

**MARTIN COUNTY HEALTHY START COALITION, INC.**

**Consolidated Financial Statements  
and  
Independent Auditors' Report**

**June 30, 2023  
(With Comparative Totals for 2022)**

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
Vero Beach, Florida

**CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2023

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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of Martin County Healthy Start Coalition, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated 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, 2023, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Martin County Healthy Start Coalition, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-02, Leases (Topic 842). Our opinion is not modified with respect to this matter.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 Martin County Healthy Start Coalition, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibility**

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 auditors' 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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, 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 Martin County Healthy Start Coalition, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and 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 Martin County Healthy Start Coalition, Inc.'s 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.

## **Report on Summarized Comparative Information**

We have previously audited Martin County Healthy Start Coalition, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*OFFUTT BARTON SCHLITT LLC*

Vero Beach, Florida  
February 19, 2024

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023**  
**(WITH COMPARTAIVE TOTALS AS OF JUNE 30, 2022)**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 436,773	\$ 361,452
Grants receivable	346,905	349,691
Pledge receivable	10,000	-
Prepaid expenses	16,765	4,351
Total current assets	810,443	715,494
Other assets		
Other receivables	52,127	46,745
Deposits	197,925	191,300
Intangible assets, net	400	800
Property and equipment, net	20,853	19,342
Right of use asset - operating leases	318,187	-
Total other assets	589,492	258,187
Total assets	\$ 1,399,935	\$ 973,681
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 175,670	\$ 82,022
Accrued expenses	57,335	48,635
Deferred income	108,500	64,180
Operating lease liability - current portion	94,854	-
Total current liabilities	436,359	194,837
Operating lease liability - non-current portion	223,814	-
Total liabilities	660,173	194,837
Without donor restrictions	391,726	428,986
With donor restrictions	348,036	349,858
Net Assets	739,762	778,844
Total liabilities and net assets	\$ 1,399,935	\$ 973,681

*See notes to the consolidated financial statements and Independent Auditors' Report.*

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	(Memo Total)
<b>OPERATING REVENUES</b>				
Grants from government agencies	\$ 722,289	\$ 141,420	\$ 863,709	\$ 716,695
Local grant and contract revenues	640,625	206,616	847,241	655,624
Contributions	137,536	-	137,536	86,065
Special event, net costs of direct benefit to donors of \$57,868	144,986	-	144,986	72,294
Other grants	-	-	-	64,100
Contributions in-kind	-	-	-	10,000
Other income	85,187	-	85,187	21,638
Interest income	224	-	224	760
Subtotal operating revenues	1,730,847	348,036	2,078,883	1,627,176
Net assets released from restriction	349,858	(349,858)	-	-
<b>Total operating revenues</b>	2,080,705	(1,822)	2,078,883	1,627,176
<b>EXPENSES</b>				
<b>Program services</b>				
Core services	745,133	-	745,133	533,806
Prenatal Care Program	381,573	-	381,573	230,989
Nurse Family Partnership (NFP)	253,688	-	253,688	139,351
Enhanced services	158,909	-	158,909	125,591
Diaper Pantry	103,265	-	103,265	-
Doula Program	98,293	-	98,293	105,279
Fatherhood Program	91,792	-	91,792	20,020
Madison's Miracles	67,308	-	67,308	-
<b>Total program services</b>	1,899,961	-	1,899,961	1,155,036
<b>Supporting services</b>				
Coalition Services	149,162	-	149,162	60,059
Fundraising	68,842	-	68,842	93,428
<b>Total supporting services</b>	218,004	-	218,004	153,487
<b>Total expenses</b>	2,117,965	-	2,117,965	1,308,523
<b>Change in net assets</b>	(37,260)	(1,822)	(39,082)	318,653
Net assets, beginning of year	428,986	349,858	778,844	460,191
<b>Net assets, end of year</b>	\$ 391,726	\$ 348,036	\$ 739,762	\$ 778,844

*See notes to the consolidated financial statements and Independent Auditors' Report.*

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2022)**

2023

	Program Services								Total
	Core Services	Prenatal Care Program	Nurse Family Partnership	Enhanced Services	Diaper Pantry	Doula Program	Fatherhood Program	Madison's Miracles	
Salaries and wages	\$ 179,554	\$ 83,792	\$ 41,896	\$ 29,926	\$ 53,866	\$ 29,926	\$ 47,881	\$ 17,955	\$ 484,796
Payroll taxes and benefits	32,006	14,937	7,468	5,335	9,602	5,335	8,535	3,201	86,419
<b>Total payroll</b>	<b>211,560</b>	<b>98,729</b>	<b>49,364</b>	<b>35,261</b>	<b>63,468</b>	<b>35,261</b>	<b>56,416</b>	<b>21,156</b>	<b>571,215</b>
Direct Services	400,916	220,935	173,370	101,536	-	40,920	-	32,886	970,563
Advertising	27,672	12,913	6,457	4,612	8,301	4,612	7,379	2,767	74,713
Rent	24,325	11,352	5,676	4,054	7,297	4,054	6,487	2,432	65,677
Professional fees	21,308	9,944	4,972	3,552	6,393	3,552	5,682	2,131	57,534
Office expense	16,319	7,616	3,808	2,720	4,896	2,720	4,352	1,632	44,063
Supplies	14,180	6,618	3,309	2,364	4,254	2,364	3,782	1,418	38,289
Information systems	6,877	3,210	1,605	1,146	2,063	1,146	1,834	688	18,569
Insurance	4,796	2,239	1,119	800	1,439	800	1,279	480	12,952
Training	4,455	2,080	1,040	743	1,337	743	1,188	446	12,032
Dues and subscriptions	3,322	1,550	775	554	997	554	886	332	8,970
Telephone	2,806	1,310	655	468	842	468	748	281	7,578
Travel	2,102	980	490	350	630	350	560	210	5,672
Depreciation/amortization	1,983	925	462	330	595	330	529	198	5,352
Contract services	1,500	700	350	250	450	250	400	150	4,050
Utilities	1,012	472	236	169	303	169	270	101	2,732
<b>Total expenses</b>	<b>\$ 745,133</b>	<b>\$ 381,573</b>	<b>\$ 253,688</b>	<b>\$ 158,909</b>	<b>\$ 103,265</b>	<b>\$ 98,293</b>	<b>\$ 91,792</b>	<b>\$ 67,308</b>	<b>\$ 1,899,961</b>
	35.18%	18.02%	11.98%	7.50%	4.88%	4.64%	4.33%	3.18%	89.71%

*See notes to the consolidated financial statements and Independent Auditors' Report.*

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2022)**

	2023			2022
	Supporting Services		Total	All Funds Combined (Memo Total)
	Coalition Services	Fundraising		
Salaries and wages	\$ 77,807	\$ 35,911	\$ 113,718	\$ 299,872
Payroll taxes and benefits	13,870	6,401	20,271	64,568
<b>Total payroll</b>	<u>91,677</u>	<u>42,312</u>	<u>133,989</u>	<u>364,440</u>
Direct Services	-	-	-	641,188
Advertising	11,991	5,534	17,525	29,316
Rent	10,541	4,865	15,406	60,611
Professional fees	9,234	4,262	13,496	80,668
Office expense	7,072	3,264	10,336	21,327
Supplies	6,145	2,836	8,981	32,520
Information systems	2,980	1,376	4,356	17,625
Insurance	2,079	959	3,038	13,086
Training	1,931	891	2,822	7,940
Dues and subscriptions	1,439	664	2,103	5,273
Telephone	1,216	561	1,777	7,892
Travel	910	420	1,330	1,832
Depreciation/amortization	859	396	1,255	7,003
Contract services	650	300	950	15,000
Utilities	438	202	640	2,802
<b>Total expenses</b>	<u>\$ 149,162</u>	<u>\$ 68,842</u>	<u>\$ 218,004</u>	<u>\$ 1,308,523</u>
	7.04%	3.25%	10.29%	

*See notes to the consolidated financial statements and Independent Auditors' Report.*



**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (39,082)	\$ 318,653
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	6,207	6,025
Amortization	400	978
Changes in operating assets and liabilities:		
Grants receivable	2,786	(14,517)
Pledge receivable	(10,000)	-
Prepaid expenses	(12,414)	4,378
Other receivables	(5,382)	(2,547)
Security deposit	(6,625)	(185,982)
Accounts payable	93,648	(1,920)
Accrued expenses	8,700	14,854
Deferred income	44,320	10,180
Operating lease liability	481	-
Refundable advance	-	(64,100)
Net cash from operating activities	83,039	86,002
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(7,718)	-
Net cash from investing activities	(7,718)	-
Net change in cash	75,321	86,002
Cash and cash equivalents, beginning of year	361,452	275,450
Cash and cash equivalents, end of year	\$ 436,773	\$ 361,452

*See notes to the consolidated financial statements and Independent Auditors' Report.*

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 NATURE OF ORGANIZATION**

Martin County Healthy Start Coalition, Inc. 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 plan to address identified problem areas and issues. The Coalition's programs are as follows:

- Core Services

A service provided to all Healthy Start Participants consistently statewide that includes Care Coordination, prenatal education, parenting education, interconception education and counseling, stress management education, screenings for perinatal depression, intimate partner violence, tobacco use, substance use and child development, individualized plan of care, and family support plan.

- Enhanced Services

Additional services based on identified need and available funding, including, but not limited to, breastfeeding education, childbirth education, nutrition education, psychosocial counseling, and tobacco cessation services.

- Prenatal Care Program

A service providing prenatal care for pregnant Martin County residents at or below 185% of the Federal Poverty Level who otherwise would not qualify for Medicaid.

- Doula Program

A service providing physical, emotional, and informational support to a mother before, during, and shortly after childbirth in the immediate postpartum period by trained non-medical professionals recruited from the community.

- Nurse Family Partnership (NFP)

An evidence-based, community health program intended to promote the well-being of first-time, low-income mothers and their children with registered nurses providing parenting education, referrals to community resources and promote family enrichment starting early in pregnancy and continuing through the child's second birthday.

- Fatherhood Program

Individualized services provided to fathers that aim to increase participation in home-visiting services and strengthen family and child well-being. A father includes any father figure with an active role within the family unit of an enrolled pregnant woman, infant, and/or child.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

- Diaper Pantry  
The program provides diapers for babies and toddlers at no cost to families in need. Additionally, the Coalition runs a clothing boutique, Ellie's Boutique, that helps families by providing free clothing and other basic items that are needed for new babies and growing families in need.
  
- Madison's Miracles  
A program for families experiencing the loss of an infant or pregnancy. The program offers memory boxes, counseling and support groups, and covers the cost of funeral expenses if needed.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Entities Whose Financial Results Are Consolidated in the Financial Statements**

The financial statements present the consolidated financial results of the Coalition and its wholly owned subsidiary, MCHSC Properties LLC, with all significant balances and transactions between the two entities eliminated.

**Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restriction* – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Coalition recognizes grants, contracts and contributions of cash or other assets restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Comparative Financial Information**

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Since prior year information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("GAAP"), such information should be read in conjunction with the Organization's audited financial statements as of and for the year ended June 30, 2022, from which the summarized information was derived.

**Reclassification**

Certain reclassifications have been made to prior year amounts to conform with the current presentation.

**Revenue Recognition**

The Coalition recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Coalition recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Coalition recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

A portion of the Coalition's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Coalition has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the Coalition's federal and state contracts and grants.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. The Coalition has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,500. Depreciation is provided using the straight-line method over the estimated useful lives of assets ranging between 5 to 10 years. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Intangible Assets**

Trademark rights and website costs are capitalized at cost, net of accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which range between 3 to 5 years.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Coalition considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

**Gifts and Contributions**

Gifts and contributions are recorded at their fair market value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. As of June 30, 2023, the Coalition did not have any donor imposed restrictions that were perpetual in nature.

**Donated Property and Services**

GAAP requires recognition of contributed services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. The Coalition receives a significant amount of donated services from unpaid volunteers who assist in fundraising, administration and program services. However, these amounts have not been recognized in the accompanying consolidated financial statements because they do not meet the recognition criteria.

**Concentration of Credit Risk**

Financial instruments which potentially subject the Coalition to concentration of credit risk include cash and cash equivalents in financial institutions which may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures up to \$250,000 per depositor, per insured bank. As of June 30, 2023, the Coalition has amounts in excess of FDIC insured limits by approximately \$174,000. The Coalition has not experienced any losses in such accounts.

**Fair Value of Financial Instruments**

The Coalition's financial instruments, which include cash and cash equivalents, grants and pledge receivable, other receivables, accounts payable, accrued expenses, and deferred income are recorded at fair value on June 30, 2023.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Functional Expenses**

The costs of providing various services have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Costs that are directly related to the Coalition's specific purpose have been recorded as a direct expense and included as program services. Certain costs have been allocated among the programs and supporting services benefited based on a percentage of direct labor and management's estimates of the benefit derived by each activity.

**Federal Income Tax**

The Coalition is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of the Income Tax Topic of the FASB Accounting Standards Codification. With few exceptions, the Coalition is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years prior to 2020.

**New Accounting Standards Adopted**

Effective July 1, 2022, the Coalition adopted new accounting guidance for leases in accordance with ASC 842. This new accounting guidance supersedes previous lease accounting guidance in ASC 840 and requires entities that lease assets to recognize the assets and liabilities for the rights and obligations created by those leases on its balance sheet. The new guidance also requires additional disclosures about the amount, timing and uncertainty of cash flows from leases. The Coalition adopted ASC 842 using the modified retrospective transition method. Amounts and disclosures related to periods prior to July 1, 2022, have not been restated and continue to be reported in accordance with ASC 840. Upon adoption of ASC 842, the Coalition elected to apply the following practical expedients in accordance with the guidance:

- Short-term leases: The Coalition did not recognize short-term leases (term of 12 months or less) on the consolidated statement of financial position;
- Easements: The Coalition did not re-evaluate existing land easements that were not previously accounted for as leases; and
- Other: The Coalition did not reassess the classification of expired or existing contracts or determine whether they are or contain a lease. The Coalition also did not reassess whether initial direct costs qualify for capitalization under ASC 842.

Upon adoption on July 1, 2022, the Coalition recorded right-of-use assets of \$318,187 and lease liabilities of \$318,668 related to operating leases. There were no cumulative effect adjustments made to net assets without donor restrictions as of July 1, 2022. The adoption did not, and is not expected to, have a significant impact on the consolidated statements of activities or cash flows. See Note 11 for additional disclosures regarding leases.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Coalition evaluated subsequent events through February 19, 2024; the date the consolidated financial statements were available for issue. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying consolidated financial statements.

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The organization has \$793,678 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include cash of \$436,773, pledge receivable of \$10,000 and grants receivable of \$346,905. The Organization will additionally fund operating needs through grant funding, contributions, and fundraising income.

**NOTE 4 GRANTS RECEIVABLE**

Grants receivable are, primarily, amounts due from governmental agencies and local grantors particular to cost reimbursement grants, which are deemed to be fully collectible. As of June 30, 2023 grants receivable are as follows:

Children's Services Council	\$ 182,570
Florida Department of Health	81,420
Healthy Start MomCare Network	60,000
Okeechobee Healthy Start Coalition	22,915
	<hr/>
	\$ 346,905

**NOTE 5 OTHER RECEIVABLES**

As of June 30, 2023, the Healthy Start MomCare Network, Inc. has held back \$52,127 for the purpose of any potential Medicaid payback situations that may arise during a five year period. If the Agency of Health Care Administration deems repayment should be made for a Coalition's previously submitted incorrect billable services, the Healthy Start MomCare Network, Inc. shall apply these funds at that time. If there is not a Medicaid payback situation after the fifth year then the Healthy Start MomCare Network, Inc. will release the funds back to the Coalition within 30 days of the beginning of the upcoming state fiscal year (July 1<sup>st</sup>).

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6 INTANGIBLE ASSETS**

Intangible assets consist of the following at June 30, 2023:

Trademark rights	\$ 1,736
Website	2,000
	3,736
Less: accumulated amortization	(3,336)
	\$ 400

Amortization expense for the year ended June 30, 2023 was \$400.

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2023:

Computer equipment	\$ 7,866
Furniture and equipment	7,718
Automobile	22,260
	37,844
Less: accumulated depreciation	(16,991)
	\$ 20,853

Depreciation expense for the year ended June 30, 2023 was \$6,207.

**NOTE 8 ACCRUED EXPENSES**

As of June 30, 2023, accrued expenses primarily consist of accrued payroll, accrued paid time-off, and pension plan payable totaling approximately \$57,335.

**NOTE 9 DEFINED CONTRIBUTION RETIREMENT PLAN**

The Coalition sponsors a defined contribution annuity plan that consists of elective salary deferrals by employees plus up to a 3% matching contribution amount by the Coalition for all employees who contribute. For the year ended June 30, 2023, the discretionary contribution amount payable by the Coalition totaled \$6,291.

**NOTE 10 LINE OF CREDIT**

The Coalition has a line of credit totaling \$75,000 with a local bank to cover temporary cash flow needs. The line of credit bears interest at the Wall Street Journal Prime plus 1% floating with a floor rate of 4.25%. The line of credit is payable on demand and renews every three years. The next renewal date is August 20, 2023. During the fiscal year ended June 30, 2023, the Coalition did not draw on the line of credit.



**MARTIN COUNTY HEALTHY START COALITION, INC.**  
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**NOTE 11 LEASES**

The Coalition leases facilities related to its operations under noncancelable leases, all of which were determined to be operating leases. The Coalition's lease agreements do not include any material residual value guarantees or material restrictive covenants. The Coalition determines if an agreement contains a lease at inception based on the Coalition's right to the economic benefits of the leased assets and its right to direct the use of the leased asset. Right-of-use assets represent the Coalition's right to use an underlying asset, and right-of-use liabilities represent the Coalition's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. As most of the Coalition's leases do not provide an implicit rate, the Coalition uses its estimated incremental borrowing rate based on the information available at the commencement date, adjusted for the lease term, to determine the present value of the lease payments.

The Coalition's real estate leases may require that the Coalition pay for maintenance, real estate taxes, and insurance, in addition to rent. Maintenance, real estate taxes, and insurance payments are generally variable and based on actual costs incurred by the lessor. Therefore, these amounts are not included in the consideration of the contract when determining the right-of-use assets and lease liabilities.

Leases with an initial term of twelve months or less are not recorded on the balance sheet. The Coalition recognizes lease expense for these leases on a straight-line basis over the lease term.

When implementing Topic 842, the Coalition elected the following practical expedients: (1) a package of practical expedients that allows the Coalition to not reassess: (a) whether expired or existing contracts contained leases; (b) the lease classification for expired or existing leases; and (c) the initial direct costs for existing leases; (2) for all underlying asset classes, an expedient that allows the Coalition to not apply the recognition requirements to short-term leases and account for lease and associated non-lease components as a single lease component; (3) an expedient that allows the use of hindsight to determine lease term; and (4) an expedient that allows the Coalition to not evaluate under Topic 842 land easements that existed or expired before the Coalition's adoption of Topic 842, and that were not previously accounted for as leases.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
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The following is a summary of the lease related assets and liabilities as of June 30, 2023:

ROU Asset	\$	381,521
Accumulated amortization		<u>(63,334)</u>
	\$	<u>318,187</u>
Lease liability - current portion	\$	94,854
Lease liability - non-current		<u>223,814</u>
	\$	<u>318,668</u>

Cash flow information related to cash paid for the amounts included in the measurement of lease liabilities consisted of the following as of June 30, 2023:

Operating cash flows from operating leases	\$	<u>68,303</u>
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The Coalition's weighted average remaining lease term and discount rate are as follows for the year ending June 30, 2023:

Weighted average remaining lease term (in years)		
Operating leases		3.12
Weighted average discount rate		
Operating leases		3.45%

Future minimum lease payments for lease liabilities are as follows for the periods ending June 30:

	2024	\$	104,518
	2025		69,104
	2026		56,795
	2027		58,499
	2028		<u>55,233</u>
			344,149
Less: interest			<u>25,481</u>
Present value of lease liabilities		\$	<u>318,668</u>

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions resulting from time constrictions consist of the following as of June 30, 2023:

Children's Services Council	\$ 182,570
Florida Department of Health	81,420
Healthy Start MomCare Network	60,000
Okechobee Healthy Start Coalition	22,915
Miscellaneous	1,131
	<u>\$ 348,036</u>

**NOTE 13 NET ASSETS RELEASED FROM RESTRICTION**

During the year ended June 30, 2023, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Impact 100	\$ 100,000
Healthy Start MomCare Network	87,270
Hobe Sound	64,000
Florida Department of Health	50,614
Children's Services Council	47,974
	<u>\$ 349,858</u>

**NOTE 14 FEDERAL FUNDING**

The Coalition received a combination of federal and state matching grants. In the event that the Coalition expends \$750,000 or more in Federal awards in its fiscal year, the Coalition must have a single or program-specific audit conducted in accordance with the provisions of OMB Circular A-133. The funding sources awarded to the Coalition pursuant to the Department of Health and Healthy Start MomCare Network grants at June 30, 2023 are as follows:

	Federal	State	Matching and MOE Amounts*	Total
Department of Health	\$ 9,866	\$416,018	\$ -	\$ 425,884
MomCare Network	277,559	-	160,266	437,825
	<u>\$ 287,425</u>	<u>\$416,018</u>	<u>\$ 160,266</u>	<u>\$ 863,709</u>

\*Matching Resources, Maintenance of Effort (MOE), and Financial Assistance not subject to section 215.97, Florida Statutes or 2 CFR § 200.306 amounts should not be included by recipient when computing the threshold for single audit requirements totals. Matching, MOE, and Financial Assistance not subject to section 215.97, Florida Statutes or 2 CFR § 200.306 is not considered State or Federal Assistance.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 15 SPECIAL EVENT REVENUE**

During the year ended June 30, 2023, the Coalition held its main fundraising event: Dancing with the Martin Stars. Revenue from the special event was recorded at the fair market value net the costs of direct benefit to donors.

Special event revenue consists of the following at June 30, 2023:

Special event revenue	\$ 202,854
Costs of direct benefit to donors	<u>(57,868)</u>
	<u>\$ 144,986</u>

**NOTE 16 CONCENTRATIONS**

The Coalition is economically dependent on three major funding sources: The Children’s Services Council of Martin County, Inc., the Healthy Start MomCare Network and the Florida Department of Revenue.

Concentrations of revenue consist of the following for the year ended June 30, 2023:

	<u>Revenue</u>	<u>Percentage of total revenue</u>
Children's Services Council	\$ 454,294	22%
Healthy Start MomCare Network	437,825	21%
Florida Department of Health	<u>303,688</u>	<u>15%</u>
	<u>\$ 1,195,807</u>	<u>58%</u>

**NOTE 17 CONTINGENCIES**

*Contingent Liabilities*

The Organization may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes that the Organization is in compliance with the terms of its grant agreements and no significant contingent liabilities exist. Therefore, no provision has been recorded in the consolidated financial statements for such contingencies.