

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

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

**June 30, 2019  
(With Comparative Totals for 2018)**

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2019

**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, 2019, 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, 2019, 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 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, 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 5, 2020

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2019**  
**(WITH COMPARTAIVE TOTALS AS OF JUNE 30, 2018)**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 153,626	\$ 403,070
Grants receivable	230,065	169,719
Other receivables	34,359	41,845
Prepaid expenses and other assets	1,332	1,235
Total current assets	419,382	615,869
 Property and equipment, net	 2,201	 2,907
 Total assets	 \$ 421,583	 \$ 618,776
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 17,152	\$ 73,764
Accrued expenses	15,634	15,240
Deferred income	3,130	49,144
Total current liabilities	35,916	138,148
 Without donor restrictions	 159,102	 310,909
With donor restrictions	226,565	169,719
Net Assets	385,667	480,628
 Total liabilities and net assets	 \$ 421,583	 \$ 618,776

*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, 2019  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)**

	<b>2019</b>			<b>2018</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>(Memo Total)</b>
<b>OPERATING REVENUES</b>				
Grants from government agencies	\$ 646,025	\$ 226,565	\$ 872,590	\$ 982,300
Special event, net costs of direct benefit to donors of \$44,859	118,744	-	118,744	89,093
Local grant and contract revenues	101,500	-	101,500	65,943
Contributions	6,683	-	6,683	6,835
Other income	3,781	-	3,781	1,336
Contributions in-kind	2,000	-	2,000	4,800
Interest income	1,189	-	1,189	900
Subtotal operating revenues	<u>879,922</u>	<u>226,565</u>	<u>1,106,487</u>	<u>1,151,207</u>
Net assets released from restriction	169,719	(169,719)	-	-
<b>Total operating revenues</b>	<u>1,049,641</u>	<u>56,846</u>	<u>1,106,487</u>	<u>1,151,207</u>
<b>EXPENSES</b>				
<b>Program services</b>				
Coalition services	947,933	-	947,933	915,470
Father support services	61,004	-	61,004	62,234
<b>Total program services</b>	<u>1,008,937</u>	<u>-</u>	<u>1,008,937</u>	<u>977,704</u>
<b>Supporting services</b>				
Management and general	183,301	-	183,301	166,181
Fundraising	9,210	-	9,210	8,377
<b>Total supporting services</b>	<u>192,511</u>	<u>-</u>	<u>192,511</u>	<u>174,558</u>
<b>Total expenses</b>	<u>1,201,448</u>	<u>-</u>	<u>1,201,448</u>	<u>1,152,262</u>
<b>Change in net assets</b>	(151,807)	56,846	(94,961)	(1,055)
Net assets, beginning of year	310,909	169,719	480,628	481,683
<b>Net assets, end of year</b>	<u>\$ 159,102</u>	<u>\$ 226,565</u>	<u>\$ 385,667</u>	<u>\$ 480,628</u>

*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, 2019**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2018)**

	2019						2018
	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	\$ 186,425	\$ 2,959	\$ 189,384	\$ 100,610	\$ 5,918	\$ 295,912	\$ 307,396
Payroll taxes	15,799	250	16,049	8,527	502	25,078	26,432
Other employee benefits	15,209	241	15,450	8,208	483	24,141	19,951
Retirement	5,481	87	5,568	2,958	174	8,700	9,368
<b>Total</b>	<b>222,914</b>	<b>3,537</b>	<b>226,451</b>	<b>120,303</b>	<b>7,077</b>	<b>353,831</b>	<b>363,147</b>
<b>Direct Service Dollars</b>							
Care coordination	358,347	-	358,347	-	-	358,347	358,249
Prenatal care programs	195,643	-	195,643	-	-	195,643	201,090
MomCare and healthy start screening	70,047	-	70,047	-	-	70,047	53,086
Father support coordination	-	36,224	36,224	-	-	36,224	40,808
Program supplies	4,503	1,514	6,017	3,478	-	9,495	14,978
<b>Total</b>	<b>628,540</b>	<b>37,738</b>	<b>666,278</b>	<b>3,478</b>	<b>-</b>	<b>669,756</b>	<b>668,211</b>
<b>Office Administration and Facilities</b>							
Leases, storage	32,114	3,728	35,842	21,505	-	57,347	48,197
Professional fees	23,225	6,452	29,677	12,473	860	43,010	19,198
Office supplies	7,257	2,016	9,273	3,897	269	13,439	14,783
Travel	6,767	-	6,767	6,378	-	13,145	7,800
Meetings	4,035	1,121	5,156	2,167	149	7,472	-
Telephone	5,820	1,617	7,437	3,125	216	10,778	7,245
Information systems support	4,080	1,133	5,213	2,191	151	7,555	7,231
Licenses, dues and memberships	3,833	1,065	4,898	2,058	142	7,098	3,770
Insurance	3,678	1,022	4,700	1,975	136	6,811	3,681
Training	2,648	735	3,383	1,422	98	4,903	3,454
Advertising	1,745	485	2,230	937	65	3,232	3,029
Utilities	1,277	355	1,632	686	47	2,365	1,780
Depreciation	-	-	0	706	-	706	736
<b>Total</b>	<b>96,479</b>	<b>19,729</b>	<b>116,208</b>	<b>59,520</b>	<b>2,133</b>	<b>177,861</b>	<b>120,904</b>
<b>Total expenses</b>	<b>\$ 947,933</b>	<b>\$ 61,004</b>	<b>\$ 1,008,937</b>	<b>\$ 183,301</b>	<b>\$ 9,210</b>	<b>\$ 1,201,448</b>	<b>\$ 1,152,262</b>

*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, 2019**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (94,961)	\$ (1,055)
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	706	736
Changes in operating assets and liabilities:		
Grants receivable	(60,346)	(27,339)
Other receivables	7,486	(9,038)
Prepaid expenses and other assets	(97)	(1,235)
Accounts payable	(56,612)	27,073
Accrued expenses	394	(4,332)
Deferred income	(46,014)	5,296
Net cash used for operating activities	(249,444)	(9,894)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(2,801)
Net cash used for investing activities	-	(2,801)
Net change in cash	(249,444)	(12,695)
Cash and cash equivalents, beginning of year	403,070	415,765
Cash and cash equivalents, end of year	\$ 153,626	\$ 403,070
<b>NONCASH TRANSACTION:</b>		
Disposal of fully depreciated fixed assets	\$ -	\$ 33,561

*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, 2019**

**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.

On February 11, 2019, the Coalition filed articles of incorporation with the State of Florida to form its wholly owned subsidiary MCHSC Properties, LLC. The Company's purpose is to acquire and hold a building when the Coalition purchases one. As a single member LLC, the entity is disregarded for purposes of the Internal Revenue Code.

**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, with all significant balances and transactions between the two entities eliminated.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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.

**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, 2018, from which the summarized information was derived.

**Revenue Recognition**

The Coalition recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. Net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities when a donor restriction expires, stipulated time restriction ends or purpose restriction is accomplished.

**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 \$500. Depreciation is provided using the straight-line method over the estimated useful lives of assets ranging between 5 to

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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. Effective for the period ending June 30, 2020, the Coalition approved a capitalization policy increase to \$1,500.

**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, 2019 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. At June 30, 2019, the Coalition's bank statement balances total \$254,737 leaving approximately \$4,737 in cash and cash equivalents in excess of FDIC limits. The difference between the \$254,737 reported as bank balances and the \$153,626 carrying amount reported on the consolidated statement of financial position is due to the effect of \$101,657 of checks outstanding, a \$25 deposit in transit and the inclusion of the LLC's bank account balance. Management does not believe that the Coalition is exposed to any significant financial risk as a result of these deposits and has subsequently opened an additional bank account at a different financial institution to ensure deposits are fully insured by the FDIC.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Fair Value of Financial Instruments**

The Coalition's financial instruments, which include cash and cash equivalents, grants receivable, other receivables, accounts payable, accrued expenses, and deferred income are recorded at fair value on June 30, 2019.

**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 2016.

**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Coalition evaluated subsequent events through February 5, 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.

**NOTE 3 NEW ACCOUNTING PRONOUNCEMENT**

On August 18, 2018, the FASB issued ASU 2016-14, Not-for-Profit Entities (topic 958) Presentation on Financial Statements of Not-for-Profit Entities. The Coalition has adjusted the presentation of its consolidated financial statements accordingly, and applied the changes retrospectively to the summarized comparative period presented. The new standards change the following aspects of the Coalition's consolidated financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset called net assets with donor restrictions.
- The unrestricted net asset class has been renamed to net assets without donor restrictions.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

- The consolidated financial statements include a new disclosure about liquidity and availability of resources.

In addition, certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year consolidated financial statements.

**NOTE 4 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The organization has \$383,691 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 \$153,626 and grants receivable of \$230,065. The Organization will additionally fund operating needs through grant funding, contributions, and fundraising income.

**NOTE 5 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, 2019 grants receivable are as follows:

Children's Services Council	\$ 92,145
Florida Department of Health	91,109
Healthy Start MomCare Network	43,311
Port Salero Church	3,500
	<u>\$ 230,065</u>

**NOTE 6 OTHER RECEIVABLES**

As of June 30, 2019, the Healthy Start MomCare Network, Inc. has held back \$34,359 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, 2019**

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2019:

Office equipment	\$ 2,802
Computer equipment	<u>2,622</u>
	5,424
Less: accumulated depreciation	<u>(3,223)</u>
	<u>\$ 2,201</u>

Depreciation expense for the year ended June 30, 2019 was \$706.

**NOTE 8 ACCRUED EXPENSES**

As of June 30, 2019 accrued expenses primarily consist of accrued payroll and accrued paid time off totaling approximately \$15,634.

**NOTE 9 DEFERRED INCOME**

Deferred income represents contract agreement revenue and special events revenue for the following fiscal year that has been received in advance. As of June 30, 2019, deferred income amounted to \$3,130.

**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, 2019, the discretionary contribution amount made by the Coalition totaled \$6,890.

**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, 2019, the Coalition did not draw on the line of credit.

**NOTE 12 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

**MARTIN COUNTY HEALTHY START COALITION, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

term on the same terms and conditions. Total lease expense for the year ended June 30, 2019 amounted to \$18,267 and is determined by a cost sharing arrangement based on square footage.

The Coalition also leases space from Coury LLC for its prenatal outreach center under an annual lease effective July 1, 2018 through June 30, 2019. Total lease expense for the year ended June 30, 2019 amounted to \$37,897 of which Treasure Coast Food Bank reimbursed the Coalition \$9,497 under a sublease contract.

**NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions resulting from time constrictions consist of the following as of June 30, 2019:

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

**NOTE 14 NET ASSETS RELEASED FROM RESTRICTION**

During the year ended June 30, 2019, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources.

Healthy Start MomCare Network	\$ 76,507
Florida Department of Health	55,924
Children's Services Council	<u>37,288</u>
	<u>\$ 169,719</u>

**NOTE 15 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, 2019 are as follows:

**MARTIN COUNTY HEALTHY START COALITION, INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

	Federal	Matching and MOE Amounts	State Matching	Total
Department of Health	\$ 9,890	\$ 293,800	\$ -	\$ 303,690
MomCare Network	129,565	-	82,489	212,054
	<u>\$ 139,455</u>	<u>\$ 293,800</u>	<u>\$ 82,489</u>	<u>\$ 515,744</u>

**NOTE 16 SPECIAL EVENT REVENUE**

During the year ended June 30, 2019, 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, 2019:

Special event revenue	\$ 163,603
Costs of direct benefit to donors	<u>(44,859)</u>
	<u>\$ 118,744</u>

**NOTE 17 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, 2019:

	Revenue	Percentage of total revenue
Children's Services Council	356,846	32%
Florida Department of Health	303,690	27%
Healthy Start MomCare Network	212,054	19%
	<u>\$ 872,590</u>	<u>79%</u>

Change in net assets

As shown in the accompanying consolidated financial statements, the Coalition has incurred excess expenses over revenues in the amount of \$94,961 for the year ending June 30, 2019. Changes in government funding required that the Coalition create its budget using reserves to meet its funding requirements for the year. Management has reduced costs and put more focus into securing local grant funding in order to decrease dependability on government grants. Management believes these factors will contribute toward achieving a balanced budget for its future operations.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 18 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.