

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

FINANCIAL STATEMENTS

For Years Ended June 30, 2020 and 2019



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.

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, 2020 and 2019, functional expenses, 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 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 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, 2020 and 2019, 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 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 January 20, 2021, 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 solely 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 the effectiveness of Northeast Florida Healthy Start's 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.

Magers & Associates, LLC

Magers & Associates, LLC

Orange Park, FL

January 20, 2021

NORTHEAST FLORIDA HEALTHY START COALITION. INC.
STATEMENTS OF FINANCIAL POSITION

As of June 30, 2020 and 2019

	<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS			
Cash		\$ 1,715,545	\$ 1,453,349
Grants receivable		2,656,008	2,680,985
Other receivables		15,346	-
Other current assets		<u>58,001</u>	<u>103,238</u>
TOTAL CURRENT ASSETS		<u>4,444,900</u>	<u>4,237,572</u>
PROPERTY AND EQUIPMENT, NET		<u>13,971</u>	<u>17,614</u>
TOTAL ASSETS		<u>\$ 4,458,871</u>	<u>\$ 4,255,186</u>
<u>LIABILITIES AND NET ASSETS</u>			
CURRENT LIABILITIES			
Accounts payable		\$ 1,196,157	\$ 1,279,677
Other current liabilities		<u>337,376</u>	<u>228,154</u>
TOTAL CURRENT LIABILITIES		<u>1,533,533</u>	<u>1,507,831</u>
TOTAL LIABILITIES		<u>1,533,533</u>	<u>1,507,831</u>
NET ASSETS			
Without donor restrictions		2,662,457	2,533,573
With donor restrictions		<u>262,881</u>	<u>213,782</u>
TOTAL NET ASSETS		<u>2,925,338</u>	<u>2,747,355</u>
TOTAL LIABILITIES AND NET ASSETS		<u>\$ 4,458,871</u>	<u>\$ 4,255,186</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	<u>Net Assets Without Restrictions</u>	<u>Net Assets With Restrictions</u>	<u>Total</u>
REVENUES			
Federal grants	\$ -	\$ 5,078,411	\$ 5,078,411
State match on federal grants	-	2,678,069	2,678,069
Kids Hope Alliance	-	1,729,599	1,729,599
Grants and donations	719,954	17,575	737,529
Net assets released from restrictions	<u>9,454,555</u>	<u>(9,454,555)</u>	<u>-</u>
TOTAL REVENUES	<u>10,174,509</u>	<u>49,099</u>	<u>10,223,608</u>
EXPENSES			
Program services	9,623,875	-	9,623,875
Planning and administrative	<u>421,750</u>	<u>-</u>	<u>421,750</u>
TOTAL EXPENSES	<u>10,045,625</u>	<u>-</u>	<u>10,045,625</u>
CHANGE IN NET ASSETS	128,884	49,099	177,983
NET ASSETS, BEGINNING OF YEAR	<u>2,533,573</u>	<u>213,782</u>	<u>2,747,355</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,662,457</u></u>	<u><u>\$ 262,881</u></u>	<u><u>\$ 2,925,338</u></u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Unrestricted	Temporarily Restricted	Total
REVENUES			
Federal grants	\$ -	\$ 4,904,253	\$ 4,904,253
State match on federal grants	-	2,575,735	2,575,735
Kids Hope Alliance	-	1,707,161	1,707,161
Grants and donations	697,597	10,588	708,185
Net assets released from restrictions	10,668,071	(10,668,071)	-
TOTAL REVENUES	11,365,668	(1,470,334)	9,895,334
EXPENSES			
Program services	10,169,754	-	10,169,754
Planning and administrative	161,907	-	161,907
TOTAL EXPENSES	10,331,661	-	10,331,661
CHANGE IN NET ASSETS	1,034,007	(1,470,334)	(436,327)
NET ASSETS, BEGINNING OF YEAR	1,499,564	1,684,118	3,183,682
NET ASSETS, END OF YEAR	\$ 2,533,571	\$ 213,784	\$ 2,747,355

See accompanying notes to the financial statements.

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

For the Years Ended June 30, 2020 and June 30, 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 177,983	\$ (436,327)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,378	5,803
(Increase) decrease in operating assets:		
Grants and contracts receivable	24,977	(183,913)
Other receivables	(15,346)	-
Other current assets	45,237	41,938
Increase (decrease) in operating liabilities:		
Accounts payable	(83,520)	149,147
Other current liabilities	109,223	(60,938)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	264,932	(484,290)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,736)	(10,119)
NET CASH USED BY INVESTING ACTIVITIES	(2,736)	(10,119)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	262,196	(494,409)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,453,349	1,947,758
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,715,545	\$ 1,453,349
 Supplementary data:		
Cash paid for interest	\$ -	\$ -

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	<u>Magnolia</u>	<u>Azalea</u>	<u>AMR</u>	<u>FAT</u>	<u>NFP</u>	<u>FIMR/DOH</u>	<u>RST</u>
Salaries	\$ 319,913	\$ 31,667	\$ 439,996	\$ 356,421	\$ 81,913	\$ 260,138	\$ -
Fringe benefits	96,850	9,489	68,318	109,807	18,713	81,272	-
Administrative services	5,514	199	4,568	2,036	750	1,722	-
Contractual services	167,099	21,915	75	61,518	874,837	109,455	205
Equipment rental/maint.	58,882	4,076	8,423	15,936	2,961	32,664	-
Incentives	905	-	180	11,514	3,453	116	1,004
Insurance	4,749	127	1,478	3,151	853	6,269	-
Meeting expense	-	-	2,391	398	-	897	1,898
Occupancy costs	253,315	-	24,175	49,826	4,760	34,683	-
Printing & reproduction	312	334	690	7,332	-	3,199	114
Office supplies	4,796	77	946	1,515	2,394	7,851	29
Other	6,692	695	9,457	3,615	12,449	12,921	9,746
Telephone	14,546	307	1,222	5,092	585	3,417	-
Travel	10,639	722	1,396	16,193	6,278	6,130	46
Training and education	-	1,150	180	13	1,392	-	1,240
Depreciation expenses	-	-	-	-	-	-	-
Indirect costs	124,737	10,000	63,463	-	24,902	59,882	-
	<u>\$ 1,068,949</u>	<u>\$ 80,758</u>	<u>\$ 626,958</u>	<u>\$ 644,367</u>	<u>\$ 1,036,240</u>	<u>\$ 620,616</u>	<u>\$ 14,282</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, 2020

<u>Healthy Families</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>Total Program & Supporting</u>
\$ 1,118,366	\$ 15,433	\$ 164,079	\$ -	\$ 2,787,926	\$ 512,358	\$ 3,300,284
340,496	(4,603)	37,549	-	757,891	127,052	884,943
12,376	88	33,691	-	60,944	8,383	69,327
605	17,109	2,396,007	1,022,340	4,671,165	66,560	4,737,725
31,597	2,446	17,004	-	173,989	23,620	197,609
61	4,525	242	-	22,000	-	22,000
14,204	95	-	-	30,926	899	31,825
-	3,621	-	-	9,205	-	9,205
4,118	1,013	32,619	-	404,509	36,546	441,055
558	15	-	-	12,554	646	13,200
4,348	1,951	-	-	23,907	4,736	28,643
44,032	(11,230)	22,839	-	111,216	1,091	112,307
18,062	612	13,629	-	57,472	6,088	63,560
67,039	2,210	8,748	-	119,401	913	120,314
-	300	2,975	-	7,250	-	7,250
-	-	-	-	-	6,378	6,378
88,400	2,136	-	-	373,520	(373,520)	-
<u>\$ 1,744,262</u>	<u>\$ 35,721</u>	<u>\$ 2,729,382</u>	<u>\$ 1,022,340</u>	<u>\$ 9,623,875</u>	<u>\$ 421,750</u>	<u>\$ 10,045,625</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, 2019

	<u>Magnolia</u>	<u>Azalea</u>	<u>AMR</u>	<u>FAT</u>	<u>NFP</u>	<u>FIMR/DOH</u>	<u>MomCare</u>	<u>RST</u>
Salaries	\$ 346,317	\$ 48,037	\$ 390,984	\$ 349,934	\$ 69,117	\$ 45,745	\$ 92,355	\$ -
Fringe benefits	98,313	11,016	62,281	97,712	15,782	14,548	30,008	-
Administrative services	4,148	264	5,760	3,862	797	-	2,046	-
Contractual services	232,781	18,827	138	82,454	1,020,248	30,388	1,140	300
Equipment rental/maint.	35,925	5,947	5,214	16,931	2,363	-	4,735	233
Incentives	-	-	200	12,098	-	-	-	656
Insurance	5,577	386	1,415	3,612	775	15	1,183	-
Meeting expense	-	-	2,584	332	-	-	-	2,964
Occupancy costs	256,007	-	21,670	44,117	12,580	-	11,234	196
Printing & reproduction	20,469	108	758	8,661	-	-	171	1,671
Office supplies	7,174	3,692	1,345	6,095	4,545	1,500	450	114
Other	5,477	2,915	14,889	11,264	11,843	17,409	401	4,440
Telephone	13,908	510	1,830	8,162	877	-	1,828	-
Travel	9,298	2,522	2,297	24,953	4,342	675	13	1,121
Training and education	6,231	4,109	40	4,134	-	-	-	27
Depreciation expenses	-	-	-	-	-	-	-	-
	<u>\$ 1,041,625</u>	<u>\$ 98,333</u>	<u>\$ 511,405</u>	<u>\$ 674,321</u>	<u>\$ 1,143,269</u>	<u>\$ 110,280</u>	<u>\$ 145,564</u>	<u>\$ 11,722</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, 2019

<u>Healthy Families</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>Total Program & Supporting</u>
\$ 1,146,265	\$ 289,039	\$ 308,708	\$ -	\$ 3,086,501	\$ 68,409	\$ 3,154,910
335,292	68,393	48,974	-	782,319	35,541	817,860
14,290	18,975	3,941	-	54,083	507	54,590
52	6,079	2,280,929	1,428,327	5,101,663	4,350	5,106,013
33,634	18,366	33,972	-	157,320	5,525	162,845
15,925	785	3,259	-	32,923	-	32,923
12,884	5,139	5,267	-	36,253	-	36,253
-	9,505	(1,752)	-	13,633	2,233	15,866
4,133	26,376	42,749	-	419,062	15,690	434,752
2,536	1,419	4,532	-	40,325	2,982	43,307
31,866	3,288	2,317	-	62,386	3,382	65,768
38,667	28,031	22,472	-	157,808	7,509	165,317
14,357	8,926	5,087	-	55,485	4,942	60,427
85,261	3,389	18,004	-	151,875	5,034	156,909
-	3,577	-	-	18,118	-	18,118
-	-	-	-	-	5,803	5,803
<u>\$ 1,735,162</u>	<u>\$ 491,287</u>	<u>\$ 2,778,459</u>	<u>\$ 1,428,327</u>	<u>\$ 10,169,754</u>	<u>\$ 161,907</u>	<u>\$ 10,331,661</u>

See the accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

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 based on accounting pronouncement ASU 2016-14. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are available for use in general operations and not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations. Some donor-imposed stipulations 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 stipulations are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed stipulations are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. 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, 2020, net assets with donor restrictions was \$262,881. At 2019, net assets with donor restrictions was \$213,782.

Reclassification

Certain 2019 amounts have been reclassified to conform with the 2020 financial statement presentation.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The carrying amount reported in the statements of financial positions for cash and cash equivalents approximates its fair value.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 and are depreciated using the straight line method. 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, 2020 or 2019.

As of June 30, 2020, the tax years that remain subject to examination by taxing authorities begin with 2017.

NOTE 2 - PROMISSORY NOTE

The organization has a line of credit in the amount of \$200,000 with an outstanding balance of \$0 at June 30, 2020. Interest on the line is 0.950 percentage points over the prime rate index. The loan is secured by all inventory, accounts, equipment, general intangibles and fixtures. Maturity date of the loan is November 3, 2020, and the note is expected to be renewed.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is partially supported by restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. The Organization considers all expenditures related to its ongoing activities to support the mission to be general expenditures. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following reflects the Organization's financial assets as of the statement of financial position date June 30, 2020. There were no contractual or donor-imposed restrictions within one year of the statement of financial position that would reduce amounts available for general use.

	<u>2020</u>
Financial assets at year end	
Cash	1,715,545
Grants receivable	<u>2,656,008</u>
Financial assets available to meet general expenditures within one year	<u><u>4,371,553</u></u>

NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE

Accounts receivable from grants and contracts was composed of:

	<u>2020</u>	<u>2019</u>
Healthy Start MomCare Network	\$ 1,610,846	\$ 783,075
Department of Health & Human Services	139,896	297,794
Florida Department of Health	326,584	930,809
Jacksonville Children's Commission/Kids Hope Alliance	333,548	413,619
Fatherhood	106,988	130,043
Americorps	117,528	125,645
Other	20,618	-
Total	<u><u>\$ 2,656,008</u></u>	<u><u>\$ 2,680,985</u></u>

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 5 - FIXED ASSETS

Fixed assets consisted of:

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 24,085	\$ 21,350
Furniture	28,430	28,430
Leasehold improvements	54,668	54,668
Less accumulated depreciation	(93,212)	(86,835)
Property and equipment, net	<u>\$ 13,971</u>	<u>\$ 17,613</u>

Depreciation expense was \$6,378 and \$5,803 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 - NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Nurse Family Partnership	46,466	29,578
Magnolia Project	25,510	7,371
Healthy Start Network	83,177	83,146
Healthy Families	-	4,900
Other Various Programs	107,728	88,787
	<u>\$ 262,881</u>	<u>\$ 213,782</u>

NOTE 7 - 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, 2020.

<u>Fiscal Year Ended</u>	
2021	\$ 164,538
2022	146,279
2023	147,449
2024	141,337
2025	62,213
Total	<u>\$ 661,816</u>

Rental expense on all leases totaled \$324,354 and \$323,234 for the fiscal years ended June 30, 2020 and 2019, respectively.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 8 - 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, 2020 and 2019, support recognized under these arrangements amounted to \$2,635,073 and \$2,743,385, respectively. At June 30, 2020 and 2019, \$326,584 and \$930,809 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, 2020 and 2019, support recognized under these arrangements amounted to \$3,304,243 and \$2,919,763, respectively. At June 30, 2020 and 2019, \$1,610,846 and \$783,073 was due from the Network related to these contracts, respectively.

NOTE 9 - 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, 2020 and 2019, deposits exceeded federally insured limits by \$1,465,545 and \$1,203,349 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 10 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Occupancy costs are allocated based on square footage used in the program, while other costs are allocated based on the number of full time equivalent employees in the program.

NOTE 11 - EMPLOYEE RETIREMENT PLAN

Substantially all permanent, full-time employees of the Coalition are eligible to participate in a retirement plan administered by Principal. 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, 2020 and 2019 was \$159,037 and \$149,363, respectively.

NOTE 12 - 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.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2020 and 2019

NOTE 13 - MANAGEMENT'S REVIEW

In early 2020, an outbreak of the novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The ultimate economical impact of COVID-19 on the Organization's operations is not reasonably estimable at this time.

Subsequent events were evaluated through January 20, 2021, which is the date the financial statements were available to be issued. As of July 1, 2020, one grant with revenues of approximately \$1.73 million per year was discontinued. As of September 30, 2020, another grant with revenues of approximately \$648,000 per year was discontinued.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

<u>Pass-Through Entity</u> Federal/State Agency	CFDA CFSA Number	Contract Number	Expenditures
FEDERAL AWARDS			
<u>Direct Programs</u>			
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Healthy Marriage Promotion and Responsible Fatherhood Grant	93.086	90FK0067-05-00	\$ 648,277 *
Federal Healthy Start Initiative	93.926		1,087,086
Azalea Project: Primary Prevention Project	93.088	4ASTWH170065-03	81,802
			<u>1,817,165</u>
<u>Indirect Programs</u>			
Passed through State of Florida Department of Health			
Maternal and Child Health Services Block Grant to the States	93.994	COSGN	235,065
Child Abuse and Neglect Grants	93.669	1DCCP-1922NEF	124,751
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	FLMIECHV#13-4- FY1819	<u>867,338</u>
Total Passed Through State of Florida Department of Health			<u>1,227,154</u>
Passed through Healthy Start MomCare Network, Inc.			
Medical Assistance Program	93.778	NA	<u>2,034,092</u> *
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 5,078,411</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, 2020

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, 2020. 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, grants other than state and federal awards, and with volunteer hours.

Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate under the Uniform Guidance.



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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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2021.

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
January 20, 2021

**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, 2020. 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 Federal statutes, regulations, and the the terms and conditions of its federal awards 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, 2020.

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, 2020, and have issued our report thereon dated January 20, 2021, 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

January 20, 2021

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

For the Year Ended June 30, 2020

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 - Responsible Fatherhood Grant	93.086
Medical Assistance Program	93.778
Federal Programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COST None