

**HEALTHY MOTHERS/HEALTHY BABIES
COALITION OF PALM BEACH COUNTY, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2021
(with comparable totals for 2020)**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5-6
Statement of Functional Expenses	7
NOTES TO FINANCIAL STATEMENTS	9-17
INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROL AND COMPLIANCE	
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 <i>Government Auditing Standards</i>	18-19
SUPPLEMENTARY INFORMATION	
Schedule of Financial Assistance	20



Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • www.holyfieldandthomas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Healthy Mothers/Healthy Babies
Coalition of Palm Beach County, Inc.
Greenacres, FL

We have audited the accompanying financial statements of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2022, on our consideration of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, 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 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 Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited the September 30, 2020 financial statements, and our report dated March 12, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
February 23, 2022

**HEALTHY MOTHERS/HEALTHY BABIES
COALITION OF PALM BEACH COUNTY, INC.**

STATEMENT OF FINANCIAL POSITION

As of September 30, 2021

(with comparable totals for 2020)

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Cash and cash equivalents	\$ 176,651	\$ 142,476	\$ 319,127	\$ 1,071,185
Investments	460,205	-	460,205	448,187
Grants and contributions receivable	653,236	26,250	679,486	355,329
Inventory	173,504	-	173,504	69,753
Prepaid expenses	117,527	-	117,527	136,666
 Total current assets	 1,581,123	 168,726	 1,749,849	 2,081,120
Security deposits	14,960	-	14,960	33,307
Property and equipment, net	130,127	-	130,127	114,074
 Total assets	 <u>\$ 1,726,210</u>	 <u>\$ 168,726</u>	 <u>\$ 1,894,936</u>	 <u>\$ 2,228,501</u>
 LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 15,610	\$ -	\$ 15,610	\$ 19,358
Accrued compensated absences	109,019	-	109,019	109,333
Refundable advances	59,879	-	59,879	37,530
 Total current liabilities	 184,508	 -	 184,508	 166,221
Loan payable	-	-	-	596,894
 Total liabilities	 <u>184,508</u>	 <u>-</u>	 <u>184,508</u>	 <u>763,115</u>
Net assets:				
Without donor restrictions	1,541,702	-	1,541,702	1,269,585
With donor restrictions	-	168,726	168,726	195,801
 Total net assets	 <u>1,541,702</u>	 <u>168,726</u>	 <u>1,710,428</u>	 <u>1,465,386</u>
 Total liabilities and net assets	 <u>\$ 1,726,210</u>	 <u>\$ 168,726</u>	 <u>\$ 1,894,936</u>	 <u>\$ 2,228,501</u>

See accompanying notes to financial statements.

**HEALTHY MOTHERS/HEALTHY BABIES
COALITION OF PALM BEACH COUNTY, INC.**

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Support and revenues:				
Children's Services Council grants	\$ 3,960,573	\$ -	\$ 3,960,573	\$ 4,099,983
Governmental grants	135,201	-	135,201	168,071
Foundation grants	131,010	238,067	369,077	387,824
United Way allocations	15,238	300,461	315,699	218,968
Contributions	76,710	-	76,710	131,359
Special events	97,585	-	97,585	-
Interest income	263	-	263	1,260
Realized and unrealized gain on investments	1,006	-	1,006	-
Other Income	7,314	-	7,314	14,796
PPP loan forgiveness	263,795	-	263,795	-
In-kind contributions	30,998	-	30,998	120,541
	<u>4,719,693</u>	<u>538,528</u>	<u>5,258,221</u>	<u>5,142,802</u>
Net assets released from restrictions	<u>565,603</u>	<u>(565,603)</u>	<u>-</u>	<u>-</u>
	<u>5,285,296</u>	<u>(27,075)</u>	<u>5,258,221</u>	<u>5,142,802</u>
Expenses:				
Program services	4,235,782	-	4,235,782	4,403,438
Supporting services:				
Management and general	594,354	-	594,354	541,707
Fundraising	183,043	-	183,043	158,591
	<u>5,013,179</u>	<u>-</u>	<u>5,013,179</u>	<u>5,103,736</u>
Change in net assets	272,117	(27,075)	245,042	39,066
Net assets, beginning of year	<u>1,269,585</u>	<u>195,801</u>	<u>1,465,386</u>	<u>1,426,320</u>
Net assets, end of year	<u><u>\$ 1,541,702</u></u>	<u><u>\$ 168,726</u></u>	<u><u>\$ 1,710,428</u></u>	<u><u>\$ 1,465,386</u></u>

See accompanying notes to financial statements.

HEALTHY MOTHERS/HEALTHY BABIES
COALITION OF PALM BEACH COUNTY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	2021 Totals	2020 Totals
Cash flows from operating activities:		
Cash received from:		
Children's Services Council and governmental grants	\$ 3,738,827	\$ 4,320,368
Private gifts, grants and allocations	816,625	733,210
Special events	97,585	-
Cash paid to vendors and employees	(5,032,826)	(5,095,061)
Interest income	263	-
Other income	7,314	16,056
	<u>(372,212)</u>	<u>(25,427)</u>
Net cash used in operating activities		
Cash flows from investing activities:		
Refund of security deposits	18,347	-
Purchase of investments	(11,012)	(448,187)
Purchase of property and equipment	(54,082)	(34,505)
	<u>(46,747)</u>	<u>(482,692)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from loan payable	-	596,894
Repayments of loan payable	(333,099)	-
	<u>(333,099)</u>	<u>596,894</u>
Net cash provided by (used in) financing activities		
Net change in cash	(752,058)	88,775
Cash and cash equivalents, beginning of year	<u>1,071,185</u>	<u>982,410</u>
Cash and cash equivalents, end of year	<u>\$ 319,127</u>	<u>\$ 1,071,185</u>

See accompanying notes to financial statements.

HEALTHY MOTHERS/HEALTHY BABIES
 COALITION OF PALM BEACH COUNTY, INC.

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	<u>2021</u> <u>Totals</u>	<u>2020</u> <u>Totals</u>
Reconciliation of change in net assets to net cash used in operating activities:		
Change in net assets	\$ 245,042	\$ 39,066
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	38,029	32,191
Realized and unrealized gain on investments	(1,006)	-
PPP loan forgiveness	(263,795)	-
(Increase) decrease in certain assets:		
Grants and contributions receivable	(324,157)	42,564
Inventory	(103,751)	(69,753)
Prepaid expenses	19,139	(66,992)
Increase in certain liabilities:		
Accounts payable	(3,748)	(25,502)
Accrued compensated absences	(314)	18,190
Refundable advances	22,349	4,809
Net cash used in operating activities	<u>\$ (372,212)</u>	<u>\$ (25,427)</u>

See accompanying notes to financial statements.

**HEALTHY MOTHERS/HEALTHY BABIES
COALITION OF PALM BEACH COUNTY, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2021

(with comparable totals for 2020)

	Program Services	Supporting Services		2021 Totals	2020 Totals
		Management and General	Fundraising		
Salaries	\$ 2,610,680	\$ 390,167	\$ 129,962	\$ 3,130,809	\$ 3,100,881
Payroll taxes	199,141	30,486	9,410	239,037	231,336
Employee benefits	660,091	72,572	26,346	759,009	697,628
Total salaries and related benefits	3,469,912	493,225	165,718	4,128,855	4,029,845
Board meetings	-	360	-	360	649
Building maintenance	14,799	3,666	-	18,465	26,220
Communications	84,700	6,579	-	91,279	91,396
Conferences	6,786	138	-	6,924	4,000
Depreciation	38,029	-	-	38,029	32,191
Direct fundraising costs	-	-	7,575	7,575	1,091
Dues and subscriptions	6,419	1,502	1,923	9,844	5,064
Equipment maintenance	7,141	803	-	7,944	8,284
F.O.C.E.P	13,255	-	-	13,255	10,891
Insurance	31,636	3,254	-	34,890	31,805
Marketing	1,393	8,180	1,687	11,260	6,034
Meals and lodging	852	466	-	1,318	7,913
Miscellaneous	21,104	12,441	3,957	37,502	28,025
Office supplies	33,080	3,830	-	36,910	48,353
Postage	13,631	1,374	991	15,996	15,395
Printing and stationary	13,464	1,008	1,077	15,549	19,559
Professional fees	85,478	8,993	115	94,586	118,692
Program supplies	162,514	160	-	162,674	216,625
Rent - offices	191,490	43,441	-	234,931	337,379
Specific assistance to individuals	5,716	-	-	5,716	10,866
Staff development and training	12,109	2,818	-	14,927	7,454
Transportation	3,319	-	-	3,319	2,172
Travel	9,376	228	-	9,604	24,201
Utilities	9,579	1,888	-	11,467	19,632
Total expenses	\$ 4,235,782	\$ 594,354	\$ 183,043	\$ 5,013,179	\$ 5,103,736

See accompanying notes to financial statements.

For the Year Ended September 30, 2021

1. Business and Summary of Significant Accounting Policies

Organization

Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. (the "Organization") is a Florida not-for-profit corporation organized on January 28, 1986. The Organization was established to nurture healthy births and families by meeting the physical, emotional, economic and social challenges of pregnancy and infant wellness. The Organization, through the support of public, private, and voluntary organizations, ensures the implementation and sustainability of increased program visibility and development efforts in order to provide prenatal care support and education programs for pregnant women, teens and families in Palm Beach County. Some of the programs offered by the Organization include:

The Organization is the *Prenatal Entry Agency* for the Children's Services Council of Palm Beach County's Healthy Beginnings system of care. Through prenatal screening, assessment and linkage to services, the Organization supports clients in need of prenatal care access, health care navigation, medical payment source and other intensive social service needs to improve their birth outcome. This fiscal year, 9,910 pregnant women completed a Healthy Start Prenatal Risk Screen. Of these, 3,462 women received an individualized prenatal intake, a 10% increase from last year. Through a wide variety of programs, the organization has touchpoints with more than 70% of women who deliver babies in Palm Beach County.

CenteringPregnancy[®] is a unique, evidence-based model of client-centered group prenatal care that provides health assessment, education, and social support. Eight to 12 women with similar gestational ages meet as a group, receiving dedicated time with a medical provider and health facilitator to learn care skills, develop a support network and ensure access to prenatal care built upon trusted relationships. The program served 508 pregnant women this fiscal year and continues to be one of the most effective models of prenatal care to reduce the rate of preterm and low weight babies, while nearly eliminating racial disparities in birth outcomes.

As COVID-19 continued to impact our community, our *Basics4Babies Emergency Pantry for Infants* remained the only infant focused pantry in Palm Beach County. Serving children ages 0-3 with diapers, formula and baby food as its core distribution focus, the program distributed 283,358 diapers, 4,955 containers of formula and 1,142 infant food packs to 9,866 children.

The *Caps & Cribs Teen Mom Mentoring Program* remains accredited through the National Quality Mentoring System by MENTOR, providing an evidence-based acknowledgment of the strong standards, safety and efficacy of the Caps & Cribs program. This program is a one-on-one mentor program that supports the educational, life, career, and parenting goals of teen mothers in Palm Beach County. Volunteer mentors are matched with pregnant or parenting teens in high schools and provide guidance, inspiration, and real-life experience in a trusting environment to empower teens to become independent, self-sufficient young mothers and to support the elimination of repeat pregnancies. During this fiscal year, the organization served 58 teen mothers through this program, 13 were seniors and graduated from high school.

For the Year Ended September 30, 2021

1. Business and Summary of Significant Accounting Policies, continued

Organization, continued

Circle of Moms, a maternal wellness program, is designed to support the one in seven women who will experience mood and anxiety disorders before, during and after pregnancy. Through peer-to-peer support groups, care coordination and training for health professionals, this program aims to bridge the gap in maternal mental health services in our community. This year, 409 women participated in *Circle of Moms* group sessions. Of those, 87% reported decreased concern about maternal depression. During this same period, training on perinatal mood and anxiety disorders was provided to 538 health professionals, with 93% of participants reporting increased knowledge about maternal mental health.

The Organization remains the only *Share Pregnancy & Infant Loss Support* Chapter in Palm Beach County, providing a resource for grieving parents and their loved ones who have experienced the tragic death of a baby through pregnancy loss, stillbirth, or in the first few months of life.

The Organization's free *Workshop Series* for pregnant and parenting families focused on topics like breastfeeding, newborn care, infant/child CPR, prenatal yoga, and healthy eating. The program is designed to offer critical education to parents and caregivers and workshops are taught by trained staff, as well as partner agencies throughout the community. 177 classes were held this fiscal year with an added virtual component and served 1,525 participants, an increase of 125% from the previous fiscal year. Furthermore, a breastfeeding consultation program served lactation counseling needs of postpartum women.

Additional program support at the Organization is used to focus on program development and enhancements, quality assurance, fund development efforts and other administrative needs to further the mission of the agency.

Financial Statement Presentation

The Organization has adopted FASB Accounting Standard Codification (FASB ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under the standard, the Organization is required to report information regarding its activities according to two classifications of net assets: net assets without donor restrictions and net assets with donor restrictions. The following paragraphs describe the two classes of net assets:

Net Assets Without Donor Restrictions: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restrictions class.

Net Assets With Donor Restrictions: this classification includes those net assets whose use by the Organization has been limited by donors to either later periods of time, or after specified dates, or for a specified purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

For the Year Ended September 30, 2021

1. Business and Summary of Significant Accounting Policies, continued

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Fair Value of Financial Instruments

The Organization follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs.

The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

Cash and Cash Equivalents: The carrying amount reported approximates fair value.

Grants and Contributions Receivable: The carrying amount approximates fair value due to the short-term of the receivables.

Accounts Payable and Accrued Compensated Absences: The carrying amount reported approximates fair value due to the short-term duration of the instruments.

The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820-10:

Investments: Valued at the closing price reported on the active market on which the individual securities are traded. All of the Organization's investments as of September 30, 2021 are considered to be Level 1 measurements.

For the Year Ended September 30, 2021

1. *Business and Summary of Significant Accounting Policies, continued*

Fair Value of Financial Instruments, continued

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies used during the year ended September 30, 2021.

Cash and Cash Equivalents

For purposes of statement of cash flows, the Organization considers its cash and cash equivalents to include only cash on hand, cash in checking accounts, and money market accounts.

Investments

Investments of the Organization are stated at fair value based on quoted prices on a national stock exchange, with the resulting realized and change in unrealized gains and losses included in the Statement of Activities. Investments as of September 30, 2021 consist primarily of individual securities, mutual funds, and cash equivalents. Cash and cash equivalents accounts maintained by the Organization's investment portfolio are part of the Organization's long-term investment policy and are classified as investments.

Grants and Contributions Receivable

Grants receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

Unconditional promises to give are recognized as support in the period received. If outstanding contributions are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If outstanding contributions are to be paid to the Organization over a period of years, they are recorded at the present value of their estimated cash flows using an appropriate discount rate. There were no contributions receivable due beyond one year as of September 30, 2021.

Inventory

Inventory consists of formula, baby food and diapers that are valued at lower of cost or market or, if donated, at an estimated fair value. Inventory items, which are maintained as an emergency pantry, are available free of charge for children ages birth through three under the Basic4Babies program. As of September 30, 2021, inventory consisted of approximately \$172,635 of purchased items and \$869 of donated items.

For the Year Ended September 30, 2021

1. Business and Summary of Significant Accounting Policies, continued

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Donations of property and equipment are recorded as support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets, ranging from 5 to 7 years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Compensated Absences

Full-time employees of the Organization accrue Paid Time Off ("PTO") at varying rates depending upon the length of service. A maximum of 15 PTO days can be carried over from one year to the next year. However, in the event of a favorable termination of employment, the Organization's payment will not exceed 10 PTO days.

Refundable Advances

The Organization has reimbursement arrangements with various grantors whereby the Organization receives funds ahead of the expenditures. In accordance with the terms of these arrangements, any funds that are not spent within the contract period must be refunded to the grantors.

Contributions

In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction that increase that net asset class. When a donor restriction expires, 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.

Donated Goods and Services

In accordance with FASB ASC 958-605, the Organization records the value of donated assets, such as materials and supplies and other non-cash donations that would typically need to be purchased if not provided by donation, at their estimated fair value at the date of donation. The total amount of donated assets received during the year ended September 30, 2021 amounted to \$30,998. This amount is recognized as both revenue, under the caption of in-kind contributions, and as expense, under the caption of program supplies in the Statement of Functional Expenses.

For the Year Ended September 30, 2021

1. Business and Summary of Significant Accounting Policies, continued

Donated Goods and Services, continued

In addition, many volunteers provide services throughout the year that are not recognized as contributions in the financial statements, because the recognition criteria under FASB ASC 958-605 were not met. It is impracticable to determine the fair market value of all donated services by the volunteers of the Organization beyond those required to be recognized as income. However, a substantial number of volunteers donate significant amounts of their time in the Organization's program services and fundraising campaigns.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Costs that are not directly associated with providing specific services are allocated based upon the relative time spent by employees of the Organization providing those services.

Advertising

Advertising costs are expensed when incurred and are included within marketing and public relations in the Statement of Functional Expenses. The Organization did not incur any advertising costs during the year ended September 30, 2021.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and comparable state law as a charitable organization, whereby only unrelated business income, as defined by the Code Section 509(a)(1) is subject to federal income tax. The Organization currently has no unrelated business income and, accordingly, no provision for income taxes has been recorded.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances, and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. There are currently no open federal or state income tax years under audit.

For the Year Ended September 30, 2021

1. Business and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements

As of October 1, 2020, the Organization adopted the provisions of FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding "right-of-use" assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2021. Management is currently evaluating the magnitude and other potential impacts on the Organization's financial statements.

Prior Year Comparable Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2020, from which the summarized information was derived. Certain 2020 amounts may have been reclassified to conform to 2021 classifications. Such reclassifications would have no effect on the change in net assets as previously reported.

2. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use comprise the following:

Cash and cash equivalents	\$ 319,127
Investments	460,205
Grants and contributions receivable	<u>679,486</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,458,818</u>

The Organization is substantially supported by governmental grants and contributions without donor and with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

For the Year Ended September 30, 2021

2. Liquidity and Availability of Resources, continued

Some of the Organization's net assets with donor restrictions are available for general expenditure within one year of September 30, 2021 because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Additionally, the Organization forecasts its future cash flows and monitors liquidity on a monthly basis.

3. Investments

Investments as of September 30, 2021 consist of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain</u>
Cash and cash equivalent	\$ 76	\$ 76	\$ -
Equity securities	425	348	77
Exchange traded funds (ETF) – Equities	11,463	10,534	959
Mutual funds – Cash equivalent	<u>448,241</u>	<u>448,241</u>	<u>-</u>
Total investments	<u>\$ 460,205</u>	<u>\$ 459,199</u>	<u>\$ 1,006</u>

4. Grants and Contributions Receivable

Grants and contributions receivable consist of shared costs, which are to be reimbursed, and an allocation of next fiscal year support. Grants and contributions receivable as of September 30, 2021 consist of the following:

Children's Services Council	\$ 643,493
Town of Palm Beach United Way	26,250
Other	<u>9,743</u>
Total grants and contributions receivable	<u>\$ 679,486</u>

As of September 30, 2021, the Organization recognized \$26,250 from the Town of Palm Beach United Way allocation for next year as net assets with donor restrictions. Since all grants and contributions receivable are expected to be received in one year or less, management has not calculated an unamortized discount and has determined that no allowance is necessary.

5. Prepaid Expense

Prepaid expenses as of September 30, 2021 consist of prepaid rent and insurance.

For the Year Ended September 30, 2021

6. Property and Equipment

Property and equipment as of September 30, 2021 consisted of the following:

Furniture and equipment	\$ 165,600
Leasehold improvements	23,826
Motor vehicles	<u>97,436</u>
	286,862
Less accumulated depreciation	<u>156,735</u>
Total property and equipment, net	<u>\$ 130,127</u>

7. Loan Payable

Loan payable as of September 30, 2020, consisted of a loan received in the amount of \$596,894 under the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”). In June 2021, the loan was partially forgiven by the SBA based on qualified costs already incurred of \$263,795. The remaining balance of \$333,099 was repaid prior to fiscal year-end.

8. Net Assets With Donor Restrictions

Unexpended net assets with donor restrictions as of September 30, 2021 were restricted for time and/or purposes as follows:

Basics4Babies	\$ 41,802
Caps and Cribs	20,992
Centering North	68,929
Circle of Moms	<u>37,003</u>
Total net assets with donor restrictions	<u>\$ 168,726</u>

9. Lease Obligations

The Organization leases its operating facilities located in West Palm Beach and Greenacres under various non-cancellable leases. The Organization also leases its operating facilities located in Belle Glade under a month-to-month lease. These leases are classified as operating leases, and are subject to the customary escalation clauses for real estate taxes and building operating expenses. The leases generally require monthly payments over the respective lease terms and expire on various dates through November 2022. The future minimum lease payments under non-cancellable leases are as follows:

Year Ended <u>September 30,</u>	
2022	\$ 141,163
2023	<u>23,527</u>
Total	<u>\$ 164,690</u>

For the Year Ended September 30, 2021

9. Lease Obligations, continued

Operating lease expense amounted to approximately \$234,931 for the year ended September 30, 2021, and is included in rent - offices in the Statement of Functional Expenses.

10. Retirement Plan

The Organization established a 401(k) defined contribution plan in October 1999, to cover all qualified employees. The plan provides for voluntary employee contributions with the Organization providing a 3% Safe Harbor contribution. The Organization's contribution to the plan for the year ended September 30, 2021 was approximately \$86,170.

11. Credit and Business Concentrations

Business Concentration

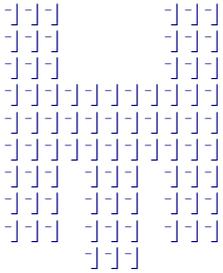
The Organization received approximately 75% of its support from Children's Services Council of Palm Beach County ("CSC") via direct reimbursement of qualified expenses. The agreement with CSC requires the fulfillment of certain conditions as set forth in the contract documents. Failure to fulfill these conditions, or failure to continue to fulfill them, could result in a reduction of the funds allocable to the Organization from CSC. A significant reduction in the level of this support may have a substantial effect on the Organization's programs and activities. Although this reduction is a possibility, management deems the contingency remote, since by accepting the contracts and its terms it has accommodated the objective of the Organization to the provisions of the agreements.

Credit Concentration

Cash accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time-to-time balances of these cash accounts exceed federally insured limits. The Organization has not experienced any loss on such accounts and management believes the Organization is not exposed to any significant credit risk arising from such balances. As of September 30, 2021, there was approximately \$61,969 in excess of the FDIC limit.

12. Subsequent Events

Management has evaluated subsequent events through February 23, 2022, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.



Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • www.holyfieldandthomas.com

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

To the Board of Directors of
Healthy Mothers/Healthy Babies
Coalition of Palm Beach County, Inc.
Greenacres, FL

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, the financial statements of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc., which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Healthy Mothers/Healthy Babies Coalition of Palm Beach County, 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 Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, 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 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 deficiencies, significant deficiencies, or material weaknesses. Given those limitations, during an audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s financial statements are free of 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 in the effectiveness of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, Florida
February 23, 2022

SUPPLEMENTARY INFORMATION

**HEALTHY MOTHERS/HEALTHY BABIES
COALITION OF PALM BEACH COUNTY, INC.**

SCHEDULE OF FINANCIAL ASSISTANCE

For the Year Ended September 30, 2021

<u>Supporting Agency and Program Title</u>	<u>Federal</u>	<u>State</u>	<u>Local</u>	<u>Total</u>
Children's Services Council of Palm Beach County:				
Healthy Beginnings Entry Agency (Prenatal)	\$ 514,740	\$ 250,625	\$ 2,836,345	\$ 3,601,710
CenteringPregnancy®	-	-	358,863	358,863
	514,740	250,625	3,195,208	3,960,573
Palm Beach County Housing and Community Development Block Grants:				
Prenatal Care Coordination	10,762	-	-	10,762
Palm Beach County, Board of County Commissioners - Emergency Food and Shelter National Board Program (EFSP):				
Basics4Babies	36,540	-	-	36,540
Health Care District of Palm Beach County:				
Prenatal Care Coordination	-	-	82,899	82,899
City of Boca Raton:				
Prenatal Care Coordination	-	-	5,000	5,000
Total financial assistance	<u>\$ 562,042</u>	<u>\$ 250,625</u>	<u>\$ 3,283,107</u>	<u>\$ 4,095,774</u>

See independent auditor's report.