

**HEALTHY START COALITION OF  
SOUTHWEST FLORIDA, INC.**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY  
INFORMATION TOGETHER WITH  
REPORTS OF INDEPENDENT AUDITOR**

**YEARS ENDED  
JUNE 30, 2015 AND 2014**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Healthy Start Coalition of Southwest Florida, Inc.  
1921 Jefferson Avenue  
Fort Myers, Florida 33901

**Report on the Financial Statements**

We have audited the accompanying financial statements of Healthy Start Coalition of Southwest Florida, Inc. (a not-for-profit organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express

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no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, based on our audits, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy Start Coalition of Southwest Florida, Inc. as of June 30, 2015 and 2014, 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.

### **Other Matters**

#### Supplementary Information

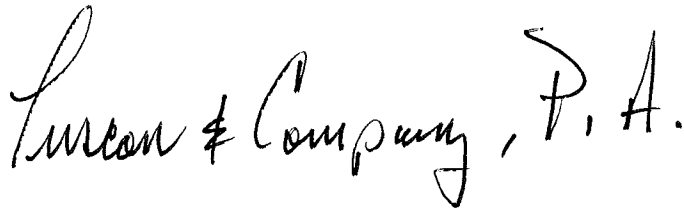
Our audit was conducted for the purpose of forming an opinion on the financial statements of Healthy Start Coalition of Southwest Florida, Inc. that collectively comprise the Healthy Start Coalition of Southwest Florida, Inc.'s basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2015 and the Notes thereto as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" are presented for purposes of additional analysis and are 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. Such 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 accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2015 and the Notes thereto are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### Other Information

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2015, on our consideration of Healthy Start Coalition of Southwest Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Healthy Start Coalition of Southwest Florida, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "TUSCAN & COMPANY, P.A." in a cursive, flowing script.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
October 22, 2015

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash (including restricted cash of \$170,914 and \$415,194 at June 30, 2015 and 2014, respectively)	\$ 412,178	\$ 507,522
Investments	102,326	102,880
Contract and grant receivables	<u>580,015</u>	<u>708,525</u>
TOTAL CURRENT ASSETS	1,094,519	1,318,927
<b>PROPERTY AND EQUIPMENT, NET</b>	336,301	341,036
<b>OTHER ASSETS</b>		
Network Momcare holdback receivable	84,634	-
Prepaid expenses	7,179	2,502
Deposits	<u>355</u>	<u>355</u>
TOTAL ASSETS	<u>\$ 1,522,988</u>	<u>\$ 1,662,820</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 571,669	\$ 787,711
Current portion of mortgage payable	<u>21,542</u>	<u>20,559</u>
TOTAL CURRENT LIABILITIES	593,211	808,270
<b>MORTGAGE PAYABLE, net of current portion</b>	205,615	227,157
<b>COMMITMENTS AND CONTINGENCIES</b>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>798,826</u>	<u>1,035,427</u>
<b>NET ASSETS</b>		
Unrestricted	285,146	285,148
Unrestricted, designated	251,921	-
Temporarily restricted	<u>187,095</u>	<u>342,245</u>
TOTAL NET ASSETS	<u>724,162</u>	<u>627,393</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,522,988</u>	<u>\$ 1,662,820</u>

The accompanying notes are an integral part of this statement.

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years ended June 30, 2015 and 2014**

	2015		
	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
<b>CHANGES IN NET ASSETS</b>			
<b>SUPPORT AND REVENUE</b>			
Federal awards	\$ -	\$ 2,568,989	\$ 2,568,989
State awards - matching	-	896,982	896,982
Local grants and support	-	111,206	111,206
Fundraising	25,393	15,494	40,887
Interest and investment income	2,938	-	2,938
Donated goods	9,093	-	9,093
TOTAL	<u>37,424</u>	<u>3,592,671</u>	<u>3,630,095</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of program restrictions	<u>3,747,821</u>	<u>(3,747,821)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,785,245</u>	<u>(155,150)</u>	<u>3,630,095</u>
<b>EXPENSES</b>			
Program services	3,367,279	-	3,367,279
Supporting services	166,047	-	166,047
TOTAL EXPENSES	<u>3,533,326</u>	<u>-</u>	<u>3,533,326</u>
INCREASE (DECREASE) IN NET ASSETS	251,919	(155,150)	96,769
NET ASSETS, BEGINNING OF YEAR	<u>285,148</u>	<u>342,245</u>	<u>627,393</u>
NET ASSETS, END OF YEAR	<u>\$ 537,067</u>	<u>\$ 187,095</u>	<u>\$ 724,162</u>

The accompanying notes are an integral part of this statement.

2014		
Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
\$ -	\$ 1,797,860	\$ 1,797,860
-	1,745,399	1,745,399
-	82,579	82,579
30,662	2,500	33,162
3,663	-	3,663
9,323	-	9,323
<u>43,648</u>	<u>3,628,338</u>	<u>3,671,986</u>
<u>3,409,081</u>	<u>(3,409,081)</u>	<u>-</u>
<u>3,452,729</u>	<u>219,257</u>	<u>3,671,986</u>
3,281,452	-	3,281,452
<u>168,864</u>	<u>-</u>	<u>168,864</u>
<u>3,450,316</u>	<u>-</u>	<u>3,450,316</u>
2,413	219,257	221,670
<u>282,735</u>	<u>122,988</u>	<u>405,723</u>
<u>\$ 285,148</u>	<u>\$ 342,245</u>	<u>\$ 627,393</u>

The accompanying notes are an integral part of this statement.



**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2015**

	Program Services					
	Direct Services	Waiver	MomCare SOBRA	Help Me Grow	Other Programs	NFP
Care coordination	\$ 699,590	\$ 1,203,549	\$ -	\$ 5,410	\$ -	\$ 411,649
Encoding	12,244	-	-	-	-	-
Nutrition - diabetes	16,452	-	-	-	-	-
Medical and prenatal	106,374	-	22,360	-	-	-
Community outreach	77,902	-	-	28,079	15,136	-
Salaries and wages	111,758	37,487	107,108	-	-	-
Employee benefits	22,234	7,988	33,466	-	-	-
Payroll taxes	9,275	2,997	8,928	-	-	-
Temporary/casual labor	-	-	2,100	-	-	-
Professional fees	7,700	22,430	-	6,200	-	2,000
Supplies	11,083	-	-	2,454	38,388	24,250
Telephone	-	-	-	-	-	2,720
Info systems	4,640	14,500	14,627	-	-	-
Postage and shipping	-	-	2,052	-	-	-
Rent and janitorial	-	-	-	-	-	2,575
Utilities	-	-	-	-	-	-
Equipment rental and maintenance	-	-	1,989	-	-	6,281
Printing and publications	-	-	5,087	-	-	569
Travel and training	-	-	117	814	-	1,966
Conferences, conventions & meetings	-	-	-	-	-	15,088
Insurance	-	-	-	-	-	-
Florida Healthy Kids Corp.	-	-	-	-	-	-
Advertising and promotion	-	-	-	-	-	-
Web site & tech costs	-	-	-	-	-	-
Dues and fees	-	-	-	-	-	-
Bank/merchant fees	-	-	-	-	-	-
Interest expense/closing costs	-	-	-	-	-	-
Service/Tuition Fees	-	-	-	-	-	26,725
Miscellaneous	-	-	-	-	-	-
Subtotal	1,079,252	1,288,951	197,834	42,957	53,524	493,823
Contract Funds Returned	-	-	-	-	57,124	-
Depreciation expense	-	-	-	-	-	-
Subtotal	1,079,252	1,288,951	197,834	42,957	110,648	493,823
Expense allocations	29,397	8,499	65,064	1,949	4,436	-
Staff allocations	(140,478)	35,358	37,120	16,778	31,427	64,264
Total Expenses	\$ 968,171	\$ 1,332,808	\$ 300,018	\$ 61,684	\$ 146,511	\$ 558,087

The accompanying notes are an integral part of this statement.

Supporting Services					
	Total	General and Admin.	Fundraising	Total	2015 Total
\$	2,320,198	\$ -	\$ -	\$ -	\$ 2,320,198
	12,244	-	-	-	12,244
	16,452	-	-	-	16,452
	128,734	-	-	-	128,734
	121,117	-	-	-	121,117
	256,353	130,918	-	130,918	387,271
	63,688	20,364	-	20,364	84,052
	21,200	11,233	-	11,233	32,433
	2,100	-	-	-	2,100
	38,330	5,262	-	5,262	43,592
	76,175	10,360	-	10,360	86,535
	2,720	13,851	-	13,851	16,571
	33,767	-	-	-	33,767
	2,052	583	-	583	2,635
	2,575	10,358	-	10,358	12,933
	-	10,517	-	10,517	10,517
	8,270	5,818	-	5,818	14,088
	5,656	3,868	-	3,868	9,524
	2,897	3,607	-	3,607	6,504
	15,088	7,502	-	7,502	22,590
	-	10,146	-	10,146	10,146
	-	-	-	-	-
	-	10,502	10,523	21,025	21,025
	-	8,745	-	8,745	8,745
	-	4,864	1,433	6,297	6,297
	-	3,632	174	3,806	3,806
	-	11,481	-	11,481	11,481
	26,725	-	-	-	26,725
	<u>-</u>	<u>9,640</u>	<u>-</u>	<u>9,640</u>	<u>9,640</u>
	3,156,341	293,251	12,130	305,381	3,461,722
	57,124				
	<u>-</u>	<u>14,480</u>	<u>-</u>	<u>14,480</u>	<u>14,480</u>
	3,213,465	307,731	12,130	319,861	3,533,326
	109,345	(109,345)	-	(109,345)	-
	<u>44,469</u>	<u>(44,469)</u>	<u>-</u>	<u>(44,469)</u>	<u>-</u>
\$	<u>3,367,279</u>	<u>\$ 153,917</u>	<u>\$ 12,130</u>	<u>\$ 166,047</u>	<u>\$ 3,533,326</u>

The accompanying notes are an integral part of this statement.

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year ended June 30, 2014**

	Program Services					
	Direct Services	Waiver	MomCare SOBRA	Healthy Kids	Other Programs	NFP
Care coordination	\$ 1,071,116	\$ 619,907	\$ -	\$ -	\$ -	\$ 203,128
Encoding	12,244	-	-	-	-	-
Nutrition - diabetes	-	22,720	-	-	-	-
Medical and prenatal	548,335	-	26,748	-	-	-
Community outreach	88,691	-	-	-	10,187	-
Salaries and wages	110,940	-	123,323	-	-	-
Employee benefits	25,677	-	39,629	-	-	-
Payroll taxes	9,316	-	10,465	-	-	-
Temporary/casual labor	125	1,375	5,632	-	-	660
Professional fees	9,915	22,050	-	-	6,300	-
Supplies	21,612	-	1,183	-	10,070	16,740
Telephone	-	-	-	-	-	1,058
Info systems	1,849	-	16,465	-	-	-
Postage and shipping	-	-	14,097	-	-	-
Rent and janitorial	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Equipment rental and maintenance	-	-	638	-	-	983
Printing and publications	-	-	2,226	-	-	4,187
Travel and training	13,661	3,188	535	-	-	300
Conferences, conventions & meetings	-	-	-	-	-	16,006
Insurance	-	-	-	-	-	-
Florida Healthy Kids Corp.	-	-	-	(922)	-	-
Advertising and promotion	-	-	-	-	-	-
Web site & tech costs	-	-	-	-	-	-
Dues and fees	-	-	-	-	-	-
Bank/merchant fees	-	-	-	-	-	-
Interest expense/closing costs	-	-	-	-	-	-
Service/ Tuition Fees	-	-	-	-	-	49,501
Miscellaneous	-	-	-	-	-	-
Subtotal	1,913,481	669,240	240,941	(922)	26,557	292,563
Depreciation expense	-	-	-	-	-	-
Subtotal	1,913,481	669,240	240,941	(922)	26,557	292,563
Expense allocations	34,736	7,164	65,331	-	5,786	-
Staff allocations	(34,507)	-	18,487	-	23,753	18,842
Total Expenses	\$ 1,913,710	\$ 676,404	\$ 324,759	\$ (922)	\$ 56,096	\$ 311,405

The accompanying notes are an integral part of this statement.

Supporting Services					
	Total	General and Admin.	Fundraising	Total	2014 Total
\$	1,894,151	\$ -	\$ -	\$ -	\$ 1,894,151
	12,244	-	-	-	12,244
	22,720	-	-	-	22,720
	575,083	-	-	-	575,083
	98,878	-	-	-	98,878
	234,263	108,668	4,332	113,000	347,263
	65,306	17,123	-	17,123	82,429
	19,781	8,645	-	8,645	28,426
	7,792	10,838	2,700	13,538	21,330
	38,265	-	-	-	38,265
	49,605	6,224	646	6,870	56,475
	1,058	12,606	-	12,606	13,664
	18,314	-	-	-	18,314
	14,097	1,200	-	1,200	15,297
	-	12,307	-	12,307	12,307
	-	6,889	-	6,889	6,889
	1,621	7,180	-	7,180	8,801
	6,413	2,848	-	2,848	9,261
	17,684	7,142	358	7,500	25,184
	16,006	12,395	-	12,395	28,401
	-	15,549	5,492	21,041	21,041
	(922)	-	600	600	(322)
	-	646	4,624	5,270	5,270
	-	6,168	-	6,168	6,168
	-	12,257	-	12,257	12,257
	-	1,900	-	1,900	1,900
	-	12,446	-	12,446	12,446
	49,501	-	-	-	49,501
	-	12,355	-	12,355	12,355
	3,141,860	275,386	18,752	294,138	3,435,998
	-	14,318	-	14,318	14,318
	3,141,860	289,704	18,752	308,456	3,450,316
	113,017	(113,017)	-	(113,017)	-
	26,575	(30,907)	4,332	(26,575)	-
\$	<u>3,281,452</u>	<u>\$ 145,780</u>	<u>\$ 23,084</u>	<u>\$ 168,864</u>	<u>\$ 3,450,316</u>

The accompanying notes are an integral part of this statement.

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Cash received from grants and contracts	\$ 3,705,687	\$ 3,168,914
Cash paid to providers, suppliers and employees	(3,803,625)	(3,250,094)
Interest and investment income received	3,492	646
Other cash received - fundraising	40,887	33,162
Interest paid/closing costs	<u>(11,481)</u>	<u>(12,446)</u>
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	<u>(65,040)</u>	<u>(59,818)</u>
<b>CASH FLOWS FROM</b>		
<b>INVESTING ACTIVITIES</b>		
Investment purchases	-	-
Property and equipment purchases	(9,745)	-
Decrease in deposits	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN)		
INVESTING ACTIVITIES	<u>(9,745)</u>	<u>-</u>
<b>CASH FLOWS FROM</b>		
<b>FINANCING ACTIVITIES</b>		
Principal retirement (payments)	<u>(20,559)</u>	<u>(19,593)</u>
NET CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	<u>(20,559)</u>	<u>(19,593)</u>
NET INCREASE (DECREASE) IN CASH	(95,344)	(79,411)
Cash, Beginning of Year	<u>507,522</u>	<u>586,933</u>
Cash, End of Year	<u>\$ 412,178</u>	<u>\$ 507,522</u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS  
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2015</u>	<u>2014</u>
Increase (Decrease) in Net Assets	\$ 96,769	\$ 221,670
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
(Appreciation) depreciation in investment	554	(3,017)
Depreciation	14,480	14,318
Decrease (Increase) in contract and grant receivables	128,510	(456,924)
Decrease (Increase) in network receivables	(84,634)	-
Decrease (Increase) in other receivables	(4,677)	(2,502)
Increase (Decrease) in accounts payable	<u>(216,042)</u>	<u>166,637</u>
TOTAL ADJUSTMENTS	<u>(161,809)</u>	<u>(281,488)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (65,040)</u>	<u>\$ (59,818)</u>

**Non-cash Transactions**

During the years ended June 30, 2015 and 2014, the Coalition recorded non-cash donated goods revenue and expense of \$9,093 and \$9,323, respectively.

The accompanying notes are an integral part of this statement.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and nature of activities**

Healthy Start Coalition of Southwest Florida, Inc. (the "Coalition" and/or the "Organization") is a not-for-profit Florida corporation established in August 1992 as the District Eight Prenatal and Infant Health Care Coalition, Inc. The corporation subsequently changed its name to the Healthy Start Coalition of Southwest Florida, Inc. The Coalition was organized to assess needs, prepare service plans, build community support, and ensure that services are available to promote and protect the health and well-being of pregnant women and infants. Specifically, the mission of the Coalition is to be a regional partnership of communities committed to improving the health and well-being of mothers and young children; "Every Child Deserves a Healthy Start."

The Coalition is authorized in accordance with Florida Statute Chapter 383.216 and Chapter 64F-2 Florida Administrative Code, in cooperation with the State of Florida Department of Health to implement the State of Florida's Healthy Start legislation within the Counties of Collier, Glades, Hendry, and Lee. It is the intent of the Healthy Start legislation to establish a system that guarantees that all women have access to prenatal care, and that all infants have access to services that promote normal growth and development.

The Coalition operates several programs in achieving its mission. These programs are as follows:

Direct Services - Includes prenatal care which pays for medical care for uninsured women, risk screening to identify mothers and babies at risk, home visiting to assist with early intervention, child protection, school readiness, support, referral and education to pregnant women, and outreach and education to the families.

Waiver (Medicaid-Medipass Waiver) - Federal and State program to provide more intensive care coordination and wrap-around service to Healthy Start clients. Wrap-around services are nutrition/diabetes education, breastfeeding, childbirth, parenting, interconceptional counseling, and psychosocial counseling.

MomCare (SOBRA) - Provides care management to pregnant women on Medicaid.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Organization and nature of activities, continued**

Healthy Kids - The Coalition acts as fiscal agent for the program in Lee County. Healthy Kids is one of the insurance products available through the State of Florida administered Medicaid program to school-age children.

Other Programs - Includes small local grants for outreach and other services.

Nurse Family Partnership (NFP) - To establish an evidence based program that provides home visits from registered nurses to low income, first time mothers. Program objective is to better equip parents with the knowledge, skills, and tools to assist their children in being healthy, safe, and ready to succeed in school.

The Coalition is responsible for the administration, monitoring, and distribution of federal and state funds to direct providers of services for pregnant women and infants. The direct providers include governmental entities and other not-for-profit organizations and individuals.

**Summary of significant accounting policies**

The following is a summary of the significant accounting policies used in the preparation of these financial statements.

**Basis of accounting**

The accounting and reporting policies of the Coalition conform to accounting principles generally accepted in the United States of America, and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants, "Not-for-Profit Organizations", and the accounting standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

The Coalition prepares its financial statements on the accrual basis of accounting.

**Financial statement presentation**

The Coalition adheres to the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958-22-45-1 (formerly



**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Financial statement presentation, continued**

Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations." FASB ASC No. 958-22-45-1 requires the Coalition to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. As permitted by this Statement, the Coalition presents three classes of net assets, when applicable. At June 30, 2015 and 2014 the Coalition had no permanently restricted net assets.

The Coalition reports its contributions received in accordance with FASB ASC No. 950-605-50-1 (formerly SFAS No. 116), "Accounting for Contributions Received and Contributions Made." In accordance with FASB ASC No. 950-605-50-1, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under FASB ASC No. 950-605-50-1, such contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the purpose restriction.

**Revenue recognition**

All grantor-restricted support is reported as an increase in temporarily restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Donor restricted contributions, where restrictions are met in the same reporting period, are reported as unrestricted support.

**Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Concentration of credit risk**

At June 30, 2015 and 2014, the Coalition maintained its cash at local financial institutions in bank deposits which, at times, may exceed federally-insured limits of \$250,000. The Coalition has not experienced any losses on such accounts. The Coalition believes it is not exposed to any significant credit risk as to its cash balances.

**Investments**

Investments are generally carried at fair value. Mutual funds are carried at fair value. The Organization has the ability to and intends to hold these investments for the foreseeable future. Gains and losses are determined using the specific identification method when securities are sold or mature. Due to the type and nature of investments held, any gain or loss as well as interest/dividend income is reflected as investment income. Unrealized appreciation or depreciation of the investments is considered immaterial and therefore not separately reflected in the financial statement. Related investment fees are considered insignificant.

**Fair value of financial investments**

The Organization adheres to FASB ASC 820-10-50-1 through 820-10-50-8 (formerly SFAS No. 157), "Fair Value Measurements". This Standard applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. This Standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. This Standard establishes a fair value hierarchy which consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fair value of financial investments, continued**

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Receivables**

All receivables are due from grantors and are considered to be fully collectible by management.

**Property and equipment**

The Coalition's policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than one year. Certain grants, however, require property and equipment purchased with grant funds having a cost of \$1,000 or more and a useful life greater than one year to be capitalized. Property and equipment is recorded at cost. Donated assets are recorded at their fair market value at the time of donation, and are reported as unrestricted support unless the donor has restricted the donated asset to a specified purpose. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is recorded in the Statement of Activities in the period the transaction occurs.

Property and equipment acquired using grant funds have specific rules and regulations regarding the acquisition, recording, use and disposition of equipment, including authorization for disposal by the specific grantor agency.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Property and equipment, continued**

Depreciable property and equipment are depreciated over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building and improvements	10-30
Office furniture and equipment	5-10

**Impairment of long-lived assets**

The Coalition adheres to FASB ASC No. 360-10-50-2 (formerly SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." FASB ASC No. 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Coalition's financial statements resulting from FASB ASC No. 360-10-50-2 for the years ended June 30, 2015 and 2014.

**Functional expenses**

The cost of providing the various programs and other activities have been detailed in the Statements of Functional Expenses and summarized on a functional basis in the Statements of Activities. Salaries and other expenses which are associated with a specific program are charged directly to that program according to their natural expense classification. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided using various allocation methods.

**Advertising costs**

The Coalition's policy is to expense advertising costs as such costs are incurred.

**Donated goods and services**

Certain amounts for donated goods have been reflected as donated goods revenue and miscellaneous expense on the Statements of Activities. These amounts reflect goods donated to the Coalition and distributed to clients of the Coalition. Certain

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Donated goods and services, continued**

other donated goods were not recorded when donated as no objective basis for determination of value was available.

No amounts have been reflected in the financial statements for donated services, in as much as no objective basis is available to measure the value of such services. However, the Board of Directors as well as others have donated significant amounts of their time and expertise to the Coalition's programs and supporting services.

**Income taxes**

The Internal Revenue Service has determined that the Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition is a not-for-profit Florida corporation and therefore is not subject to State income taxes. The Coalition is not classified as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Management believes the Coalition met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. The Coalition's income tax returns for the past three years are open and subject to examination by tax authorities, and may change upon examination. The Coalition reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

**Accounting for Uncertainty in Income Tax Items**

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Foundation has adopted this guidance. The Foundation has evaluated its tax provision and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expenses, if required.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Subsequent events**

Subsequent events have been evaluated through October 22, 2015, which is the date the financial statements were available to be issued.

**Management estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Coalition to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets, and disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

**Net assets**

The Coalition's goal is to maintain an unrestricted net asset balance of not less than six (6) months budgeted administrative expenses.

**NOTE B - CASH**

Cash is stated at the book balance of \$412,178 at June 30, 2015, which included restricted cash of \$170,914 and cash on hand of \$39. Cash accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. At June 30, 2015, the Coalition had uninsured bank balances of \$ 328,361. Cash is stated at the book balance of \$507,522, at June 30, 2014, which included restricted cash of \$415,194. Cash is restricted as a result of unexpended restricted revenue. At June 30, 2014, the Coalition had uninsured bank balances of \$268,342. The Coalition has not experienced any losses on such accounts. The Coalition believes it is not exposed to any significant risk regarding its cash balances. For the purpose of the Statements of Cash Flows, the Coalition considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At June 30, 2015 and 2014, the Coalition had no such investments.

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**NOTE C - INVESTMENTS**

Investments consist of the following at June 30, 2015 and 2014:

	Cost 2015	Fair Value 2015	Cost 2014	Fair Value 2014
Mutual Funds	<u>\$ 100,000</u>	<u>\$ 102,326</u>	<u>\$ 100,000</u>	<u>\$ 102,880</u>
	<u>\$ 100,000</u>	<u>\$ 102,326</u>	<u>\$ 100,000</u>	<u>\$ 102,880</u>

Investments are recorded at fair value, as reflected on the Statements of Financial Position as of June 30, 2015 and 2014.

The Organization's investment policy allows management to invest in available investment vehicles to maximize income. Management has also attempted to minimize risk while working to achieve maximum investment returns.

The Organization uses fair value measurements to record adjustments to its investments and to determine fair value disclosures.

The following table presents the fair value hierarchy for the Organization's investments measured at fair value as of June 30:

	Fair Value Measurements Using:			
	Fair Value	Level 1	Level 2	Level 3
2015				
Mutual Funds	<u>\$ 102,326</u>	<u>\$ 102,326</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 102,326</u>	<u>\$ 102,326</u>	<u>\$ -</u>	<u>\$ -</u>
2014				
Mutual Funds	<u>\$ 102,880</u>	<u>\$ 102,880</u>	<u>\$ -</u>	<u>\$ -</u>
	<u>\$ 102,880</u>	<u>\$ 102,880</u>	<u>\$ -</u>	<u>\$ -</u>

Level 1: The classification consists of investments in mutual funds, the fair value of which is based on quoted market prices.

Level 2: The Coalition had no such items at June 30, 2015 or 2014.

Level 3: The Coalition had no such items at June 30, 2015 or 2014.

**NOTE C - INVESTMENTS, CONTINUED**

**Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents, receivables, accounts payable, and accrued expenses. The carrying amounts of these items approximates fair value due to the short term nature of the financial instruments.

**Market risk**

The mutual funds held can and do have the potential to lose market value (loss of principal). These investments are not insured. Mutual fund values can change based upon factors affecting the US and global economies.

**Investment risk**

Credit risk is the risk that a portfolio will lose value as a result of a real or perceived change in the ability of a issuer to repay its debts. Market risk is the risk that changes in market factors result in a loss of investment principal. To reduce this risk, the investment policy limits investments in fixed income securities to those rated within the highest three classifications. To reduce the interest rate risk, market risk, or the risk that changes in market interest rates will adversely affect the fair value of an investment, management diversifies its investments by security type and limits holdings with any one issuer. In addition, the Organization has employed a qualified investment manager who specializes in investments within certain asset classes. Management believes diversification inherent in mutual funds, will reduce the risk of loss and preserve the Organization's assets. This is not considered a significant risk in relation to the investments held by the Organization.

**Interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the Organization diversifies its investments by investing in mutual funds. This is not considered a significant risk in relation to the investments held by the Organization.



**NOTE C - INVESTMENTS, CONTINUED**

**Custodial credit risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its investment or collateral securities (loss of principal) that are in the possession of an outside party. To date the Organization has experienced no such loss.

The Organization's investments are maintained at a financial institution and are managed by a third party investment manager. The investments are held either in the Organization's name or that of the financial institution. The investments are registered and uninsured.

There were no losses during the fiscal year due to default by counterparties to investment transactions.

**NOTE D - CONTRACT AND GRANT RECEIVABLES AND NETWORK RECEIVABLE**

Contract and grant receivables consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Fed - Nurse Family Partnership (NFP)	\$ 125,000	\$ 125,000
Fed - Medipass - waiver	261,410	183,979
Fed - SOBRA - MomCare	77,413	61,848
Fed/State - Direct services (COSEQ)	80,101	313,048
Fed/State - Administrative services (COSEQ)	12,325	24,650
United Way - Help Me Grow (HMG)	23,766	-
	<u>\$ 580,015</u>	<u>\$ 708,525</u>

Contract and grant receivables are believed by management to be fully collectible.

As a result of the implementation of the Affordable Care Act during the year ended June 30, 2015, the Agency for Health Care Administration (the "Agency") established a policy allowing the Agency to hold back up to 8% of the Coalition's (a provider) contract reimbursements for up to 5 years. If the Agency determines there to be no repayment by the provider for incorrect Medicaid billing then the hold back is released to the provider. At June 30, 2015 and 2014, the Coalition recorded a hold back receivable of \$84,634 and \$0, respectively.

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30:

	2015	2014
Land	\$ 90,200	\$ 90,200
Building and improvements	352,546	352,546
Office furniture and equipment	<u>77,157</u>	<u>67,412</u>
	519,903	510,158
Less: Accumulated depreciation	<u>(183,602)</u>	<u>(169,122)</u>
	<u>\$ 336,301</u>	<u>\$ 341,036</u>

Depreciation expense for the years ended June 30, 2015 and 2014 was \$14,480 and \$14,318, respectively, and is included as a supporting services expense on the Statements of Functional Expenses.

**NOTE F - LONG-TERM OBLIGATIONS**

Long-term obligations consist of the following obligations at June 30:

	2015	2014
\$100,000 revolving line of credit (LOC) payable to a financial institution dated May 1, 2014 and modified March 12, 2015. The LOC is uncollateralized and has a variable interest rate equal to the prime rate, but not less than 5.0%. Principal is due on maturity. Accrued interest is due monthly on the 1st of the month. At June 30, 2015, the interest rate was 5.0%. During the years ended June 30, 2015 and June 30, 2014, the Coalition borrowed no proceeds from the LOC. The LOC matures on March 1, 2016.	\$ -	\$ -
Mortgage payable to financial institution (dated January 22, 2013) in the amount of \$273,084, collateralized by the respective real property, as well as all future rents and tangible property. The mortgage requires monthly payments of \$2,670, including interest at 4.75% with all outstanding principal and interest due on November 8, 2020 including a balloon payment of \$96,943.	<u>227,157</u>	<u>247,716</u>
	227,157	247,716
Less: current portion	<u>(21,542)</u>	<u>(20,559)</u>
	<u>\$ 205,615</u>	<u>\$ 227,157</u>

Interest expense and costs related to the long-term obligation totaled \$11,481 for the year ended June 30, 2015 and \$12,446 for the year ended June 30, 2014.

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**NOTE F - LONG-TERM OBLIGATIONS, CONTINUED**

Principal maturities of long-term obligations are as follows at:

Years Ending June 30	Amount
2016	\$ 21,542
2017	22,631
2018	23,745
2019	24,914
2020	26,126
2021	108,199
	<u>\$ 227,157</u>

**NOTE G - NET ASSETS**

Net assets consist of funds contributed by donors or amounts designated by the Board for specific purposes and are as follows as of June 30:

	2015	2014
Designated Net Assets		
MomCare/SOBRA	\$ 93,973	\$ -
Waiver	157,948	-
	<u>251,921</u>	<u>-</u>
Temporarily Restricted Net Assets		
Healthy Kids	\$ -	\$ 57,124
Community Foundation of Collier County	3,821	8,817
Outreach - United Way	19,922	24,074
MomCare/SOBRA	-	27,893
Safe-Sleep/Wish List	150	2,862
March of Dimes	-	7,752
Waiver	-	-
Help Me Grow	1,377	-
Jr. League/Outreach	-	63
A/D Planning	15,823	-
Event Sponsorships	15,494	2,500
NFP	130,508	188,595
SWFL Community Foundation	-	16,381
LaBelle Kiwanis	-	334
League Club	-	5,850
	<u>\$ 187,095</u>	<u>\$ 342,245</u>

**NOTE H - LOCAL GRANTS AND SUPPORT REVENUE**

Local grants and support revenue consist of the following for the years ended June 30:

	2015	2014
United Way - Hendry County	\$ 5,000	\$ 4,990
United Way - Lee County	40,847	40,748
Help Me Grow	63,059	-
Community Foundation of Collier County	-	6,000
Kiwanis - Cape Coral	300	800
Southwest Florida Community Foundation	-	17,182
The League Club	-	5,870
March of Dimes	-	5,910
Managed Care Organizations Donations	1,000	250
Safe-Sleep/Wish List	-	829
Other Restricted Donation	1,000	-
	<u>\$ 111,206</u>	<u>\$ 82,579</u>

**NOTE I - RETIREMENT PLAN**

The Coalition provides a defined contribution retirement plan (the "Plan") to its eligible full-time employees and contributes to the Plan at a rate of 9% of annual base pay (reduced from 12% to 9% effective July 1, 2008). Retirement contributions are deposited into a deferred annuity program as selected by the individual employee. The deferred annuity program is comprised of individual plans owned and held in the individual employee's name. The plans are administered by a third party administrator. For the years ended June 30, 2015 and 2014, retirement expense of \$ 37,538 and \$34,493 respectively, was incurred by the Coalition and is included in Employee Benefits expense on the Statements of Functional Expenses. The Plan does not permit employee contributions.

**NOTE J - FUNDRAISING REVENUES AND COSTS**

The Coalition sponsored various fundraising and awareness events. Fundraising revenue is included on the Statements of Activities and was \$40,887, which includes \$15,494 restricted for future events, and \$33,162, which includes \$2,500 restricted for future events for the years ended June 30, 2015 and 2014, respectively. Fundraising and awareness costs for the years ended June 30, 2015 and 2014 totaled \$12,130 and \$23,084, respectively.

**NOTE K - UNITED WAY AND LEE COUNTY CONTRIBUTIONS**

The United Way of Lee County provided the Coalition with grant funds totaling \$45,847 and \$45,738 for the years ended June 30, 2015 and 2014, respectively. The fiscal year 2015 grant funds are comprised of two (2) components as follows: \$40,847 for Lee County outreach and education and \$5,000 for Hendry County outreach and education. As such, the Coalition expended \$45,847 for the combined Lee County and Hendry County United Way programs. The fiscal year 2014 grant revenue is comprised of two (2) components as follows: \$40,748 for Lee County outreach and education, and \$4,990 for Hendry county outreach and education.

**NOTE L - RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2015, the Coalition had one (1) voting Board member who is a vice-president at the financial institution where the Coalition holds its cash accounts as well as its mortgage.

**NOTE M - ECONOMIC DEPENDENCE**

The Coalition's operations are substantially dependent on the receipt of support and revenue from grantor agencies. Loss of these funds and/or large decreases in this type of funding would have a material effect on the Coalition, a negative impact on overall operations, and potentially cause going concern issues. For the years ended June 30, 2015 and 2014, approximately 99% and 99%, respectively, of total support and revenue is attributable to funds received from federal state, and local grantor agencies. Such funding is subject to budgetary constraints of the respective grantor agencies.

**NOTE N - COMMITMENTS AND CONTINGENCIES**

Grant and contract monies received and disbursed by the Coalition are for specific purposes and are subject to review by the respective grantor/contractor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. At June 30, 2015, the Coalition had not been informed of any such potential liabilities. Based upon prior experience, the management of the Coalition does not believe such disallowances, if any, would have a material effect on the financial position of the Coalition.

**SUPPLEMENTARY INFORMATION**

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2015**

Federal Agency/Pass Through State Agency/Program Title	Federal CFDA#	Grantor's Contract Number	Program/ Award Amount	Receipts/ Revenue Recognized		Disbursements/ Expenditures
<b>FEDERAL AWARDS</b>						
<b>Type A Major</b>						
<b><u>U.S. Department of Health and Human Services</u></b>						
Passed through Healthy Start MomCare Network						
<b>Medical Assistance Programs (Medicaid Title XIX)</b>						
Prenatal and Infant Health Care Coalition						
Medicaid Assistance Payments - Waiver/MomCare	93.778	*	\$ 1,893,050	\$ 1,856,854	(2)(4)	\$ 1,856,854
<b>Type A Non-Major</b>						
Passed through Florida Association of Healthy Start Coalitions						
<b>Maternal, Infant and Early Childhood Home Visiting Sites</b>	93.505	NFP 13-10 *	500,000	500,000	(1)	500,000
			<u>2,393,050</u>	<u>2,356,854</u>		<u>2,356,854</u>
<b>Type B Non-Major</b>						
<b><u>U.S. Department of Health and Human Services</u></b>						
Passed through State of Florida Department of Health						
<b>Maternal &amp; Child Health Block Grant</b>						
Prenatal and Infant Health Care Coalition						
Direct Services (Title V) (Base)	93.994	COSEQ *, +	213,135	212,135	(3)	212,135
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 2,606,185</u>	<u>\$ 2,568,989</u>		<u>\$ 2,568,989</u>

**Footnotes**

- \* This is a fixed priced unit cost payment contract.
- + Does not include MOE matching dollars received in the amount of \$ 896,982.
- (1) Includes receivables of \$125,000.
- (2) Includes receivables of \$338,823.
- (3) Includes receivables of \$92,426, including state matching portion.
- (4) This is a fixed price payment contract administered by Healthy Start. Per contract, excess of revenues over expenses are recorded as restricted net assets that must be spent by the following fiscal year end according to an approved plan. If not, these funds must be returned to grantor. For the year ended June 30, 2015, \$30,858 of the 13/14 receipts were spent. In 14/15, 93,973 will be carried forward as designated net assets.

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2015**

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**NOTE A - BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the OMB Circular A-133, "Audits of States, Local Government and Non-Profit Organizations." Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with a contract, entitlement, or grant document.

Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed during the fiscal year, as well as grant related amounts recorded as payables at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

**NOTE B - INDIRECT COSTS**

The Coalition did not routinely allocate costs to Federal Awards programs except to the administrative portion of the grants. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such.

**NOTE C - MATCH REQUIREMENT**

The provider received a substantial portion of its support from the State of Florida, under Contract Number COSDI with the Department of Health. The contract requires a twenty-five percent (25%) match in local funds or in-kind contributions for the administrative funds received. For the year ended June 30, 2015, the local match requirement of \$38,988 was met by the Coalition.



**ADDITIONAL REPORTS OF  
INDEPENDENT AUDITOR**



**TUSCAN**  
& Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S 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**

Board of Directors  
Healthy Start Coalition of Southwest Florida, Inc.  
1921 Jefferson Avenue  
Fort Myers, Florida 33901

We have audited, in accordance with the 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 of America, the financial statements of Healthy Start Coalition of Southwest Florida, Inc., which comprise the statement of financial position as of June 30, 2015, 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 October 22, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Healthy Start Coalition of Southwest Florida, 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 Healthy Start Coalition of Southwest Florida, Inc's internal control. Accordingly, we do not express an opinion on the effectiveness of Healthy Start Coalition of Southwest Florida, Inc'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

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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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Healthy Start Coalition of Southwest Florida, 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.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

October 22, 2015



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Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By With OMB Circular A-133**

Board of Directors  
 Healthy Start Coalition of Southwest Florida, Inc.  
 1921 Jefferson Avenue  
 Fort Myers, Florida 33901

**Report on Compliance for Each Major Federal Program**

We have audited Healthy Start Coalition of Southwest Florida, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Healthy Start Coalition of Southwest Florida, Inc.'s major federal programs for the year ended June 30, 2015. Healthy Start Coalition of Southwest Florida, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Healthy Start Coalition of Southwest Florida, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Healthy Start Coalition of Southwest Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Healthy Start Coalition of Southwest Florida, Inc.'s compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Healthy Start Coalition of Southwest Florida, 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, 2015.

### **Report on Internal Control Over Compliance**

Management of Healthy Start Coalition of Southwest Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Healthy Start Coalition of Southwest Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Healthy Start Coalition of Southwest Florida, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Purpose of the Report**

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

October 22, 2015

**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL  
 AWARDS**

**Year ended June 30, 2015**

*Section I – Summary of Auditor’s Results*

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Control deficiency(ies) identified?	_____	Yes <u>  X  </u>	No
Significant deficiency(ies) identified?	_____	Yes <u>  X  </u>	No
Material weakness(es) identified?	_____	Yes <u>  X  </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes <u>  X  </u>	No

Federal Awards

Internal control over major programs:			
Control deficiency(ies) identified?	_____	Yes <u>  X  </u>	No
Significant deficiency(ies) identified?	_____	Yes <u>  X  </u>	No
Material weakness(es) identified?	_____	Yes <u>  X  </u>	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 Circular A-133, Section 510(a)?	_____	Yes <u>  X  </u>	No

Identification of major programs (Type A):

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.778	U.S. Department of Health and Human Services - Medical Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs      Threshold used was \$300,000.

Auditee qualified as low-risk auditee?	<u>  X  </u>	Yes	_____	No
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**HEALTHY START COALITION OF SOUTHWEST FLORIDA, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL  
AWARDS, CONTINUED  
Year ended June 30, 2015**

Listing of Subrecipients including both Federal and State match (care coordination including waiver) awards as well as the related matching amounts passed-through:

<u>Subrecipients</u>	<u>Amount</u>
Collier County Health Department	\$ 505,128
Hendry/Glades County Health Department	419,042
Lee County Health Department	291,019
Lee Memorial Health Systems	1,159,640
	<u>\$ 2,374,829</u>

***Section II- Financial Statement Findings***

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

***Section III- Federal Award Findings and Questioned Costs***

There were no audit findings related to Federal Awards required to be reported by Circular A-133, Section 510(a).

***Section IV- Status of Federal Prior Year Findings***

There were no prior year findings.





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**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Directors  
Healthy Start Coalition of Southwest Florida, Inc.  
1921 Jefferson Avenue  
Fort Myers, Florida 33901

In planning and performing our audit of the financial statements of Healthy Start Coalition of Southwest Florida, Inc. (the "Coalition") as of and for the year ended June 30, 2015, we considered Healthy Start Coalition of Southwest Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and Chapter 10.650 "Rules of the Auditor General - State Single Audit, Nonprofit and For-Profit Organizations" (Revised September 30, 2014) Rule 10.656(3)(e) and Section 215.97(9)(f), of the Florida Statutes. We are, therefore, submitting for your review and consideration, items noted during the audit and recommendations are designed to help the Coalition make improvements and achieve operational efficiencies. Our comments reflect our desire to be of continuing assistance to Healthy Start Coalition of Southwest Florida, Inc.

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**PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:**

There were no financially significant prior year comments.

**CURRENT YEAR COMMENTS:**

There were no financially significant comments noted.

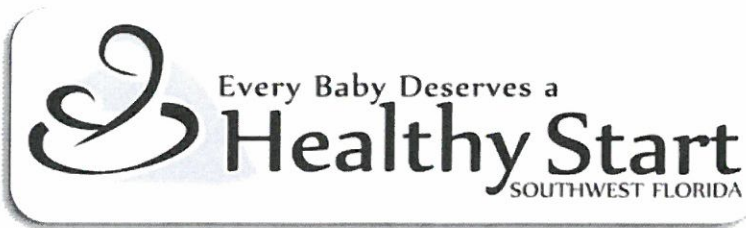
We would like to express our appreciation for the opportunity to serve and assist Healthy Start Coalition of Southwest Florida, Inc. Your staff and management was very helpful and assisted us well. We would be pleased to further discuss and assist in the implementation of these recommendations.

This letter is intended solely for the information and use of the Board, the Audit Committee, management, Federal and State awarding agencies, pass-through entities and the Auditor General of the State of Florida. This report is not intended to be, and should not be, used by anyone other than these specified parties.

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
October 22, 2015

**EXHIBIT**



**2014-2015  
Board of Directors**

**Stephen Eller, CPA, CFP – Board President**  
Raymond James Financial Services, Inc.

**Nancy Moss -- Vice President**  
Owner of CANS Management

**Pamela Blackwell – Treasurer**  
First Citizens Bank

**Judith Yevick - Secretary**  
Retired Make a Wish Foundation  
Executive & Nonprofit Development  
Consultant

**Robert Bobo**  
FL DOH – Hendry/Glades

**Pat Gulley, RN,**  
Retired Public Health Nurse, Collier  
County Health Department

**Debbie McCarthy, ARNP**  
Hendry Regional Medical Center

**Barbara Melvin**  
Wells Fargo Bank

**Joe Paterno**  
S.W. Florida Workforce Development  
Board, Inc.

**Lasheba Travis, PhD.**  
Keiser University

**Lorna Washington**  
Fort Myers News Press

**Management Staff**  
Cathy Timuta, Executive Director  
Susan Beauvois, Director of Finance  
Vicki Greene, Outreach Manager

November 5, 2015

Jeff Tuscan  
Tuscan and Company  
12621 World Plaza Lane, Building 55  
Fort Myers, Florida 33907

Dear Mr. Tuscan:

We acknowledge the audit report was completed for FYE 6/30/15 and there were no comments noted. We sincerely appreciate the thoroughness of your report and the professionalism of your team.

Sincerely,

Cathy Timuta  
Executive Director