

Martin County Healthy Start Coalition, Inc.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2015

Martin County Healthy Start Coalition, Inc.
June 30, 2015

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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, 2015 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, 2015, 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
December 15, 2015

Martin County Healthy Start Coalition, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2015

ASSETS

Current Assets

Cash and cash equivalents	\$	291,742
Grants receivable		157,225
Other receivable		23,114
Deposits		3,125
		<u>475,206</u>

Other Assets

Property and equipment, net of accumulated depreciation of \$35,204		1,629
Prepaid expense		8,842
		<u>8,842</u>

TOTAL ASSETS	\$	<u><u>485,677</u></u>
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LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$	89,793
Deferred income		37,757
		<u>127,550</u>

TOTAL LIABILITIES		<u>127,550</u>
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NET ASSETS

Unrestricted		196,410
Temporarily restricted		161,717
		<u>358,127</u>

TOTAL NET ASSETS		<u>358,127</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>485,677</u></u>
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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, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND OTHER REVENUE			
Government and agency grants	\$ 185,620	\$ 794,299	\$ 979,919
Events, net of direct event costs totaling \$27,198	77,833	-	77,833
Indirect public support - United Way			-
-Coalition Services	8,476	26,000	34,476
-Father and Child Services	-	35,287	35,287
Other contributions	(35)	600	565
Interest income	249		249
In-kind legal services	16,200	-	16,200
	<u>288,343</u>	<u>856,186</u>	<u>1,144,529</u>
Net Assets Released from Restrictions			
Restrictions satisfied by payments	858,694	(858,694)	-
	<u>1,147,037</u>	<u>(2,508)</u>	<u>1,144,529</u>
EXPENSES			
Program services			
Coalition services	846,090	-	846,090
Father support services	72,701	-	72,701
Support services			
Management and general	211,439	-	211,439
Fundraising	11,293	-	11,293
	<u>1,141,523</u>	<u>-</u>	<u>1,141,523</u>
INCREASE (DECREASE) IN NET ASSETS	\$ 5,514	\$ (2,508)	\$ 3,006
Net Assets, Beginning of Year	<u>190,896</u>	<u>164,225</u>	<u>355,121</u>
Net Assets, End of Year	<u>\$ 196,410</u>	<u>\$ 161,717</u>	<u>\$ 358,127</u>

Please read the accompanying Notes to Financial Statements.

Martin County Healthy Start Coalition, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ending June 30, 2015

	Program Services			Management and General	Fundraising	Total
	Coalition Services	Father Support Services	Total			
Payroll and Related Expenses						
Salaries and wages	\$ 161,585	\$ 47,234	\$ 208,819	\$ 130,339	\$ 8,013	\$ 347,171
Payroll taxes	13,192	4,119	17,311	12,081	-	29,392
Other employee benefits	11,599	214	11,813	7,126	-	18,939
Retirement	779	-	779	130	-	909
Total	187,155	51,567	238,722	149,676	8,013	396,411
Direct Service Dollars						
Care coordination	297,241	-	297,241	-	-	297,241
Mom care and healthy start screening	92,044	-	92,044	-	-	92,044
Prenatal care programs	195,137	-	195,137	-	-	195,137
Father support coordination	-	3,656	3,656	-	-	3,656
Program supplies	7,950	-	7,950	1,015	-	8,965
Total	592,372	3,656	596,028	1,015	-	597,043
Office Administration and Facilities						
Office supplies	5,249	-	5,249	16,613	-	21,862
Telephone	4,303	-	4,303	-	-	4,303
Leases, storage	30,983	661	31,644	6,939	-	38,583
Advertising	374	-	374	-	2,800	3,174
Insurance	3,725	-	3,725	1,605	-	5,330
Educational materials and other	1,089	587	1,676	9	479	2,164
Audit	7,274	-	7,274	1,726	-	9,000
Licenses, dues and memberships	2,153	30	2,183	2,604	-	4,787
Information systems support	2,735	-	2,735	22,307	-	25,042
Utilities	2,346	-	2,346	(442)	-	1,904
Depreciation	-	-	-	872	-	872
Interest	-	-	-	7,329	1	7,330
In-kind legal services	-	16,200	16,200	-	-	16,200
Total	60,231	17,478	77,709	59,562	3,280	140,551
Other and Miscellaneous						
Travel	6,332	-	6,332	1,186	-	7,518
Total	6,332	-	6,332	1,186	-	7,518
	<u>\$ 846,090</u>	<u>\$ 72,701</u>	<u>\$ 918,791</u>	<u>\$ 211,439</u>	<u>\$ 11,293</u>	<u>\$ 1,141,523</u>

Please read the accompanying Notes to Financial Statements.

Martin County Healthy Start Coalition, Inc.

STATEMENT OF CASH FLOWS

Year ending June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Government grants and other grants	\$	1,042,713
United Way		69,763
Other income		78,398
Interest income		249
Deferred income		16,402
Cash paid for expenses		<u>(1,125,208)</u>

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

82,317

NET INCREASE (DECREASE)

IN CASH AND EQUIVALENTS

\$ 82,317

Cash and Cash Equivalents, Beginning of Year

209,425

Cash and Cash Equivalents, End of Year

\$ 291,742

RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

INCREASE IN NET ASSETS

\$ 3,006

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

Depreciation	872
In-kind legal services used	16,200
In-kind legal services received	(16,200)
(Increase) decrease in:	
Grants and other receivable	62,794

Increase (decrease) in:

Accounts payable and accrued expenses	<u>15,645</u>
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**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

\$ 82,317

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 501(c)(3) corporation organized in 1992 in Florida pursuant to Florida Statute 383. The goal of the Healthy Start Program is to provide a network of community-based care coordination to reduce adverse birth outcomes; and expand coverage for pregnant women 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 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: Coalition services include direct service dollars for pregnant women, infants and children up to age three and the support for 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, the Agency for Health Care Administration (AHCA), and United Way. Programs include:

- Care Coordination
- MomCare and healthy start screening
- Prenatal care programs

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 Council of Martin County – Father Child Resource Center, and The United Way.

Subsequent events have been evaluated through December 15, 2015, 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, 2015.

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 considers 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 restriction expires. 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, 2015 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		(35,204)
	<u>\$</u>	<u>1,629</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, 2015 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, 2015 are as follows:

Department of Health	\$ 15,971
Community Foundations and Campaigns	46,164
United Way	66,977
CSC Healthy Start Services	16,078
Pre 2006 Department of Health funds	4,429
Other	12,098
Total	<u>\$ 161,717</u>

During the year ending June 30, 2015, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Department of Health	\$ 194,172
Agency for Health Care Administration	264,172
Children's Services Council of Martin County	294,861
Board of Commissioners	28,313
United Way	59,374
Other	17,802
Total	<u>\$ 858,694</u>

NOTE E—ECONOMIC DEPENDENCY

The Coalition is economically dependent on three major funding sources, the Florida Department of Health, Children's Services Council of Martin County, Inc., and The Agency for Health Care Administration. In fiscal year ending June 30, 2015 the Coalition received \$342,072 (29%) from the Florida Department of Health, \$338,820 (28%) from the Children's Services Council of Martin County, Inc., and \$267,182 (22%) from the Agency for Health Care Administration. Grants receivable from these three funding sources as of June 30, 2015 totaled \$156,980. The Children's Services Council of Martin County is an independent special taxing district of Martin County, authorized by Florida Statute and will continue unless dissolved by the County Commission or special act of the Florida Legislature.

On July 1 2014 the Medicaid Med Waiver and SOBRA programs have transitioned into the Healthy Start MomCare Network. The Florida Medicaid program (Healthy Start MomCare Network) is administered by the Agency for Health Care Administration.

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, 2015 paid to the Children's Services Council of Martin County, Inc. were \$38,920. The rent is determined by a cost sharing arrangement that is based on square footage.

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

NOTE G—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 \$8,185 for the year.

NOTE H—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, 2015 the Coalition did not draw on the line. The line of credit renews annually.

NOTE I—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 J—EVENTS

The Dancing with the Stars fundraiser brought 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	\$ 102,944	\$ (25,886)	\$ 77,058
Annual Luncheon	2,087	(1,312)	775
Total	<u>\$ 105,031</u>	<u>\$ (27,198)</u>	<u>\$ 77,833</u>