

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

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

**June 30, 2020  
(With Comparative Totals for 2019)**

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2020

**CONTENTS**

INDEPENDENT AUDITORS' REPORT .....	1-2
<i>FINANCIAL STATEMENTS</i>	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	3
CONSOLIDATED STATEMENT OF ACTIVITIES .....	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES.....	5
CONSOLIDATED STATEMENT OF CASH FLOWS .....	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS .....	7-15



## **INDEPENDENT AUDITORS' REPORT**

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

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, 2020, 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.

### **Management's Responsibility 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from 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 consolidated 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 consolidated 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 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, 2020, 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.

## Report on Summarized Comparative Information

We have previously audited Martin County Healthy Start Coalition, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*OFFUTT BARTON SCHLITT LLC*

Vero Beach, Florida  
October 12, 2020

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020**  
**(WITH COMPARTAIVE TOTALS AS OF JUNE 30, 2019)**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 329,990	\$ 153,626
Grants receivable	228,966	230,065
Prepaid expenses	6,265	1,332
Total current assets	565,221	385,023
Other assets		
Other receivables	43,623	34,359
Security deposit	2,824	-
Intangible assets, net	2,757	-
Property and equipment, net	1,495	2,201
Total other assets	50,699	36,560
Total assets	\$ 615,920	\$ 421,583
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 80,801	\$ 17,152
Deferred income	47,000	3,130
Accrued expenses	23,360	15,634
Refundable advance	66,250	-
Total current liabilities	217,411	35,916
Without donor restrictions	169,543	159,102
With donor restrictions	228,966	226,565
Net Assets	398,509	385,667
Total liabilities and net assets	\$ 615,920	\$ 421,583

*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, 2020**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	<b>2020</b>			<b>2019</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>(Memo Total)</b>
<b>OPERATING REVENUES</b>				
Local grant and contract revenues	\$ 368,131	\$ 95,587	\$ 463,718	\$ 458,346
Grants from government agencies	460,708	133,379	594,087	515,744
Special event, net costs of direct benefit to donors of \$42,143	137,240	-	137,240	118,744
Contributions	18,155	-	18,155	6,683
Interest income	577	-	577	1,189
Other income	347	-	347	3,781
Contributions in-kind	-	-	-	2,000
Subtotal operating revenues	985,158	228,966	1,214,124	1,106,487
Net assets released from restriction	226,565	(226,565)	-	-
<b>Total operating revenues</b>	<b>1,211,723</b>	<b>2,401</b>	<b>1,214,124</b>	<b>1,106,487</b>
<b>EXPENSES</b>				
<b>Program services</b>				
Coalition services	952,227	-	952,227	947,933
Father support services	46,629	-	46,629	61,004
<b>Total program services</b>	<b>998,856</b>	<b>-</b>	<b>998,856</b>	<b>1,008,937</b>
<b>Supporting services</b>				
Management and general	191,410	-	191,410	183,301
Fundraising	11,016	-	11,016	9,210
<b>Total supporting services</b>	<b>202,426</b>	<b>-</b>	<b>202,426</b>	<b>192,511</b>
<b>Total expenses</b>	<b>1,201,282</b>	<b>-</b>	<b>1,201,282</b>	<b>1,201,448</b>
<b>Change in net assets</b>	<b>10,441</b>	<b>2,401</b>	<b>12,842</b>	<b>(94,961)</b>
Net assets, beginning of year	159,102	226,565	385,667	480,628
<b>Net assets, end of year</b>	<b>\$ 169,543</b>	<b>\$ 228,966</b>	<b>\$ 398,509</b>	<b>\$ 385,667</b>

*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, 2020**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2019)**

	2020						2019
	Program Services			Supporting Services			All Funds Combined (Memo Total)
	Coalition Services	Father Support Services	Total	Management and General	Fundraising	Grand Total	
<b>Payroll and Related Expenses</b>							
Salaries and wages	\$ 187,658	\$ 28,000	\$ 215,658	\$ 114,568	\$ 6,739	\$ 336,965	\$ 295,912
Payroll taxes	14,161	2,172	16,333	8,677	510	25,520	25,078
Other employee benefits	19,676	5,659	25,335	13,459	792	39,586	24,141
Retirement	5,035	388	5,423	2,881	169	8,473	8,700
<b>Total</b>	<u>226,530</u>	<u>36,219</u>	<u>262,749</u>	<u>139,585</u>	<u>8,210</u>	<u>410,544</u>	<u>353,831</u>
<b>Direct Service Dollars</b>							
Care coordination	361,093	-	361,093	-	-	361,093	358,347
Prenatal care programs	183,476	-	183,476	-	-	183,476	195,643
Connect and healthy start screening	90,116	-	90,116	-	-	90,116	106,271
Program supplies	5,786	804	6,590	-	-	6,590	9,495
<b>Total</b>	<u>640,471</u>	<u>804</u>	<u>641,275</u>	<u>-</u>	<u>-</u>	<u>641,275</u>	<u>669,756</u>
<b>Office Administration and Facilities</b>							
Leases, storage	37,445	4,500	41,945	22,284	1,311	65,540	57,347
Advertising	13,878	220	14,098	7,490	441	22,029	43,010
Professional fees	8,729	139	8,868	4,711	277	13,856	13,439
Office supplies	5,571	1,425	6,996	3,725	218	10,939	13,851
Travel	5,054	-	5,054	2,436	-	7,490	7,472
Telephone	2,928	1,751	4,679	2,485	146	7,310	10,778
Information systems support	3,220	850	4,070	2,162	127	6,359	7,555
Insurance	2,848	47	2,895	1,539	91	4,525	7,098
Licenses, dues and memberships	2,350	37	2,387	1,268	75	3,730	6,811
Training	2,327	37	2,364	1,256	74	3,694	4,903
Utilities	876	600	1,476	784	46	2,306	3,232
Depreciation and amortization	-	-	-	1,685	-	1,685	2,365
<b>Total</b>	<u>85,226</u>	<u>9,606</u>	<u>94,832</u>	<u>51,825</u>	<u>2,806</u>	<u>149,463</u>	<u>177,861</u>
<b>Total expenses</b>	<u>\$ 952,227</u>	<u>\$ 46,629</u>	<u>\$ 998,856</u>	<u>\$ 191,410</u>	<u>\$ 11,016</u>	<u>\$ 1,201,282</u>	<u>\$ 1,201,448</u>

*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, 2020**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 12,842	\$ (94,961)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	706	706
Amortization	979	-
Changes in operating assets and liabilities:		
Grants receivable	1,099	(60,346)
Prepaid expenses	(4,933)	(97)
Other receivables	(9,264)	7,486
Security deposit	(2,824)	-
Accounts payable	63,649	(56,612)
Deferred income	43,870	(46,014)
Accrued expenses	7,726	394
Refundable advance	66,250	-
Net cash from operating activities	180,100	(249,444)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of trademark and web design	(3,736)	-
Net cash from investing activities	(3,736)	-
Net change in cash	176,364	(249,444)
Cash and cash equivalents, beginning of year	153,626	403,070
Cash and cash equivalents, end of year	\$ 329,990	\$ 153,626

*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, 2020**

**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:

- 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's Services Council of Martin County, the Agency for Health Care Administration (AHCA), United Way, and Hobe Sound Community Chest. Programs include:

- a. Care Coordination
- b. Nurse Family Partnership
- c. Healthy Start services
- d. Prenatal care programs

- Father Support Services

Father support services include the Father Child Resource Center. The Father Child Resource Center program helps 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 and Hobe Sound Community Chest.

**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

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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.

**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, 2019, 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.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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.

**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, 2020 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

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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. At June 30, 2020 the Coalition did not have any cash accounts which exceed FDIC limits.

**Fair Value of Financial Instruments**

The Coalition's financial instruments, which include cash and cash equivalents, grants receivable, other receivables, accounts payable, accrued expenses, deferred income and refundable advance are recorded at fair value on June 30, 2020.

**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 2017.

**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Coalition evaluated subsequent events through October 12, 2020; 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, other than the following:

*COVID-19 Disruption*

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic, and it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

industries and countries, could be severely impacted for months or more, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time.

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

The organization has \$558,956 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 \$329,990 and grants receivable of \$228,966. 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, 2020 grants receivable are as follows:

Children's Services Council	\$ 95,587
Healthy Start MomCare Network	82,765
Florida Department of Health	50,614
	<u>\$ 228,966</u>

**NOTE 5 OTHER RECEIVABLES**

As of June 30, 2020, the Healthy Start MomCare Network, Inc. has held back \$43,623 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, 2020**

**NOTE 6 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2020:

Office equipment	\$	2,802
Computer equipment		<u>2,622</u>
		5,424
Less: accumulated depreciation		<u>(3,929)</u>
	\$	<u>1,495</u>

Depreciation expense for the year ended June 30, 2020 was \$706.

**NOTE 7 INTANGIBLE ASSETS**

Intangible assets consist of the following at June 30, 2020:

Trademark rights	\$	1,736
Website		<u>2,000</u>
		3,736
Less: accumulated amortization		<u>(979)</u>
	\$	<u>2,757</u>

Amortization expense for the year ended June 30, 2020 was \$979.

**NOTE 8 ACCRUED EXPENSES**

As of June 30, 2020 accrued expenses primarily consist of accrued payroll and accrued paid time off totaling approximately \$23,360.

**NOTE 9 DEFERRED INCOME**

Deferred income represents contract agreement revenue for the following fiscal year that has been received in advance. As of June 30, 2020, deferred income amounted to \$47,000.

**NOTE 10 DEFINED CONTRIBUTION RETIREMENT PLAN**

The Coalition sponsors a defined contribution annuity plan that consist of elective salary deferral by the employee plus a discretionary contribution amount. For the year ended June 30, 2020, the discretionary contribution amount made by the Coalition totaled \$6,523.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 11 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 renews annually. During the fiscal year ended June 30, 2020, the Coalition did not draw on the line of credit.

**NOTE 12 REFUNDABLE ADVANCE**

The Coalition received a Paycheck Protection Program (PPP) loan of \$66,250 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES ACT). PPP loans are considered conditional contributions, with a right-of-return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. Application for forgiveness of the loan will be made, with the inclusion of compliance substantiation and certification therein. However, at the time of issuance of the financial statements, notice of forgiveness had not been received from the lender. All documentation supporting program compliance has been made available for the financial statement audit. All indications are that the loan will be forgiven. However, if a portion of the loan must be repaid the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that the institution has sufficient liquidity to repay the unforgiven portion.

**NOTE 13 COMMITMENTS**

The Coalition leases office space from the Children's Services Council of Martin County, Inc. under an annual lease agreement effective January 1, 2017 through December 31, 2018. This lease was automatically renewed for an additional one-year term on the same terms and conditions. The Coalition terminated the lease agreement effective December 31, 2019. Lease expense for the year ended June 30, 2020 totaled \$9,453 and was determined by a cost sharing arrangement based on square footage.

The Coalition also leased space from Coury LLC for its prenatal outreach center. The Coalition terminated this lease agreement effective August 31, 2019. Total lease expense for the year ended June 30, 2020 totaled \$6,316.

The Coalition entered into a lease agreement with Mayfair Plaza, Inc. effective August 15, 2019 through August 14, 2021. Rent in the amount of \$2,493.75 is due on the first day of each month. Total lease expense for the year ended June 30, 2020 totaled \$28,816.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

Future minimum lease payments are as follows:

Years Ending June 30,	Amount
2021	\$ 29,925
2022	3,741
	\$ 33,666

**NOTE 14 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions resulting from time constrictions consist of the following as of June 30, 2020:

Children's Services Council	\$ 95,587
Healthy Start MomCare Network	82,765
Florida Department of Health	50,614
	\$ 228,966

**NOTE 15 NET ASSETS RELEASED FROM RESTRICTION**

During the year ended June 30, 2020, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Children's Services Council	\$ 92,145
Florida Department of Health	91,109
Healthy Start MomCare Network	43,311
	\$ 226,565

**NOTE 16 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, 2020 are as follows:

	Federal	Matching and MOE Amounts	State Matching	Total
Department of Health	\$ 9,422	\$ 279,889	\$ -	\$ 289,311
MomCare Network	187,620	-	117,156	304,776
	\$ 197,042	\$ 279,889	\$ 117,156	\$ 594,087



**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 17 SPECIAL EVENT REVENUE**

During the year ended June 30, 2020, 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, 2020:

Special event revenue	\$ 179,383
Costs of direct benefit to donors	<u>(42,143)</u>
	<u>\$ 137,240</u>

**NOTE 18 CONCENTRATIONS**

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

Concentrations of revenue consist of the following for the year ended June 30, 2020:

	<u>Revenue</u>	<u>Percentage of total revenue</u>
Children's Services Council	370,718	31%
Healthy Start MomCare Network	304,776	25%
Florida Department of Health	<u>289,311</u>	<u>24%</u>
	<u>\$ 964,805</u>	<u>79%</u>

**NOTE 19 CONTINGENCIES**

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.