



BIRTHING BEAUTIFUL
COMMUNITIES

BIRTHING BEAUTIFUL COMMUNITIES

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Birthing Beautiful Communities
Cleveland, Ohio

Opinion

We have audited the accompanying financial statements of Birthing Beautiful Communities (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Birthing Beautiful Communities as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Birthing Beautiful Communities 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 opinions.

Prior Period Financial Statements

The financial statements of Birthing Beautiful Communities as of June 30, 2021 were audited by other auditors whose report dated on January 28, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for 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 schedule of expenditures of federal awards 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 August 2, 2023, on our consideration of Birthing Beautiful Communities' 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 Birthing Beautiful Communities' 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 Birthing Beautiful Communities' internal control over financial reporting and compliance.

McManamon & Co., LLC
Westlake, Ohio
August 2, 2023

BIRTHING BEAUTIFUL COMMUNITIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,102,273	\$ 1,344,561
Accounts receivable	695,350	613,294
Receive - employee	0	1,223
Prepaid expenses	43,074	0
Total current assets	<u>1,840,697</u>	<u>1,959,078</u>
FIXED ASSETS, at cost		
Computer equipment	19,519	0
Less accumulated depreciation	(1,308)	0
Total fixed assets	<u>18,211</u>	<u>0</u>
OTHER ASSETS		
Deposits	4,390	1,980
Total other assets	<u>4,390</u>	<u>1,980</u>
TOTAL ASSETS	<u>\$ 1,863,298</u>	<u>\$ 1,961,058</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 69,208	\$ 11,480
Other accrued expenses	6,750	0
Total current liabilities	<u>75,958</u>	<u>11,480</u>
NET ASSETS		
With donor restrictions	1,151,854	1,244,000
Without donor restrictions	635,486	705,578
Total net assets	<u>1,787,340</u>	<u>1,949,578</u>
TOTAL LIABILITIES AND EQUITY	<u>\$ 1,863,298</u>	<u>\$ 1,961,058</u>

See independent auditor's report and notes to financial statements.

BIRTHING BEAUTIFUL COMMUNITIES**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grant revenue	\$ 0	\$ 1,968,062	\$ 1,968,062
Contributions	54,223	0	54,223
Property management fees	6,500	0	6,500
Program fees	70,268	0	70,268
Miscellaneous income	21,512	0	21,512
Interest income	607	0	607
Release from restrictions	2,060,208	(2,060,208)	0
	<u>2,213,318</u>	<u>(92,146)</u>	<u>2,121,172</u>
Total revenue and support	2,213,318	(92,146)	2,121,172
EXPENSES			
Program expenses	1,973,544	0	1,973,544
Management services	300,187	0	300,187
Fundraising/development	9,679	0	9,679
	<u>2,283,410</u>	<u>0</u>	<u>2,283,410</u>
Total expenses	2,283,410	0	2,283,410
INCREASE IN NET ASSETS	(70,092)	(92,146)	(162,238)
NET ASSETS AT BEGINNING OF YEAR	<u>705,578</u>	<u>1,244,000</u>	<u>1,949,578</u>
NET ASSETS AT END OF YEAR	<u>\$ 635,486</u>	<u>\$ 1,151,854</u>	<u>\$ 1,787,340</u>

See independent auditor's report and notes to financial statements.

BIRTHING BEAUTIFUL COMMUNITIES**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS****YEAR ENDED JUNE 30, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grant revenue	\$ 0	\$ 2,438,173	\$ 2,438,173
Contributions	417,882	10,000	427,882
Property management fees	27,378	0	27,378
Program fees	20,125	0	20,125
Miscellaneous income	5,246	0	5,246
Interest income	646	0	646
Release from restrictions	1,204,173	(1,204,173)	0
	<u>1,675,450</u>	<u>1,244,000</u>	<u>2,919,450</u>
Total revenue and support	1,675,450	1,244,000	2,919,450
EXPENSES			
Program expenses	950,636	0	950,636
Management services	180,812	0	180,812
Fundraising/development	56,270	0	56,270
	<u>1,187,718</u>	<u>0</u>	<u>1,187,718</u>
Total expenses	1,187,718	0	1,187,718
DECREASE IN NET ASSETS	487,732	1,244,000	1,731,732
NET ASSETS AT BEGINNING OF YEAR	<u>217,846</u>	<u>0</u>	<u>217,846</u>
NET ASSETS AT END OF YEAR	<u>\$ 705,578</u>	<u>\$ 1,244,000</u>	<u>\$ 1,949,578</u>

See independent auditor's report and notes to financial statements.

BIRTHING BEAUTIFUL COMMUNITIES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

EXPENSES	<u>SUPPORTING SERVICES</u>			<u>Total</u>
	<u>Program expenses</u>	<u>Management services</u>	<u>Fundraising/development</u>	
Personnel expenses				
Salaries	\$ 687,075	\$ 0	\$ 0	\$ 687,075
Benefits	69,175	0	0	69,175
Retirement	3,028	0	0	3,028
Payroll taxes	55,111	2,469	0	57,580
Subcontractors	375,563	0	0	375,563
Total personnel expenses	1,189,952	2,469	0	1,192,421
Advertising	92,722	47,340	0	140,062
Bank charges	198	574	0	772
Benevolence	55,633	3,500	0	59,133
Depreciation	0	1,308	0	1,308
Donation	10,417	8,971	0	19,388
Dues and subscriptions	13,504	2,465	576	16,545
Education and training	89,910	11,900	0	101,810
Events	21,651	0	6,703	28,354
Grant expenses	148,444	13,288	1,900	163,632
Insurance	4,380	0	0	4,380
Miscellaneous	5	2,327	0	2,332
Office supplies and expense	9,316	5,397	0	14,713
Occupancy	31,038	0	0	31,038
Postage	585	5,025	0	5,610
Payroll processing	144	2,382	0	2,526
Printing	4,478	0	0	4,478
Professional fees	263,707	41,425	500	305,632
Telephone	9,750	2,320	0	12,070
Travel and meetings	27,710	149,496	0	177,206
	<u>\$ 1,973,544</u>	<u>\$ 300,187</u>	<u>\$ 9,679</u>	<u>\$ 2,283,410</u>

See independent auditor's report and notes to financial statements.

BIRTHING BEAUTIFUL COMMUNITIES

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

EXPENSES	<u>SUPPORTING SERVICES</u>			<u>TOTALS</u>
	<u>Program expenses</u>	<u>Management services</u>	<u>Fundraising/development</u>	
Personnel expenses				
Salaries	\$ 363,444	\$ 38,534	\$ 44,721	\$ 446,699
Benefits	22,406	26,891	6,386	55,683
Payroll taxes	30,987	5,310	4,322	40,619
Subcontractors	274,378	615	0	274,993
Total personnel expenses	<u>691,215</u>	<u>71,350</u>	<u>55,429</u>	<u>817,994</u>
Advertising	38,850	15,419	0	54,269
Bank charges	0	415	5	420
Benevolence	13,198	0	0	13,198
Donation	12,312	0	0	12,312
Dues and subscriptions	11,975	533	0	12,508
Education and training	33,103	0	0	33,103
Grant expenses	55,154	4,640	0	59,794
Insurance	2,212	3,142	0	5,354
Interest expense	0	1,824	0	1,824
Miscellaneous	0	18,278	0	18,278
Office supplies and expense	0	10,255	0	10,255
Occupancy	16,156	7,924	0	24,080
Postage	116	64	0	180
Payroll processing	1,199	2,116	0	3,315
Printing	5,019	1,397	0	6,416
Professional fees	54,316	42,235	0	96,551
Telephone	9,469	1,220	836	11,525
Travel and meetings	6,342	0	0	6,342
Training	0	0	0	0
	<u>\$ 950,636</u>	<u>\$ 180,812</u>	<u>\$ 56,270</u>	<u>\$ 1,187,718</u>

See independent auditor's report and notes to financial statements.

BIRTHING BEAUTIFUL COMMUNITIES**STATEMENTS OF CASH FLOWS****YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (162,238)	\$ 1,731,732
Adjustments to reconcile net change to net cash provided by (used in) operating activities:		
Loan forgiveness	0	(139,000)
Depreciation expense	1,308	0
Decrease (Increase) in operating assets:		
Accounts and grants receivable	(80,833)	(539,255)
Deposits	(2,410)	(980)
Prepaid expenses	(43,074)	0
Increase (Decrease) in operating liabilities:		
Accounts payable	57,728	733
Accrued liabilities	6,750	(6,411)
NET CASH FROM OPERATING ACTIVITIES	<u>(222,769)</u>	<u>1,046,819</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(19,519)</u>	<u>0</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(19,519)</u>	<u>0</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	(242,288)	1,046,819
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,344,561</u>	<u>297,742</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,102,273</u>	<u>\$ 1,344,561</u>
Supplemental information:		
Interest	<u>\$ 0</u>	<u>\$ 1,824</u>

See independent auditor's report and notes to financial statements.

BIRTHING BEAUTIFUL COMMUNITIES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE A – DESCRIPTION OF ORGANIZATION

Birthing Beautiful Communities (BBC) is a non-profit organization incorporated under the laws of the State of Ohio. The mission of the BBC is to address and improve the systemic and community structures that lead to poor birth outcomes through culture, education, advocacy, support, and engagement.

BBC is tax exempt under Internal Revenue Code Section 501(c)(3).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Methods

The accompanying financial statements have been prepared as prescribed in the American Institute of Certified Public Accountants' Guide for Not-For-Profit Organizations.

Accrual Basis

BBC records transactions on an accrual basis. Revenue (if any) is recognized when earned, support is recognized when receivable, and expenses are recognized when incurred.

Statements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC)

BBC complies with ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which requires a not-for-profit (NFP) to present on the face of the statement of financial position amounts for two classes of net assets (without donor restrictions and with donor restrictions) rather than the previously required three classes. The amendments also enhance disclosures about the amount and purposes of board designations, appropriations, and similar actions and qualitative and quantitative information that communicates how an NFP manages its liquid resources available to meet cash needs within one year of the statement of financial position date. Additional disclosures are required surrounding the amounts of expenses by both their natural classification and the method(s) used to allocate costs among program and support functions.

As required by ASU No. 2016-14, contributions received are recorded as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As of June 30, 2022 and 2021 BBC had \$1,244,000 and \$1,244,000 net assets with donor restrictions, respectively.

For fiscal year ended June 30, 2022 net assets released were \$1,968,062 all of which was released by expenditure. For fiscal year ended June 30, 2021 net assets released were \$1,204,173 of which \$308,431 were released by the passage of time and \$895,742 were released by expenditure.

BBC also complies with FASB ASC 958-605-25, which affects the timing of revenue recognition with regard to donor restricted net assets. For service contracts, if any, BBC complies with Topic 606, Revenue from Contracts with Customers.

See accompanying independent auditor's report.

BIRTHING BEAUTIFUL COMMUNITIES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Depreciation

Property and equipment (if any) are depreciated using the straight line method over estimated useful lives.

Use of Estimates

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

Contributions and Grants

Nonrestricted contributions, if any, are recorded as support when received or receivable. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Grants with donor restrictions are recorded as donor restricted grants when awarded. Some grants awarded to BBC require the fulfillment of certain specific conditions. Failure to fulfill these conditions could result in either the return of funds to the grantor or the refusal by the grantor to release additional funds pursuant to the grant.

Allocation of Expenses

Expenses are generally charged to the specific programs for which they are incurred. In some cases, however, common expenses are incurred which support the work performed under program services as well as supporting services. Such expenses are allocated among the various program services and support services based on the relationship of functionalized payroll costs to total payroll costs.

Advertising Costs

BBC expenses advertising cost when incurred.

FASB ASC 740

BBC complies with FASB ASC 740- Accounting for Uncertainty in Income Taxes. FASB ASC 740 details how companies should recognize, measure, present and disclose uncertain tax positions that have been or are expected to be taken. As such, the financial statements would reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts, if they existed. The management of BBC believes that there are no uncertain tax positions. BBC's tax years that remain subject to examination by the Internal Revenue Service are fiscal years ended June 30, 2019 and forward.

See accompanying independent auditor's report.

BIRTHING BEAUTIFUL COMMUNITIES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recently issued pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) and are adopted by the organization as of the specified effective date. Unless otherwise discussed, the organization believes that the impact of other recently issued accounting pronouncements will not have a material impact on its financial position, statements of activities, changes in net assets, and cash flows, or do not apply to the organization's operations.

Investments (if any)

Initial valuation - Pursuant to FASB ASC 958-320 and FASB ASC 958-325, BBC initially measures investments at acquisition cost (including brokerage cost and transaction fees) if they are purchased. If they are received as a donation, they are recorded at estimated fair value.

Subsequent valuation - BBC complies with FASB ASC 958-320, which requires investments in equity securities with readily determined fair value and all investments in debt securities to be measured at fair value in the statement of financial position. With regard to other investments, such as real estate, BBC values the investment at lower of cost or managements estimate of fair value.

Valuation hierarchy - FASB ASC 820-10-50 Fair Value Measurements and Disclosures requires categorization of applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). For BBC the financial assets and liabilities reported at fair value are based upon quoted prices for identical assets or liabilities in an active market (Level 1).

FASB ASC 958-605

BBC complies with FASB ASC 958-605, Revenue Recognition for Donated Services and Materials. Accordingly, only those services which require a specialized skill (if any) are recorded as an in-kind donation and corresponding expense. No donated specialized services have been recorded during fiscal years ended June 30, 2022 or 2021.

Date of Management's Review

The Organization has evaluated subsequent events through **August 25, 2022**, the date the financial statements were available to be issued.

NOTE C – CASH AND CASH EQUIVALENTS

BBC considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents. There are no bank restrictions on the cash accounts. BBC maintains its cash in a bank account which, at times, exceeds federally-insured limits. BBC has not experienced any losses in this account and believes it is not exposed to any significant credit risk related to cash.

See accompanying independent auditor's report.

BIRTHING BEAUTIFUL COMMUNITIES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE D – ACCOUNTS RECEIVABLE

Grants and other receivables (if any) are stated at estimated collectible amounts. BBC provides for probable uncollectible amounts through a charge to operations and a credit to an allowance for doubtful accounts based on its assessment of the current status of individual accounts. Balances that are still outstanding after BBC has used reasonable collection efforts are written off from receivables. As of June 30, 2022 and 2021, the balance in allowance for doubtful accounts was \$0 and \$0, respectively.

NOTE E – RMS LOAN

BBC issued three notes payable to RMS Investment Group, LLC to cover cash shortages. The loans were unsecured and carried a 4 % interest rate. These loans were forgiven during fiscal year ended June 30, 2021 and recorded as contribution support.

NOTE F – CARES ACT LOAN – PAYROLL PROTECTION PROGRAM

The “Coronavirus Aid Relief and Economic Security (CARES) Act” was signed into law in March 2020. The CARES Act, among other things, includes provisions relating to low interest loans, forgivable loans, refundable payroll tax credits and deferment of the employer portion of Social Security payments. As part of the financial relief assistance issued due to the National Pandemic, BBC received a Paycheck Protection Program loan under the provisions of the CARES Act in the amount of \$42,500 during fiscal year ended June 30, 2020. Since BBC satisfied all program requirements the loan was forgiven during fiscal year ended June 30, 2021.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Capital Campaign	\$ 1,010,000	\$ 1,010,000
Strategic planning	21,500	21,500
Time	<u>212,500</u>	<u>212,500</u>
Total	<u>\$ 1,244,000</u>	<u>\$ 1,244,000</u>

NOTE H – INCOME TAXES

BBC is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been reported in the financial statements.

NOTE I – DONATED SERVICES AND GOODS

A portion of BBC’s functions are conducted by unpaid officers, board members and volunteers. In compliance with accounting principles generally accepted in the United States of America, these amounts have not been recorded in the financial statements.

See accompanying independent auditor’s report.

BIRTHING BEAUTIFUL COMMUNITIES

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

NOTE J – RESPONSE TO COVID-19

The global and domestic response to the COVID-19 outbreak continues to rapidly evolve. Thus far, certain responses to the outbreak have included mandates from Federal, state and/or local authorities that require temporary closure of or imposed limitations on the operation of certain non-essential businesses. Further, the outbreak and associated responses could impact BBC and present uncertainty with respect to potential changes in future operations and funding sources.

The “Coronavirus Aid Relief and Economic Security (CARES) Act” was signed into law in March 2020. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits and deferment of the employer portion of Social Security payments. BBC continues to examine the impacts that the CARES Act may have on its operations.

NOTE K – LIQUID ASSETS AVAILABLE FOR GENERAL EXPENDITURES

BBC’s policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. All of the current assets, shown on BBC’s Statement of Financial Position, are available for general expenditures within one year of the date of the financial statements.

See accompanying independent auditor’s report.

SUPPLEMENTARY INFORMATION

BIRTHING BEAUTIFUL COMMUNITIES

SCHEDULE OF FEDERAL AWARDS EXPENDITURES RELATED TO MAJOR PROGRAM*

JUNE 30, 2022

Federal Grantor Through Grantor	Pass- Project Title	Federal CFDA Number	Grant Number	Amount of Federal Expenses
U.S Department of Health and Human Services Ohio Department of Job and Family Services Temporary Assistance for Needy Families		93.558	2101OHTANF	<u>\$ 1,000,000</u>
				<u>\$ 1,000,000</u>

* Accrual basis

** MAJOR PROGRAM

See independent auditor's report.

**

See independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Birthing Beautiful Communities

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Birthing Beautiful Communities' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Birthing Beautiful Communities' major federal programs for the year ended June 30, 2022. Birthing Beautiful Communities' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Birthing Beautiful Communities' 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, 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; 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). 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 Birthing Beautiful Communities 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 ABC Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Birthing Beautiful Communities' 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 Birthing Beautiful Communities' 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 generally accepted auditing standards, *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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Birthing Beautiful Communities' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Birthing Beautiful Communities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Birthing Beautiful Communities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Birthing Beautiful Communities' internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Birthing Beautiful Communities' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Birthing Beautiful Communities' 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 Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

McManamon & Co., LLC
Westlake, Ohio
August 2, 2023

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Birthing Beautiful Communities

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 Birthing Beautiful Communities (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Birthing Beautiful Communities' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Birthing Beautiful Communities' internal control. Accordingly, we do not express an opinion on the effectiveness of Birthing Beautiful Communities' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

McManamon & Co., LLC
Westlake, Ohio
August 2, 2023

