

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

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**Year Ended June 30, 2014**

**Martin County Healthy Start Coalition, Inc.  
June 30, 2014**

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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, 2014 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, 2014, 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 5, 2014

**Martin County Healthy Start Coalition, Inc.**  
**STATEMENT OF FINANCIAL POSITION**  
 June 30, 2014

**ASSETS**

Current Assets

Cash and cash equivalents	\$	209,425
Grants receivable		239,705
Other receivable		3,428
Deposits		3,125
		455,683

Other Assets

Property and equipment, net of accumulated depreciation of \$34,332		2,501
Prepaid expense		3,224
		6,725

TOTAL ASSETS	\$	461,408
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**LIABILITIES**

Current Liabilities

Accounts payable and accrued expenses	\$	84,932
Deferred income		21,355
		106,287

TOTAL LIABILITIES		106,287
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**NET ASSETS**

Unrestricted		190,896
Temporarily restricted		164,225
		355,121

TOTAL NET ASSETS		355,121
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TOTAL LIABILITIES AND NET ASSETS	\$	461,408
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*Please read the accompanying Notes to Financial Statements.*

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

## STATEMENT OF ACTIVITIES

Year ending June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND OTHER REVENUE</b>			
Government and agency grants	\$ 188,905	\$ 866,658	\$ 1,055,563
Events, net of direct event costs totaling \$25,057	100,119	-	100,119
Indirect public support - United Way			-
-Coalition Services	8,308	26,000	34,308
-Father and Child Services	-	36,074	36,074
Other contributions	1,417	6,837	8,254
Interest income	1,026	-	1,026
Contributed goods and services	16,200	-	16,200
	<hr/>	<hr/>	<hr/>
Total	315,975	935,569	1,251,544
Net Assets Released from Restrictions			
Restrictions satisfied by payments	950,344	(950,344)	-
	<hr/>	<hr/>	<hr/>
Total Support and Other Revenues	1,266,319	(14,775)	1,251,544
	<hr/>	<hr/>	<hr/>
<b>EXPENSES</b>			
Program services			
Coalition services	897,164	-	897,164
Father support services	70,134	-	70,134
Support services			
Management and general	193,024	-	193,024
Fundraising	12,225	-	12,225
	<hr/>	<hr/>	<hr/>
Total Expenses	1,172,547	-	1,172,547
	<hr/>	<hr/>	<hr/>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	\$ 93,772	\$ (14,775)	\$ 78,997
Net Assets, Beginning of Year	97,124	179,000	276,124
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	\$ 190,896	\$ 164,225	\$ 355,121
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*Please read the accompanying Notes to Financial Statements.*

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

**STATEMENT OF FUNCTIONAL EXPENSES**

Year ending June 30, 2014

	Program Services			Management and General	Fundraising	Total
	Coalition Services	Father Support Services	Total			
<b>Payroll and Related Expenses</b>						
Salaries and wages	\$ 175,951	\$ -	\$ 175,951	\$ 126,440	\$ 12,225	\$ 314,616
Payroll taxes	15,779	-	15,779	10,408	-	26,187
Other employee benefits	10,228	-	10,228	8,255	-	18,483
Retirement	4,628	-	4,628	3,454	-	8,082
Total	<u>206,586</u>	<u>-</u>	<u>206,586</u>	<u>148,557</u>	<u>12,225</u>	<u>367,368</u>
<b>Direct Service Dollars</b>						
Care coordination	303,661	-	303,661	-	-	303,661
Mom care and healthy start screening	92,342	-	92,342	-	-	92,342
Prenatal care programs	221,836	-	221,836	-	-	221,836
Father support coordination	-	52,063	52,063	-	-	52,063
Program supplies	13,444	944	14,388	-	-	14,388
Total	<u>631,283</u>	<u>53,007</u>	<u>684,290</u>	<u>-</u>	<u>-</u>	<u>684,290</u>
<b>Office Administration and Facilities</b>						
Office supplies	-	-	-	11,626	-	11,626
Telephone	5,673	12	5,685	2,922	-	8,607
Leases, storage	29,871	-	29,871	15,307	-	45,178
Advertising	332	-	332	-	-	332
Insurance	2,916	-	2,916	3,378	-	6,294
Educational materials and other	1,919	-	1,919	-	-	1,919
Audit	7,274	-	7,274	1,226	-	8,500
Licenses, dues and memberships	561	50	611	-	-	611
Information systems support	918	-	918	6,472	-	7,390
Utilities	2,791	-	2,791	764	-	3,555
Depreciation	-	835	835	37	-	872
Interest	-	-	-	480	-	480
Contributed goods and services	-	16,200	16,200	-	-	16,200
Total	<u>52,255</u>	<u>17,097</u>	<u>69,352</u>	<u>42,212</u>	<u>-</u>	<u>111,564</u>
<b>Other and Miscellaneous</b>						
Travel	7,040	30	7,070	2,255	-	9,325
Total	<u>7,040</u>	<u>30</u>	<u>7,070</u>	<u>2,255</u>	<u>-</u>	<u>9,325</u>
	<u>\$ 897,164</u>	<u>\$ 70,134</u>	<u>\$ 967,298</u>	<u>\$ 193,024</u>	<u>\$ 12,225</u>	<u>\$ 1,172,547</u>

Please read the accompanying Notes to Financial Statements.

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

**STATEMENT OF CASH FLOWS**

Year ending June 30, 2014

**CASH FLOWS FROM OPERATING ACTIVITIES**

Government grants and other grants	\$	972,932
United Way		70,382
Other income		106,248
Interest income		1,026
Deferred income		17,102
Cash paid for expenses		<u>(1,136,360)</u>

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

31,330

**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash paid for furniture and equipment		<u>(1,892)</u>
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**NET CASH PROVIDED (USED) BY  
INVESTING ACTIVITIES**

(1,892)

**NET INCREASE (DECREASE)**

**IN CASH AND EQUIVALENTS**

\$ 29,438

Cash and Cash Equivalents, Beginning of Year

179,987

Cash and Cash Equivalents, End of Year

\$ 209,425

**RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES**

**INCREASE IN NET ASSETS**

\$ 78,997

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

Depreciation	872
Contributed goods and services received	16,200
Contributed goods and services used	(16,200)
(Increase) decrease in:	
Grants and other receivable	(82,631)
Unearned Income	(2,125)
Gift card inventory	6,420

Increase (decrease) in:

Accounts payable and accrued expenses	<u>29,797</u>
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**NET CASH PROVIDED BY  
OPERATING ACTIVITIES**

\$ 31,330

*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' Services Council of Martin County, Inc. – Matching funds and Belly Button grant funds, and United Way funds. Programs include

- Mom Care and Healthy Start Screening
- Care Coordination
- Prenatal care programs, including nutrition services and the Prenatal Outreach Center
- Baby Basics

Father Support Services: Father support services include the Father Child Resource Center. The Father Child Resource Center 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 Children's Services of Martin County – Father Child Resource Center, and United Way funds.

Subsequent events have been evaluated through November 5, 2014, 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, 2014.

Advertising Costs

The Coalition expenses advertising costs as incurred.

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.



**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.

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 or fundraising 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, 2014 the Coalition paid no income tax, income tax penalties or interest and has no liability for income taxes as of year end.

**NOTE C—PROPERTY AND EQUIPMENT**

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

Office equipment	\$	8,756
Computer equipment		28,077
		<u>36,833</u>
Less Accumulated Depreciation		(34,332)
	<u>\$</u>	<u>2,501</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, 2014 was \$872.

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

**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, 2014 are as follows:

Department of Health	\$ 431
SOBRA and Med Waiver	12,530
Community Foundations and Campaigns	80,273
United Way	64,464
Pre 2006 Department of Health funds	4,429
Other	2,098
Total	<u>\$ 164,225</u>

During the year ending June 30, 2014, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Department of Health	\$ 456,676
SOBRA and Med Waiver	119,699
Children's Services Council of Martin County	181,076
Community Foundations	97,767
Board of Commissioners	19,164
United Way	56,787
Other	19,175
Total	<u>\$ 950,344</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, 2014 the Coalition received \$546,529 (43%) from the Florida Department of Health and \$315,614 (25%) from the Children's Services Council of Martin County, Inc. Grants receivable from these two funding sources as of June 30, 2014 totaled \$239,602. The Children's Services Council of Martin County is an independent special taxing district of Martin County, authorized by Florida Statute and reauthorized by voter referendum on November 4, 2014, and will continue unless dissolved by the County Commission or special act of the Florida Legislature.

The Coalition also receives Medicaid pass-through funds totaling \$118,420 (9%) from both the SOBRA and Med-waiver programs. Medicaid reform and the Affordable Care Act continues to have an impact on the programs provided by the Coalition.

**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, 2014 paid to the Children's Services Council of Martin County, Inc. were \$44,342. 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, 2014 the Coalition paid \$129,307 for its share of the funding of the prenatal care program provided by the Martin County Public Health Department.

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

**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 \$8,082 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, 2014 the Coalition did not draw on the line. The line of credit renews annually.

**NOTE J—CONTRIBUTED GOODS AND SERVICES**

The Coalition 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 \$16,200 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**

The Dancing with the Stars fundraiser was overwhelmingly successful in 2014 resulting in significant income to the Coalition. The Dancing with the Stars and the Annual Luncheon events are planned and provided by the Coalition staff and the services provided by the event volunteers. Fundraising events consist of the following:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Dancing with the Martin County Stars	\$ 123,873	\$ (22,861)	\$ 101,012
Annual Luncheon	1,303	(2,196)	(893)
Total	<u>\$ 125,176</u>	<u>\$ (25,057)</u>	<u>\$ 100,119</u>