

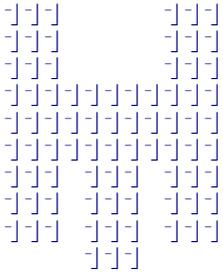
**HEALTHY MOTHERS/HEALTHY BABIES
COALITION OF PALM BEACH COUNTY, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2025
(with comparable totals for 2024)**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2025, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

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 relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, 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 27, 2026

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

STATEMENT OF FINANCIAL POSITION

As of September 30, 2025

(with comparable totals for 2024)

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Totals</u>	<u>2024 Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 230,729	\$ 257,369	\$ 488,098	\$ 527,464
Certificate of deposit	250,885	-	250,885	204,133
Investments	1,531,076	-	1,531,076	507,333
Grants and contributions receivable	997,047	35,250	1,032,297	429,391
Inventory	15,525	-	15,525	10,501
Prepaid expenses	41,080	-	41,080	60,708
Total current assets	<u>3,066,342</u>	<u>292,619</u>	<u>3,358,961</u>	<u>1,739,530</u>
Security deposits	26,986	-	26,986	25,433
Property and equipment, net	408,840	-	408,840	400,797
Right-of-use assets:				
Operating leases, net	2,424,234	-	2,424,234	2,545,021
Finance leases, net	14,122	-	14,122	24,122
Total assets	<u>\$ 5,940,524</u>	<u>\$ 292,619</u>	<u>\$ 6,233,143</u>	<u>\$ 4,734,903</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 85,591	\$ -	\$ 85,591	\$ 39,246
Accrued compensated absences	116,072	-	116,072	121,570
Lease obligations, current portion:				
Operating leases	165,573	-	165,573	74,237
Finance leases	8,884	-	8,884	10,068
Total current liabilities	<u>376,120</u>	<u>-</u>	<u>376,120</u>	<u>245,121</u>
Long-term liabilities:				
Lease obligations:				
Operating leases	2,323,282	-	2,323,282	2,411,685
Finance leases	6,619	-	6,619	15,503
Total Long-term liabilities	<u>2,329,901</u>	<u>-</u>	<u>2,329,901</u>	<u>2,427,188</u>
Total liabilities	<u>2,706,021</u>	<u>-</u>	<u>2,706,021</u>	<u>2,672,309</u>
Net assets:				
Without donor restrictions	3,234,503	-	3,234,503	1,698,663
With donor restrictions	-	292,619	292,619	363,931
Total net assets	<u>3,234,503</u>	<u>292,619</u>	<u>3,527,122</u>	<u>2,062,594</u>
Total liabilities and net assets	<u>\$ 5,940,524</u>	<u>\$ 292,619</u>	<u>\$ 6,233,143</u>	<u>\$ 4,734,903</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, 2025

(with comparable totals for 2024)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2025 Totals</u>	<u>2024 Totals</u>
Support and revenues:				
Children's Services Council grants	\$ 5,000,667	\$ -	\$ 5,000,667	\$ 4,434,003
Governmental grants	147,494	-	147,494	285,898
Foundation grants	111,007	441,778	552,785	567,630
United Way allocations	30,263	236,710	266,973	317,901
Contributions	112,310	50,000	162,310	219,802
Employee retention credit	1,660,060	-	1,660,060	-
Special events	177,884	-	177,884	166,389
Interest income	518,832	-	518,832	45,895
Other Income	301	-	301	38
In-kind contributions	132,542	-	132,542	28,668
	<u>7,891,360</u>	<u>728,488</u>	<u>8,619,848</u>	<u>6,066,224</u>
Net assets released from restrictions	<u>799,800</u>	<u>(799,800)</u>	<u>-</u>	<u>-</u>
	<u>8,691,160</u>	<u>(71,312)</u>	<u>8,619,848</u>	<u>6,066,224</u>
Expenses:				
Program services	5,788,171	-	5,788,171	5,362,983
Supporting services:				
Management and general	1,094,856	-	1,094,856	733,829
Fundraising	272,293	-	272,293	232,297
	<u>7,155,320</u>	<u>-</u>	<u>7,155,320</u>	<u>6,329,109</u>
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,828</u>
Change in net assets	1,535,840	(71,312)	1,464,528	(309,713)
Net assets, beginning of year	<u>1,698,663</u>	<u>363,931</u>	<u>2,062,594</u>	<u>2,372,307</u>
Net assets, end of year	<u>\$ 3,234,503</u>	<u>\$ 292,619</u>	<u>\$ 3,527,122</u>	<u>\$ 2,062,594</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, 2025

(with comparable totals for 2024)

	<u>2025</u> Totals	<u>2024</u> Totals
Cash flows from operating activities:		
Cash received from:		
Children's Services Council and governmental grants	\$ 5,141,585	\$ 5,057,268
Private gifts, grants and allocations	974,569	1,008,554
Special events	177,884	166,389
Employee retention credit	1,208,968	-
Cash paid to vendors and employees	(6,507,438)	(5,684,057)
Cash paid on operating leases, net of incentives	(252,437)	(13,150)
Interest income	381,093	45,895
Other income	301	38
Net cash provided by operating activities	<u>1,124,525</u>	<u>580,937</u>
Cash flows from investing activities:		
Proceeds from security deposits	-	12,836
Advances on security deposits	(1,553)	-
Proceeds from sale of certificate of deposit	209,133	210,192
Purchase of certificate of deposit	(255,885)	(209,670)
Purchase of investments	(1,023,743)	(25,912)
Purchase of property and equipment	(81,775)	(380,834)
Net cash used in investing activities	<u>(1,153,823)</u>	<u>(393,388)</u>
Cash flows from financing activities:		
Principal payments on finance lease obligations	(10,068)	(9,409)
Net cash used in financing activities	<u>(10,068)</u>	<u>(9,409)</u>
Net change in cash	(39,366)	178,140
Cash and cash equivalents, beginning of year	527,464	349,324
Cash and cash equivalents, end of year	<u>\$ 488,098</u>	<u>\$ 527,464</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, 2025

(with comparable totals for 2024)

	<u>2025</u> Totals	<u>2024</u> Totals
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 1,464,528	\$ (309,713)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	83,732	48,113
Lease expense	199,806	26,173
Loss on disposal of assets	-	46,828
(Increase) decrease in certain assets:		
Grants and contributions receivable	(602,906)	337,367
Inventory	(5,024)	544,397
Prepaid expenses	19,628	(29,295)
Increase (decrease) in certain liabilities:		
Accounts payable	46,345	26,534
Accrued compensated absences	(5,498)	462
Refundable advances	-	(96,779)
Operating lease obligations	(76,086)	(13,150)
Net cash provided by operating activities	<u>\$ 1,124,525</u>	<u>\$ 580,937</u>

Supplemental information of noncash investing and financing activities:

During 2025, the Organization incurred debt of \$79,019 in the form of an operating lease for the right-of-use office space in Belle Glade.

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, 2025

(with comparable totals for 2024)

	Program Services	Supporting Services		2025 Totals	2024 Totals
		Management and General	Fundraising		
Salaries	\$ 3,347,503	\$ 492,600	\$ 156,471	\$ 3,996,574	\$ 3,616,547
Payroll taxes	251,525	36,783	11,534	299,842	270,124
Employee benefits	798,762	92,626	25,293	916,681	864,321
Total salaries and related benefits	4,397,790	622,009	193,298	5,213,097	4,750,992
Building maintenance	49,715	2,223	-	51,938	6,696
Communications	42,689	4,390	-	47,079	66,728
Conferences	30,705	1,003	-	31,708	33,856
Depreciation and amortization	10,000	73,732	-	83,732	48,113
Direct fundraising costs	-	1,082	23,477	24,559	25,031
Dues and subscriptions	21,224	12,993	1,800	36,017	16,406
Equipment maintenance	2,268	343	-	2,611	2,808
F.O.C.E.P	16,830	-	-	16,830	13,248
Insurance	58,477	6,549	-	65,026	49,131
Lease expense - offices	389,267	12,567	-	401,834	68,911
Marketing	1,425	24,777	1,199	27,401	8,421
Meals and lodging	15,645	4,611	469	20,725	11,842
Miscellaneous	22,300	12,377	2,625	37,302	51,875
Office supplies	49,424	10,399	-	59,823	46,728
Postage	6,430	614	-	7,044	9,634
Printing and stationery	39,227	3,783	925	43,935	32,191
Professional fees	209,595	291,090	48,000	548,685	279,235
Program supplies	305,810	4,764	-	310,574	681,616
Specific assistance to individuals	8,114	-	-	8,114	12,899
Staff development and training	51,803	3,811	500	56,114	48,904
Transportation	3,080	54	-	3,134	12,796
Travel	44,206	1,179	-	45,385	45,363
Utilities	12,147	506	-	12,653	5,685
Total expenses	<u>\$ 5,788,171</u>	<u>\$ 1,094,856</u>	<u>\$ 272,293</u>	<u>\$ 7,155,320</u>	<u>\$ 6,329,109</u>

See accompanying notes to financial statements.

For the Year Ended September 30, 2025

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:

Access to Care & Education. Through outreach, prenatal screening, perinatal care coordination and education programs, the Organization is a leader in maternal health support for women across Palm Beach County. Within the Healthy Beginnings system of care funded by Children's Services Council of Palm Beach County, the Organization's access to care work is designed to screen, assess, refer and educate any pregnant woman who resides in Palm Beach County.

CenteringPregnancy®, a national evidence-based group prenatal care model focuses on health assessment, education and social support. Studies show that Centering moms are actively engaged in their own healthcare, better prepared for labor and delivery and have lower rates of preterm birth.

Circle of Moms is a maternal wellness program focused on addressing maternal mental health through peer support groups utilizing evidence-based curriculum and training for health professionals. This program addresses the 1 in 5 women who experience a perinatal mood or anxiety disorder.

Stronger Together Doula Support is a training and certification program focused on cultural matching and expanding access to doula care. Designed to reduce maternal morbidity and mortality, this program trains and certifies women to become birthing and postpartum doulas, assisting with birth planning, labor and delivery support and postpartum engagement during the fourth trimester. Doulas in training are matched with the Organization's clients of the same cultural identity as part of the certification, providing prenatal through postpartum doula support, all while building a workforce of doulas in Palm Beach County.

Caps & Cribs, a mentoring program for teen moms. Utilizing the elements of effective practice to educate, engage and empower teens who are pregnant or parenting, this program provides one-on-one mentoring focused on high school graduation, career goals development and life skills to support growth as young mothers.

Basics4Babies Emergency Pantry for Infants remains the only infant focused pantry in Palm Beach County providing infant essentials to families in need since its inception. For nearly ten years, infant hunger has become the pantry's priority where it distributes formula, baby food and diapers to those facing financial hardship.

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.

For the Year Ended September 30, 2025

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

Financial Statement Presentation

The Organization has adopted Financial Accounting Standard Board (FASB) Accounting Standard Codification (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.

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.

Use of 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.

For the Year Ended September 30, 2025

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

Fair Value of Financial Instruments, continued

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.

Certificate of Deposit: The carrying amount reported approximates fair value due to the short-term duration of the instrument.

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.

Lease Obligations: The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

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, 2025 are considered to be Level 1 measurements.

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, 2025.

Cash and Cash Equivalents

For purposes of statement of cash flows, the Organization considers its cash and cash equivalents to include cash on hand, and cash in checking, money market, and credit union accounts. The Organization also considers short-term investments with a maturity of three months or less when purchased to be cash equivalents, other than those held as part of the Organization's investment portfolio.

Certificate of Deposit

The Organization holds a certificate of deposit, with a fixed maturity date of 12 months. The certificate of deposit has an interest rate of 4.16% and is primarily used for short-term liquidity management.

For the Year Ended September 30, 2025

1. Business and Summary of Significant Accounting Policies, continued

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, 2025 consist primarily of 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, 2025.

Inventory

Inventory consists of formula, baby food, and diapers that are valued at lower of cost or market if purchased, or at estimated fair value, if donated. Inventory items are maintained as an emergency pantry for the Organization and are available free of charge for children ages birth through three under the Basic4Babies program.

As of September 30, 2025, inventory consisted of \$15,525 of purchased items.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. 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 following estimated useful lives:

Furniture and equipment	5-7 years
Leasehold improvements	10 years
Motor vehicles	5 years

For the Year Ended September 30, 2025

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

Property and Equipment, continued

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 112 hours can be carried over from one year to the next year. However, upon termination of employment, employees are eligible to receive payment for their accrued and unused PTO, up to a maximum of 75 hours, provided they give notice of termination per the Organization's policy.

Contributions

In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received, including unconditional promises, are recognized as support 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, 2025 amounted to \$132,542. Donated materials were valued based on the estimated price of identical or similar products if purchased in this area. This amount is recognized as support, under the caption of in-kind contributions in the statement of activities, as asset, under the caption of inventory in the statement of financial position, and expense, under the caption of program supplies in the statement of functional expenses.

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.

For the Year Ended September 30, 2025

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

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, 2025.

Leases

The Organization accounts for all leases in accordance with FASB ASC 842, *Leases*, recognizing lease liabilities and right-of-use (ROU) assets in the statement of financial position for all leases that meet the definition of a lease, except for short-term leases with lease terms of 12 months or less where practical expedient to not recognize lease liabilities and ROU assets is elected. Lease payments are recognized as rent expense in the statement of activities on a straight-line basis over the term of the lease.

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 no uncertain tax positions as of September 30, 2025, and no open federal or state income tax years under audit.

For the Year Ended September 30, 2025

1. Business and Summary of Significant Accounting Policies, continued

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, 2024, from which the summarized information was derived. Certain 2024 amounts may have been reclassified to conform to 2025 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 are comprised of the following:

Cash and cash equivalents	\$ 488,098
Certificate of deposit	250,885
Investments	1,531,076
Grants and contributions receivable	<u>1,032,297</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 3,302,356</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.

Some of the Organization's net assets with donor restrictions are available for general expenditure within one year of September 30, 2025 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, 2025 consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Mutual funds – Cash equivalent	<u>\$ 1,531,076</u>	<u>\$ 1,531,076</u>	<u>\$ -</u>

For the Year Ended September 30, 2025

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, 2025 consisted of the following:

Children’s Services Council	\$ 408,217
Town of Palm Beach United Way	35,249
Internal Revenue Service	<u>588,831</u>
Total grants and contributions receivable	<u>\$ 1,032,297</u>

As of September 30, 2025, the Organization recognized \$35,249 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, 2025 consisted of insurance and office expenses paid in advance.

6. Property and Equipment

Property and equipment as of September 30, 2025 consisted of the following:

Furniture and equipment	\$ 356,375
Leasehold improvements	215,616
Motor vehicles	<u>115,286</u>
	687,277
Less accumulated depreciation	<u>278,437</u>
Total property and equipment, net	<u>\$ 408,840</u>

Depreciation expense for the year ended September 30, 2025, amounted to \$73,732.

7. Net Assets With Donor Restrictions

Unexpended net assets with donor restrictions as of September 30, 2025 were restricted for time and/or purposes as follows:

Basics4Babies	\$ 92,882
Caps and Cribs	134,654
Circle of Moms	50,668
Doula	<u>14,415</u>
Total net assets with donor restrictions	<u>\$ 292,619</u>

For the Year Ended September 30, 2025

8. Leases

Operating Lease

The Organization leases its operating facilities, located in West Palm Beach, under a non-cancellable lease that expires in September 2034. In August 2025, the Organization signed a three-year lease arrangement for office space in Belle Glade, commencing in September 2025. Both leases require monthly payments that are subject to customary escalation clauses for real estate taxes and operating expenses.

Operating right-of-use assets as of September 30, 2025, consisted of the following:

Office spaces	\$ 2,603,987
Less accumulated amortization	<u>179,753</u>
Net operating right-of-use assets	<u>\$ 2,424,234</u>

Operating lease obligations as of September 30, 2025, consisted of the following:

Office spaces	<u>\$ 2,488,855</u>
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Operating lease expense for the year ended September 30, 2025, consisted of the following:

	<u>Amortization</u>	<u>Finance Charges</u>	<u>Total</u>
Office spaces	<u>\$ 179,753</u>	<u>\$ 196,404</u>	<u>\$ 376,157</u>

Total lease expense was \$401,834 during the year ended September 30, 2025, and is included in lease expense - office in the statement of functional expenses. The difference between total rent expense and operating lease expense above of \$376,157 is \$25,677, which includes rent payments for the operating facilities located in Belle Glade through August 2025 under a month-to-month arrangement, and variable lease payments, such as common area maintenance.

Undiscounted future lease payments under operating leases as of September 30, 2025, are as follows:

2026	\$ 356,010
2027	369,964
2028	381,924
2029	368,326
2030	383,058
Thereafter	<u>1,654,367</u>
	3,513,649
Less discount to present value	<u>1,024,794</u>
Present value of future lease payments	2,488,855
Less current portion	<u>165,573</u>
Non-current portion	<u>\$ 2,323,282</u>

For the Year Ended September 30, 2025

8. Leases, continued

Operating Lease, continued

The lease discount for the office spaces has been calculated using interest rates ranging from 7.50% to 8.00%, which approximates the incremental borrowing rate of the Organization for the acquisition of related assets at the time of lease implementation.

Finance Leases

The Organization leases office equipment under finance leases that expire at different dates through June 2028. The assets and liabilities under the finance leases were recorded at the lower of the present value of minimum lease payments or the fair value of the assets. The assets are amortized over the shorter of the lease terms or the estimated useful lives of the assets. Amortization of office equipment under finance leases is included in depreciation and amortization expense in the statement of functional expenses. Amortization of assets under finance leases charged to expense during the year ended September 30, 2025, was \$10,000.

Minimum future lease payments under finance leases as of September 30, 2025, for each of the next three years and in the aggregate are:

2026	\$ 9,650
2027	4,038
2028	<u>3,029</u>
Total minimum lease payments	16,717
Less amount representing interest	<u>1,214</u>
Present value of future minimum lease payments	15,503
Less current portion	<u>8,884</u>
Non-current portion	<u>\$ 6,619</u>

The lease discount for the office equipment has been calculated using interest rates ranging from 6.25% to 8.00%, which approximates the incremental borrowing rate of the Organization at the time the leases were measured.

The weighted average lease term for the finance leases is 2.04 years. The weighted average discount rate for the finance leases is 7.41%.

9. 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, 2025 was approximately \$101,330 and is included in the employee benefits line in the statement of functional expenses.

For the Year Ended September 30, 2025

10. Credit and Business Concentrations

Business Concentration

The Organization received approximately 58% of its support from Children’s Services Council of Palm Beach County (CSC) (72% excluding the Employee Retention Credit) 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 aligned the objective of the Organization to the provisions of the agreements.

Credit Concentration

The Organization maintains its cash in bank and credit union accounts, which, at times, may exceed federally insured limits. Bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Credit union accounts are insured by the National Credit Union Administration (NCUA) up to \$250,000. From time-to-time, the balances of these cash and certificate of deposit 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, 2025, cash in excess of the FDIC limit was approximately \$295,000, and cash in excess of the NCUA limit was approximately \$47,000.

Balances at brokerage accounts are guaranteed by the Securities Investor Protection Corporation (SIPC) up to \$500,000, which includes a \$250,000 limit for cash. As of September 30, 2025, the security balances exceeded the SPIC insurance limit.

11. Employee Retention Credit

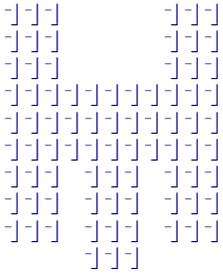
The Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) provided for the Employee Retention Credit (ERC), a refundable payroll tax credit available to eligible employers. Under the CARES Act, the ERC was equal to 50 percent of qualified wages paid to employees, up to \$10,000 of qualified wages per employee for the period through December 31, 2020, resulting in a maximum credit of \$5,000 per employee. Subsequent legislation enacted by the United States government extended and expanded the ERC program through September 30, 2021. Under these provisions, the credit was increased to 70 percent of qualified wages paid per employee per quarter, with qualified wages capped at \$10,000 per employee per quarter, resulting in a maximum credit of \$21,000 per employee for the period January 1, 2021 through September 30, 2021.

The Organization determined that it qualified for the ERC under the applicable provisions and recorded ERC income of \$1,660,060 during the year ended September 30, 2025. In addition, the Organization recognized related interest income of \$486,628. As of September 30, 2025, the Organization recorded a receivable from the Internal Revenue Service totaling \$588,831, which consists of \$451,092 related to the ERC and \$137,739 related to accrued interest.

For the Year Ended September 30, 2025

12. Subsequent Events

Management has evaluated subsequent events through February 27, 2026, 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.



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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.
West Palm Beach, 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. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2026.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.

Report on 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 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 financial statements. 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 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.

Holyfield & Thomas, LLC

West Palm Beach, Florida
February 27, 2026

SUPPLEMENTARY INFORMATION

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

SCHEDULE OF FINANCIAL ASSISTANCE

For the Year Ended September 30, 2025

<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)	\$ 642,574	\$ 448,519	\$ 3,401,255	\$ 4,492,348
CenteringPregnancy®	-	-	488,509	488,509
Continuous improvement grant	-	-	19,810	19,810
	<u>642,574</u>	<u>448,519</u>	<u>3,909,574</u>	<u>5,000,667</u>
U.S. Department of Health and Human Services -				
Congressional Directives - Doula Program	52,494			52,494
United Way - Emergency Food and Shelter National Board Program (EFSP):				
Basics4Babies	10,000	-	-	10,000
Health Care District of Palm Beach County:				
CenteringPregnancy® and Circle of Moms	-	-	90,000	90,000
City of Boca Raton:				
Organization mission	-	-	5,000	5,000
Total financial assistance	<u>\$ 705,068</u>	<u>\$ 448,519</u>	<u>\$ 4,004,574</u>	<u>\$ 5,158,161</u>

See independent auditor's report.