

Martin County Healthy Start Coalition, Inc.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

Year Ended June 30, 2016

Martin County Healthy Start Coalition, Inc.
June 30, 2016

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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, 2016 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, 2016, 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

October 26, 2016

Martin County Healthy Start Coalition, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2016

ASSETS

Current Assets

Cash and cash equivalents	\$ 288,822
Grants receivable	142,862
Other receivable	-
Deposits	3,125
	<u>434,809</u>

Other Assets

Property and equipment, net of accumulated depreciation of \$36,228	1,335
Prepaid expense	24,803
	<u>26,138</u>

TOTAL ASSETS	<u>\$ 460,947</u>
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LIABILITIES

Current Liabilities

Accounts payable and accrued expenses	\$ 55,688
Deferred income	-
	<u>55,688</u>

TOTAL LIABILITIES	<u>55,688</u>
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NET ASSETS

Unrestricted	158,549
Temporarily restricted	246,710
	<u>405,259</u>

TOTAL NET ASSETS	<u>405,259</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 460,947</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, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND OTHER REVENUE			
Government and agency grants	\$ 185,696	\$ 838,591	\$ 1,024,287
Events, net of direct event costs totaling \$53,657	67,491	-	67,491
Indirect public support - United Way			-
-Coalition Services	5,534	24,500	30,034
-Father and Child Services	-	22,548	22,548
Other contributions	2,751	-	2,751
Interest income	135	-	135
In-kind legal services	7,200	-	7,200
	<u>268,807</u>	<u>885,639</u>	<u>1,154,446</u>
Total	268,807	885,639	1,154,446
 Net Assets Released from Restrictions			
Restrictions satisfied by payments	800,646	(800,646)	-
	<u>1,069,453</u>	<u>84,993</u>	<u>1,154,446</u>
Total Support and Other Revenues	1,069,453	84,993	1,154,446
 EXPENSES			
Program services			
Coalition services	834,497	-	834,497
Father support services	54,180	-	54,180
Support services			
Management and general	208,876	-	208,876
Fundraising	9,761	-	9,761
	<u>1,107,314</u>	<u>-</u>	<u>1,107,314</u>
Total Expenses	1,107,314	-	1,107,314
 INCREASE (DECREASE) IN NET ASSETS	\$ (37,861)	\$ 84,993	\$ 47,132
 Net Assets, Beginning of Year	<u>196,410</u>	<u>161,717</u>	<u>358,127</u>
 Net Assets, End of Year	<u>\$ 158,549</u>	<u>\$ 246,710</u>	<u>\$ 405,259</u>

Please read the accompanying Notes to Financial Statements.

Martin County Healthy Start Coalition, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ending June 30, 2016

	Program Services			Management and General	Fundraising	Total
	Coalition Services	Father Support Services	Total			
Payroll and Related Expenses						
Salaries and wages	\$ 159,237	\$ 32,614	\$ 191,851	\$ 136,284	\$ 8,921	\$ 337,056
Payroll taxes	12,568	2,520	15,088	12,988	-	28,076
Other employee benefits	9,164	305	9,469	6,643	-	16,112
Retirement	7,275	86	7,361	3,781	-	11,142
Total	188,244	35,525	223,769	159,696	8,921	392,386
Direct Service Dollars						
Care coordination	267,789	-	267,789	-	-	267,789
Mom care and healthy start screening	89,886	-	89,886	-	-	89,886
Prenatal care programs	220,834	-	220,834	-	-	220,834
Father support coordination	-	9,208	9,208	-	-	9,208
Program supplies	16,137	880	17,017	1,032	-	18,049
Total	594,646	10,088	604,734	1,032	-	605,766
Office Administration and Facilities						
Office supplies	3,349	-	3,349	11,758	-	15,107
Telephone	3,319	-	3,319	5,474	-	8,793
Leases, storage	26,857	1,297	28,154	10,953	-	39,107
Advertising	359	-	359	-	-	359
Insurance	2,377	-	2,377	2,248	-	4,625
Educational materials and other	380	-	380	-	840	1,220
Audit	7,274	-	7,274	1,726	-	9,000
Licenses, dues and memberships	605	29	634	1,657	-	2,291
Information systems support	703	-	703	13,384	-	14,087
Utilities	1,871	-	1,871	(1,618)	-	253
Depreciation	-	-	-	1,024	-	1,024
Interest	-	-	-	-	-	-
In-kind legal services	-	7,200	7,200	-	-	7,200
Total	47,094	8,526	55,620	46,606	840	103,066
Other and Miscellaneous						
Travel	4,513	41	4,554	1,542	-	6,096
Total	4,513	41	4,554	1,542	-	6,096
	<u>\$ 834,497</u>	<u>\$ 54,180</u>	<u>\$ 888,677</u>	<u>\$ 208,876</u>	<u>\$ 9,761</u>	<u>\$ 1,107,314</u>

Please read the accompanying Notes to Financial Statements.

Martin County Healthy Start Coalition, Inc.
STATEMENT OF CASH FLOWS
Year ending June 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Government grants and other grants	\$ 1,061,764
United Way	52,582
Other income	70,242
Interest income	135
Deferred income	(37,757)
Cash paid for expenses	<u>(1,149,156)</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(2,190)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of equipment	<u>(730)</u>
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(730)</u>
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NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	\$ (2,920)
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Cash and Cash Equivalents, Beginning of Year	<u>291,742</u>
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Cash and Cash Equivalents, End of Year	<u><u>\$ 288,822</u></u>
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RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

INCREASE IN NET ASSETS	\$ 47,132
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Adjustments to reconcile excess (deficit) of
revenues over expenses to net cash provided
(used) by operating activities:

Depreciation	1,024
In-kind legal services used	7,200
In-kind legal services received	(7,200)
(Increase) decrease in:	
Grants and other receivable	37,477

Increase (decrease) in:	
Accounts payable and accrued expenses	<u>(87,823)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (2,190)</u></u>
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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 October 26, 2016, 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, 2016.

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 reclassifies 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, 2016 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		28,807
		<hr/>
		37,563
Less Accumulated Depreciation		(36,228)
	\$	<hr/> <hr/>
		1,335

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, 2016 was \$1,024.

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, 2016 are as follows:

Department of Health	\$ 81,567
Community Foundations and Campaigns	54,814
United Way	78,284
CSC Heathy Start Services	10,498
Pre 2006 Department of Health funds	3,172
Other	18,375
Total	<u>\$ 246,710</u>

During the year ending June 30, 2016, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Department of Health	\$ 239,017
Agency for Health Care Administration	180,356
Children's Services Council of Martin County	306,932
Board of Commissioners	18,150
United Way	35,741
Other	20,450
Total	<u>\$ 800,646</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, 2016 the Coalition received \$344,731 (27%) from the Florida Department of Health, \$334,084 (27%) from the Children's Services Council of Martin County, Inc., and \$293,037 (24%) from the Agency for Health Care Administration. Grants receivable from these three funding sources as of June 30, 2016 totaled \$112,967. 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. Total lease payments for the year ending June 30, 2016 paid to the Children's Services Council of Martin County, Inc. were \$18,359. 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 \$8,475 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, 2016 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 \$7,200 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 event is planned and provided by the Coalition staff, the services provided by the event volunteers, and consists of the following:

	<u>Revenue</u>	<u>Expense</u>	<u>Net</u>
Dancing with the Martin County Stars	<u>\$ 122,162</u>	<u>\$ (53,657)</u>	<u>\$ 68,505</u>