

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

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

**June 30, 2024
(With Comparative Totals for 2023)**

**MARTIN COUNTY HEALTHY START COALITION, INC.
AND AFFILIATE**
Stuart, Florida

COMBINED FINANCIAL STATEMENTS
June 30, 2024

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying combined financial statements of Martin County Healthy Start Coalition, Inc. and Affiliate (collectively, the Coalition), which comprise the combined statement of financial position as of June 30, 2024, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Coalition and Affiliate as of June 30, 2024, and the combined 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Coalition and Affiliate, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

2023 Financial Statements Restated

As discussed in Note 18 to the combined financial statements, the 2023 combined financial statements have been restated to correct a misstatement identified in the previously issued financial statements. As part of our audit of the 2024 combined financial statements, we also audited the adjustment described in Note 18 that was applied to restate the 2023 financial statements. In our opinion, the adjustment is appropriate and has been properly applied. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 the Coalition's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Coalition and Affiliate'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.

Report on Summarized Comparative Information

We have previously audited Martin County Healthy Start Coalition, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 19, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

OFFUTT BARTON SCHLITT LLC

Vero Beach, Florida
March 6, 2025

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
COMBINED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024
(WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023)

	2024	2023 (AS RESTATED)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 145,375	\$ 436,773
Grants receivable	325,090	372,307
Pledge receivable	-	10,000
Prepaid expenses	22,971	16,765
Total current assets	<u>493,436</u>	<u>835,845</u>
Other assets		
Other receivables	54,946	52,127
Deposits	337,005	197,925
Intangible assets, net	-	400
Property and equipment, net	13,284	20,853
Right of use asset - operating leases	214,427	318,187
Total other assets	<u>619,662</u>	<u>589,492</u>
Total assets	<u>\$ 1,113,098</u>	<u>\$ 1,425,337</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 116,694	\$ 175,670
Accrued expenses	95,250	57,335
Deferred income	117,197	108,500
Operating lease liability - current portion	62,275	94,854
Note payable	75,000	-
Total current liabilities	<u>466,416</u>	<u>436,359</u>
Operating lease liability - non-current portion	<u>161,540</u>	<u>223,814</u>
Total liabilities	627,956	660,173
Without donor restrictions	170,068	391,726
With donor restrictions	315,074	373,438
Net Assets	<u>485,142</u>	<u>765,164</u>
Total liabilities and net assets	<u>\$ 1,113,098</u>	<u>\$ 1,425,337</u>

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

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
COMBINED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	2024			2023 (AS RESTATED)
	Without Donor Restrictions	With Donor Restrictions	Total	(Memo Total)
OPERATING REVENUES				
Grants from government agencies	\$ 622,579	\$ 134,607	\$ 757,186	\$ 863,709
Local grant and contract revenues	875,033	180,467	1,055,500	872,643
Contributions	193,015	-	193,015	137,536
Special event, net costs of direct benefit to donors of \$40,949	159,256	-	159,256	144,986
Other income	-	-	-	85,187
Interest income	-	-	-	224
Subtotal operating revenues	1,849,883	315,074	2,164,957	2,104,285
Net assets released from restriction	373,438	(373,438)	-	-
Total operating revenues	2,223,321	(58,364)	2,164,957	2,104,285
EXPENSES				
Program services				
Core services	781,610	-	781,610	745,133
Prenatal Care Program	395,999	-	395,999	381,573
Nurse Family Partnership (NFP)	284,519	-	284,519	253,688
Enhanced services	145,155	-	145,155	158,909
Diaper Pantry	152,675	-	152,675	103,265
Doula Program	155,756	-	155,756	98,293
Fatherhood Program	135,712	-	135,712	91,792
Madison's Miracles	67,206	-	67,206	67,308
Total program services	2,118,632	-	2,118,632	1,899,961
Supporting services				
Coalition Services	220,532	-	220,532	149,162
Fundraising	101,785	-	101,785	68,842
Total supporting services	322,317	-	322,317	218,004
OTHER EXPENSE				
Interest	4,030	-	4,030	-
Total other expense	4,030	-	4,030	-
Total expenses	2,444,979	-	2,444,979	2,117,965
Change in net assets	(221,658)	(58,364)	(280,022)	(13,680)
Net assets, beginning of year	391,726	373,438	765,164	778,844
Net assets, end of year	\$ 170,068	\$ 315,074	\$ 485,142	\$ 765,164

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

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2023)

2024

	Program Services								
	Core Services	Prenatal Care Program	Nurse Family Partnership	Enhanced Services	Diaper Pantry	Doula Program	Fatherhood Program	Madison's Miracles	Total Program Expenses
Salaries and wages	\$ 279,691	\$ 130,523	\$ 65,261	\$ 46,615	\$ 83,907	\$ 46,615	\$ 74,584	\$ 27,969	\$ 755,165
Payroll taxes and benefits	61,772	28,828	14,414	10,296	18,532	10,296	16,473	6,177	166,788
Total payroll	341,463	159,351	79,675	56,911	102,439	56,911	91,057	34,146	921,953
Direct Services	272,688	158,500	165,770	60,335	-	70,936	-	16,313	744,542
Rent	40,907	19,090	9,545	6,818	12,272	6,818	10,908	4,091	110,449
Advertising	32,721	15,269	7,635	5,453	9,816	5,453	8,725	3,272	88,344
Supplies	20,517	9,575	4,787	3,420	6,155	3,420	5,471	2,052	55,397
Professional fees	16,024	7,478	3,739	2,671	4,808	2,671	4,273	1,603	43,267
Office expense	23,062	10,762	5,381	3,844	6,919	3,844	6,150	2,306	62,268
Information systems	14,234	6,643	3,321	2,372	4,270	2,372	3,796	1,423	38,431
Training	3,967	1,852	926	661	1,190	661	1,058	397	10,712
Telephone	3,890	1,816	908	648	1,167	648	1,037	389	10,503
Insurance	2,977	1,390	695	496	893	496	794	298	8,039
Dues and subscriptions	2,661	1,242	621	444	798	444	710	266	7,186
Travel	1,669	778	389	278	500	278	445	167	4,504
Utilities	2,438	1,137	569	406	731	406	650	244	6,581
Depreciation/amortization	2,392	1,116	558	398	717	398	638	239	6,456
Contract services	-	-	-	-	-	-	-	-	-
Total expenses	\$ 781,610	\$ 395,999	\$ 284,519	\$ 145,155	\$ 152,675	\$ 155,756	\$ 135,712	\$ 67,206	\$ 2,118,632
	32.02%	16.22%	11.66%	5.95%	6.25%	6.38%	5.56%	2.75%	86.79%

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

**MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
COMBINED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR THEN ENDED JUNE 30, 2023)**

	2024			2023	
				All Funds Combined (Memo Total) (AS RESTATED)	
	Supporting Services		Total		
	Coalition Services	Fundraising	Total Supporting Expenses		
Salaries and wages	\$ 121,200	\$ 55,938	\$ 177,138	\$ 932,303	\$ 598,514
Payroll taxes and benefits	26,768	12,355	39,123	205,911	104,928
Total payroll	147,968	68,293	216,261	1,138,214	703,442
Direct Services	-	-	-	744,542	970,563
Rent	17,726	8,181	25,907	136,356	81,083
Advertising	14,178	6,544	20,722	109,066	92,238
Supplies	8,891	4,104	12,995	68,392	47,270
Professional fees	6,944	3,205	10,149	53,416	71,030
Office expense	9,993	4,612	14,605	76,873	56,161
Information systems	6,168	2,847	9,015	47,446	22,925
Training	1,719	794	2,513	13,225	14,854
Telephone	1,686	778	2,464	12,967	9,355
Insurance	1,291	596	1,887	9,926	15,990
Dues and subscriptions	1,153	532	1,685	8,871	11,073
Travel	723	334	1,057	5,561	7,002
Utilities	1,056	487	1,543	8,124	3,372
Depreciation/amortization	1,036	478	1,514	7,970	6,607
Contract services	-	-	-	-	5,000
Total expenses	\$ 220,532	\$ 101,785	\$ 322,317	\$ 2,440,949	\$ 2,117,965
	9.03%	4.18%	13.21%	100.00%	

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

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	<u>2024</u>	<u>2023</u> <u>(AS RESTATED)</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (280,022)	\$ (13,680)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,569	6,207
Amortization	400	400
Amortization of right-of-use asset	103,760	318,668
(Increase) decrease in operating assets and liabilities:		
Grants receivable	47,217	(22,616)
Pledge receivable	10,000	(10,000)
Prepaid expenses	(6,206)	(12,414)
Other receivables	(2,819)	(5,382)
Security deposit	(139,080)	(6,625)
Accounts payable	(58,976)	93,648
Accrued expenses	37,915	8,700
Deferred income	8,697	44,320
Operating lease liability	(94,853)	(318,187)
Net cash provided by (used in) operating activities	<u>(366,398)</u>	<u>83,039</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(7,718)
Net cash used in investing activities	<u>-</u>	<u>(7,718)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	75,000	-
Net cash provided by financing activities	<u>75,000</u>	<u>-</u>
Net change in cash	(291,398)	75,321
Cash and cash equivalents, beginning of year	436,773	361,452
Cash and cash equivalents, end of year	<u>\$ 145,375</u>	<u>\$ 436,773</u>
NONCASH TRANSACTION:		
Interest paid	<u>\$ 4,030</u>	<u>\$ -</u>

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

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024

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:

- Core Services

A service provided to all Healthy Start Participants consistently statewide that includes Care Coordination, prenatal education, parenting education, interconception education and counseling, stress management education, screenings for perinatal depression, intimate partner violence, tobacco use, substance use and child development, individualized plan of care, and family support plan.

- Enhanced Services

Additional services based on identified need and available funding, including, but not limited to, breastfeeding education, childbirth education, nutrition education, psychosocial counseling, and tobacco cessation services.

- Prenatal Care Program

A service providing prenatal care for pregnant Martin County residents at or below 185% of the Federal Poverty Level who otherwise would not qualify for Medicaid.

- Doula Program

A service providing physical, emotional, and informational support to a mother before, during, and shortly after childbirth in the immediate postpartum period by trained non-medical professionals recruited from the community.

- Nurse Family Partnership (NFP)

An evidence-based, community health program intended to promote the well-being of first-time, low-income mothers and their children with registered nurses providing parenting education, referrals to community resources and promote family enrichment starting early in pregnancy and continuing through the child's second birthday.

- Fatherhood Program

Individualized services provided to fathers that aim to increase participation in home-visiting services and strengthen family and child well-being. A father includes any father figure with an active role within the family unit of an enrolled pregnant woman, infant, and/or child.

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024

- Diaper Pantry

The program provides diapers for babies and toddlers at no cost to families in need. Additionally, the Coalition runs a clothing boutique, Ellie's Boutique, that helps families by providing free clothing and other basic items that are needed for new babies and growing families in need.

- Madison's Miracles

A program for families experiencing the loss of an infant or pregnancy. The program offers memory boxes, counseling and support groups, and covers the cost of funeral expenses if needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

The combined financial statements include the accounts of Treasure Coast Maternity Center, Inc., a Florida corporation. Treasure Coast Maternity Center, Inc. was created on November 20, 2023, and is a separate entity with its own employer identification number and IRS tax filing requirements. The affiliate's focus is to address the needs of pregnant women, infants and children up to age three within the community. Combined financial statements are presented because of the common control of Martin County Health Start Coalition, Inc. and Treasure Coast Maternity, Inc. All intercompany balances and transactions have been eliminated in the combination.

The combined financial statements presented also include the financial results of Martin County Health Start Coalition, Inc. and its wholly owned subsidiary, MCHSC Properties LLC, with all significant balances and transactions between the two entities eliminated.

Basis of Presentation

The accompanying combined 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:

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.

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024

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 combined 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, 2023, 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 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.

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, 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 combined financial statements because they do not meet the recognition criteria.

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. As of June 30, 2024, the Coalition does not have any accounts that exceed the 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, and deferred income are recorded at fair value on June 30, 2024.

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024

Functional Expenses

The costs of providing various services have been summarized on a functional basis in the statement of activities and 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 combined 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 combined 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 2021.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Coalition evaluated subsequent events through March 6, 2025; the date the 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 financial statements.

NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The organization has \$470,465 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 \$145,375 and grants receivable of \$325,090. The Organization will additionally fund operating needs through grant funding, contributions, and fundraising income.

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, 2024 grants receivable are as follows:

Children's Services Council of Martin County	\$ 144,707
Florida Department of Health	100,134
Healthy Start MomCare Network	33,755
Okeechobee Healthy Start Coalition	36,276
Communities Connected for Kids	10,218
	<hr/>
	\$ 325,090

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 OTHER RECEIVABLES

As of June 30, 2024, the Healthy Start MomCare Network, Inc. has held back \$54,946 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, 2024:

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

Amortization expense for the year ended June 30, 2024 was \$400.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2024:

Computer equipment	\$ 7,866
Furniture and equipment	7,718
Automobile	22,260
	<u>37,844</u>
Less: accumulated depreciation	<u>(24,560)</u>
	<u>\$ 13,284</u>

Depreciation expense for the year ended June 30, 2024 was \$7,569.

NOTE 8 ACCRUED EXPENSES

As of June 30, 2024, accrued expenses primarily consist of accrued payroll, accrued paid time-off, and pension plan payable totaling approximately \$95,250.

MARTIN COUNTY HEALTHY START COALITION, INC. AND AFFILIATE
NOTES TO THE COMBINED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 DEFINED CONTRIBUTION RETIREMENT PLAN

The Coalition sponsors a defined contribution annuity plan that consists of elective salary deferrals by employees plus up to a 3% matching contribution amount by the Coalition for all employees who contribute. For the year ended June 30, 2024, the discretionary contribution payable amount by the Coalition totaled \$1,492.

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 9.5%. The line of credit is payable on demand and renews every three years. The next renewal date is August 20, 2026. During the fiscal year ended June 30, 2024, the Coalition had an outstanding balance of \$75,000.

NOTE 11 LEASES

The Coalition leases facilities related to its operations under noncancelable leases, all of which were determined to be operating leases. The Coalition's lease agreements do not include any material residual value guarantees or material restrictive covenants. The Coalition determines if an agreement contains a lease at inception based on the Coalition's right to the economic benefits of the leased assets and its right to direct the use of the leased asset. Right-of-use assets represent the Coalition's right to use an underlying asset, and right-of-use liabilities represent the Coalition's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term. As most of the Coalition's leases do not provide an implicit rate, the Coalition uses its estimated incremental borrowing rate based on the information available at the commencement date, adjusted for the lease term, to determine the present value of the lease payments.

The Coalition's real estate leases may require that the Coalition pay for maintenance, real estate taxes, and insurance, in addition to rent. Maintenance, real estate taxes, and insurance payments are generally variable and based on actual costs incurred by the lessor. Therefore, these amounts are not included in the consideration of the contract when determining the right-of-use assets and lease liabilities.

Leases with an initial term of twelve months or less are not recorded on the balance sheet. The Coalition recognizes lease expense for these leases on a straight-line basis over the lease term.

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When implementing Topic 842, the Coalition elected the following practical expedients: (1) a package of practical expedients that allows the Coalition to not reassess: (a) whether expired or existing contracts contained leases; (b) the lease classification for expired or existing leases; and (c) the initial direct costs for existing leases; (2) for all underlying asset classes, an expedient that allows the Coalition to not apply the recognition requirements to short-term leases and account for lease and associated non-lease components as a single lease component; (3) an expedient that allows the use of hindsight to determine lease term; and (4) an expedient that allows the Coalition to not evaluate under Topic 842 land easements that existed or expired before the Coalition's adoption of Topic 842, and that were not previously accounted for as leases.

The following is a summary of the lease related assets and liabilities as of June 30, 2024:

ROU Asset	\$ 377,003
Accumulated amortization	<u>(162,576)</u>
	<u>\$ 214,427</u>
Lease liability - current portion	\$ 62,275
Lease liability - non-current	<u>161,540</u>
	<u>\$ 223,815</u>

Cash flow information related to cash paid for the amounts included in the measurement of lease liabilities consisted of the following as of June 30, 2024:

Operating cash flows from operating leases	<u>\$ 108,907</u>
--------------------------------------------	-------------------

The Coalition's weighted average remaining lease term and discount rate are as follows for the year ending June 30, 2024:

Weighted average remaining lease term (in years)	
Operating leases	2.14
Weighted average discount rate	
Operating leases	3.56%

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Future minimum lease payments for lease liabilities are as follows for the periods ending June 30:

2025	\$ 69,104
2026	56,795
2027	58,499
2028	55,233
	<u>239,631</u>
Less: interest	<u>15,816</u>
Present value of lease liabilities	<u>\$ 223,815</u>

NOTE 12 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions resulting from time constrictions consist of the following as of June 30, 2024:

Children's Services Council of Martin County	\$ 145,841
Florida Department of Health	100,120
Healthy Start MomCare Network	29,593
Okeechobee Healthy Start Coalition	29,302
Communities Connected for Kids	10,218
	<u>\$ 315,074</u>

NOTE 13 NET ASSETS RELEASED FROM RESTRICTION

During the year ended June 30, 2024, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes imposed by the following funding sources:

Children's Services Council of Martin County	\$ 182,570
Florida Department of Health	81,420
Healthy Start MomCare Network	60,000
Okeechobee Healthy Start Coalition	48,317
Miscellaneous	1,131
	<u>\$ 373,438</u>

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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, 2024 are as follows:

	Federal	State	Matching and MOE Amounts*	Total
Department of Health	\$ 54,548	\$477,015	\$ -	\$ 531,563
MomCare Network	134,201	-	91,422	225,623
	<u>\$ 188,749</u>	<u>\$477,015</u>	<u>\$ 91,422</u>	<u>\$ 757,186</u>

*Matching Resources, Maintenance of Effort (MOE), and Financial Assistance not subject to section 215.97, Florida Statutes or 2 CFR § 200.306 amounts should not be included by recipient when computing the threshold for single audit requirements totals. Matching, MOE, and Financial Assistance not subject to section 215.97, Florida Statutes or 2 CFR § 200.306 is not considered State or Federal Assistance.

NOTE 15 SPECIAL EVENT REVENUE

During the year ended June 30, 2024, the Coalition held its main fundraising event: Dancing with the Martin Stars. Revenue from the special event was recorded at the fair market value net the costs of direct benefit to donors.

Special event revenue consists of the following at June 30, 2024:

Special event revenue	\$ 200,205
Costs of direct benefit to donors	<u>(40,949)</u>
	<u>\$ 159,256</u>

NOTE 16 CONCENTRATIONS

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

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Concentrations of revenue consist of the following for the year ended June 30, 2024:

	<u>Revenue</u>	<u>Percentage of total revenue</u>
Children's Services Council of Martin County	\$ 557,336	26%
Healthy Start MomCare Network	225,623	10%
Florida Department of Health	531,563	25%
	<u>\$ 1,314,522</u>	<u>61%</u>

NOTE 17 CONTINGENCIES

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 combined financial statements for such contingencies.

NOTE 18 FINANCIAL STATEMENTS RESTATED

The Coalition restated its 2023 financial statements during the current year to correct a misstatement identified in the previously issued financial statements. A prior period adjustment was recorded to increase local grant and contract revenues by \$25,402 for a grant reimbursement check received during fiscal year 2024 for services provided during fiscal year 2023. Net assets with donor restrictions at June 30, 2023 was also increased by \$25,402.