

**NORTHEAST FLORIDA HEALTHY
START COALITION, INC.**

FINANCIAL STATEMENTS

For Years Ended June 30, 2016 and 2015



NORTHEAST FLORIDA HEALTHY START COALITION, INC.
TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplemental Information	
Statements of Functional Expenses	11
Schedule of Expenditures of Federal Awards	15
Note to Schedule of Expenditures of Federal Awards	16
Additional Required Information	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17
Independent Auditors' Report on Compliance for each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	19
Schedule of Findings and Questioned Costs	22



165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Northeast Florida Healthy Start Coalition, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Florida Healthy Start Coalition, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with auditing standards generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Florida Healthy Start Coalition, Inc. as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2017, on our consideration of Northeast Florida Healthy Start's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Northeast Florida Healthy Start's internal control over financial reporting and compliance.

Magery & Associates, LLC

Magery & Associates, LLC
Orange Park, FL
February 16, 2017

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2016 and 2015

	<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
CURRENT ASSETS			
Cash		\$ 2,802,548	\$ 2,686,047
Grants receivable		1,553,801	1,446,970
Other receivables		3,333	52,615
Other current assets		<u>54,032</u>	<u>32,520</u>
TOTAL CURRENT ASSETS		<u>4,413,714</u>	<u>4,218,152</u>
PROPERTY AND EQUIPMENT, NET		<u>25,071</u>	<u>32,970</u>
TOTAL ASSETS		<u>\$ 4,438,785</u>	<u>\$ 4,251,122</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable		\$ 1,022,411	\$ 1,467,256
Other current liabilities		<u>77,976</u>	<u>108,418</u>
TOTAL CURRENT LIABILITIES		<u>1,100,387</u>	<u>1,575,674</u>
TOTAL LIABILITIES		<u>1,100,387</u>	<u>1,575,674</u>
NET ASSETS			
Unrestricted		1,434,694	434,843
Temporarily restricted		<u>1,903,704</u>	<u>2,240,605</u>
TOTAL NET ASSETS		<u>3,338,398</u>	<u>2,675,448</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 4,438,785</u>	<u>\$ 4,251,122</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Federal grants	\$ -	\$ 5,030,901	\$ 5,030,901
State match on federal grants	-	2,968,575	2,968,575
City of Jacksonville	-	53,610	53,610
Grants and donations	7,868	476,999	484,867
Net assets released from restrictions	<u>8,866,986</u>	<u>(8,866,986)</u>	<u>-</u>
 TOTAL REVENUES	 <u>8,874,854</u>	 <u>(336,901)</u>	 <u>8,537,953</u>
 EXPENSES			
Administrative	54,047	-	54,047
Contractual services	5,088,813	-	5,088,813
Depreciation	12,412	-	12,412
Equipment rental and maintenance	72,716	-	72,716
Incentives	2,756	-	2,756
Insurance	18,572	-	18,572
Meeting expense	34,511	-	34,511
Occupancy costs	274,343	-	274,343
Office supplies and expense	112,718	-	112,718
Other	242,014	-	242,014
Personnel services	1,782,869	-	1,782,869
Printing and reproduction	36,000	-	36,000
Telephone	31,497	-	31,497
Training	9,047	-	9,047
Travel	<u>102,687</u>	<u>-</u>	<u>102,687</u>
 TOTAL EXPENSES	 <u>7,875,002</u>	 <u>-</u>	 <u>7,875,002</u>
 CHANGE IN NET ASSETS	 999,852	 (336,901)	 662,951
 NET ASSETS, BEGINNING OF YEAR	 <u>434,843</u>	 <u>2,240,605</u>	 <u>2,675,448</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,434,695</u>	 <u>\$ 1,903,704</u>	 <u>\$ 3,338,398</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Federal grants	\$ -	\$ 4,247,609	\$ 4,247,609
State match on federal grants	-	2,984,024	2,984,024
City of Jacksonville	-	54,573	54,573
Grants and donations	67,401	650,181	717,582
Net assets released from restrictions	<u>7,184,305</u>	<u>(7,184,305)</u>	<u>-</u>
TOTAL REVENUES	<u>7,251,706</u>	<u>752,082</u>	<u>8,003,788</u>
EXPENSES			
Administrative	2,837	-	2,837
Contractual services	5,056,700	-	5,056,700
Depreciation	15,241	-	15,241
Equipment rental and maintenance	71,202	-	71,202
Incentives	4,304	-	4,304
Insurance	14,339	-	14,339
Meeting expense	28,506	-	28,506
Occupancy costs	197,993	-	197,993
Office supplies and expense	94,096	-	94,096
Other	151,826	-	151,826
Personnel services	1,497,307	-	1,497,307
Printing and reproduction	26,316	-	26,316
Telephone	19,953	-	19,953
Training	70,380	-	70,380
Travel	<u>76,335</u>	<u>-</u>	<u>76,335</u>
TOTAL EXPENSES	<u>7,327,335</u>	<u>-</u>	<u>7,327,335</u>
CHANGE IN NET ASSETS	(75,629)	752,082	676,453
NET ASSETS, BEGINNING OF YEAR	<u>510,472</u>	<u>1,488,523</u>	<u>1,998,995</u>
NET ASSETS, END OF YEAR	<u>\$ 434,843</u>	<u>\$ 2,240,605</u>	<u>\$ 2,675,448</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2016 and June 30, 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 662,951	\$ 676,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	12,412	15,241
(Increase) decrease in operating assets:		
Grants and contracts receivable	(106,832)	313,027
Other receivables	49,282	(52,513)
Other current assets	(21,512)	117,772
Increase (decrease) in operating liabilities:		
Accounts payable	(444,845)	54,400
Other current liabilities	(30,442)	(89,157)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	121,014	1,035,223
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,513)	-
NET CASH USED BY INVESTING ACTIVITIES	(4,513)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	116,501	1,035,223
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,686,047	1,650,824
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,802,548	\$ 2,686,047
 Supplementary data:		
Cash paid for interest	\$ 34	\$ 25

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Northeast Florida Healthy Start Coalition, Inc. (the Coalition), was created to provide procedures and policies for fulfilling the requirements of Chapter 383.216, Florida Statutes, Rule 10D-113, Florida Administrative Code, and subsequent laws setting forth requirements for community-based prenatal and infant health care coalitions. The Coalition is a private, non-profit 501(c)(3) corporation located in Jacksonville, Florida. It is exempt from income taxes according to the provisions of Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

The primary mission of the Coalition is to improve the health of mothers and babies in Baker, Clay, Duval, Nassau, and St. Johns counties. The Coalition is funded by the state of Florida to establish and maintain a community-based prenatal and infant health care coalition that is comprised of persons representing public, private sector, state and local governments, providers of community alliances and maternal and child health organizations. It is charged with identifying the needs of its service areas and devising and implementing a service plan to meet the identified needs pursuant to Florida Statutes.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, 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:

Unrestricted Net Assets - Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be met by actions of the organizations and/or passage of time.

Permanently Restricted Net Assets - Net assets subject to donor imposed stipulations that may be maintained permanently by the organization. Generally, the donor of these assets permits the organizations to use all or part of the income earned on related investments for general or specific purposes. At June 30, 2016 and 2015, there were no permanently restricted net assets.

Reclassification

Certain 2015 amounts have been reclassified to conform with the 2016 financial statement presentation.

Receivables

The Coalition recognizes revenue and the related receivable from its grantors as contractual work is performed. There is no receivable valuation allowance required since amounts are considered fully collectible.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment

All purchased fixed assets are recorded at cost where historical records are available and at estimated cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Generally, fixed assets costing more than \$1,000 and having a useful life of more than one year are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives, are not capitalized.

Accounts Payable and Accrued Expenses

The carrying amount reported in the statement of financial position for the accounts payable and accrued expenses approximates its fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Coalition is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for June 30, 2016 or 2015.

As of June 30, 2016, the tax years that remain subject to examination by taxing authorities begin with 2012.

NOTE 2 - GRANTS AND CONTRACTS RECEIVABLE

Accounts receivable from grants and contracts was composed of:

	<u>2016</u>	<u>2015</u>
Healthy Start MomCare Network	\$ 631,369	\$ 531,597
Department of Health & Human Services	267,902	513,458
Florida Department of Health	319,986	232,266
Fatherhood	155,359	-
Americorps	117,200	150,702
Primary Care	53,933	-
City of Jacksonville	3,481	5,345
Other	4,571	13,602
Total	<u>\$1,553,801</u>	<u>\$ 1,446,970</u>

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 3 - FIXED ASSETS

Fixed assets consisted of:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 45,052	\$ 76,292
Furniture	41,804	38,549
Leasehold improvements	54,668	54,668
Less accumulated depreciation	<u>(116,453)</u>	<u>(136,539)</u>
Property and equipment, net	<u>\$ 25,071</u>	<u>\$ 32,970</u>

Depreciation expense was \$12,412 and \$15,241 for the years ended June 30, 2016 and 2015, respectively.

NOTE 4 - NET ASSETS

Temporarily restricted net assets are held to support the following programs:

	<u>2016</u>	<u>2015</u>
Direct Services Waiver	\$1,736,835	\$1,736,835
Nurse Family Partnership	-	122,464
Magnolia Project	-	33,659
Healthy Start Network	-	65,367
Make a Noise	41,533	41,533
Other Various Programs	125,336	240,747
	<u>\$1,903,704</u>	<u>\$2,240,605</u>

NOTE 5 - LEASES

Future minimum rental payments required under operating leases, primarily for building space, which have an initial non-cancelable lease term in excess of one year, are as follows at June 30, 2016.

<u>Fiscal Year Ended</u>	
2017	\$ 242,086
2018	235,991
2019	239,788
2020	149,435
2021	<u>94,549</u>
Total	<u>\$ 961,849</u>

Rental expense on all leases totaled \$192,885, and \$143,429 for the fiscal years ended June 30, 2016 and 2015, respectively.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2016 and 2015

NOTE 6 - CONCENTRATION OF REVENUE SOURCE

The Coalition receives substantial support under contracts with the Florida Department of Health. These contracts are renegotiated at the end of each contract term. During the fiscal years ended June 30, 2016 and 2015, support recognized under these arrangements amounted to \$2,351,097 and \$2,416,309, respectively. At June 30, 2016 and 2015, \$319,986 and \$232,266 was due from the State related to these contracts, respectively.

The Coalition also receives substantial support under contracts with Healthy Start MomCare Network, Inc. During the fiscal years ended June 30, 2016 and 2015, support recognized under these arrangements amounted to \$3,708,824 and \$3,232,425, respectively. At June 30, 2016 and 2015, \$631,369 and \$531,597 was due from the Network related to these contracts, respectively.

NOTE 7- CONCENTRATION OF CREDIT RISK

The Coalition occasionally maintains deposits in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2016 and 2015, deposits exceeded federally insured limits by \$2,552,548 and \$2,436,047 respectively. However, the Coalition has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash balances.

NOTE 8 - EMPLOYEE RETIREMENT PLAN

Substantially all permanent, full-time employees of the Coalition are eligible to participate in a retirement plan administered by Hartford. The Coalition contributes 6% of participating employees' gross salary into their retirement fund each pay period. The retirement plan expense for the fiscal years ended June 30, 2016 and 2015 was \$61,962 and \$45,401, respectively.

NOTE 9 - CONTINGENCIES

Several contracts are structured on a cost-reimbursement basis subject to final approval by the grantor. Revenues recognized on such contracts may be reduced by the amount of any disallowed costs.

NOTE 10 - MANAGEMENT'S REVIEW

Subsequent events were evaluated through February 16, 2017, which is the date the financial statements were available to be issued.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	<u>Magnolia</u>	<u>Azalea COJ</u>	<u>AMR</u>	<u>CIR</u>	<u>FAT</u>	<u>NFP</u>	<u>FIMR/DOH</u>	<u>MomCare</u>	<u>Per Res</u>
Salaries	\$ 344,610	\$ 31,958	\$ 328,951	\$ 19,983	\$ 149,069	\$ 38,916	\$ 6,599	\$ 155,484	\$ 25,467
Fringe benefits	116,081	12,216	61,692	4,303	35,713	10,991	1,994	48,746	7,318
Administrative services	-	2,784	3,172	-	2,830	-	-	11,662	-
Contractual services	634,285	-	840	-	87,574	520,725	12,577	1,329	88,903
Equipment rental/maint.	14,236	-	1,660	1,940	9,010	-	-	16,218	587
Incentives	-	-	-	-	250	-	-	-	-
Insurance	4,342	683	1,753	-	1,970	-	-	2,846	-
Meeting expense	-	-	7,781	-	-	-	-	-	-
Occupancy costs	167,344	5,219	13,804	1,140	18,259	2,233	-	11,878	-
Printing & reproduction	23,254	-	590	-	4,117	203	-	1,446	-
Office supplies	35,133	806	804	1,453	19,228	8,847	-	1,430	447
Other	35,036	-	11,752	45	12,979	41,965	-	4,310	24,815
Telephone	13,391	462	619	52	3,973	-	-	4,444	46
Travel	35,147	74	6,380	1	20,996	10,644	625	3,685	997
Training and education	2,840	-	1,935	-	813	-	-	-	-
Deprecation expenses	-	-	-	-	-	-	-	-	-
	<u>\$ 1,425,699</u>	<u>\$ 54,202</u>	<u>\$ 441,733</u>	<u>\$ 28,917</u>	<u>\$ 366,781</u>	<u>\$ 634,524</u>	<u>\$ 21,795</u>	<u>\$ 263,478</u>	<u>\$ 148,580</u>

See the accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	<u>PRI</u>	<u>RST</u>	<u>Other Programs</u>	<u>DSM Waiver</u>	<u>Direct Services</u>	<u>Total Program Services</u>	<u>Healthy Start Planning and Administrative</u>	<u>Unrestricted</u>	<u>Total Program & Supporting</u>
\$	5,758	\$ 5,746	\$ 9,904	\$ 32,926	\$ -	\$ 1,155,371	\$ 233,029	\$ 168	\$ 1,388,568
	1,089	1,886	2,625	10,543	-	315,197	63,216	15,888	394,301
	-	20	-	-	-	20,468	7,952	25,627	54,047
	25,261	874	27,304	2,083,171	1,535,814	5,018,657	69,756	400	5,088,813
	11	222	-	3,903	-	47,787	24,533	396	72,716
	-	-	1,200	-	-	1,450	-	1,306	2,756
	34	-	-	-	-	11,628	6,910	34	18,572
	-	109	173	64	-	8,127	818	25,566	34,511
	14,281	-	-	6,483	-	240,641	32,071	1,631	274,343
	-	135	-	1,010	-	30,755	4,562	683	36,000
	7,500	1,742	6,004	2,086	-	85,480	9,434	17,804	112,718
	-	845	19,254	1,902	-	152,903	15,208	73,903	242,014
	-	-	113	250	-	23,350	6,419	1,728	31,497
	-	264	7,027	1,664	-	87,504	14,405	778	102,687
	-	-	920	-	-	6,508	2,350	189	9,047
	-	-	-	-	-	-	12,412	-	12,412
\$	53,934	\$ 11,843	\$ 74,524	\$ 2,144,002	\$ 1,535,814	\$ 7,205,826	\$ 503,075	\$ 166,101	\$ 7,875,002

See the accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

	<u>Magnolia</u>	<u>Azalea COJ</u>	<u>AMR</u>	<u>NFP</u>	<u>FIMR/DOH</u>	<u>MomCare</u>	<u>39Weeks</u>	<u>Per Res</u>
Salaries	\$ 304,536	\$ 34,649	\$ 347,905	\$ 18,245	\$ -	\$ 141,149	\$ 12,736	\$ 96,982
Fringe benefits	97,363	10,685	62,534	5,716	-	51,194	3,984	31,338
Administrative services	-	-	4,165	-	-	735	-	-
Contractual services	440,311	1,500	-	411,115	-	25,633	-	310,836
Equipment rental/maint.	10,548	605	1,900	6,500	21,784	31,688	-	19
Incentives	-	-	-	-	-	-	-	1,799
Insurance	3,589	621	1,619	-	-	3,018	-	63
Meeting expense	31	-	5,549	-	-	0	-	-
Occupancy costs	129,156	5,474	10,087	11,996	-	10,887	-	1,802
Printing & reproduction	14,543	-	121	-	-	2,881	-	33
Office supplies	44,580	290	3,155	4,654	-	6,668	-	2,948
Other	11,662	-	5,054	30,986	-	6,334	-	26,777
Telephone	8,394	197	410	-	-	5,323	-	-
Travel	30,488	552	2,935	8,074	-	6,289	-	5,943
Training and education	11,014	-	3,425	1,324	-	6,861	-	3,182
Deprecation expenses	-	-	-	-	-	-	-	-
	<u>\$ 1,106,215</u>	<u>\$ 54,573</u>	<u>\$ 448,859</u>	<u>\$ 498,610</u>	<u>\$ 21,784</u>	<u>\$ 298,660</u>	<u>\$ 16,720</u>	<u>\$ 481,722</u>

See the accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2015

<u>RST</u>	<u>Other Programs</u>	<u>DSM Waiver</u>	<u>Direct Services</u>	<u>Total Program Services</u>	<u>Healthy Start Planning and Administrative</u>	<u>Unrestricted</u>	<u>Total Program & Supporting</u>
\$ 2,704	\$ -	\$ 73,219	\$ -	\$ 1,032,125	\$ 125,689	\$ -	\$ 1,157,814
371	-	21,382	-	284,567	52,026	-	336,593
9	-	3	-	4,912	826	-	5,738
533	98,178	2,152,684	1,535,762	4,976,552	58,364	-	5,034,916
1,289	-	14,778	-	89,111	8,288	1,279	98,678
101	1,112	-	-	3,012	-	1,292	4,304
-	-	3,248	-	12,158	2,181	-	14,339
1,373	3,558	2	-	10,513	-	17,992	28,505
-	-	15,936	-	185,338	12,658	-	197,996
179	1,803	2,798	-	22,358	2,723	1,236	26,317
49	14,804	10,498	-	87,646	2,635	981	91,262
2,435	650	8,114	-	92,012	8,505	49,455	149,972
-	-	1,763	-	16,087	3,865	-	19,952
-	4,668	7,057	-	66,006	10,035	289	76,330
-	1,123	37,291	-	64,220	5,158	-	69,378
-	-	-	-	-	-	15,241	15,241
<u>\$ 9,043</u>	<u>\$ 125,896</u>	<u>\$ 2,348,773</u>	<u>\$ 1,535,762</u>	<u>\$ 6,946,617</u>	<u>\$ 292,953</u>	<u>\$ 87,765</u>	<u>\$ 7,327,335</u>

See the accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

<u>Pass-Through Entity</u> Federal/State Agency	CFDA CFSA Number	Contract Number	<u>Expenditures</u>	
FEDERAL AWARDS				
<u>Direct Programs</u>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Healthy Marriage Promotion and Responsible Fatherhood Grant	93.086	90FK0067-01-01	\$ 359,280	*
Federal Healthy Start Initiative	93.926	H49MC00051CO	1,297,026	
Affordable Care Act - Personal Responsibility	93.092	90AK0011-03-02	<u>148,580</u>	
			<u>1,804,886</u>	
<u>Indirect Programs</u>				
Passed through State of Florida Department of Health				
Medical Assistance Program	93.778	COSEE	4,413	*
Maternal and Child Health Services Block Grant to the States	93.994	COSEP	408,072	
Affordable Care Act - Maternal, Infant, and Early Childhood Home Visiting Program	93.505	FLMIECHV#13-4	<u>566,216</u>	
Total Passed Through State of Florida Department of Health			<u>978,701</u>	
Passed through Healthy Start MomCare Network, Inc.				
Medical Assistance Program	93.778	N/A	<u>2,225,294</u>	*
Passed through National Association of County and City Health Officials				
Building Capacity of the Public Health System to Improve Population Health through National, Non-Profit Organizations	93.524	2015-070156	<u>22,020</u>	
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 5,030,901</u></u>	

* Audited as major program

See accompanying note.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The schedule of expenditures of federal awards includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting.

Matching Requirements

Match requirements were met with cash donations from individuals, and grants other than state and federal awards, and with volunteer hours.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of
Northeast Florida Healthy Start Coalition, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northeast Florida Healthy Start Coalition, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeast Florida Healthy Start Coalition, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Florida Healthy Start Coalition, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
Northeast Florida Healthy Start Coalition, Inc.
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northeast Florida Healthy Start Coalition, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Magers & Associates, LLC
Magers & Associates, LLC
Orange Park, Florida
February 16, 2017



165 Wells Road, Suite 405
Orange Park, FL 32073
Phone: (904) 773-0180
Fax: (904) 773-0185
www.magerscpa.com

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
and REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Northeast Florida Healthy Start Coalition, Inc.

Report on Compliance for Each Major Federal Program

We have audited Northeast Florida Healthy Start Coalition, Inc.'s (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of Northeast Florida Healthy Start Coalition, Inc.'s major federal programs for the year ended June 30, 2016. Northeast Florida Healthy Start Coalition, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Northeast Florida Healthy Start Coalition, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Florida Healthy Start Coalition, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

To the Board of Directors of
Northeast Florida Healthy Start Coalition, Inc.
Page Two

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northeast Florida Healthy Start Coalition, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Northeast Florida Healthy Start Coalition, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Northeast Florida Healthy Start Coalition, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeast Florida Healthy Start Coalition, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Florida Healthy Start Coalition, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of Directors of
Northeast Florida Healthy Start Coalition, Inc.
Page Three

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditure of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Northeast Florida Healthy Start as of and for the year ended June 30, 2016, and have issued our report thereon dated February 16, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Magery & Associates, LLC

Magery & Associates, LLC

Orange Park, FL

February 16, 2017

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2016

Section I - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the financials statements were prepared in accordance to GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CRF 200.516(a)?	No

Identification of major programs:

Federal Program	Federal CFDA No.
Department of Health and Human Services - Healthy Marriage Promotion and Responsibility Fatherhood Grant	93.086
Medical Assistance Program	93.778
Federal Programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COST None