

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

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

**June 30, 2022  
(With Comparative Totals for 2021)**

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

**CONSOLIDATED FINANCIAL STATEMENTS**  
June 30, 2022

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570 Beachland Blvd.  
Vero Beach, FL 32963



**Offutt Barton Schlitt**<sup>LLC</sup>  
CERTIFIED PUBLIC ACCOUNTANTS  
*A History of Professional Commitment*

P: (772) 231-2100  
F: (772) 234-4333

Website: [CPAVeroBeach.com](http://CPAVeroBeach.com)

## 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, 2022, 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, 2022, 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.

### 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*OFFUTT BARTON SCHLITT LLC*

Vero Beach, Florida  
December 5, 2022

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2022**  
**(WITH COMPARTAIVE TOTALS AS OF JUNE 30, 2021)**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 361,452	\$ 275,450
Grants receivable	349,691	335,174
Prepaid expenses	4,351	8,729
Total current assets	715,494	619,353
Other assets		
Other receivables	46,745	44,198
Deposits	191,300	5,318
Intangible assets, net	800	1,778
Property and equipment, net	19,342	25,367
Total other assets	258,187	76,661
Total assets	\$ 973,681	\$ 696,014
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 82,022	\$ 83,942
Accrued expenses	48,635	33,781
Deferred income	64,180	54,000
Refundable advance	-	64,100
Total current liabilities	194,837	235,823
Without donor restrictions	428,986	179,017
With donor restrictions	349,858	281,174
Net Assets	778,844	460,191
Total liabilities and net assets	\$ 973,681	\$ 696,014

*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, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	<b>2022</b>			<b>2021</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	\$ 578,811	\$ 137,884	\$ 716,695	\$ 661,687
Local grant and contract revenues	443,651	211,973	655,624	421,473
Contributions	86,065	-	86,065	75,045
Special event, net costs of direct benefit to donors of \$39,939	72,294	-	72,294	24,399
Other grants	64,100	-	64,100	66,250
Contributions in-kind	10,000	-	10,000	-
Other income	21,638	-	21,638	4,753
Interest income	760	-	760	797
Subtotal operating revenues	<u>1,277,319</u>	<u>349,857</u>	<u>1,627,176</u>	<u>1,254,404</u>
Net assets released from restriction	281,173	(281,173)	-	-
<b>Total operating revenues</b>	<u>1,558,492</u>	<u>68,684</u>	<u>1,627,176</u>	<u>1,254,404</u>
<b>EXPENSES</b>				
<b>Program services</b>				
Core services	533,806	-	533,806	486,009
Enhanced services	125,591	-	125,591	83,705
Prenatal Care Program	230,989	-	230,989	239,094
Doula Program	105,279	-	105,279	1,400
Nurse Family Partnership (NFP)	139,351	-	139,351	126,176
Fatherhood Program	20,020	-	20,020	116,801
<b>Total program services</b>	<u>1,155,036</u>	<u>-</u>	<u>1,155,036</u>	<u>1,053,185</u>
<b>Supporting services</b>				
Coalition Services	60,059	-	60,059	79,640
Fundraising	93,428	-	93,428	58,402
<b>Total supporting services</b>	<u>153,487</u>	<u>-</u>	<u>153,487</u>	<u>138,042</u>
Loss on disposal of assets	-	-	-	1,495
<b>Total expenses</b>	<u>1,308,523</u>	<u>-</u>	<u>1,308,523</u>	<u>1,192,722</u>
<b>Change in net assets</b>	249,969	68,684	318,653	61,682
Net assets, beginning of year	179,017	281,174	460,191	398,509
<b>Net assets, end of year</b>	<u>\$ 428,986</u>	<u>\$ 349,858</u>	<u>\$ 778,844</u>	<u>\$ 460,191</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, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2021)**

	2022								2021	
	Program Services						Supporting Services		Total	All Funds Combined (Memo Total)
	Core Services	Enhanced Services	Prenatal Care Program	Doula Program	Nurse Family Partnership	Fatherhood Program	Coalition Services	Fundraising		
Salaries and wages	\$ 86,963	\$ 20,991	\$ 68,971	\$ 35,985	\$ 8,996	\$ 8,996	\$ 26,988	\$ 41,982	\$ 299,872	\$ 316,902
Payroll taxes and benefits	18,724	4,520	14,851	7,748	1,937	1,937	5,811	9,040	64,568	71,065
<b>Total payroll</b>	<b>105,687</b>	<b>25,511</b>	<b>83,822</b>	<b>43,733</b>	<b>10,933</b>	<b>10,933</b>	<b>32,799</b>	<b>51,022</b>	<b>364,440</b>	<b>387,967</b>
Direct Services	340,279	78,878	77,500	25,200	119,331	-	-	-	641,188	660,241
Professional fees	23,393	5,647	18,554	9,680	2,420	2,420	7,260	11,294	80,668	19,591
Rent	17,577	4,243	13,941	7,273	1,818	1,818	5,455	8,486	60,611	41,659
Supplies	9,430	2,276	7,480	3,902	976	976	2,927	4,553	32,520	3,164
Advertising	8,503	2,052	6,743	3,518	879	879	2,638	4,104	29,316	13,140
Office expense	6,185	1,493	4,905	2,559	640	640	1,919	2,986	21,327	25,221
Information systems	5,110	1,234	4,054	2,115	529	529	1,586	2,468	17,625	7,205
Contract services	4,350	1,050	3,450	1,800	450	450	1,350	2,100	15,000	-
Insurance	3,794	916	3,010	1,570	393	393	1,178	1,832	13,086	9,505
Training	2,302	556	1,826	953	238	238	715	1,112	7,940	3,661
Telephone	2,289	552	1,815	947	237	237	710	1,105	7,892	6,242
Depreciation/amortization	2,032	490	1,611	840	210	210	630	980	7,003	5,738
Dues and subscriptions	1,529	369	1,213	633	158	158	475	738	5,273	3,779
Utilities	814	196	644	336	84	84	252	392	2,802	1,568
Travel	532	128	421	220	55	55	165	256	1,832	2,546
<b>Total expenses</b>	<b>\$ 533,806</b>	<b>\$ 125,591</b>	<b>\$ 230,989</b>	<b>\$ 105,279</b>	<b>\$ 139,351</b>	<b>\$ 20,020</b>	<b>\$ 60,059</b>	<b>\$ 93,428</b>	<b>\$ 1,308,523</b>	<b>\$ 1,191,227</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, 2022**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 318,653	\$ 61,682
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	6,025	4,759
Amortization	978	979
Changes in operating assets and liabilities:		
Grants receivable	(14,517)	(106,208)
Prepaid expenses	4,378	(2,464)
Other receivables	(2,547)	(575)
Security deposit	(185,982)	(2,494)
Accounts payable	(1,920)	3,141
Accrued expenses	14,854	10,421
Deferred income	10,180	7,000
Refundable advance	(64,100)	(2,150)
Net cash from operating activities	86,002	(25,909)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(30,126)
Disposal of fixed assets	-	1,495
Net cash from investing activities	-	(28,631)
Net change in cash	86,002	(54,540)
Cash and cash equivalents, beginning of year	275,450	329,990
Cash and cash equivalents, end of year	\$ 361,452	\$ 275,450

*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, 2022**

**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, 2022**

**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.

**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, 2021, from which the summarized information was derived.

**Reclassification**

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

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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.

**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.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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, 2022 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. For the year ended June 30, 2022, the Coalition received \$10,000 of consultation services.

**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, 2022 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, 2022.

**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 2019.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Coalition evaluated subsequent events through December 5, 2022; 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 \$711,143 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 \$361,452 and grants receivable of \$349,691. 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, 2022 grants receivable are as follows:

Impact 100	\$ 100,000
Healthy Start MomCare Network	87,270
Hobe Sound Community Chest	64,000
Florida Department of Health	50,614
Children's Services Council	47,807
	<hr/>
	\$ 349,691

**NOTE 5 OTHER RECEIVABLES**

As of June 30, 2022, the Healthy Start MomCare Network, Inc. has held back \$46,745 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, 2022**

**NOTE 6 INTANGIBLE ASSETS**

Intangible assets consist of the following at June 30, 2022:

Trademark rights	\$	1,736
Website		2,000
		3,736
Less: accumulated amortization		(2,936)
	\$	800

Amortization expense for the year ended June 30, 2022 was \$978.

**NOTE 7 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30, 2022:

Computer equipment	\$	7,866
Automobile		22,260
		30,126
Less: accumulated depreciation		(10,784)
	\$	19,342

Depreciation expense for the year ended June 30, 2022 was \$6,025.

**NOTE 8 ACCRUED EXPENSES**

As of June 30, 2022 accrued expenses primarily consist of accrued payroll, accrued paid time-off, and pension plan payable totaling approximately \$48,635.

**NOTE 9 DEFINED CONTRIBUTION RETIREMENT PLAN**

The Coalition sponsors a defined contribution annuity plan that consists of elective salary deferrals by employees plus a discretionary contribution amount by the Coalition. For the year ended June 30, 2022, the discretionary contribution amount payable by the Coalition totaled \$17,127.

**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, 2022, the Coalition did not draw on the line of credit.

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11 COMMITMENTS**

The Coalition entered into a lease agreement with Mayfair Plaza, Inc. for 1,995 square feet at 963 SE Federal Hwy 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. The Coalition renewed the lease effective October 1, 2021 through September 30, 2024. Rent for October 1, 2021 through September 30, 2022 will be \$2,743.13, increasing to \$2,825.42 on October 1, 2022 and \$2,911.04 on October 1, 2024. On November 8, 2021, the Coalition signed a second addendum to their commercial lease to lease additional space consisting of Units 401 and 402 of 967 SE Federal Hwy. The term of the lease shall be the same as Unit 963. Rent under this lease for January 1, 2022 through September 30, 2022 will be \$1,643.33, increasing to \$1,692.63 on October 1, 2022 and \$1,743.41 on October 1, 2024.. Total lease expense for the year ended June 30, 2022 totaled \$42,028 under this agreement.

Future minimum lease payments are as follows:

Years Ending June 30,	Amount
2023	\$ 53,822
2024	55,444
2025	13,963
	\$ 123,229

**NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions resulting from time constrictions consist of the following as of June 30, 2022:

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
	\$ 349,858

**NOTE 13 NET ASSETS RELEASED FROM RESTRICTION**

During the year ended June 30, 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Children's Services Council	\$ 155,050
Florida Department of Health	75,509
Healthy Start MomCare Network	50,614
	\$ 281,173

**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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, 2022 are as follows:

	Federal	Matching and MOE Amounts	State Matching	Total
Department of Health	\$ 9,890	\$ 293,793	\$ -	\$ 303,683
MomCare Network	272,848	-	140,164	413,012
	<u>\$ 282,738</u>	<u>\$ 293,793</u>	<u>\$ 140,164</u>	<u>\$ 716,695</u>

**NOTE 15 OTHER GRANTS (PAYCHECK PROTECTION PROGRAM)**

During March 2021, the Coalition received \$64,100 in loan funding from the Paycheck Protection Program (PPP), established by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). For the year ended June 30, 2022, the Coalition recognized \$64,100 as grant revenue as qualified expenses occurred / barriers to entitlement were met. The loan was forgiven during the year ended June 30, 2022.

**NOTE 16 SPECIAL EVENT REVENUE**

During the year ended June 30, 2022, 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, 2022:

Special event revenue	\$ 112,233
Costs of direct benefit to donors	(39,939)
	<u>\$ 72,294</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.



**MARTIN COUNTY HEALTHY START COALITION, INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

Concentrations of revenue consist of the following for the year ended June 30, 2022:

	Revenue	Percentage of total revenue
Healthy Start MomCare Network	\$ 413,012	25%
Children's Services Council	361,359	22%
Florida Department of Health	303,683	19%
	\$ 1,078,054	66%

**NOTE 18 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.