

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

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

**June 30, 2021
(With Comparative Totals for 2020)**



Offutt Barton Schlitt^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS

A History of Professional Commitment

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

CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
Martin County Healthy Start Coalition, Inc.

We have audited the accompanying consolidated financial statements of Martin County Healthy Start Coalition, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Martin County Healthy Start Coalition, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Martin County Healthy Start Coalition, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OFFUTT BARTON SCHLITT LLC

Vero Beach, Florida
November 22, 2021

MARTIN COUNTY HEALTHY START COALITION, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(WITH COMPARTATIVE TOTALS AS OF JUNE 30, 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 275,450	\$ 329,990
Grants receivable	335,174	228,966
Prepaid expenses	8,729	6,265
Total current assets	619,353	565,221
Other assets		
Other receivables	44,198	43,623
Deposits	5,318	2,824
Intangible assets, net	1,778	2,757
Property and equipment, net	25,367	1,495
Total other assets	76,661	50,699
Total assets	\$ 696,014	\$ 615,920
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 83,942	\$ 80,801
Accrued expenses	33,781	23,360
Deferred income	54,000	47,000
Refundable advance	64,100	66,250
Total current liabilities	235,823	217,411
Without donor restrictions	179,017	169,543
With donor restrictions	281,174	228,966
Net Assets	460,191	398,509
Total liabilities and net assets	\$ 696,014	\$ 615,920

See notes to the consolidated financial statements and Independent Auditors' Report.

MARTIN COUNTY HEALTHY START COALITION, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	(Memo Total)
OPERATING REVENUES				
Local grant and contract revenues	\$ 332,672	\$ 88,801	\$ 421,473	\$ 463,718
Grants from government agencies	535,564	126,123	661,687	594,087
Other grants	-	66,250	66,250	-
Special event, net costs of direct benefit to donors of \$0	24,399	-	24,399	137,240
Contributions	75,045	-	75,045	18,155
Interest income	797	-	797	577
Other income	4,753	-	4,753	347
Subtotal operating revenues	973,230	281,174	1,254,404	1,214,124
Net assets released from restriction	228,966	(228,966)	-	-
Total operating revenues	1,202,196	52,208	1,254,404	1,214,124
EXPENSES				
Program services				
Coalition services	998,428	-	998,428	952,227
Father support services	62,375	-	62,375	46,629
Total program services	1,060,803	-	1,060,803	998,856
Supporting services				
Management and general	125,227	-	125,227	191,410
Fundraising	5,197	-	5,197	11,016
Total supporting services	130,424	-	130,424	202,426
Loss on disposal of assets	1,495	-	1,495	-
Total expenses	1,192,722	-	1,192,722	1,201,282
Change in net assets	9,474	52,208	61,682	12,842
Net assets, beginning of year	169,543	228,966	398,509	385,667
Net assets, end of year	\$ 179,017	\$ 281,174	\$ 460,191	\$ 398,509

See notes to the consolidated financial statements and Independent Auditors' Report.

MARTIN COUNTY HEALTHY START COALITION, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2020)

	2021						2020
	Program Services			Supporting Services			All Funds Combined (Memo Total)
	Coalition Services	Father Support Services	Total	Management and General	Fundraising	Grand Total	
Payroll and Related Expenses							
Salaries and wages	\$ 190,846	\$ 50,000	\$ 240,846	\$ 72,887	\$ 3,169	\$ 316,902	\$ 336,965
Payroll taxes	14,744	4,068	18,812	5,692	248	24,752	25,520
Other employee benefits	23,111	6,524	29,635	8,968	390	38,993	39,586
Retirement	4,439	1,125	5,564	1,683	73	7,320	8,473
Total	<u>233,140</u>	<u>61,717</u>	<u>294,857</u>	<u>89,230</u>	<u>3,880</u>	<u>387,967</u>	<u>410,544</u>
Direct Service Dollars							
Care coordination	326,670	-	326,670	-	-	326,670	361,093
Prenatal care programs	191,614	-	191,614	-	-	191,614	183,476
Connect and healthy start screening	141,957	-	141,957	-	-	141,957	90,116
Program supplies	3,164	-	3,164	-	-	3,164	6,590
Total	<u>663,405</u>	<u>-</u>	<u>663,405</u>	<u>-</u>	<u>-</u>	<u>663,405</u>	<u>641,275</u>
Office Administration and Facilities							
Leases, storage	31,452	208	31,660	9,582	417	41,659	65,540
Office supplies	18,997	126	19,123	5,786	252	25,161	10,939
Professional fees	14,791	98	14,889	4,506	196	19,591	13,856
Advertising	9,921	66	9,987	3,022	131	13,140	22,029
Insurance	7,177	48	7,225	2,185	95	9,505	4,525
Information systems support	5,440	36	5,476	1,657	72	7,205	6,359
Telephone	4,713	31	4,744	1,436	62	6,242	7,310
Depreciation and amortization	-	-	-	5,738	-	5,738	1,685
Licenses, dues and memberships	2,853	19	2,872	869	38	3,779	3,730
Training	2,764	18	2,782	842	37	3,661	3,694
Travel	2,546	-	2,546	-	-	2,546	7,490
Utilities	1,184	8	1,192	360	16	1,568	2,306
Meetings	45	-	45	14	1	60	1,685
Total	<u>101,883</u>	<u>658</u>	<u>102,541</u>	<u>35,997</u>	<u>1,317</u>	<u>139,855</u>	<u>149,463</u>
Total expenses	<u>\$ 998,428</u>	<u>\$ 62,375</u>	<u>\$ 1,060,803</u>	<u>\$ 125,227</u>	<u>\$ 5,197</u>	<u>\$ 1,191,227</u>	<u>\$ 1,201,282</u>

See notes to the consolidated financial statements and Independent Auditors' Report.

MARTIN COUNTY HEALTHY START COALITION, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 61,682	\$ 12,842
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	4,759	706
Amortization	979	979
Changes in operating assets and liabilities:		
Grants receivable	(106,208)	1,099
Prepaid expenses	(2,464)	(4,933)
Other receivables	(575)	(9,264)
Security deposit	(2,494)	(2,824)
Accounts payable	3,141	63,649
Accrued expenses	10,421	7,726
Deferred income	7,000	43,870
Refundable advance	(2,150)	66,250
Net cash from operating activities	(25,909)	180,100
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of trademark and web design	-	(3,736)
Purchase of fixed assets	(30,126)	-
Disposal of fixed assets	1,495	-
Net cash from investing activities	(28,631)	(3,736)
Net change in cash	(54,540)	176,364
Cash and cash equivalents, beginning of year	329,990	153,626
Cash and cash equivalents, end of year	\$ 275,450	\$ 329,990

See notes to the consolidated financial statements and Independent Auditors' Report.

MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 NATURE OF ORGANIZATION

Martin County Healthy Start Coalition, Inc. located in Stuart, Florida, is a nonprofit 501(c)(3) corporation organized in 1992 in Florida pursuant to Florida Statute 383. The goal of the Healthy Start program is to provide a network of community-based care coordination to reduce adverse birth outcomes; and expand coverage for pregnant women in the Martin County community. The Coalition's focus is to address the needs of pregnant women, infants and children up to age three. The Coalition assesses community needs, identifying gaps and barriers to effective service delivery and develops a service plan to address identified problem areas and issues. The Coalition's programs are as follows:

- Coalition Services

Coalition services include direct service dollars for pregnant women, infants and children up to age three and the support for the providers of these services in Martin County. These services disburse, oversee and monitor outcomes of funds from the State of Florida Department of Health, Children's Services Council of Martin County, the Agency for Health Care Administration (AHCA), United Way, and Hobe Sound Community Chest. Programs include:

- a. Care Coordination
- b. Nurse Family Partnership
- c. Healthy Start Services
- d. Prenatal Care Programs

- Father Support Services

Father support services include the Father Child Resource Center. The Father Child Resource Center program helps children achieve healthy growth and development by promoting responsible fatherhood and by developing and implementing resources that improve the quality and quantity of fathers' involvement with their children. Funds for these programs come from the Children's Services Council of Martin County and Hobe Sound Community Chest.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Entities Whose Financial Results Are Consolidated in the Financial Statements

The financial statements present the consolidated financial results of the Coalition and its wholly owned subsidiary, MCHSC Properties LLC, with all significant balances and transactions between the two entities eliminated.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Coalition and changes therein are classified and reported as follows:

MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restriction – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Coalition recognizes grants, contracts and contributions of cash or other assets restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or a purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Since prior year information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (“GAAP”), such information should be read in conjunction with the Organization’s audited financial statements as of and for the year ended June 30, 2020, from which the summarized information was derived.

Reclassification

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

Revenue Recognition

The Coalition recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Coalition recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Coalition recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

A portion of the Coalition’s revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Coalition has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying

MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

expenditures are reported as refundable advances in the statement of financial position. No amounts have been received in advance under the Coalition's federal and state contracts and grants.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the estimated fair value at the date of donation. The Coalition has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,500. Depreciation is provided using the straight-line method over the estimated useful lives of assets ranging between 5 to 10 years. If donors stipulate how long the assets must be used or restrict the use of such assets for a specific purpose, the contributions are recorded as restricted support. In the absence of such stipulations, gifts of property are recorded as unrestricted support.

Intangible Assets

Trademark rights and website costs are capitalized at cost, net of accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful lives of the assets, which range between 3 to 5 years.

Use of Estimates

The preparation of financial statements in conformity with GAAP in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Coalition considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Gifts and Contributions

Gifts and contributions are recorded at their fair market value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. As of June 30, 2021 the Coalition did not have any donor imposed restrictions that were perpetual in nature.

Donated Property and Services

GAAP requires recognition of contributed services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee. The Coalition receives a significant amount of donated services from unpaid volunteers who assist in fundraising, administration and program services. However, these amounts have not been recognized in the accompanying consolidated financial statements because they do not meet the recognition criteria.

MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

Concentration of Credit Risk

Financial instruments which potentially subject the Coalition to concentration of credit risk include cash and cash equivalents in financial institutions which may exceed amounts insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures up to \$250,000 per depositor, per insured bank. At June 30, 2021 the Coalition did not have any cash accounts which exceed FDIC limits.

Fair Value of Financial Instruments

The Coalition's financial instruments, which include cash and cash equivalents, grants receivable, other receivables, accounts payable, accrued expenses, deferred income and refundable advance are recorded at fair value on June 30, 2021.

Functional Expenses

The costs of providing various services have been summarized on a functional basis in the consolidated statement of activities and consolidated statement of functional expenses. Costs that are directly related to the Coalition's specific purpose have been recorded as a direct expense and included as program services. Certain costs have been allocated among the programs and supporting services benefited based on a percentage of direct labor and management's estimates of the benefit derived by each activity.

Federal Income Tax

The Coalition is exempt from federal and state income taxes under Section 501(c)(3) and, accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of the Income Tax Topic of the FASB Accounting Standards Codification. With few exceptions, the Coalition is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years prior to 2018.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Coalition evaluated subsequent events through November 17, 2021; the date the consolidated financial statements were available for issue. Management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying consolidated financial statements.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The organization has \$610,624 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include cash of \$275,450 and grants receivable of \$335,174. The Organization will additionally fund operating needs through grant funding, contributions, and fundraising income.

MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 GRANTS RECEIVABLE

Grants receivable are, primarily, amounts due from governmental agencies and local grantors particular to cost reimbursement grants, which are deemed to be fully collectible. As of June 30, 2021 grants receivable are as follows:

Children's Services Council	\$ 155,051
Healthy Start MomCare Network	75,509
Hobe Sound Community Chest	54,000
Florida Department of Health	50,614
	<u>\$ 335,174</u>

NOTE 5 OTHER RECEIVABLES

As of June 30, 2021, the Healthy Start MomCare Network, Inc. has held back \$44,198 for the purpose of any potential Medicaid payback situations that may arise during a five year period. If the Agency of Health Care Administration deems repayment should be made for a Coalition's previously submitted incorrect billable services, the Healthy Start MomCare Network, Inc. shall apply these funds at that time. If there is not a Medicaid payback situation after the fifth year then the Healthy Start MomCare Network, Inc. will release the funds back to the Coalition within 30 days of the beginning of the upcoming state fiscal year (July 1st).

NOTE 6 INTANGIBLE ASSETS

Intangible assets consist of the following at June 30, 2021:

Trademark rights	\$ 1,736
Website	2,000
	<u>3,736</u>
Less: accumulated amortization	(1,958)
	<u>\$ 1,778</u>

Amortization expense for the year ended June 30, 2021 was \$979.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Computer equipment	\$ 7,866
Automobile	22,260
	<u>30,126</u>
Less: accumulated depreciation	(4,759)
	<u>\$ 25,367</u>

**MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021**

Depreciation expense for the year ended June 30, 2021 was \$4,759.

NOTE 8 ACCRUED EXPENSES

As of June 30, 2021 accrued expenses primarily consist of accrued payroll, accrued paid time-off, and pension plan payable totaling approximately \$33,781.

NOTE 9 DEFINED CONTRIBUTION RETIREMENT PLAN

The Coalition sponsors a defined contribution annuity plan that consists of elective salary deferrals by employees plus a discretionary contribution amount by the Coalition. For the year ended June 30, 2021, the discretionary contribution amount payable by the Coalition totaled \$8,932.

NOTE 10 LINE OF CREDIT

The Coalition has a line of credit totaling \$75,000 with a local bank to cover temporary cash flow needs. The line of credit bears interest at the Wall Street Journal Prime plus 1% floating with a floor rate of 4.25%. The line of credit is payable on demand and renews every three years. The next renewal date is August 20, 2023. During the fiscal year ended June 30, 2021, the Coalition did not draw on the line of credit.

NOTE 11 COMMITMENTS

The Coalition entered into a lease agreement with Mayfair Plaza, Inc. effective August 15, 2019 through August 14, 2021. Rent in the amount of \$2,493.75 is due on the first day of each month. Total lease expense for the year ended June 30, 2021 totaled \$28,788 under this agreement. The Coalition renewed the lease effective October 1, 2021 through September 30, 2024. Rent for October 1, 2021 through September 30, 2022 will be \$2,743.13, increasing to \$2,825.42 on October 1, 2022 and \$2,911.04 on October 1, 2024.

Future minimum lease payments are as follows:

Years Ending June 30,	Amount
2022	\$ 32,169
2023	33,658
2024	34,676
	\$ 100,503

MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions resulting from time constrictions consist of the following as of June 30, 2021:

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

NOTE 13 NET ASSETS RELEASED FROM RESTRICTION

During the year ended June 30, 2021, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Children's Services Council	\$ 95,587
Florida Department of Health	82,765
Healthy Start MomCare Network	50,614
	<u>\$ 228,966</u>

NOTE 14 FEDERAL FUNDING

The Coalition received a combination of federal and state matching grants. In the event that the Coalition expends \$750,000 or more in Federal awards in its fiscal year, the Coalition must have a single or program-specific audit conducted in accordance with the provisions of OMB Circular A-133. The funding sources awarded to the Coalition pursuant to the Department of Health and Healthy Start MomCare Network grants at June 30, 2021 are as follows:

	Federal	Matching and MOE Amounts	State Matching	Total
Department of Health	\$ 9,890	\$ 293,793	\$ -	\$ 303,683
MomCare Network	231,843	-	126,161	358,004
	<u>\$ 241,733</u>	<u>\$ 293,793</u>	<u>\$ 126,161</u>	<u>\$ 661,687</u>

NOTE 15 OTHER GRANTS (PAYCHECK PROTECTION PROGRAM)

During May 2020, the Coalition received \$66,250 in loan funding from the Paycheck Protection Program (PPP), established by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). During the year ended June 30, 2021, the Coalition recognized grant revenue totaling \$66,250 based on qualifying expenditures made under the PPP that were subsequently forgiven.

MARTIN COUNTY HEALTHY START COALITION, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 16 SPECIAL EVENT REVENUE

Revenue from special events is recorded at fair value net the costs of direct benefit to donors. Due to the on-going coronavirus pandemic the Coalition's main fundraiser, Dancing with the Martin Stars, was cancelled for the year ending June 30, 2021. The event was originally scheduled to take place in September 2020 but was replaced with a virtual Challenge Fundraiser that resulted in revenue totaling \$24,399. No amounts were considered direct benefit to donors for the year ended June 30, 2021.

NOTE 17 CONCENTRATIONS

The Coalition is economically dependent on three major funding sources: The Children's Services Council of Martin County, Inc., the Florida Department of Revenue, and the Healthy Start MomCare Network.

Concentrations of revenue consist of the following for the year ended June 30, 2021:

	Revenue	Percentage of total revenue
Healthy Start MomCare Network	358,004	29%
Children's Services Council	334,474	27%
Florida Department of Health	303,683	24%
	\$ 996,161	80%

NOTE 18 CONTINGENCIES

Business Risks Associated with the Impact of COVID-19

The spread of the coronavirus has resulted in federal, state and local governments mandating various restrictions on public gatherings and stay-at-home orders. Because of the severity and global nature of the COVID-19 pandemic, the impact on the Coalition's business could be significant and have a material impact on its financial position and operating results. Certain events have been postponed or rescheduled. There is significant uncertainty and management is in the process of evaluating the potential future impact on its business and financial statements.

Contingent Liabilities

The Organization may be subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes that the Organization is in compliance with the terms of its grant agreements and no significant contingent liabilities exist. Therefore, no provision has been recorded in the consolidated financial statements for such contingencies.

MARTIN COUNTY HEALTHY START COALITION, INC.
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Paycheck Protection Program Refundable Advance

The Coalition received a second Paycheck Protection Program (PPP) loan of \$64,100 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions, with a right-of-return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following receipt of the funds. Application for forgiveness of the loan will be made, with the inclusion of compliance substantiation and certification therein. However, at the time of issuance of the financial statements, notice of forgiveness had not been received from the lender. All indications are that the loan will be forgiven. However, if a portion of the loan must be repaid the terms (1% per annum, repayable over a maximum of five years with a six-month deferral period) are such that the institution has sufficient liquidity to repay the unforgiven portion.