

**Martin County Healthy Start Coalition, Inc.**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended June 30, 2013**

**Martin County Healthy Start Coalition, Inc.**  
**June 30, 2013**

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## **MARK BRECHBILL, PLLC**

**CERTIFIED PUBLIC ACCOUNTANTS**

### **Independent Auditors' Report**

To the Board of Directors of  
Martin County Healthy Start Coalition, Inc.

We have audited the accompanying financial statements of Martin County Healthy Start Coalition, Inc. which comprise the statement of financial position as of June 30, 2013 and the related statements of activities, functional expenses, and changes in fund balance and cash flows for the year then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Martin County Healthy Start Coalition, Inc. as of June 30, 2013, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Mark Brechbill, PLLC*

Mark Brechbill, PLLC  
November 21, 2013

**Martin County Healthy Start Coalition, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2013

**ASSETS**

Current Assets

Cash and cash equivalents	\$	179,987
Grants receivable		159,629
Other receivable		873
Deposits		1,000
Gift card inventory		6,420
		<u>347,909</u>

Other Assets

Furniture and equipment, net of accumulated depreciation of \$33,460		1,481
Prepaid expense		2,729
		<u>2,729</u>

**TOTAL ASSETS**

**\$ 352,119**

**LIABILITIES**

Current Liabilities

Unearned income	\$	4,253
Accounts payable and accrued expenses		71,742
		<u>75,995</u>

**TOTAL LIABILITIES**

**75,995**

**NET ASSETS**

Unrestricted		97,124
Temporarily restricted		179,000
		<u>276,124</u>

**TOTAL NET ASSETS**

**276,124**

**TOTAL LIABILITIES AND NET ASSETS**

**\$ 352,119**

*Please read the accompanying Notes to Financial Statements.*

**Martin County Healthy Start Coalition, Inc.****STATEMENT OF ACTIVITIES**

Year ending June 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND OTHER REVENUE</b>			
Government and agency grants	\$ 185,696	\$ 742,605	\$ 928,301
Indirect public support - United Way	8,313	61,800	70,113
Events, net	22,004	-	22,004
Other contributions	4,574	5,830	10,404
Interest income	89	-	89
Contributed goods and services	19,800	-	19,800
	<hr/>	<hr/>	<hr/>
Total	240,476	810,235	1,050,711
 Net Assets Released from Restrictions			
Restrictions satisfied by payments	871,969	(871,969)	-
	<hr/>	<hr/>	<hr/>
Total Support and Other Revenues	1,112,445	(61,734)	1,050,711
	<hr/>	<hr/>	<hr/>
<b>EXPENSES</b>			
Program services			
Coalition services	815,421	-	815,421
Father support services	78,169	-	78,169
	<hr/>	<hr/>	<hr/>
Support services			
Management and general	195,396	-	195,396
	<hr/>	<hr/>	<hr/>
Total Expenses	1,088,986	-	1,088,986
	<hr/>	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ 23,459	\$ (61,734)	\$ (38,275)
Net Assets, Beginning of Year	73,665	240,734	314,399
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 97,124	\$ 179,000	\$ 276,124
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

*Please read the accompanying Notes to Financial Statements.*

**Martin County Healthy Start Coalition, Inc.**

STATEMENT OF FUNCTIONAL EXPENSES

Year ending June 30, 2013

	Program Services			Management and General	Total
	Coalition Services	Father Support Services	Total		
<b>Payroll and Related Expenses</b>					
Salaries and wages	\$ 177,828	\$ 2,056	\$ 179,884	\$ 129,870	\$ 309,754
Payroll taxes	15,500	154	15,654	11,363	27,017
Other employee benefits	7,924	3,902	11,826	7,878	19,704
Retirement	5,015	-	5,015	3,267	8,282
Total	<u>206,267</u>	<u>6,112</u>	<u>212,379</u>	<u>152,378</u>	<u>364,757</u>
<b>Direct Service Dollars</b>					
Care coordination	267,240	-	267,240	-	267,240
Enhanced services	64,414	-	64,414	-	64,414
Prenatal care program	202,938	-	202,938	-	202,938
Father support coordination	-	50,811	50,811	-	50,811
Total	<u>534,592</u>	<u>50,811</u>	<u>585,403</u>	<u>-</u>	<u>585,403</u>
<b>Office Administration and Facilities</b>					
Office supplies	17,578	903	18,481	11,733	30,214
Telephone	7,353	4	7,357	2,162	9,519
Rent, storage	28,477	-	28,477	16,636	45,113
Advertising	332	-	332	-	332
Insurance	2,347	-	2,347	2,009	4,356
Educational materials and other	1,047	-	1,047	-	1,047
Audit	6,276	-	6,276	2,224	8,500
Licenses, dues and memberships	79	236	315	1,903	2,218
Information systems support	3,099	-	3,099	5,674	8,773
Utilities	2,809	-	2,809	-	2,809
Depreciation	371	253	624	-	624
In-kind legal services	-	19,800	19,800	-	19,800
Total	<u>69,768</u>	<u>21,196</u>	<u>90,964</u>	<u>42,341</u>	<u>133,305</u>
<b>Other and Miscellaneous</b>					
Travel	4,794	50	4,844	677	5,521
Total	<u>4,794</u>	<u>50</u>	<u>4,844</u>	<u>677</u>	<u>5,521</u>
	<u>\$ 815,421</u>	<u>\$ 78,169</u>	<u>\$ 893,590</u>	<u>\$ 195,396</u>	<u>\$ 1,088,986</u>

Please read the accompanying Notes to Financial Statements.

**Martin County Healthy Start Coalition, Inc.**  
**STATEMENT OF CASH FLOWS**  
Year ending June 30, 2013

**CASH FLOWS FROM OPERATING ACTIVITIES**

Government grants and other grants	\$ 1,058,976
United Way	70,113
Other income	31,408
Interest income	89
Deferred income	4,253
Cash paid for expenses	<u>(1,137,345)</u>

**NET CASH PROVIDED (USED) BY  
OPERATING ACTIVITIES**

27,494

**NET INCREASE (DECREASE)  
IN CASH AND EQUIVALENTS**

\$ 27,494

Cash and Cash Equivalents, Beginning of Year

152,493

Cash and Cash Equivalents, End of Year

\$ 179,987

**RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

**INCREASE IN NET ASSETS**

\$ (38,275)

Adjustments to reconcile excess (deficit) of  
revenues over expenses to net cash provided  
(used) by operating activities:

Depreciation	624
In-kind support received	19,800
In-kind support used	(19,800)
(Increase) decrease in:	
Grants and other receivable	130,675
Unearned Income	(1,000)
Gift card inventory	(5,830)

Increase (decrease) in:

Accounts payable and accrued expenses	<u>(58,700)</u>
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**NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

\$ 27,494

*Please read the accompanying Notes to Financial Statements.*

**Martin County Healthy Start Coalition, Inc.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE A—NATURE OF COALITION**

Martin County Healthy Start Coalition, Inc. (the Coalition), located in Stuart, Florida, is a nonprofit corporation organized in Florida pursuant to Florida Statute 383. The Florida Healthy Start Program's goal is to expand Medicaid coverage for pregnant women, and provide a network of community-based care coordination to reduce adverse birth outcomes in the Martin County community. The Coalition's focus is to address the needs of pregnant women, infants and children up to age three. The Coalition assesses the community needs, identifying gaps and barriers to effective service delivery and develops a service delivery plan to address identified problem areas and issues. The Coalition's programs are as follows:

Coalition Services: Direct service dollars for pregnant women, infants and children up to age three and the providers of these services in Martin County. These services disburse, oversee and monitor outcomes of funds from the State of Florida Department of Health, Children's Services Council of Martin County, Inc. – Matching funds and Belly Button grant funds, and United Way funds. Programs include

- Healthy Start Screening
- Care Coordination
- Mom Care
- Prenatal Outreach Center
- Baby Basics

Father Support Services: Father support services include the Father Child Resource Center. These programs help children achieve healthy growth and development by promoting responsible fatherhood and by developing and implementing resources that improve the quality and quantity of fathers' involvement with their children. Funds for these programs come from the Allegany Franciscan Ministries, Children's Services of Martin County – Father Child Resource Center, and United Way funds.

Subsequent events have been evaluated through November 21, 2013, the date on which the financial statements were available to be issued.

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The Coalition reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets and reports all changes in net assets in the statement of activities. The Coalition does not have any donor-imposed permanently restricted net assets.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Allowance for Doubtful Accounts

Grants and accounts receivable are stated at the amount the Coalition expects to collect. There was no allowance for doubtful accounts as of June 30, 2013.

Advertising Costs

The Coalition expenses advertising costs as incurred.



**Martin County Healthy Start Coalition, Inc.**  
NOTES TO FINANCIAL STATEMENTS

**NOTE B—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Property and Equipment*

Furniture, fixtures, and equipment with an acquisition price of \$500 and above are recorded at cost or at estimated value at the time of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Coalition reclassify temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are being depreciated using the straight-line method over their estimated useful lives.

*Cash and Cash Equivalents*

For purposes of the statement of position and in the statement of cash flows the Coalition consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents and include demand deposits and money market accounts. The Coalition maintains its cash balances in banks that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

*Revenue Recognition*

Unconditional contributions are measured at fair value and recognized immediately as revenues or gains, even if the donor has restricted their use. Unconditional promises to give are recognized in the period the promise is received. A promise is considered unconditional if its receipt depends only on the passage of time or demand by the donee. Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a restriction expires, temporarily restricted assets are reclassified to unrestricted assets. The Coalition has no permanently restricted support.

*Donated Materials and Services*

Donated materials and services are reflected as contributions in the accompanying statements at their estimated values on the date of donation.

*Expense Allocation*

The costs of the various programs have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable to a program are allocated to either the programs based on an estimate of the percentage of expenditures to that program or to general and administrative expenses. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

*Income Taxes*

The Coalition is a nonprofit corporation whose revenue is derived from contributions and is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision for income tax has been made in these financial statements. The Coalition evaluates any uncertain income tax positions based on how the income tax positions are likely to be sustained if the Internal Revenue Service (IRS) or the Florida Department of Revenue (Florida DOR) examined the positions. Accordingly, a contingency would be recognized when the income tax position taken by the Coalition is likely to be challenged upon an audit by the IRS or the Florida DOR. There were no uncertain tax positions qualifying for disclosure for the tax years subject to audit by the IRS or Florida DOR. The Coalition's Return of Organization Exempt From Income Tax (Form 990) is subject to a possible audit by the IRS for three years after they were filed. In the year ending June 30, 2013 the Coalition paid no income tax, income tax penalties or interest and has no liability for income taxes as of year end.

**Martin County Healthy Start Coalition, Inc.**  
 NOTES TO FINANCIAL STATEMENTS

**NOTE C—PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at year-end:

Office equipment	\$ 8,756
Computer equipment	<u>26,185</u>
	34,941
Less Accumulated Depreciation	<u>(33,460)</u>
	<u>\$ 1,481</u>

The Coalition utilizes straight line depreciation over the estimated useful lives of the property and equipment. Total depreciation expense in fiscal year ending June 30, 2013 was \$624.

**NOTE D—RESTRICTED NET ASSETS AND ASSETS RELEASED FROM RESTRICTION**

Restrictions on assets resulting from contributions or grants that have been restricted by the donors are recorded as temporarily restricted net assets and as of June 30, 2013 are as follows:

Department of Health	\$ 2,832
SOBRA and Med Waiver	13,809
Community Foundations and Campaigns	32,234
United Way	59,177
Pre 2006 Department of Health funds	63,284
Other	<u>7,664</u>
Total	<u>\$ 179,000</u>

During the year ending June 30, 2013, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Department of Health	\$ 323,477
SOBRA and Med Waiver	145,504
Children's Services Council of Martin County, Inc.	176,152
Community Foundations	98,354
Allegany Franciscan Ministries, Inc.	65,475
United Way	59,547
Other	<u>3,460</u>
Total	<u>\$ 871,969</u>

**NOTE E—ECONOMIC DEPENDENCY**

The Coalition is economically dependent on two major funding sources, the Florida Department of Health and the Children's Services Council of Martin County, Inc. In fiscal year ending June 30, 2013 the Coalition received \$471,375 (45%) from the Florida Department of Health and \$307,239 (29%) from the Children's Services Council of Martin County, Inc. Grants receivable from these two funding sources as of June 30, 2013 totaled \$159,629. Funding for the Coalition is mandated by State Statute.

The Coalition also receives Medicaid pass-through funds totaling \$134,687 (13%) from both the SOBRA and Med-waiver programs. Medicaid reform and the Affordable Care Act will likely have a significant impact on these programs however, the total impact on the Coalition has not yet been determined.

**Martin County Healthy Start Coalition, Inc.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE F—LEASES**

The Coalition leases office space from the Children’s Services Council of Martin County, Inc. and the Coalition subleases space to the Whole Child Connection. Total lease payments for the year ending June 30, 2013 paid to the Children’s Services Council of Martin County, Inc. were \$44,309. The rent is determined by a cost sharing arrangement that is based on square footage.

**NOTE G—PRENATAL CARE PROGRAM**

The prenatal care program is provided by the Martin County Public Health Department and the Coalition shares as one of the funding sources of that program. In fiscal year ending June 30, 2013 the Coalition paid \$102,174 for its share of the funding of the prenatal care program provided by the Martin County Public Health Department.

**NOTE H—DEFINED CONTRIBUTION RETIREMENT PLAN**

The Coalition sponsors a defined contribution annuity plan that consists of elective salary deferral by the employee plus a discretionary contribution amount. The discretionary contribution amount made by the Coalition totaled \$8,282 for the year.

**NOTE I—LINE OF CREDIT**

The Coalition has established a line of credit totaling \$75,000 with a local bank to cover temporary cash flow needs. The line of credit bears interest of the Wall Street Journal Prime Plus 1% floating with a floor rate of 4.25%. In fiscal year ending June 30, 2013 the Coalition did not draw on the line. The line of credit renews annually.

**NOTE J—CONTRIBUTED GOODS AND SERVICES**

The Organization receives goods and services and other non-financial contributions without payment or compensation. When the value of such services meets recognition criteria, it is reflected in the accompanying financial statements as revenues and expenditures. As such, a total of \$19,800 was recorded as contributed services in the financial statements. Contributed services consisted of the estimated fair market value of legal services donated by local lawyers for the Father Support Services program.

**NOTE K—EVENTS**

Fundraising events consist of the following:

	Revenue	Expense	Net
Dancing with the Martin County Stars	\$ 46,134	\$ (23,971)	\$ 22,163
Annual Luncheon	2,980	(3,139)	(159)
Total	<u>\$ 49,114</u>	<u>\$ (27,110)</u>	<u>\$ 22,004</u>