

HEALTHY START COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.

June 30, 2019 and 2018



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MANAGEMENT'S DISCUSSION AND ANALYSIS



The Healthy Start Coalition of Flagler and Volusia Counties, Inc (the "Coalition") provides this section of the financial statements to present management's analysis of the Coalition's financial performance during the fiscal year ending June 30, 2019. Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the financial statements and accompanying notes, which follow this section.

Overview of the Coalition

The Healthy Start Coalition of Flagler and Volusia Counties, Inc. is one of 32 coalitions in the state of Florida, formed under legislative authority (s.282.2161, F.S.). The goals of Healthy Start are to reduce infant mortality, reduce the incidence of low birth weight and improve the overall health of Florida's children. The key components of the statute mandated (1) universal screening of pregnant women and newborn infants to identify those at risk of poor birth, health and developmental outcomes; (2) increased access to comprehensive, risk-appropriate maternity and well-child care and support services; (3) state-wide implementation of community-based care coordination systems; (4) expansion of Medicaid funding and expanded eligibility for pregnant women; and (5) formation of local coalitions to spearhead system change through public-private partnerships at the community level including leveraging of additional resources. The statute ultimately vested these coalitions with the authority to allocate state and federal dollars to purchase and oversee services for pregnant women and infants in their communities.

Financial Highlights

Key financial highlights for the 2018-2019 fiscal year are as follows:

The Coalition's Net assets at June 30, 2019 are \$1,335,493, an increase of \$455,551 from \$879,942 at the beginning of the fiscal year.

During the 2018-2019 Fiscal Year, our agency was able to continue leveraging additional resources beyond those legislated specifically for Healthy Start. Additional funds leveraged for the 2018-2019 fiscal year totaled \$1,517,183. This amount represents funding contracts for services from the following: The Ounce of Prevention Fund of Florida/Healthy Families Florida, from the Department of Children and Families; Lutheran Services Florida, the Managing Entity for the Federal and State Substance Abuse and Mental Health Services Administration (SAMHSA) grant dollars; the West Volusia Hospital Authority (Hospital Taxing District); the County of Volusia, Community Partnership for Children, the United Way of Volusia-Flagler Counties, the House Next Door, and the conclusion of the Maternal Infant and Early Childhood Home Visiting program (MEICHV) planning grant from federal Title V Block Grant funding. These revenues provided valuable gap funding for our most vulnerable families and have enabled us to develop a more coordinated and integrated system of care.



Program Highlights

The 2018-2019 Fiscal Year was the second year of our Florida Department of Health approved five-year Service Delivery Plan. All of our objectives were met or exceeded and our quality standards were achieved.

Healthy Start Prenatal and Infant Screening Rates

Our goal for percentage of women consenting to the prenatal screen was 80%, and our achieved percentage for 2018-2019 was 92.43%, a slight increase from last fiscal year, and also exceeded the State rate of 89.36%. The percentage of women who were eligible for services and consented to participate in the Healthy Start program was 96.2%, which exceeded the goal of 95%. For infant screening, the goal for 2018-2019 was 84% and the actual rate for the fiscal year was 88%.

Healthy Start Initial Contact and Assessment

For the last eight years, 100% of Healthy Start participants received an Initial Contact or attempt to contact within five days of the screen. This exceeded the established goal of 95%. In 2018-2019, 100% of Healthy Start participants determined to be in need of an Initial Assessment, received an Initial Assessment, or an attempt to assess, within 10 working days of the Initial Contact, also above the stated goal of 95%.

During this same time period 100% of Healthy Start records contained documentation that status of Initial Contact had been sent to the healthcare provider within 30 calendar days from first attempt to contact (the goal was 95%).

Also at 100% was the percentage of Healthy Start records with an Initial Contact containing documentation of an Individualized Plan of Care at the time of Initial Contact. The contractual goal was 95%.

There were a total of 6,895 clients served through subcontracted service dollars from the Florida Department of Health and the Healthy Start MomCare Network, the Administrative Services Organization for funds received from the Agency for Health Care Administration, or Medicaid. A total of 29,007 services were delivered at an average rate of \$8.80 per service or \$37.00 per client. This equates to an average of \$219.00 per client. For subcontracted clinical prenatal services, a total number of 10 clients received 45 services for an average cost of \$177.70 per service, or \$800.00 per client.

MomCare

The MomCare Program was originally funded through the Sixth Omnibus Reconciliation Act (SOBRA) implemented in 2001 to assist women applying for Pregnancy Medicaid to gain access to a qualified medical provider. Since that time, changes in the Medicaid system have resulted in changes to the MomCare Program, which now works to ensure that women who have applied for Medicaid are successfully linked to a Medicaid Managed Care Plan through Choice Counseling, and that linkages to Women, Infants and Children's (WIC) nutrition program and Healthy Start services are facilitated via phone contact. Our local MomCare program provides additional services for pregnant women through funding from the County of Volusia. During the 2018-2019 Fiscal Year, MomCare served 3,073 pregnant women.

Psychosocial Services

New to our service system during 2018-2019 was the delivery of subcontracted psychosocial counseling services through Children's Home Society to pregnant and post-partum women enrolled in the Healthy Start program in the highest level of service intensity, or Level 3. These services were provided through a subcontract with Children's Home Society. During 2018-2019, a total of 45 women received 297 services at the rate of \$119.66 per service or \$789.78 per client.

Healthy Families

Healthy Families is a premiere evidence-based home visiting program designed to reduce child abuse and neglect through promoting positive parenting and parental self-sufficiency. This program is funded through the Ounce of Prevention Fund of Florida's Healthy Family Florida Program. Participation in the program requires a 25% match from the local community. During the 2018-2019 Fiscal Year, 129 families received these quality home visiting services, and the program exceeded both of its primary outcome objectives related to having no verified findings of child maltreatment both during participation in the program (Achieved - 98%; Goal - 95%;) and after completion of the program (Achieved - 100%; Goal - 95%).

Neonatal Outreach and Women's Intervention Services

The Healthy Start Coalition has worked with community stakeholders to respond to the rising number of pregnant women who are addicted to opioid drugs as well as other substances and their infants who often face medical complications in the neonatal period (first thirty days of life). These infants receive medical services in a neonatal intensive care unit that is equipped to treat their symptoms. Through facilitation of a Substance Exposed Newborn Task Force and coordination with multiple community partners, the Coalition was able to leverage resources from the County of Volusia and the West Volusia Hospital Taxing Authority to serve this vulnerable population in an outreach capacity, since the funding we receive from the Florida Department of Health and the Agency for Health Care Administration (AHCA) is not designated for outreach. This program funds personnel trained to respond to requests by medical providers and community based organizations to engage pregnant women who are using alcohol, illicit drugs or are on medication assisted therapy and to facilitate treatment services aimed at achieving the best outcome possible for pregnant women and neonates. Neonatal Outreach services specifically focus on ensuring that babies who have been in a neonatal intensive care unit receive appropriate medical follow up and have a pediatric medical home. These services were provided to 430 women and infants in the 2018-2019 Fiscal Year.



Family Places, Community Café Dialogues, and Parent Leadership

The Coalition operates two sites called Healthy Start Family Places on the East and West sides of Volusia County. These sites have family support staff who provide information and referral services, health care navigation, a virtual link to children's developmental screening (Help Me Grow), the Department of Children and Families ACCESS portal, and the Career Source workforce Career-Link portal. During 2018-2019, we also became partners with the Homeless Coalition to assist with Coordinated Entry for families who are homeless or face imminent homelessness. Our staff connect families needing housing to the Homeless Management Information System (HMIS) to assist with obtaining safe and affordable housing. Practical support such as computer use, copies, scanning, and information about housing services is also provided.

An important element of successful program outcomes relies on successful engagement of our families. In order to accomplish this, we have developed several initiatives with parents as partners in our efforts. We conduct Parent and Community Café dialogues and parenting activities. These activities help parents and agencies have meaningful conversations that address the challenges people face when trying to use child service agencies and help to build the supports needed to promote protective factors. Several funding sources support this effort including the United Way of Volusia-Flagler Counties, the Community Partnership for Children, The House Next Door as lead for the County of Volusia, and the West Volusia Hospital Authority. We served 783 clients in these programs during 2018-2019.

Family Engagement and Parent Partner Approach

Through funding from the Community Partnership for Children, we work toward improved relationships between Child Welfare Case Management and families who have an active child dependency case. This initiative brings together partner agencies, parents who have lived experience and now work as full time employees of Healthy Start, and parents who are currently involved with the system. Through a Family Engagement Advisory Board, we are able to recommend systemic and programmatic changes and activities that are solution-based and recognize the expertise of all parties at the table. We translate this work into action through the work of our Parent Partners as they interact with families and agency representatives. During fiscal year 2018-2019, 168 individuals received services through these activities.

Intensive Case Management

In response to the increasing number of pregnant women and parents with infants/young children with a substance use disorder, we applied for and successfully negotiated a contract with Lutheran Services Florida to provide intensive case management and aftercare support. This is in partnership with our community's central receiving agency for behavioral health, Stewart-Marchman-Act Behavioral Health Care. This program provided intensive services for 85 families during the 2018-2019 fiscal year.



Other Highlights

In 2018-2019, the Coalition convened multiple committees and task force groups that supported our mission in various capacities to include our Finance and Audit Committee, Service Delivery Planning Committee, Marketing Committee, Substance Exposed Newborn Task Force, Fetal and Infant Mortality Case Review Team and the Family Engagement Advisory Board. During Fiscal Year 2018-2019, a total of 157 volunteers served on one of our committees or task forces or volunteered as individuals for the Coalition in other capacities. The number of voting Board members was 17 (two additional Board members are ex-officio Department of Health Administrators per Florida legislation and the Executive Director also serves as an ex-officio Secretary in accordance with the agency's by-laws).

Fetal and Infant Mortality Case Review Team

This dedicated group of expert professionals conducts case deliberation and review of fetal and infant deaths to determine what systemic improvements can be recommended and implemented to reduce fetal and infant loss. During the 2018-2019 fiscal year the Case Review Team met 5 times and reviewed a total of 28 cases. Though this program is not adequately funded, the benefits of working with stakeholders in the community to systemically prevent infant death and fetal loss is our Coalition's core purpose.

LifeSong

Infant mortality disproportionately impacts black infants in the United States, in Florida, and in our two county service area. In an effort to reduce this disparity, the Healthy Start Coalition created a faith-based initiative designed to engage African American churches and institutions in promoting health messaging to the community. This project worked with 120 churches and distributed over 5,000 church fans with health messaging in the 2018-2019 Fiscal Year. In addition, our contracted provider conducted 80 community presentations on topics that impact infant mortality.

Substance Exposed Newborn Task Force

The Healthy Start Coalition convenes over 45 health and human service professionals and consumers semi-monthly to coordinate a systemic approach to the increasing number of pregnant women and their infants addicted to opiate/opioid medication. This effort has resulted in leveraging of gap funding to better engage and respond to families who are dealing with the unfortunate effects of substance use.

Finance and Audit Committee

As a best practice in fiscal administration, our agency convenes an independent group of individuals quarterly who review our budget, financial statements, fiscal policies and procedures, audited financial statements and annual tax return. This group makes recommendations to the Board of Directors and interacts with a contracted CPA, the fiscal staff, the executive director, and the Treasurer of the Coalition's Board of Directors.

INDEPENDENT AUDITORS' REPORT

W CLARK & ASSOCIATES, LLC

Certified Public Accountants
1901 Mason Avenue – Suite 107
Daytona Beach, Florida 32117

To the Board of Directors
Healthy Start Coalition of Flagler
And Volusia Counties, Inc.
Daytona Beach, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Healthy Start Coalition of Flagler and Volusia Counties, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Healthy Start Coalition of Flagler and Volusia Counties, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior-year Summarized Information

We have previously audited the Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those statements in our report dated December 11, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 US Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of Healthy Start Coalition of Flagler and Volusia Counties, 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 Start Coalition of Flagler and Volusia Counties, Inc.'s internal control over financial reporting and compliance.



W Clark & Associates, LLC

Daytona Beach, Florida

December 10, 2019

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FINANCIAL STATEMENTS



Consolidated Statement of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 869,354	\$ 603,546
Grants/contracts receivable	473,582	761,036
Accounts receivable	1,976	1,356
Prepaid expenses	30,399	19,711
Total current assets	1,375,311	1,385,649
Property and equipment, net	446,785	456,928
HSMCN Medicaid holdback	125,414	157,408
Other assets	4,325	3,247
Total assets	\$ 1,951,835	\$ 2,003,232
Liabilities		
Current liabilities		
Due to subcontractors	\$ 76,296	\$ 296,630
Accounts payable	121,033	22,000
Other current liabilities	8,990	1,465
Accrued wages	49,237	36,760
Accrued compensated absences	55,753	40,621
Current portion of mortgage payable	24,886	23,734
Total current liabilities	336,195	421,210
Mortgage payable	221,829	246,529
Total liabilities	558,024	667,739
Net Assets		
Without donor restrictions:		
Undesignated	197,048	206,035
Board designated for working capital	143,000	143,000
With donor restrictions	1,053,763	986,458
Total net assets	1,393,811	1,335,493
Total liabilities and net assets	\$ 1,951,835	\$ 2,003,232

Consolidated Statement of Activities
For the year ended June 30, 2019 and 2018

	2019			2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total	
Support and Revenue					
Support					
Community Partnership for Children	\$ 128,784	\$ -	\$ 128,784	\$	128,964
Department of Health	674,400	-	674,400		736,514
Healthy Families Florida	609,000	-	609,000		605,320
Healthy Start MomCare Network	-	752,632	752,632		1,025,575
House Next Door	79,262	17,092	96,354		104,678
In-kind support	66,219	-	66,219		151,011
LSF Health Systems	125,222	8,493	133,715		229,207
United Way	50,004	-	50,004		50,004
Volusia County	154,695	20,111	174,806		189,189
West Volusia Hospital Authority	92,644	40,055	132,699		136,917
Sub-recipient Reimbursement	-	-	-		302,856
Other programs	6,758	1,742	8,500		72,904
Total support	1,986,988	840,125	2,827,113		3,733,139
Revenue					
Contributions	26,327	15,619	41,946		55,469
Interest earned	126	-	126		149
Miscellaneous	(2,969)	-	(2,969)		-
Operations - Other	15,586	-	15,586		13,976
Training	7,692	-	7,692		1,000
Total revenue	46,762	15,619	62,381		70,594
Release from restrictions	788,439	(788,439)	-		-
Total support and revenue	\$ 2,822,189	\$ 67,305	\$ 2,889,494	\$	3,803,733
Expenses					
Program expenses					
Healthy Start	\$ 1,371,945	\$ -	\$ 1,371,945	\$	2,010,235
Healthy Families	644,144	-	644,144		670,706
Outreach and Family Engagement	546,267	-	546,267		494,981
Total program expenses	2,562,356	-	2,562,356		3,175,922
Support expenses					
General and administrative	268,820	-	268,820		172,260
Total support expenses	268,820	-	268,820		172,260
Total expenses	2,831,176	-	2,831,176		3,348,182
Change in net assets	(8,987)	67,305	58,318		455,551
Net assets, beginning of period	349,035	986,458	1,335,493		879,942
Net assets, end of period	\$ 340,048	\$ 1,053,763	\$ 1,393,811	\$	1,335,493

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statement of Functional Expenses
For the year ended June 30, 2019 and 2018

	2019				2018		
	Program Expenses			Total Program	Support Expenses		
	Healthy Start	Healthy Families	Outreach and Engagement		General & Administrative	Total	Total
Salaries and benefits	\$ 401,084	\$ 459,447	\$ 375,934	\$ 1,236,465	\$ 177,765	\$ 1,414,230	\$ 1,073,833
Payroll taxes	25,013	27,252	23,825	76,090	11,854	87,944	67,271
Total salaries and related expenses	426,097	486,699	399,759	1,312,555	189,619	1,502,174	1,141,104
Amortization	-	-	-	-	361	361	361
Bank fees	16	18	5	39	89	128	806
Client direct support	47,232	-	10,692	57,924	-	57,924	33,486
Sub-contract service payments	641,657	7,704	65,966	715,327	-	715,327	1,590,824
Sub-contract services - in-kind	32,319	-	-	32,319	-	32,319	113,515
Depreciation - equipment	403	465	124	992	558	1,550	1,551
IT maintenance, support and software	33,625	8,072	5,849	47,546	7,954	55,500	75,841
Insurance	8,354	9,200	6,271	23,825	4,533	28,358	20,950
Meetings and training	4,275	2,225	3,870	10,370	10,443	20,813	37,770
Membership and subscriptions	5,186	1,027	3,709	9,922	5,055	14,977	13,300
Miscellaneous	403	-	-	403	4,385	4,788	4,444
Miscellaneous - in-kind	2,300	10,177	6,150	18,627	75	18,702	22,385
Occupancy expenses	35,594	28,556	1,235	65,385	6,485	71,870	46,576
Office supplies and equipment	34,736	6,034	5,246	46,016	5,673	51,689	25,978
Participant education materials	4,276	21,026	-	25,302	-	25,302	17,920
Printing	4,536	3,078	2,215	9,829	1,628	11,457	11,247
Professional fees	25,337	19,112	5,442	49,891	16,709	66,600	55,476
Professional fees - in-kind	852	1,065	284	2,201	3,049	5,250	3,742
Promotional projects/products	6,712	-	-	6,712	-	6,712	17,304
Rent - in-kind	3,000	2,556	3,000	8,556	1,392	9,948	11,369
Repair and maintenance	8,972	1,701	4,554	15,227	1,609	16,836	8,751
Special programs	23,374	-	-	23,374	-	23,374	25,164
Telephone and utilities	14,726	13,777	8,368	36,871	6,698	43,569	33,389
Travel and transportation	7,963	21,652	13,528	43,143	2,505	45,648	34,929
Total expenses	\$ 1,371,945	\$ 644,144	\$ 546,267	\$ 2,562,356	\$ 268,820	\$ 2,831,176	\$ 3,348,182

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statement of Cash Flows
For the year ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 58,318	\$ 455,551
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,376	13,821
Amortization	361	361
Decrease (increase) in certain assets:		
Due from grants/contracts	287,454	50,470
Accounts receivable	(620)	(1,348)
Prepaid expenses	(10,688)	(12,044)
HSMCN holdback	31,994	(29,118)
Other assets	(1,439)	-
Increase (decrease) in certain liabilities:		
Due to subcontractors	(201,047)	(315,073)
Accounts payable	79,746	(17,173)
Accrued expenses	27,609	8,289
Other current liabilities	7,525	(656)
Deferred revenue	-	(10,000)
Net cash provided by operating activities	293,589	143,080
Cash flows from investing activities		
Purchase of property and equipment	(4,233)	-
Net cash used in investing activities	(4,233)	-
Cash flows from financing activities		
Principal payments on mortgage payable and line of credit	(23,548)	(22,443)
Net cash used in financing activities	(23,548)	(22,443)
Net increase(decrease) in cash and cash equivalents	265,808	120,637
Cash and cash equivalents, beginning of period	603,546	482,909
Cash and cash equivalents, end of period	\$ 869,354	\$ 603,546
Supplementary disclosure of cash flow Information		
Cash paid during the year for interest	\$ 12,503	\$ 13,607

Note 1

Summary of Significant Accounting Policies

The following is a summary of the more significant accounting policies and practices of Healthy Start Coalition of Flagler and Volusia Counties, Inc. (the Coalition), which affect significant elements of the accompanying financial statements.

Entities Whose Financial Results Are Consolidated in the Financial Statements - The financial statements present the consolidated financial results of Healthy Start Coalition of Flagler and Volusia Counties, Inc. and its wholly owned subsidiary, with all significant balances and transactions between the two entities eliminated.

General – The Coalition was organized under the authority of the Department of Health to implement the provisions of Florida’s Healthy Start legislation in Flagler and Volusia Counties, Florida. It is the intent of the Healthy Start initiative to improve the health and well-being of Florida’s pregnant women and young children. Two of the major components of this comprehensive legislation were the creation of the Healthy Start program and the Healthy Start Coalitions. The Coalitions were given the legislative mandate to ensure that adequate and accessible systems of care are in place for all pregnant women and young children. In order to achieve this comprehensive directive, the Coalitions are required to perform a number of key functions, including the following:

- I. Building and maintaining broad community input and collaboration.
- II. Increasing overall public awareness of the importance of investing in pregnant women and children.
- III. Performing short and long range planning for the target population.
- IV. Allocating available federal and state maternal and child health funds on a local level for the provision of Healthy Start services.

Note 1 - continued

Basis of Presentation – The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board ASC 958-205, the Coalition is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and changes therein are classified and reported as follows:

- I. **Net assets without donor restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board may designate a portion of these assets for specific purposes which makes them unavailable for use at management’s discretion.
- II. **Net assets with donor restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Coalition and/or passage of time. Restrictions may stipulate that the Coalition maintain them permanently. Generally, the donors of these assets permit the Coalition to use all or part of the income earned on related investments for general or specific purposes.

Revenues and Support – The Coalition reports revenues and support received as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Unrestricted revenues are deemed to be earned and reported when the Coalition has incurred expenditures in compliance with specific limitations. Amounts received but not yet earned, are reported as deferred revenue.

Cash and Cash Equivalents – Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. Fair value approximates carrying amounts.

Note 1 - continued

Summary of Significant Accounting Policies

Property and Equipment – It is the Coalition’s policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. Property and equipment are recorded at cost if purchased or fair value if contributed. The cost of property and equipment is being charged to operations using the straight-line method of depreciation over estimated useful lives ranging from three to five years for equipment and thirty-nine years for real property.

Payments due from Grants/Contracts and Accounts Receivables – The Coalition reports accounts receivable, due from grants/contracts, and other receivables at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are deemed uncollectible. Generally accepted accounting principles require that the allowance method be used to reflect bad debt expense. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

HSMCN Medicaid Holdback – The Coalition’s contract with HSMCN allows for a 3% holdback, for five years, of amounts earned under the contract for potential Medicaid chargebacks. The Coalition carries the amount management expects to collect on balances outstanding at year-end. Amounts are carried as non current assets.

In-kind Contributions – The Coalition records the value of donated goods or services when there is an objective basis available to measure their value. Donated materials and equipment are reflected as in-kind contributions in the accompanying statements at their estimated values at date of receipt. The value of contributed rental space, professional fees, and sub contracted services included in the financial statements for the years ended June 30, 2019 and 2018 are valued at \$66,219 and \$151,011, respectively. Also during the years ended June 30, 2019 and 2018, a substantial number of volunteers provided services, these services are valued at \$7,320 and \$16,560, respectively and are not recognized in the accompanying financial statements.

Income Taxes – Income taxes are not provided for in the financial statements since the Coalition is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Coalition is treated as a public supported organization, and not as a private foundation. Management is not aware of any activities that would jeopardize the Coalition’s tax-exempt status.

Note 1 - continued

The Coalition accounts for uncertain tax positions, if any, in accordance with ASC Section 740. In accordance with these professional standards, the Coalition recognizes tax positions only to the extent that Management believes it is “more likely than not” that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the year ended June 30, 2019.

The Coalition believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Coalition’s financial condition, results of operations, or cash flows. Accordingly, the Coalition has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2019.

The Coalition is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Coalition believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2016.

The Coalition’s policy is to classify income tax related interest and penalties, if any, in interest expense and other expenses, respectively.

Accounting pronouncements adopted – In August of 2016, the FASB issued ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expiration of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulation otherwise, (d) requiring that all nonprofits present an analysis of expense by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new standard is effective for all fiscal years beginning after December 15, 2017.

Note 1 - continued

Functional Allocation of Expenses – The cost of the various activities of the Coalition have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and support services categories. Currently, the Coalition's program services are classified into three functional expense categories, funding allocation for Healthy Start services, Healthy Families services, and Outreach and Engagement services. The Coalition's supporting services consist of general and administrative expenses including costs incurred in the development and implementation of the maternal and infant health care plan.

Subsequent Events – The Coalition has evaluated subsequent events through the date the financial statements were issued, which was December 10, 2019 the date of the Coalition's audit report for the period ended June 30, 2019.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification - Certain prior year amounts have been reclassified to conform to the June 30, 2019 presentation. Such reclassifications had no impact on the consolidated statement of activities or net assets.

Note 2

Concentrations of Credit Risk

The Coalition maintains cash balances in a bank. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2019 and 2018, the uninsured portion of this balance was \$598,495 and \$266,533, respectively.

Note 3 - continued

Significant Concentrations

The Coalition receives grants from the Healthy Start MomCare Network, representing approximately 27% of total income, State of Florida's Department of Health, representing approximately 24% of total income, and the Ounce of Prevention Fund of Florida/Healthy Families Florida, representing approximately 22% of total income. It is reasonably possible that in the near term these sources could reduce or cease funding which would cause a severe impact on the Coalition and its ability to continue its operations. In the event these entities discontinue funding the program, the Coalition would have a difficult time achieving current program goals.

Note 4

Funding of Operations

One of the Coalition's primary sources of funding is a contract with the Florida Department of Health to conduct local maternal and child health planning activities and to allocate and administer funds for subcontracted Healthy Start direct services. The term of the contract was July 1, 2018 through June 30, 2019. The contract allows the Coalition to expend up to \$177,818 of the contract for Coalition operations, \$84,902 for Coordinated Intake & Referral Services, \$21,784 for implementation of a local Fetal and Infant Mortality Review (FIMR) project and up to 10% of the total contract award for indirect/administrative costs. The balance of the contract, \$324,625, is allocated to various organizations in Flagler and Volusia counties to provide subcontracted Healthy Start services. Another of the Coalition's primary sources of funding is a contract with the Ounce of Prevention Fund of Florida/Healthy Families Florida. Payments are made monthly on a reimbursement basis for reasonable costs incurred, provided that the items are contained in the approved contract budget. A match of 25% of funds expended is required through cash or in-kind contributions provided by the Coalition and its subrecipients. This match was met in 2019 and 2018.

Note 5

Payments Due From Grants and Contracts

As of June 30, 2019 and 2018 payments due from grants and contracts was composed of:

	2019	2018
Healthy Start MomCare Network	\$ 228,207	\$ 364,510
Department of Health	202,320	122,744
County of Volusia (CFAB)	64,179	15,393
Ounce of Prevention – Healthy Families	52,538	51,792
The House Next Door, Inc.	16,561	8,100
West Volusia Hospital Authority	12,584	20,895
Community Partnership for Children	10,699	10,747
LSF Health Services LLC	10,019	18,018
Department of Children and Families	1,650	-
Children’s Home Society	239	-
FAHSC - MIECHV	-	3,389
Stewart-Marchman-Act Behavioral	-	302,856
Total	\$ 598,996	\$ 918,444

Note 6

Property and equipment

As of June 30, 2019 and 2018 property and equipment consisted of:

	2019	2018
Equipment	\$ 37,561	\$ 33,328
Land	123,000	123,000
Building and improvements	393,556	393,556
Total property and equipment	554,117	549,884
Less: accumulated depreciation	107,332	92,956
Total	\$ 446,785	\$ 456,928

Property and equipment that is purchased with grant money is with donor restrictions, see Notes 10 and 11. The assets are released from restriction as their useful lives are diminished. The depreciation expense for the years ended June 30, 2019 and 2018 was \$14,376 (\$12,826 is expensed under occupancy expenses) and \$13,821 (\$12,271 is expensed under occupancy expenses), respectively. The amount released from restriction for equipment with donor restrictions for the years ended June 30, 2019 and 2018 was \$1,550 and \$1,550, respectively.

Note 7

Note Payable – Line of Credit

At June 30, 2019 and 2018 the Coalition's revolving line of credit provides for borrowings up to \$250,000. The interest was payable at the Prime Rate, as established from time to time by BB&T Bank, plus 1.5%. The rate as of June 30, 2019 was 6.25%. The short-term borrowing amount outstanding under this credit facility was \$-0- at June 30, 2019 and 2018. This line of credit is secured by substantially all of the Coalition's business assets.

Mortgages Payable

At June 30, 2019 and 2018, \$246,715 and \$270,263, respectively, was outstanding under a mortgage payable with BB&T Bank, payable in monthly installments of \$3,004 including interest at 4.75% and principal, with a maturity date of October 5, 2027. The mortgage was collateralized by the real property at 109 Executive Circle, Daytona Beach, FL including a subordination of rents received.

	2019	2018
Mortgages payable	\$ 221,829	\$ 246,529
Plus: current portion	24,886	23,734
Total	\$ 246,715	\$ 270,263

Note 7 - continued

Maturities of long-term debt for years subsequent to June 30, 2019:

Year Ending June 30,	Amount
2020	\$ 24,886
2021	26,094
2022	27,361
2023	28,690
2024	30,082
Thereafter	109,602
Total	\$ 246,715

Note 8

Commitments

As of June 30, 2019 the Coalition has lease agreements for the rental of office equipment, which expire in April 2022. Minimum rental expense, on an annual basis, is as follows:

Year Ending June 30,	Amount
2020	\$ 8,472
2021	8,472
2022	7,060
2023	-
Thereafter	-
Total	\$ 24,004

Repair and maintenance expense, which includes equipment rental, for the years ended June 30, 2019 and 2018 was \$16,835 and \$8,751, respectively.

Note 9

Liquidity and availability of resources

The Coalition's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2019	2018
Cash and cash equivalents	\$ 869,354	\$ 603,546
Grants/contracts receivable	598,996	761,036
Accounts receivable	1,976	1,356
Total financial assets available within one year	1,470,326	1,365,938
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	1,053,763	986,458
Amounts unavailable to management without Board's approval:		
Board designated for working capital	143,000	143,000
Total financial assets available for management for general expenditures within one year	\$ 273,563	\$ 236,480

Liquidity Management

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures and liabilities become due.

Note 10

Net assets with donor restrictions

Net assets with donor restrictions as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Healthy Start MomCare Network	\$ 922,509	\$ 775,129
West Volusia Hospital Authority	40,055	66,857
Hunter Foundation	25,000	25,000
Volusia County-CFAB	20,111	9,299
House Next Door	17,092	28,380
Participant Assistance	15,548	25,746
Lutheran Services Florida	8,493	45,307
Equipment restricted by grants	3,142	4,692
Other programs	1,742	60
Safe Sleep	71	2,592
United Way	-	3,396
Total	\$ 1,053,763	\$ 986,458

Note 11

Net assets released from restrictions

A summary of net assets released from donor restrictions by incurring expenses to satisfy either the donors' purpose or time restriction at June 30, 2019 and 2018 are as follows:

	2019	2018
Healthy Start MomCare Network	\$ 605,252	\$ 409,917
West Volusia Hospital Authority	66,857	62,290
Lutheran Services Florida	45,307	22,059
House Next Door	28,380	16,355
Participant Assistance	25,746	-
Volusia County-CFAB	9,299	1,042
United Way	3,396	-
Safe Sleep	2,592	9,505
Equipment restricted by grants	1,550	1,550
Other programs	60	1,667
FAHSC - MIECHV	-	13,975
Total	\$ 788,439	\$ 538,360

COMPLIANCE SECTION



**Schedule of Expenditures of Federal Awards
for the year ended June 30, 2019**

<u>Federal, pass-through entity, Federal program/State project</u>	<u>CFDA number</u>	<u>Contract or pass through number</u>	<u>Federal Expenditures</u>	<u>Match Funds Provided by the State of Florida</u>	<u>Transfers to Subrecipients</u>
U.S. Department of Health & Human Services					
Indirect programs:					
Passed through the Healthy Start MomCare Network					
Medical Assistance Program*	93.778	MED165	315,255	214,665	287,853
	93.778	FPO76-11	45,877	29,455	-
			<u>361,132</u>	<u>244,120</u>	<u>287,853</u>
Passed through the State of Florida Department of Health Maternal and Child Health Services Block Grant to the States					
	93.994	COSCG	83,224	591,176	353,804
Passed through Healthy Families Florida Promoting Safe and Stable Families					
	93.556	HF 15-20-24	31,185	10,395	-
Temporary Assistance to Needy Families					
	93.558	HF 15-20-24	200,528	351,892	4,433
Passed through Lutheran Services Florida Block Grant for the Prevention and Treatment of Substance Abuse					
	93.959	LS046	103,722	66,808	-
Total expenditures of Federal Awards			\$ 779,791	\$ 1,264,391	\$ 646,090

* Designates major program

Note 1

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Healthy Start Coalition of Flagler and Volusia Counties, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Healthy Start Coalition of Flagler and Volusia Counties, Inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of Healthy Start Coalition of Flagler and Volusia Counties, Inc.

Note 2

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3

Indirect Cost Rate

Healthy Start Coalition of Flagler and Volusia Counties, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Summary of Auditors' Results:

1. The Independent Auditors' Report expresses an unmodified opinion on whether the consolidated financial statements of Healthy Start Coalition of Flagler & Volusia Counties, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the Independent Auditors' Report on the Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of Healthy Start Coalition of Flagler & Volusia Counties, Inc. were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards program are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance.
5. The Independent Auditors' Report on Compliance for the Major Federal Award Program for Healthy Start Coalition of Flagler and Volusia Counties, Inc., expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2CFR section 200.516(a) are reported in this schedule.
7. The program tested as a major program was: Medical Assistance Program CFDA# 93.778.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Healthy Start Coalition of Flagler & Volusia Counties, Inc. was determined to be a low-risk auditee.

Schedule of Findings and Questioned Costs - continued
for the year ended June 30, 2019

Findings related to the financial statements which are required to be reported in accordance with *Governmental Auditing Standards*:

None

Findings and questioned costs for major federal programs:

None

Summary schedule of primary audit findings: There were no audit findings for the year ended June 30, 2018, relative to federal awards programs requiring action on part of the auditee for that fiscal year.

Corrective Action Plan: There was no corrective action plan necessary for the year ended June 30, 2018, since there were no audit findings in the auditors' report for that fiscal year.

W CLARK & ASSOCIATES, LLC

Certified Public Accountants
1901 Mason Avenue – Suite 107
Daytona Beach, Florida 32117

INDEPENDENT AUDITORS' 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 Start Coalition of Flagler
And Volusia Counties, Inc.

We have audited, 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 the consolidated financial statements of Healthy Start Coalition of Flagler and Volusia Counties, Inc. (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2019 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Healthy Start Coalition of Flagler and Volusia Counties, 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 on the effectiveness of Healthy Start Coalition of Flagler and Volusia Counties, 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 Start Coalition of Flagler and Volusia Counties, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



W Clark & Associates, LLC
Daytona Beach, Florida
December 10,2019

W CLARK & ASSOCIATES, LLC

Certified Public Accountants
1901 Mason Avenue – Suite 107
Daytona Beach, Florida 32117

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Healthy Start Coalition of Flagler
And Volusia Counties, Inc.

Report on Compliance for Each Major Federal Program

We have audited Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s major federal programs for the year ended June 30, 2019. Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Healthy Start Coalition of Flagler and Volusia Counties, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Healthy Start Coalition of Flagler and Volusia Counties, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

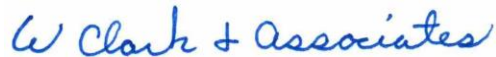
Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



W Clark & Associates, LLC
Daytona Beach, Florida
December 10, 2019