

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

FINANCIAL STATEMENTS

For Years Ended June 30, 2023 and 2022



NORTHEAST FLORIDA HEALTHY START COALITION, INC.
TABLE OF CONTENTS

Independent Auditors' Report	1
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	7
Statements of Functional Expenses	8
Notes to Financial Statements	12
 Supplemental Information	
Schedule of Expenditures of Federal Awards	19
Note to Schedule of Expenditures of Federal Awards	20
 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>	21
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	23
Schedule of Findings and Questioned Costs	27

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northeast Florida Healthy Start Coalition, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northeast Florida Healthy Start Coalition, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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 schedule of expenditures of federal awards 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 March 20, 2024, on our consideration of the Organization'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 the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Coalition, Inc.'s internal control over financial reporting and compliance.

Magers & Associates, LLC

Magers & Associates, LLC

Orange Park, FL

March 20, 2024

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

As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 3,167,816	\$ 3,465,335
Grants receivable	1,708,432	1,505,383
Other receivables	118,847	-
Other current assets	<u>18,091</u>	<u>69,886</u>
TOTAL CURRENT ASSETS	<u>5,013,186</u>	<u>5,040,604</u>
PROPERTY AND EQUIPMENT, NET	75,899	38,980
OTHER ASSETS		
Right-of-use asset	470,278	-
HSMN medicaid holdback	<u>540,345</u>	<u>517,683</u>
TOTAL ASSETS	<u>\$ 6,099,708</u>	<u>\$ 5,597,267</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,239,255	\$ 1,006,136
Lease liability - short term	267,437	-
Other current liabilities	<u>193,043</u>	<u>182,793</u>
TOTAL CURRENT LIABILITIES	<u>1,699,735</u>	<u>1,188,929</u>
LONG TERM LIABILITIES		
Lease liability - long term	<u>204,873</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,904,608</u>	<u>1,188,929</u>
NET ASSETS		
Without donor restrictions	3,521,949	3,609,639
With donor restrictions (Note 6)	<u>673,151</u>	<u>798,699</u>
TOTAL NET ASSETS	<u>4,195,100</u>	<u>4,408,338</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,099,708</u>	<u>\$ 5,597,267</u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
REVENUES			
Federal grants	\$ -	\$ 5,578,336	\$ 5,578,336
State match on federal grants	-	2,972,438	2,972,438
Kids Hope Alliance	-	243,261	243,261
Grants and donations	425,895	816,076	1,241,971
Net assets released from restrictions	9,735,659	(9,735,659)	-
TOTAL REVENUES	10,161,554	(125,548)	10,036,006
EXPENSES			
Program services	10,223,113	-	10,223,113
Planning and administrative	26,131	-	26,131
TOTAL EXPENSES	10,249,244	-	10,249,244
CHANGE IN NET ASSETS	(87,690)	(125,548)	(213,238)
NET ASSETS, BEGINNING OF YEAR	3,609,639	798,699	4,408,338
NET ASSETS, END OF YEAR	\$ 3,521,949	\$ 673,151	\$ 4,195,100

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	Net Assets Without Restrictions	Net Assets With Restrictions	Total
REVENUES			
Federal grants	\$ -	\$ 5,489,398	\$ 5,489,398
State match on federal grants	-	2,832,633	2,832,633
Kids Hope Alliance	-	209,367	209,367
Grants and donations	481,655	951,757	1,433,412
Net assets released from restrictions	9,059,776	(9,059,776)	-
TOTAL REVENUES	9,541,431	423,379	9,964,810
EXPENSES			
Program services	9,222,084	-	9,222,084
Planning and administrative	236,322	-	236,322
TOTAL EXPENSES	9,458,406	-	9,458,406
CHANGE IN NET ASSETS	83,025	423,379	506,404
NET ASSETS, BEGINNING OF YEAR	3,526,614	375,320	3,901,934
NET ASSETS, END OF YEAR	\$ 3,609,639	\$ 798,699	\$ 4,408,338

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and June 30, 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (213,238)	\$ 506,404
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,637	8,501
(Increase) decrease in operating assets:		
Grants and contracts receivable	(225,711)	469,922
Other receivables	(118,847)	-
Other current assets	51,795	(17,501)
Right-of-use asset	(470,278)	-
Increase (decrease) in operating liabilities:		
Accounts payable	233,119	236,314
Other current liabilities	10,250	(78,843)
Lease liability	<u>472,310</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(245,963)</u>	<u>1,124,797</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(51,556)</u>	<u>(31,210)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(51,556)</u>	<u>(31,210)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(297,519)	1,093,587
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,465,335</u>	<u>2,371,748</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 3,167,816</u></u>	<u><u>\$ 3,465,335</u></u>
Supplementary data:		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying notes to the financial statements.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>Magnolia</u>	<u>Americorps</u>	<u>Fatherhood</u>	<u>NFP</u>	<u>FIMR DOH</u>	<u>CAPTA</u>	<u>ids Hope Alliance</u>	<u>Moran</u>
Salaries	\$ 353,303	\$ 313,787	\$ 146,712	\$ 45,406	\$ 212,857	\$ 116,069	\$ 30,591	\$ -
Fringe benefits	95,095	71,445	29,800	13,087	55,928	23,370	6,911	-
Administrative services	5,335	796	890	2,005	5,093	1,343	200	-
Contractual services	183,283	427	15,043	801,554	210,010	26,375	113,717	157,256
Equipment rental maint.	32,276	4,807	17,000	3,593	44,376	5,234	1,045	-
Incentives	601	396	6,600	-	-	9,364	-	-
Insurance	6,366	1,051	2,361	675	3,519	1,104	505	-
Meeting expense	-	3,075	255	-	-	-	1,849	-
Occupancy costs	190,795	18,400	19,626	8,238	67,156	18,992	5,012	-
Printing & reproduction	1,462	89	5,409	-	13,267	945	-	-
Office supplies	10,507	660	17,598	3,411	5,421	9,771	-	-
Dues and subscriptions	2,515	300	(94)	-	1,169	423	-	-
Other	11,508	10,730	39,445	19,017	14,766	4,885	86	-
Telephone	17,042	1,585	3,274	891	6,124	1,564	190	-
Travel	14,928	5	9,296	-	2,176	6,630	-	-
Training and education	-	395	18,750	-	90,577	2,445	-	-
Depreciation expense	-	-	-	-	-	-	-	-
Indirect costs	96,158	42,795	29,323	16,555	-	22,851	15,656	-
	<u>\$ 1,021,174</u>	<u>\$ 470,743</u>	<u>\$ 361,288</u>	<u>\$ 914,432</u>	<u>\$ 732,439</u>	<u>\$ 251,365</u>	<u>\$ 175,762</u>	<u>\$ 157,256</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, 2023

Continued from page 8

	<u>BSR</u>	<u>CAT</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>
Salaries	\$ 97,647	\$ 145,236	\$ 175,658	\$ 423,311	\$ -	\$ 2,060,577	\$ 100,946	\$ 2,161,523
Fringe benefits	23,750	29,011	45,828	103,608	-	497,833	16,318	514,151
Administrative services	648	932	1,038	22,725	-	41,005	5,759	46,764
Contractual services	45,975	37,500	218,456	3,282,502	1,022,340	6,114,438	109,994	6,224,432
Equipment rental maint.	3,752	3,901	9,302	49,558	-	174,844	20,091	194,935
Incentives	-	-	21,956	147	-	39,064	-	39,064
Insurance	1,542	965	1,325	7,744	-	27,157	1,525	28,682
Meeting expense	-	-	10,956	-	-	16,135	-	16,135
Occupancy costs	-	12,885	308	78,157	-	419,569	19,612	439,181
Printing & reproduction	-	544	1,259	899	-	23,874	141	24,015
Office supplies	-	7,282	15,986	13,684	-	84,320	5,397	89,717
Dues and subscriptions	-	1	2,217	10,765	-	17,296	3,061	20,357
Other	1,739	4,210	66,108	17,584	-	190,078	23,871	213,949
Telephone	961	1,427	2,528	9,435	-	45,021	3,440	48,461
Travel	1,782	4,602	6,613	13,039	-	59,071	321	59,392
Training and education	-	-	1,562	120	-	113,849	-	113,849
Depreciation expense	-	-	-	-	-	-	14,637	14,637
Indirect costs	17,780	21,100	36,764	-	-	298,982	(298,982)	-
	<u>\$ 195,576</u>	<u>\$ 269,596</u>	<u>\$ 617,864</u>	<u>\$ 4,033,278</u>	<u>\$ 1,022,340</u>	<u>\$ 10,223,113</u>	<u>\$ 26,131</u>	<u>\$ 10,249,244</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, 2022

	<u>Magnolia</u>	<u>Americorps</u>	<u>Fatherhood</u>	<u>NFP</u>	<u>FIMR DOH</u>	<u>CAPTA</u>
Salaries	\$ 377,212	\$ 297,156	\$ 73,625	\$ 45,494	\$ 302,968	\$ 108,138
Fringe benefits	116,231	47,295	19,870	12,427	75,839	29,639
Administrative services	7,281	3,242	511	2,102	6,574	1,291
Contractual services	358,785	824	16	795,402	190,668	101,168
Equipment rental maint.	30,149	4,279	16,970	2,016	30,685	4,339
Incentives	800	-	7,236	-	-	-
Insurance	8,535	1,432	1,697	736	5,415	1,508
Meeting expense	-	1,996	-	-	241	131
Occupancy costs	187,450	16,407	24,607	7,491	66,979	13,801
Printing & reproduction	938	-	1,063	-	1,366	2,205
Office supplies	4,888	433	3,974	499	1,944	610
Dues and subscriptions	4,262	-	-	-	3,642	150
Other	5,523	6,583	3,433	1,155	6,874	5,723
Telephone	16,000	2,191	1,690	628	6,424	1,752
Travel	3,415	153	18	-	2,524	938
Training and education	-	529	178	-	126	7,423
Depreciation expense	-	-	-	-	-	-
Indirect costs	111,004	38,958	14,239	16,555	7,099	27,881
	<u>\$ 1,232,473</u>	<u>\$ 421,478</u>	<u>\$ 169,127</u>	<u>\$ 884,505</u>	<u>\$ 709,368</u>	<u>\$ 306,697</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, 2022

[Continued from page 10]

	<u>Kids Hope</u>	<u>Other</u>	<u>DSM</u>	<u>Direct Services</u>	<u>Total</u>	<u>Healthy Start</u>	<u>Total</u>
	<u>Alliance</u>	<u>Programs</u>	<u>Waiver</u>		<u>Program</u>	<u>Planning and</u>	<u>Program &</u>
					<u>Services</u>	<u>Administrative</u>	<u>Supporting</u>
Salaries	\$ 62,515	\$ 203,828	\$ 240,836	\$ -	\$ 1,711,772	\$ 361,500	\$ 2,073,272
Fringe benefits	11,983	48,597	72,553	-	434,434	71,752	506,186
Administrative services	197	2,029	23,413	-	46,640	3,475	50,115
Contractual services	62,084	266,640	3,214,967	1,022,390	6,012,944	3,684	6,016,628
Equipment rental/maint.	1,121	11,141	32,659	-	133,359	11,719	145,078
Incentives	-	5,837	-	-	13,873	-	13,873
Insurance	410	1,399	8,993	-	30,125	1,612	31,737
Meeting expense	-	2,923	-	-	5,291	-	5,291
Occupancy costs	-	275	75,229	-	392,239	21,767	414,006
Printing & reproduction	1,962	2,932	2,760	-	13,226	1,157	14,383
Office supplies	-	4,370	3,222	-	19,940	1,595	21,535
Dues and subscriptions	-	2,810	13,074	-	23,938	1,693	25,631
Other	7,200	13,212	6,604	-	56,307	4,171	60,478
Telephone	276	4,100	11,601	-	44,662	1,878	46,540
Travel	-	5,859	899	-	13,806	99	13,905
Training and education	2,087	864	40	-	11,247	-	11,247
Depreciation expense	-	-	-	-	-	8,501	8,501
Indirect costs	13,525	29,020	-	-	258,281	(258,281)	-
	<u>\$ 163,360</u>	<u>\$ 605,836</u>	<u>\$ 3,706,850</u>	<u>\$ 1,022,390</u>	<u>\$ 9,222,084</u>	<u>\$ 236,322</u>	<u>\$ 9,458,406</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, 2023 and 2022

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, 2023, net assets with donor restrictions was \$673,151. At 2022, net assets with donor restrictions was \$798,699.

Reclassification

Certain 2022 amounts have been reclassified to conform with the 2023 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, 2023 and 2022

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 \$5,000 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, 2023 or 2022.

As of June 30, 2023, the tax years that remain subject to examination by taxing authorities begin with 2020.

Revenue Recognition

Contributions that are restricted by the donor are reported as increases in net assets with restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization follows the provisions of FASB's ASC Topic 606, Revenue from Contracts with Customers. Revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 2 - LINE OF CREDIT

The organization had a line of credit in the amount of \$200,000 with an outstanding balance of \$0 at June 30, 2023. Interest on the line is 2.600 percentage points over the prime rate index. The loan is secured by all accounts receivable, equipment, and general intangibles. Maturity date of the loan was January 29, 2024.

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, 2023. 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>2023</u>
Financial assets at year end	
Cash	\$ 3,167,816
Grants receivable	<u>1,708,432</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,876,248</u>

NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE

Accounts receivable from grants and contracts was composed of:

	<u>2023</u>	<u>2022</u>
Healthy Start MomCare Network, net of holdback	\$ 692,009	\$ 734,682
Department of Health & Human Services	117,578	142,270
Florida Association of Healthy Start Coalitions	272,478	237,222
Florida Department of Health	341,418	273,830
Fatherhood Moran	150,000	-
Make a Noise	65,976	-
Other	68,973	117,379
Total	<u>\$ 1,708,432</u>	<u>\$ 1,505,383</u>

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 5 - FIXED ASSETS

Fixed assets consisted of:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 59,385	\$ 59,385
Furniture	82,945	31,389
Leasehold improvements	54,668	54,668
Less accumulated depreciation	<u>(121,099)</u>	<u>(106,462)</u>
Property and equipment, net	<u>\$ 75,899</u>	<u>\$ 38,980</u>

Depreciation expense was \$14,637 and \$8,501 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 - NET ASSETS

Net assets with donor restrictions are held to support the following programs:

	<u>2023</u>	<u>2022</u>
Nurse Family Partnership	\$ -	\$ 16,555
Kids Hope Alliance	-	59,532
Fatherhood - Moran	140,414	143,209
Baptist Medical Center FIMR	-	1,764
Florida Blue FIMR	23,068	34,603
Overdose Data to Action	-	23,166
PGA Tour	-	16,217
CAPTA	-	27,659
American Rescue	-	38,958
Baptist Social Responsibility	86,748	225,439
Welcome Home	39,360	-
United Healthcare Catalyst Model	243,631	-
Donations	125,887	-
Other Various Programs	14,043	211,597
	<u>\$ 673,151</u>	<u>\$ 798,699</u>

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 7 - LEASES

In February 2016, the FASB established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The Organization has operating leases, primarily for building space, which have an initial non-cancelable lease term in excess of one year.

An additional amount of \$2,032 was included in operating lease expense at June 30, 2023 in relation to the amortization of lease liabilities.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of June 30, 2023:

	2023
Non-current assets:	
Right-of-use-asset	\$ 470,278
Current liabilities:	
Lease Liability	<u>\$ 267,437</u>
Long Term Liabilities:	
Lease Liability	<u>204,873</u>
Total Lease Liabilities	<u><u>\$ 472,310</u></u>
Other Information:	
Right-of-use assets obtained in exchange for new operating lease liabilities (beginning balance)	<u>\$ 739,453</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 276,193</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted Average Remaining Lease Term (in years):	1.94
Weighted Average Discount Rate:	1.56%

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 7 - LEASES (CONTINUED)

The maturities of lease liabilities are as follows as of June 30, 2023 are as follows:

<u>Fiscal Year Ended</u>	
2024	\$ 272,625
2025	177,607
2026	<u>29,096</u>
Total lease payments	479,328
Less: present value discount	<u>(7,018)</u>
Present Value of Lease Liabilities	<u>\$ 472,310</u>

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, 2023 and 2022, support recognized under these arrangements amounted to \$1,909,333 and \$1,642,980, respectively. At June 30, 2023 and 2022, \$341,418 and \$273,830 was due from the State related to these contracts, respectively.

The Coalition receives substantial support under contracts with the Florida Association of Healthy Start Coalitions, Inc. These contracts are renegotiated at the end of each contract term. During the fiscal years ended June 30, 2023 and 2022, support recognized under these arrangements amounted to \$1,254,996 and \$1,227,125, respectively. At June 30, 2023 and 2022, \$272,478 and \$237,222 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, 2023 and 2022, support recognized under these arrangements amounted to \$3,850,086 and \$4,198,126, respectively. At June 30, 2023 and 2022, \$692,009 and \$734,682 was due from the Network related to these contracts, respectively (not including holdback).

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, 2023 and 2022, deposits exceeded federally insured limits by \$418,078 and \$3,208,070 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.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
NOTES TO FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

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, 2023 and 2022 was \$102,824 and \$98,795, 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.

NOTE 13 - REVENUE RECOGNITION

Management has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and have concluded that no changes are necessary to conform with the new standard. Revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

The Organization recognizes revenue when the performance obligations of providing the services are met.

The Organization recognizes contributions without conditions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Contracts which fall under the provisions of ASC Topic 606 are as follows:

	<u>2023</u>		<u>2022</u>
Contract revenue	\$3,850,086	\$	4,198,126
Contract receivables	\$1,232,354	\$	1,252,365

NOTE 14 - MANAGEMENT'S REVIEW

Subsequent events were evaluated through March 20, 2024, which is the date the financial statements were available to be issued.

NORTHEAST FLORIDA HEALTHY START COALITION, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Pass-Through Entity</u> Federal/State Agency	Assistance Listing Number	Contract Number	Expenditures	Transfer to Subrecipients
FEDERAL AWARDS				
<u>Direct Programs</u>				
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Federal Healthy Start Initiative	93.926	6H49MC00051-22-02	\$ 821,779	\$ 123,803
Federal Healthy Start Initiative	93.926	6H49MC00051-23-02	217,786	-
Federal Healthy Start Initiative	93.926	1 U1VMC46320-01-00	269,595	-
Total Department of Health and Human Services			1,309,160	123,803
<u>Indirect Programs</u>				
Passed through State of Florida Department of Health				
Maternal and Child Health Services	93.994	COSGN	220,541	128,503
Passed through Florida Association of Healthy Start Coalitions, Inc.				
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	1MIECHV-2122NEF	153,043	129,816 *
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	1MIECHV-2223NEF	761,389	671,738 *
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	1ARP-2122NEF	44,590	11,375 *
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	1ARP-2223NEF	44,608	11,375 *
Child Abuse and Neglect Grants	93.669	1DCCP-1922NEF	251,366	24,575
Total Passed Through Florida Association of Healthy Start Coalitions, Inc.			1,254,996	848,879
Passed through Health Planning Council of Northeast Florida				
Injury Prevention and Control Research and State and Community Based Programs	93.136	DV999	227,199	-
Passed through Healthy Start MomCare Network, Inc.				
Medical Assistance Program	93.778	FP076-22	2,566,440	2,007,535 *
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 5,578,336	\$ 3,108,720

* 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, 2023

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, 2023. 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 to use the 10-percent de minimis indirect cost rate under the Uniform Guidance.

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, 2023, 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 March 20, 2024.

Report on 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

Report on 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
March 20, 2024

**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

Opinion on Each Major Federal Program

We have audited Northeast Florida Healthy Start Coalition, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northeast Florida Healthy Start Coalition, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northeast Florida Healthy Start Coalition, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Northeast Florida Healthy Start Coalition, Inc.'s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northeast Florida Healthy Start Coalition, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northeast Florida Healthy Start Coalition, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northeast Florida Healthy Start Coalition, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northeast Florida Healthy Start Coalition, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Northeast Florida Healthy Start Coalition, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

Page Four

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

We have audited the financial statements of Northeast Florida Healthy Start Coalition, Inc. as of and for the year ended June 30, 2023, and have issued our report thereon dated March 20, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed 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.

Magers & Associates, LLC

Magers & Associates, LLC
Orange Park, FL
March 20, 2024

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

For the Year Ended June 30, 2023

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	Assistance Listing No.
Department of Health and Human Services - Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.870
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