

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

FINANCIAL STATEMENTS

For Years Ended June 30, 2012 and 2011

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Northeast Florida Healthy Start Coalition, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2012, on our consideration of Northeast Florida Healthy Start Coalition, Inc.'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 the 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* and should be considered in assessing the results of our audit.

To the Board of Directors of
Northeast Florida Healthy Start Coalition, Inc.
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Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on pages 11-14 are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards on page 15 is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Magars & Associates, LLC
Magars & Associates, LLC
Orange Park, FL
November 6, 2012

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 871,226	\$ 928,751
Grants receivable	970,732	691,840
Other receivables	2,397	-
Other current assets	<u>18,760</u>	<u>18,343</u>
TOTAL CURRENT ASSETS	<u>1,863,115</u>	<u>1,638,934</u>
PROPERTY AND EQUIPMENT, NET	<u>50,650</u>	<u>36,799</u>
TOTAL ASSETS	<u>\$ 1,913,765</u>	<u>\$ 1,675,733</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,053,690	\$ 751,175
Other current liabilities	<u>136,410</u>	<u>126,727</u>
TOTAL CURRENT LIABILITIES	<u>1,190,100</u>	<u>877,902</u>
TOTAL LIABILITIES	<u>1,190,100</u>	<u>877,902</u>
NET ASSETS		
Unrestricted	333,897	313,330
Temporarily restricted	<u>389,768</u>	<u>484,501</u>
TOTAL NET ASSETS	<u>723,665</u>	<u>797,831</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,913,765</u>	<u>\$ 1,675,733</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Federal grants	442,988	2,945,364	3,388,352
State match on federal grants	-	2,354,683	2,354,683
City of Jacksonville	-	38,315	38,315
Grants and donations	14,262	297,421	311,683
Net assets released from restrictions	<u>5,730,516</u>	<u>(5,730,516)</u>	<u>-</u>
TOTAL REVENUES	<u>6,187,766</u>	<u>(94,733)</u>	<u>6,093,033</u>
EXPENSES			
Administrative	69,641	-	69,641
Contractual services	4,556,195	-	4,556,195
Depreciation	9,288	-	9,288
Dues and subscriptions	6,554	-	6,554
Equipment rental and maintenance	44,130	-	44,130
Incentives	29,485	-	29,485
Insurance	12,465	-	12,465
Meeting expense	31,842	-	31,842
Occupancy costs	141,419	-	141,419
Office supplies and expense	47,601	-	47,601
Other	56,327	-	56,327
Personnel services	974,353	-	974,353
Printing and reproduction	18,164	-	18,164
Telephone	17,224	-	17,224
Training	72,992	-	72,992
Travel	<u>79,519</u>	<u>-</u>	<u>79,519</u>
TOTAL EXPENSES	<u>6,167,199</u>	<u>-</u>	<u>6,167,199</u>
CHANGE IN NET ASSETS	20,567	(94,733)	(74,166)
NET ASSETS, BEGINNING OF YEAR	<u>313,330</u>	<u>484,501</u>	<u>797,831</u>
NET ASSETS, END OF YEAR	<u>\$ 333,897</u>	<u>\$ 389,768</u>	<u>\$ 723,665</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Federal grants	469,411	2,552,035	3,021,446
State match on federal grants	-	2,785,243	2,785,243
City of Jacksonville	-	60,605	60,605
Grants and donations	96,633	306,397	403,030
Net assets released from restrictions	<u>5,937,175</u>	<u>(5,937,175)</u>	<u>-</u>
TOTAL REVENUES	<u>6,503,219</u>	<u>(232,895)</u>	<u>6,270,324</u>
EXPENSES			
Administrative	62,229	-	62,229
Contractual services	4,786,885	-	4,786,885
Depreciation	7,837	-	7,837
Dues and subscriptions	4,237	-	4,237
Equipment rental and maintenance	49,717	-	49,717
Incentives	14,621	-	14,621
Insurance	11,467	-	11,467
Meeting expense	15,913	-	15,913
Occupancy costs	139,170	-	139,170
Office supplies and expense	56,154	-	56,154
Other	29,393	-	29,393
Personnel services	1,085,797	-	1,085,797
Printing and reproduction	27,968	-	27,968
Telephone	18,668	-	18,668
Training	33,485	-	33,485
Travel	<u>55,392</u>	<u>-</u>	<u>55,392</u>
TOTAL EXPENSES	<u>6,398,933</u>	<u>-</u>	<u>6,398,933</u>
CHANGE IN NET ASSETS	104,286	(232,895)	(128,609)
NET ASSETS, BEGINNING OF YEAR	<u>209,044</u>	<u>717,396</u>	<u>926,440</u>
NET ASSETS, END OF YEAR	<u>\$ 313,330</u>	<u>\$ 484,501</u>	<u>\$ 797,831</u>

See accompanying notes to the financial statements.

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

For the Years Ended June 30, 2012 and June 30, 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (74,166)	\$ (128,609)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	9,288	7,837
(Increase) decrease in operating assets:		
Grants and contracts receivable	(278,892)	(55,280)
Other receivables	(2,400)	7,500
Other current assets	(417)	(709)
Increase (decrease) in operating liabilities:		
Accounts payable	302,518	7,821
Other current liabilities	9,683	14,099
	(34,386)	(147,341)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property and equipment	(23,139)	-
	(23,139)	-
NET CASH USED BY INVESTING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,525)	(147,341)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	928,751	1,076,092
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 871,226	\$ 928,751

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2012 and 2011

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 they 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, 2012 and 2011, there were no permanently restricted net assets.

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, 2012 and 2011

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 \$500 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, 2012 or 2011.

As of June 30, 2012, the tax years that remain subject to examination by taxing authorities begin with 2009.

NOTE 2 - ADMINISTRATIVE AGREEMENT

The Coalition has an administrative agreement with the Health Planning Council of Northeast Florida, Inc. (the Planning Council), a Florida not-for-profit corporation. The administrative service fee is \$5,000 per month, plus actual cost of postage and copier usage and any other reasonable costs incurred. Under the terms of the agreement, the Planning Council provides accounting and reception services. The agreement is on a year-by-year basis and may be terminated by either party upon ninety days written notice. See note 11.

NOTE 3 - GRANTS AND CONTRACTS RECEIVABLE

Accounts receivable from grants and contracts was composed of:

	<u>2012</u>	<u>2011</u>
Florida Department of Health	\$ 763,376	\$ 459,547
Department of Health & Human Services	160,009	162,865
AME Minister's Alliance	-	36,300
City of Jacksonville	5,674	24,447
Other	41,673	8,681
Total	<u>\$ 970,732</u>	<u>\$ 691,840</u>

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2012 and 2011

NOTE 4 - FIXED ASSETS

Fixed assets consisted of:

	<u>2012</u>	<u>2011</u>
Computer equipment	\$ 67,492	\$ 58,882
Furniture	21,149	6,620
Leasehold improvements	54,668	54,668
Less accumulated depreciation	<u>(92,659)</u>	<u>(83,371)</u>
Property and equipment, net	<u>\$ 50,650</u>	<u>\$ 36,799</u>

Depreciation expense was \$9,288 and \$7,837 for the years ended June 30, 2012 and 2011, respectively.

NOTE 5 - NET ASSETS

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

	<u>2012</u>	<u>2011</u>
Direct Services Waiver	\$ 281,111	\$ 441,249
Direct Services	-	5,674
Nurse Family Partnership	40,469	-
Birthing Project	-	126
Make a Noise	43,017	12,155
Photo Voice	-	1,602
Fundraising	<u>25,171</u>	<u>23,695</u>
	<u>\$ 389,768</u>	<u>\$ 484,501</u>

NOTE 6 - 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, 2012.

<u>Fiscal Year Ended</u>	
2013	<u>15,614</u>
Total	<u>\$ 15,614</u>

Rental expense on all leases totaled \$96,571 and \$99,307 for the fiscal years ended June 30, 2012 and 2011, respectively.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2012 and 2011

NOTE 7 - 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, 2012 and 2011, support recognized under these arrangements amounted to \$4,755,724 and \$4,800,177, respectively. At June 30, 2012 and 2011, \$763,376 and \$459,547 was due from the State related to these contracts, respectively.

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, 2012 and 2011 was \$41,339 and \$46,311, respectively.

NOTE 9 - FISCAL AGENT AGREEMENTS

The Coalition provides staff and related services through a subcontract with the AME Minister's Alliance. The Coalition enters into a subcontract with the agency, whereby the Coalition hires and pays staff responsible for carrying out the work program included in the agency's grant from the state. The agency reimburses the Coalition for staff costs, including payroll, benefits, and related expenses, and pays a nominal (\$500 per month) administrative fee. Expenditures and reimbursements are recorded separately.

NOTE 10 - 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 11 - SUBSEQUENT EVENTS

Beginning October 1, 2012, the administrative agreement with Health Planning Council of Northeast Florida, Inc., mentioned in Note 2 was terminated.

NOTE 12 - MANAGEMENT'S REVIEW

Subsequent events were evaluated through November 6, 2012, 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, 2012

	<u>Magnolia</u>	<u>AME</u>	<u>Azalea COJ</u>	<u>JAG</u>	<u>NFP</u>	<u>MAN</u>	<u>FIMR/DOH</u>	<u>KidCare</u>	<u>Cover</u>	<u>MomCare</u>
Salaries	\$ 257,519	\$ 20,391	\$ 22,064	\$ 17,383	\$ 15,115	\$ 5,388	\$ -	\$ 20,358	\$ -	\$ 164,729
Fringe Benefits	72,338	4,871	7,370	4,800	5,266	1,668	-	3,478	-	55,239
Administrative Services	7,858	1,500	225	-	24,691	14	-	623	-	24,261
Contractual Services	383,626	2,425	350	-	397,018	21,333	21,784	820	25,413	12,574
Furniture & Equipment	6,855	2,140	178	-	2,439	335	-	730	-	21,088
Incentives	1,925	-	-	-	-	9,893	-	50	-	-
Insurance	3,615	-	356	-	-	-	-	-	-	5,407
Meetings	3,172	-	-	-	-	6,385	-	561	-	216
Miscellaneous	7,821	-	-	-	-	7,403	-	4,805	-	10,737
Occupancy Costs	85,376	-	5,450	-	-	-	-	1,472	-	22,467
Printing & Copying	3,027	-	-	-	-	574	-	198	50	2,524
Supplies	20,313	-	195	-	951	2,902	-	498	118	1,170
Phone & Utilities	6,503	176	11	-	-	-	-	533	40	3,745
Travel	20,205	47	466	252	7,063	2,518	-	3,816	3,282	-
Training and Education	6,907	4,569	-	-	28,096	2,625	-	2,950	-	449
Depreciation Expenses	-	-	-	-	-	-	-	-	-	-
	<u>\$ 887,060</u>	<u>\$ 36,119</u>	<u>\$ 36,665</u>	<u>\$ 22,435</u>	<u>\$ 480,639</u>	<u>\$ 61,038</u>	<u>\$ 21,784</u>	<u>\$ 40,892</u>	<u>\$ 28,903</u>	<u>\$ 324,606</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

<u>FHK</u>	<u>March of Dimes</u>	<u>39 Weeks</u>	<u>Four Me</u>	<u>NTS</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>
\$ -	\$ 28,598	\$ 14,350	\$ 6,718	\$ -	\$ -	\$ 26,941	\$ 18,006	\$ 617,560	\$ 144,562	\$ -	\$ 762,122
-	4,448	4,837	1,994	-	-	7,751	7,789	181,849	30,382	-	212,231
-	125	48	17	-	-	18	193	59,573	9,318	750	69,641
16,800	19,453	3,450	28,925	21,500	400	1,150,608	2,348,817	4,455,296	82,119	18,780	4,556,195
-	-	-	-	-	-	-	3,658	37,423	5,347	1,360	44,130
-	8,308	1,000	2,200	-	300	-	138	23,814	345	5,326	29,485
-	-	-	-	-	-	-	-	9,378	3,087	-	12,465
-	-	200	2,905	-	1,195	-	462	15,096	587	16,159	31,842
450	-	-	-	-	-	-	101	31,317	5,856	25,708	62,881
1,350	-	-	-	-	-	-	14,644	130,759	10,110	550	141,419
254	472	-	2,540	-	-	-	2,374	12,013	4,743	1,408	18,164
925	366	-	83	-	520	-	1,420	29,461	17,098	1,042	47,601
1,246	-	-	-	-	150	-	2,413	14,817	2,407	-	17,224
6,212	4,659	1,675	611	-	6,378	-	1,697	58,881	20,145	493	79,519
573	570	2,264	3,708	-	90	-	120	52,921	8,781	11,290	72,992
-	-	-	-	-	-	-	-	-	-	9,288	9,288
<u>\$ 27,810</u>	<u>\$ 66,999</u>	<u>\$ 27,824</u>	<u>\$ 49,701</u>	<u>\$ 21,500</u>	<u>\$ 9,033</u>	<u>\$ 1,185,318</u>	<u>\$ 2,401,832</u>	<u>\$ 5,730,158</u>	<u>\$ 344,887</u>	<u>\$ 92,154</u>	<u>\$ 6,167,199</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	<u>Magnolia</u>	<u>AME</u>	<u>Azalea COJ</u>	<u>JAG</u>	<u>Birthing Project</u>	<u>MAN</u>	<u>FIMR/DOH</u>	<u>KidCare</u>	<u>MomCare</u>	<u>FHK</u>
Salaries	\$ 261,291	\$ 70,256	\$ 40,545	\$ 37,333	\$ -	\$ -	\$ -	\$ 33,884	\$ 161,188	\$ -
Fringe Benefits	78,614	18,163	11,386	11,579	-	-	-	6,425	51,737	-
Administrative Services	15,656	6,000	1,783	-	-	-	-	95	23,225	-
Contractual Services	370,327	7,250	-	-	12,368	20,000	21,525	4,659	16,051	9,000
Furniture & Equipment	5,492	2,589	2	-	-	-	111	2,375	24,477	664
Incentives	170	-	-	-	3,252	2,324	-	-	-	-
Insurance	3,842	-	-	-	-	-	-	-	4,337	-
Meetings	979	-	-	-	1,095	4,673	-	300	-	-
Miscellaneous	4,577	-	-	-	-	3,443	-	119	12,956	-
Occupancy Costs	83,608	-	5,330	-	-	-	-	225	25,870	1,125
Printing & Copying	4,231	774	491	-	57	2,743	-	1,175	3,434	2,449
Supplies	34,833	1,214	599	-	95	742	99	1,010	2,510	-
Phone & Utilities	4,906	642	589	-	450	-	50	431	4,849	643
Travel	20,210	250	1,200	1,038	80	79	-	5,193	45	5,348
Training and Education	8,213	6,235	-	-	220	1,340	-	96	-	51
Deprecation Expenses	-	-	-	-	-	-	-	-	-	-
	<u>\$ 896,949</u>	<u>\$ 113,373</u>	<u>\$ 61,925</u>	<u>\$ 49,950</u>	<u>\$ 17,617</u>	<u>\$ 35,344</u>	<u>\$ 21,785</u>	<u>\$ 55,987</u>	<u>\$ 330,679</u>	<u>\$ 19,280</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

March of <u>Dimes</u>	<u>WGA</u>	<u>NTS</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>
\$ 36,843	\$ -	\$ -	\$ -	\$ 25,943	\$ 22,669	\$ 689,952	\$ 154,443	\$ 197	\$ 844,592
7,030	-	-	2,921	8,134	8,359	204,348	36,830	27	241,205
622	-	-	-	-	374	47,755	14,265	209	62,229
12,950	1,500	21,500	9,674	1,416,138	2,770,972	4,693,914	86,783	6,188	4,786,885
18	-	-	-	-	3,753	39,481	7,345	2,891	49,717
5,994	-	-	-	-	-	11,740	56	2,825	14,621
-	-	-	-	-	30	8,209	3,258	-	11,467
173	-	-	1,561	-	-	8,781	162	6,970	15,913
1,584	-	-	12	-	940	23,631	3,126	6,873	33,630
9	885	-	-	-	11,271	128,323	10,346	501	139,170
1,886	-	-	2,261	-	415	19,916	8,052	-	27,968
369	-	-	1,811	-	1,298	44,580	10,418	1,156	56,154
135	-	-	-	-	2,452	15,147	3,521	-	18,668
4,360	-	-	-	-	2,375	40,178	12,845	2,369	55,392
498	-	-	-	-	235	16,888	7,488	9,109	33,485
-	-	-	-	-	-	-	-	7,837	7,837
<u>\$ 72,471</u>	<u>\$ 2,385</u>	<u>\$ 21,500</u>	<u>\$ 18,240</u>	<u>\$ 1,450,215</u>	<u>\$ 2,825,143</u>	<u>\$ 5,992,843</u>	<u>\$ 358,938</u>	<u>\$ 47,152</u>	<u>\$ 6,398,933</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

<u>Pass-Through Entity</u> Federal/State Agency	CFDA CFSA Number	Contract Number	Expenditures
FEDERAL AWARDS			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Direct Programs</u>			
Federal Healthy Start Initiative - Budget year 5/31/12	93.926	H49MC00051CO	\$ 820,667
Federal Healthy Start Initiative - Budget year 5/31/13	93.926	H49MC00051CO	80,920
	93.926		<u>\$ 901,587</u>
<u>Indirect Programs</u>			
Passed through State of Florida Department of Health			
Medical Assistance Program	93.778	COH4R	4,413
Medical Assistance Program	93.778	COSDQ	66,555
Medical Assistance Program	93.778	COSDO	1,025,180
Medical Assistance Program	93.778	COSDP	<u>442,988</u>
Subtotal - CFDA 93.778			1,539,136
Affordable Care Act- Maternal, Infant, and Early Childhood			
Home Visiting Program	93.505	COH9T	521,108
Maternal and Child Health Services Block Grant to the States	93.994	COSDQ	347,838
State Childrens Insurance Program	93.767	NA	<u>26,250</u>
Total Passed Through State of Florida Department of Health			<u>2,434,332</u>
Passed through University of South Florida			
State Childrens Insurance Program	93.767	6414-1072-00-G	28,902
Passed through City of Jacksonville			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	JAG	<u>23,531</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,388,352</u></u>

See accompanying note.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. 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 for contracts COSDQ and COH4R were met with cash donations from individuals, and grants other than state and federal awards, and with volunteer hours.



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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 the financial statements of Northeast Florida Healthy Start Coalition, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated November 6, 2012. We conducted our audit 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.

Internal Control over Financial Reporting

Management of Northeast Florida Healthy Start Coalition, Inc., is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Northeast Florida Healthy Start Coalition, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Board of Directors of
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 of 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*.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Magars & Associates, LLC

Magars & Associates, LLC
Orange Park, Florida
November 6, 2012



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133

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

COMPLIANCE

We have audited Northeast Florida Healthy Start Coalition, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2012. Northeast Florida Healthy Start Coalition, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Northeast Florida Healthy Start Coalition, Inc.'s management. Our responsibility is to express an opinion on Northeast Florida Healthy Start Coalition, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Northeast Florida Healthy Start Coalition, Inc.'s compliance with those requirements. In our opinion, Northeast Florida Healthy Start Coalition, Inc. complied, in all material respects, with the 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, 2012.

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

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 requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northeast Florida Healthy Start Coalition, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Magars & Associates, LLC

Magars & Associates, LLC
Orange Park, Florida
November 6, 2012

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

For the Year Ended June 30, 2012

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards and State Financial Assistance Projects:

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	No

Identification of major programs:

Federal Program	Federal CFDA No.
Department of Health and Human Services - Medical Assistance Program	93.778
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505

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

For the Year Ended June 30, 2012

Dollar threshold used to distinguish between type A and type B programs:

Federal Programs: \$300,000

Auditee qualified as low-risk auditee? Yes

Prior findings and questioned costs relative to federal awards which require auditee to prepare a summary schedule of prior audit findings as discussed in Section .315(b) of OMB A-133? None

B. FINANCIAL STATEMENT FINDINGS None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS None

D. OTHER ISSUES

Management Letter: None Issued

Summary of Prior Audit Findings: No

Corrective Action Plan: N/A