOOMINGDALE FAMILY PROGRAM, INC.

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**Independent Auditor's Report on Financial Statements
and Supplementary Information**

**Board of Directors
Bloomingdale Family Program, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of Bloomingdale Family Program, Inc., which comprise the balance sheet as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bloomingdale Family Program, Inc. as of June 30, 2017 and 2016, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 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* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2018 on our consideration of Bloomingdale Family Program, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Bloomingdale Family Program, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bloomingdale Family Program, Inc.'s internal control over financial reporting and compliance.

Loeb & Troper LLP

April 20, 2018, except for the schedule
of expenditures of federal awards, as
to which the date is July 25, 2018

EXHIBIT A**BLOOMINGDALE FAMILY PROGRAM, INC.****BALANCE SHEET****JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ 200,012	\$ 2,889
Grants receivable	276,974	425,999
Prepaid expenses and deposits	15,089	15,749
Fixed assets (Note 3)	<u>51,554</u>	<u>51,467</u>
Total assets	<u>\$ 543,629</u>	<u>\$ 496,104</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 238,112	\$ 346,300
Accrued salaries and related liabilities	49,607	61,478
Deferred rent payable (Note 8)	44,537	33,853
Line of credit payable (Note 4)	68,144	98,819
Due to government agencies (Note 5)	<u>299,565</u>	<u>148,514</u>
Total liabilities	699,965	688,964
Net assets (deficit) - unrestricted (Exhibit B)	<u>(156,336)</u>	<u>(192,860)</u>
Total liabilities and net assets	<u>\$ 543,629</u>	<u>\$ 496,104</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT B**BLOOMINGDALE FAMILY PROGRAM, INC.****STATEMENT OF ACTIVITIES****YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Revenues		
Government grants	\$ 2,861,338	\$ 2,751,867
Program fees	14,389	54,917
Foundation and corporate contributions	450,960	491,365
Contributions from individuals	64,587	66,294
In-kind contributions (Note 6)	489,034	438,581
Special event	\$ 25,770	\$ 51,498
Less direct costs of special event	<u>(23,964)</u>	<u>(32,714)</u>
Net gain from special event	<u>1,806</u>	<u>18,784</u>
Total revenues	<u>3,882,114</u>	<u>3,821,808</u>
Expenses (Exhibit C)		
Program service - preschool	<u>3,319,723</u>	<u>3,284,032</u>
Supporting services		
Management and general	441,638	421,605
Fund raising	<u>84,229</u>	<u>98,721</u>
Total supporting services	<u>525,867</u>	<u>520,326</u>
Total expenses	<u>3,845,590</u>	<u>3,804,358</u>
Change in unrestricted net assets (Exhibit D)	36,524	17,450
Net assets (deficit) - beginning of year	<u>(192,860)</u>	<u>(210,310)</u>
Net assets (deficit) - end of year (Exhibit A)	<u>\$ (156,336)</u>	<u>\$ (192,860)</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

BLOOMINGDALE FAMILY PROGRAM, INC.

EXHIBIT C

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2017 AND 2016

	2017				
	Program Service - Preschool	Management and General	Fund Raising	Direct Costs of Special Event	Total
Salaries	\$ 1,562,931	\$ 251,660	\$ 60,000		\$ 1,874,591
Payroll taxes and employee benefits	412,420	66,406	15,833		494,659
Professional fees	188,122	58,347	790		247,259
Rent (Note 8)	313,893	16,608	1,661		332,162
In-kind rent (Note 6)	467,679	18,881	2,474		489,034
Utilities	68,741	3,637	364		72,742
Dues and subscriptions	847	131			978
Insurance	25,957	4,180	996		31,133
Supplies	176,821	7,090	1,691		185,602
Telephone and internet	29,147	1,542	154		30,843
Repairs and maintenance	50,183	2,655	266		53,104
Interest		7,715			7,715
Staff development and recruiting	8,503	1,319			9,822
Travel	3,047	473			3,520
Catering, venue and entertainment				\$ 23,964	23,964
Depreciation and amortization	7,593	400			7,993
Miscellaneous	3,839	594			4,433
Total expenses	3,319,723	441,638	84,229	23,964	3,869,554
Less expenses deducted directly from revenues					
Direct costs of special event				(23,964)	(23,964)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 3,319,723	\$ 441,638	\$ 84,229	\$ -	\$ 3,845,590

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BLOOMINGDALE FAMILY PROGRAM, INC.

EXHIBIT C

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STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2017 AND 2016

	2016				
	Program Service - Preschool	Management and General	Fund Raising	Direct Costs of Special Event	Total
Salaries	\$ 1,710,238	\$ 218,794	\$ 60,000		\$ 1,989,032
Payroll taxes and employee benefits	418,882	53,578	14,612		487,072
Professional fees	77,123	66,983	17,500		161,606
Rent (Note 8)	314,808	16,656	1,666		333,130
In-kind rent (Note 6)	381,384	20,179	2,018		403,581
Utilities	69,424	3,674	367		73,465
Dues and subscriptions	1,536	190			1,726
Insurance	16,851	2,155	588		19,594
Supplies	191,171	5,627	1,535		198,333
Telephone and internet	22,353	1,183	118		23,654
Repairs and maintenance	59,854	3,167	317		63,338
Interest		7,871			7,871
Staff development and recruiting	6,747	834			7,581
Travel	1,803	223			2,026
Catering, venue and entertainment				\$ 32,714	32,714
Depreciation and amortization	6,826	359			7,185
Bad debt		19,510			19,510
Miscellaneous	5,032	622			5,654
Total expenses	3,284,032	421,605	98,721	32,714	3,837,072
Less expenses deducted directly from revenues					
Direct costs of special event				(32,714)	(32,714)
Total expenses reported by function on the statement of activities (Exhibit B)	\$ 3,284,032	\$ 421,605	\$ 98,721	\$ -	\$ 3,804,358

See independent auditor's report.

The accompanying notes are an integral part of these statements.

EXHIBIT D**BLOOMINGDALE FAMILY PROGRAM, INC.****STATEMENT OF CASH FLOWS****YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 36,524	\$ 17,450
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	7,993	7,185
Decrease (increase) in assets		
Grants receivable	149,025	(290,986)
Prepaid expenses and deposits	660	17,316
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(108,188)	62,265
Accrued salaries and related liabilities	(11,871)	43,861
Deferred rent payable	10,684	7,150
Due to government agencies	151,051	(3,107)
Net cash provided (used) by operating activities	<u>235,878</u>	<u>(138,866)</u>
Cash flows from investing activities		
Fixed asset acquisitions	<u>(8,080)</u>	
Cash flows from financing activities		
Proceeds from line of credit	5,000	61,100
Principal payments on line of credit	<u>(35,675)</u>	<u>(42,042)</u>
Net cash provided (used) by financing activities	<u>(30,675)</u>	<u>19,058</u>
Net change in cash	197,123	(119,808)
Cash - beginning of year	<u>2,889</u>	<u>122,697</u>
Cash - end of year	<u>\$ 200,012</u>	<u>\$ 2,889</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 7,715</u>	<u>\$ 7,871</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

BLOOMINGDALE FAMILY PROGRAM, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

NOTE 1 - NATURE OF ORGANIZATION

Bloomingtondale Family Program, Inc. (Bloomingtondale) is a community-based non-profit organization that provides quality early childhood education and other related services to low income preschool children and their families in upper Manhattan. Founded in 1960, Bloomingtondale delivers comprehensive educational services to two-, three- and four-year-olds in three locations, and continues to serve the children after they transition into the community's elementary schools.

The primary sources of revenue are government grants and contributions.

Bloomingtondale is a not-for-profit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

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 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.

Grants receivable - Grants receivable are recorded when services are rendered. Interest is not recorded on outstanding receivables.

Allowance for doubtful accounts - Bloomingtondale determines whether an allowance for uncollectibles should be provided for grants receivable. Such estimates are based on management's assessment of the aged basis of its receivables and other sources, current economic conditions and historical information. Grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. As of June 30, 2017 and 2016, Bloomingtondale had no allowance for doubtful accounts.

Fixed assets - Fixed assets with a cost of \$3,000 or greater whose useful life is more than one year are capitalized and depreciated over their estimated useful lives on the straight-line method. Leasehold improvements are amortized over the shorter of their useful lives, or the term of the lease.

Due to government agencies - Due to government agencies includes overpayments and advances from funders, which are contractually owed back.

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BLOOMINGDALE FAMILY PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Unrestricted net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors.

Government grants - Revenues from government agencies are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred. Performance-based grants are recognized as milestones are achieved.

Program fees - Program fees are fees paid by parents, which are recognized as earned.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same fiscal year are reflected as unrestricted revenues.

Special events - Bloomingdale conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenue in the accompanying statement of activities.

In-kind contributions - In-kind contributions are recorded at their estimated fair value.

Rent expense - All operating leases are reflected on the straight-line basis. Deferred rent is recorded when there are material differences between the expense and paid amounts.

Functional allocation of expenses - The costs of providing services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Uncertainty in income taxes - Bloomingdale adopted the provision pertaining to uncertain tax positions and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending June 30, 2014 and subsequent remain subject to examination by applicable taxing authorities.

Subsequent events - Subsequent events have been evaluated through April 20, 2018, which is the date the financial statements were available to be issued.

Reclassification - In-kind rent that was combined with rent on the statement of functional expenses at June 30, 2016 has been segregated to conform to the 2017 presentation.

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BLOOMINGDALE FAMILY PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****NOTE 3 - FIXED ASSETS**

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 59,260	\$ 51,180	5 - 15 years
Furniture and equipment	<u>15,688</u>	<u>15,688</u>	5 - 15 years
	74,948	66,868	
Less accumulated depreciation and amortization	<u>(23,394)</u>	<u>(15,401)</u>	
	<u>\$ 51,554</u>	<u>\$ 51,467</u>	

NOTE 4 - LINE OF CREDIT

Bloomingtondale has an annually renewable line of credit for \$100,000 with Citibank, N.A. The line of credit renews on November 2nd each year. The outstanding balances on the line of credit bear interest at Prime plus 5.25%, which was 9.5% and 8.75% at June 30, 2017 and 2016, respectively. The balance was \$68,144 and \$98,819 at June 30, 2017 and 2016, respectively. The line of credit is collateralized by all the assets of Bloomingtondale, which totaled \$543,629 and \$496,104 at June 30, 2017 and 2016, respectively. Interest expense on the line of credit was \$7,715 and \$7,871 in 2017 and 2016, respectively.

NOTE 5 - DUE TO GOVERNMENT AGENCIES

Bloomingtondale had a liability to the NYC Administration for Children's Services (ACS) for the following amounts:

	<u>2017</u>	<u>2016</u>
FY 2009 disallowances	\$ 107,898	\$ 107,898
Advances payable	<u>191,667</u>	<u>40,616</u>
Total	<u>\$ 299,565</u>	<u>\$ 148,514</u>

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BLOOMINGDALE FAMILY PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****NOTE 6 - IN-KIND CONTRIBUTIONS**

One of Bloomingdale's sites was leased at a below-market rate. For the years ended June 30, 2017 and 2016, respectively, the difference between the appraised fair value of the rent and the lease was \$489,034 and \$403,581.

In 2016, Bloomingdale received in-kind professional services to create a strategic plan. These services were valued at \$35,000.

NOTE 7 - PENSION PLAN

Bloomingdale established a Section 403(b) retirement plan covering all eligible employees. Pension expense for the years ended June 30, 2017 and 2016 was \$137,773 and \$140,406, respectively.

NOTE 8 - LEASE COMMITMENTS

Bloomingdale entered into a noncancelable operating lease agreement for office and classroom space on 109th Street. The lease expires in June 2018. Monthly rental payments are subject to annual increases. As of the date of these financial statements, Bloomingdale has not extended this lease.

Bloomingdale entered into a noncancelable operating lease agreement for classroom space on 107th Street. The lease expires in December 2019. Monthly rental payments are subject to annual increases.

Bloomingdale entered into a noncancelable operating lease agreement for five classrooms on Columbus Avenue. The lease expires in January 2025. Monthly rental payments are subject to annual increases.

Bloomingdale entered into a noncancelable operating lease agreement for one additional classroom on Columbus Avenue. The lease expires in January 2025. Monthly rental payments are subject to annual increases.

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BLOOMINGDALE FAMILY PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****NOTE 8 - LEASE COMMITMENTS (continued)**

Future minimum payments are due as follows:

2018	\$ 328,703
2019	220,926
2020	169,181
2021	115,335
2022	118,795
Thereafter	<u>323,175</u>
Total	\$ <u>1,276,115</u>

Bloomingtondale leases office equipment under a noncancelable operating lease agreement which expires in November 2022. Rental expense for the years ended June 30, 2017 and 2016 was \$10,248 and \$10,200, respectively.

The minimum annual lease payments are as follows:

2018	\$ 10,320
2019	10,344
2020	10,344
2021	10,344
2022	10,344
Thereafter	<u>4,310</u>
Total	\$ <u>56,006</u>

NOTE 9 - CONCENTRATION

A significant portion of Bloomingtondale's revenues and receivables are funded through ACS EarlyLearn and Robin Hood Foundation. The outstanding grants revenues and receivables from these funders are as follows:

	2017	
	Revenues	Receivables
ACS EarlyLearn	\$ 2,740,446	\$ 267,720
Robin Hood Foundation	386,000	-

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BLOOMINGDALE FAMILY PROGRAM, INC.**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2017 AND 2016****NOTE 9 - CONCENTRATION (continued)**

	2016	
	Revenues	Receivables
ACS EarlyLearn	\$ 2,652,366	\$ 414,636
Robin Hood Foundation	319,000	
Robin Hood Foundation made possible by the Joan Ganz Cooney & Holly Peterson Fund	50,000	

BLOOMINGDALE FAMILY PROGRAM, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Health and Human Services Administration for Children and Families Head Start Passed through the City of New York Administration for Children's Services	93.600	806	\$ <u>1,894,360</u>
Total U.S. Department of Health and Human Services			<u>1,894,360</u>
U.S. Department of Agriculture Child and Adult Care Food Program (CACFP) Pass-through program from New York State Department of Health	10.558	3456	<u>106,782</u>
Total U.S. Department of Agriculture			<u>106,782</u>
Total expenditures of federal awards			\$ <u><u>2,001,142</u></u>

See independent auditor's report.

The accompanying notes are an integral part of this schedule.

BLOOMINGDALE FAMILY PROGRAM, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Bloomingdale Family Program, Inc. under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bloomingdale Family Program, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Bloomingdale Family Program, 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 or are limited as to reimbursement. Negative amounts 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

There were no payments made to subrecipients for federal awards received during the year ended June 30, 2017.

NOTE 4 - INDIRECT COST RATE

Bloomingdale Family Program, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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**

Independent Auditor's Report

**Board of Directors
Bloomingdale Family Program, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bloomingdale Family Program, Inc., which comprise the balance sheet as of June 30, 2017 and 2016, and the related statements of activities, 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 April 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bloomingdale Family Program, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Bloomingdale Family Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Bloomingdale Family Program, 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (2017-001 through 2017-004).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bloomingdale Family Program, 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*.

Bloomingdale Family Program, Inc.'s Response to Findings

Bloomingdale Family Program, Inc.'s response to the findings identified in our audit is described in the accompanying corrective action plan. Bloomingdale Family Program, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Loeb & Troper LLP

April 20, 2018



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

Independent Auditor's Report

**Board of Directors
Bloomingtondale Family Program, Inc.**

Report on Compliance for Each Major Federal Program

We have audited Bloomingtondale Family Program, 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 Bloomingtondale Family Program, Inc.'s major federal programs for the year ended June 30, 2017. Bloomingtondale Family Program, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Bloomingtondale Family Program, 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 Bloomingtondale Family Program, 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 Bloomingdale Family Program, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Bloomingdale Family Program, 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 June 30, 2017.

Report on Internal Control Over Compliance

Management of Bloomingdale Family Program, 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 Bloomingdale Family Program, 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 and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Bloomingdale Family Program, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Loeb & Troper LLP

July 25, 2018

BLOOMINGDALE FAMILY PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

Federal Awards

Internal control over major federal programs:			
Material weakness(es) identified?	<u> </u> yes	<u> X </u> no	
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Type of auditor's report issued on compliance for major federal programs:	<u>Unmodified</u>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> yes	<u> X </u> no	

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$750,000 </u>
Auditee qualified as low-risk auditee?	<u> X </u> yes <u> </u> no

BLOOMINGDALE FAMILY PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section II - Financial Statement Findings

2017-001 Timely Close

Criteria

Books and records should be closed within 120 days of year-end.

Condition/Context

The books and records were not closed in a timely manner.

Effect

The required filing deadlines were not met.

Cause

The fiscal department did not plan effectively for the annual close.

Recommendation

Books and records should be closed within 120 days of year-end.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

BLOOMINGDALE FAMILY PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section II - Financial Statement Findings (continued)

2017-002 Account Analyses

Criteria

Management should prepare and review analyses of government grant revenue and related receivables and advances on a monthly basis, and reconcile to the general ledger control account.

Condition/Context

These analyses were not analyzed throughout the year.

Effect

Management was unable to ensure timely financial information throughout the year.

Cause

Management did not prepare and analyze these analyses on a monthly basis.

Recommendation

Management should prepare these analyses on a monthly basis.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

BLOOMINGDALE FAMILY PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section II - Financial Statement Findings (continued)

2017-003 Payroll Processing

Criteria

All payroll transactions should go through the regular payroll process.

Condition/Context

Due to cash flow considerations, a portion of some payroll checks were paid through manual payroll checks outside of the normal payroll process.

Effect

Payroll taxes were not submitted timely.

Cause

Some payroll transactions during the year did not go through the normal payroll process.

Recommendation

All payroll transactions should go through the regular payroll process.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

BLOOMINGDALE FAMILY PROGRAM, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017

Section II - Financial Statement Findings (continued)

2017-004 Corporate Credit Card

Criteria

All receipts for credit card charges should be obtained and filed with the statement.

Condition/Context

There were instances when receipts for purchases were not included with the statement.

Effect

Management could not verify that these credit card charges were reasonable.

Cause

Management did not obtain and file the necessary credit card receipts.

Recommendation

All receipts should be submitted to the fiscal department at the time of the charge and maintained with the credit card statement.

View of Responsible Officials and Planned Corrective Actions

See corrective action plan.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.



The Bloomingdale Family Program

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BLOOMINGDALE FAMILY PROGRAM, INC. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2017

2016-001 Corporate Credit Card

Finding

The credit card policy does not require charges made by the Executive Director to be reviewed by a Board member. Additionally, there were instances when receipts for purchases were not included with the statement.

Follow-up

This has been partially implemented in the current year. The portion of this finding that continues to exist is described in the Schedule of Findings and Questioned Costs item 2017-004.



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Corrective Action Plan June 30, 2017

2017-001 - Timely Close

The fiscal officer will ensure the timely closing of books and records. The Executive Director will ensure the books are closed immediately after June 30 of any given year. We will account for any adjustments, ensure entries are posted in a timely manner, and that any subsequent adjustments are accounted for.

2017-002 Account Analyses

The fiscal office will prepare monthly reports for management to review.

2017-003 Payroll Processing

We will no longer provide manual checks in order to ensure all taxes are submitted timely.

2017-004 Corporate Credit Card

The fiscal officer and management will ensure that receipts are always included with statements for purchases.