

HEALTHY START COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.

June 30, 2020 and 2019



TABLE OF CONTENTS

Management’s Discussion and Analysis	Page i
Independent Auditors’ Report	Page 1
Financial Statements	Page 4
Consolidated Statement of Financial Position	Page 5
Consolidated Statement of Activities	Page 6
Consolidated Statement of Functional Expenses	Page 7
Consolidated Statement of Cash Flows	Page 8
Notes to Consolidated Financial Statements	Page 9
Compliance Section	Page 17
Schedule of Expenditures of Federal Awards	Page 18
Notes to Schedule of Expenditures of Federal Awards	Page 19
Schedule of Findings and Questioned Costs	Page 20
Independent Auditors’ Report in Accordance with Governmental Auditing Standards	Page 22
Independent Auditors’ Report in Accordance with the Uniform Guidance	Page 24

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, 2020. 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 each Healthy Start Coalition is 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.

While each Coalition is unique, we adhere to the overall priorities of Maternal and Child Health within the mission of public health. As such, we conduct a thorough Needs Assessment and develop a five-year Service Delivery Plan in alignment with the State Health Improvement Plan (SHIP). As such, our Healthy Start Coalition has aligned with the number one priority in the Florida Department of Health's Plan – Health Equity.

Financial Highlights

Key financial highlights for the 2019-2020 fiscal year are as follows:

At June 30, 2020, the Coalition's Net assets were \$1,372,946, which represents a minimal decrease of \$20,865 for the fiscal year ended June 30, 2019. Total support and revenue was \$2,833,029 and total expenses were \$2,853,894. Of expenses, 9.7%, or \$277,246 were for administrative costs. The service billing under the Administrative Service Organization Healthy Start MomCare Network (HSMCN) under contract with the Agency for Health Care Administration (AHCA) revenue from Medicaid services increased by \$34,050 from 2019.



During the 2019-2020 Fiscal Year, our agency was able to continue leveraging additional resources beyond those legislated specifically for Healthy Start from the Florida Department of Health and the Agency for Health Care Administration's Medicaid Program through Healthy Start's Administrative Services Organization – The Healthy Start Mom Care Network. Additional funds leveraged for the 2019-2020 fiscal year totaled \$1,282,174. This leveraged amount represents funding contracts for services from multiple local and state funding sources. These include the following: Ounce of Prevention Fund of Florida/Healthy Families Florida; 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, and the House Next Door. 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 2019-2020 Fiscal Year was the fourth year of our Florida Department of Health approved five-year Service Delivery Plan. Each year, however, we are required to conduct an Annual Update, which adds, deletes, or modifies strategies or objectives to align with new conditions that impact the needs of families in our unique service area. Toward the end of the 2019-2020 fiscal year, COVID-19 presented new challenges which required that our staff adapt to new processes to accommodate service delivery. Some of these challenges are reflected in our data and allocations contained in this analysis. We were able to be nimble in our approaches to new situations and made the budget adjustments necessary to utilize available resources to best meet the needs of our agency and the families we serve.

Healthy Start Prenatal and Infant Screening Rates

Annually, we set our standards high for the rates of pregnant women and infants to be screened in our two-county service area of Volusia and Flagler Counties. Our goal for the percentage of women to be screened prenatally in Volusia County was 78% and the achieved rate was 81.49%. Our goal for the percentage of women consenting to the prenatal screen was 90%, and our achieved percentage for 2019-2020 in Volusia County was 93.91%. The percentage of women who were eligible for services and consented to participate in the Healthy Start program was 97.68%, which exceeded the goal of 96% and was a slight increase from the previous fiscal year. For infant screening in Volusia County, the goal for 2019-2020 was 84% and the actual rate for the fiscal year was 94.90% for birth centers in the two-county service area.

In Flagler County, the goal for the prenatal screening rate was 78% and the actual rate was 74.84%. The goal for screening consent rate was 90% and the actual rate was 91.72%. The percentage of eligible participants referred was 98.95%.

Healthy Start Coordinated Intake and Referral

During 2019-2020, the system of care for front end services continued to evolve to accommodate a “Coordinated Intake and Referral” model, where all referrals and screens of women consenting to services are triaged in a centralized location and initial services are coordinated in that process. This has continued to challenge our workforce to become more efficient and streamline activities to reach a high volume of families and link them to available services in our community based on identified needs.

There were a total of 7,978 clients served through Coordinated Intake and Referral and Healthy Start home visiting services through funding from the Florida Department of Health and the Healthy Start MomCare Network.

Medicaid Eligible pregnant women and babies

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. As the program has evolved, we consider this function as an integral part of Coordinated Intake and Referral. Women referred as SOBRA through Medicaid are provided an Initial Intake to determine the need for additional services within the community’s capacity, to include Healthy Start Programs and Services. During the 2019-2020 Fiscal Year, Coordinated Intake and Referral served 3,877 pregnant women and infants.

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 Families Florida Program. Participation in the program requires a 25% match from the local community. During the 2019-2020 Fiscal Year, 121 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 and after program completion.



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 852 women and infants in the 2019-2020 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 2019-2020, we also continued our partnership 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. Our Family Place sites served 849 individuals in the 2019-2020 Fiscal Year.

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 promote building protective factors and improving our systems of care for the benefit of all. Several funding sources support this effort including the United Way's Women United 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.



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 2019-2020 we served a total of 460 people in these service categories. This includes We Time Parenting, Family Café Dialogues, and Parent Partner mentoring and advocacy.

Intensive Case Management

In response to the increasing number of pregnant women and parents of infants/young children with a substance use disorder, we subcontracted with Lutheran Services of Florida to provide intensive case management, peer services, and aftercare support for women identified with substance use disorders. This program provided intensive services for 71 families during the 2019-2020 fiscal year. Unfortunately, this program was unable to sustain itself in a unit billing model and we made the difficult decision after three years to discontinue services and stop taking on new families while transitioning remaining families to equivalent services in the area.

Other Highlights

In 2019-2020, 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 2019-2020, a total of 112 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 14 (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 2019-2020 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 2019-2020 Fiscal Year. In addition, our contracted provider conducted 80 community presentations on topics that impact infant mortality. The unfortunate advent of the COVID 19 pandemic resulted in the core functions of this contract being unable to continue. Effective May 1, 2020 this program was concluded.

Health Equity

As a major health improvement strategy of the Florida Department of Health, our local Coalition has reviewed best practice strategies and coordinated with stakeholders to determine how to improve health equity in maternal and child health. A major strategy has been to review community-level data to focus efforts where we see the return on investment can be increased through place-based work. During this last fiscal year, we worked with residents, city and county government, public health, public housing, private contributors, and academic institutions to utilize a collective impact model aimed at reducing low birth weight, increasing health access, and increasing family engagement in the midtown Daytona Beach area. We were able to leverage resources for a Community Health Nurse who will begin delivering services in the new fiscal year.

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 with substance use disorder and their infants. 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.

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, 2020, 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, 2020, 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 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those statements in our report dated December 10, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 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 8, 2020, 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 8, 2020

Page 3

FINANCIAL STATEMENTS



Consolidated Statement of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 705,853	\$ 869,354
Grants/contracts receivable	667,627	473,582
Accounts receivable	865	1,976
Prepaid expenses	2,808	30,399
Total current assets	1,377,153	1,375,311
Property and equipment, net	439,709	446,785
HSMCN Medicaid holdback	110,719	125,414
Other assets	3,964	4,325
Total assets	\$ 1,931,545	\$ 1,951,835
Liabilities		
Current liabilities		
Due to subcontractors	\$ 193,349	\$ 121,033
Accounts payable	31,763	76,296
Other current liabilities	1,172	8,990
Accrued wages	53,233	49,237
Accrued compensated absences	57,044	55,753
Current portion of mortgage payable	24,677	24,886
Total current liabilities	361,238	336,195
Mortgage payable	197,361	221,829
Total liabilities	558,599	558,024
Net Assets		
Without donor restrictions:		
Undesignated	190,456	197,048
Board designated for working capital	143,000	143,000
With donor restrictions	1,039,490	1,053,763
Total net assets	1,372,946	1,393,811
Total liabilities and net assets	\$ 1,931,545	\$ 1,951,835

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

Consolidated Statement of Activities
For the year ended June 30, 2020 and 2019

	2020			2019	
	Without Donor Restrictions	With Donor Restrictions	Total	Total	
Support and Revenue					
Support					
Community Partnership for Children	\$ 128,951	\$ -	\$ 128,951	\$	128,784
Department of Health	674,400	-	674,400		674,400
Healthy Families Florida	609,000	-	609,000		609,000
Healthy Start MomCare Network	-	786,682	786,682		752,632
House Next Door	96,919	1,637	98,556		96,354
In-kind support	34,783	-	34,783		66,219
LSF Health Systems	96,785	-	96,785		133,715
United Way	-	-	-		50,004
Volusia County	165,315	18,536	183,851		174,806
West Volusia Hospital Authority	123,645	23,196	146,841		132,699
Other programs	13,775	4,415	18,190		8,500
Total support	1,943,573	834,466	2,778,039		2,827,113
Revenue					
Contributions	10,391	22,718	33,109		41,946
Interest earned	407	-	407		126
Miscellaneous	-	-	-		(2,969)
Operations - Other	19,474	-	19,474		15,586
Training	2,000	-	2,000		7,692
Total revenue	32,272	22,718	54,990		62,381
Release from restrictions	871,457	(871,457)	-		-
Total support and revenue	\$ 2,847,302	\$ (14,273)	\$ 2,833,029	\$	2,889,494
Expenses					
Program expenses					
Healthy Start	\$ 1,439,597	\$ -	\$ 1,439,597	\$	1,371,945
Healthy Families	647,585	-	647,585		644,144
Outreach and Family Engagement	489,466	-	489,466		546,267
Total program expenses	2,576,648	-	2,576,648		2,562,356
Support expenses					
General and administrative	277,246	-	277,246		268,820
Total support expenses	277,246	-	277,246		268,820
Total expenses	2,853,894	-	2,853,894		2,831,176
Change in net assets	(6,592)	(14,273)	(20,865)		58,318
Net assets, beginning of period	340,048	1,053,763	1,393,811		1,335,493
Net assets, end of period	\$ 333,456	\$ 1,039,490	\$ 1,372,946	\$	1,393,811

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, 2020 and 2019

	2020				2019		
	Program Expenses			Total Program	Support Expenses		Total
	Healthy Start	Healthy Families	Outreach and Engagement		General & Administrative	Total	
Salaries and benefits	\$ 591,195	\$ 478,234	\$ 300,172	\$ 1,369,601	\$ 187,333	\$ 1,556,934	\$ 1,744,267
Payroll taxes	38,202	29,225	19,631	87,058	12,571	99,629	112,200
Total salaries and related expenses	629,397	507,459	319,803	1,456,659	199,904	1,656,563	1,856,467
Amortization	-	-	-	-	361	361	361
Bank fees	11	34	5	50	707	757	128
Client direct support	23,775	-	12,933	36,708	-	36,708	57,924
Sub-contract service payments	626,756	-	91,312	718,068	-	718,068	715,327
Sub-contract services - in-kind	-	-	-	-	-	-	32,319
Depreciation - equipment	689	585	167	1,441	648	2,089	1,550
IT maintenance, support and software	20,202	14,593	4,646	39,441	11,294	50,735	55,500
Insurance	7,949	9,458	4,566	21,973	4,189	26,162	28,358
Meetings and training	1,421	1,758	1,020	4,199	4,002	8,201	20,813
Membership and subscriptions	6,707	1,626	528	8,861	4,802	13,663	14,977
Miscellaneous	-	-	-	-	6,148	6,148	4,788
Miscellaneous - in-kind	50	430	511	991	1,125	2,116	18,702
Occupancy expenses	38,762	24,834	11,935	75,531	6,963	82,494	71,870
Office supplies and equipment	8,960	9,027	3,138	21,125	2,975	24,100	51,689
Participant education materials	2,777	17,615	1,449	21,841	-	21,841	25,302
Participant support-in-kind	3,730	4,684	7,305	15,719	-	15,719	-
Printing	3,069	2,746	1,994	7,809	2,459	10,268	11,457
Professional fees	25,650	20,534	5,650	51,834	11,385	63,219	66,600
Professional fees - in-kind	-	4,008	-	4,008	7,000	11,008	5,250
Promotional projects/products	2,965	-	254	3,219	500	3,719	6,712
Rent - in-kind	(1,136)	-	969	(167)	6,107	5,940	9,948
Repair and maintenance	4,118	1,362	4,045	9,525	915	10,440	16,836
Special programs	12,274	-	-	12,274	-	12,274	23,374
Telephone and utilities	16,058	13,447	10,597	40,102	4,625	44,727	43,569
Travel and transportation	5,413	13,385	6,639	25,437	1,137	26,574	45,648
Total expenses	\$ 1,439,597	\$ 647,585	\$ 489,466	\$ 2,576,648	\$ 277,246	\$ 2,853,894	\$ 3,185,469

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, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ (20,865)	\$ 58,318
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	15,021	14,376
Amortization	361	361
Decrease (increase) in certain assets:		
Due from grants/contracts	(194,045)	287,454
Accounts receivable	1,111	(620)
Prepaid expenses	27,591	(10,688)
HSMCN holdback	14,695	31,994
Other assets	-	(1,439)
Increase (decrease) in certain liabilities:		
Due to subcontractors	72,316	(201,047)
Accounts payable	(44,533)	79,746
Accrued expenses	5,287	27,609
Other current liabilities	(7,818)	7,525
Deferred revenue	-	-
Net cash provided by (used in) operating activities	(130,879)	293,589
Cash flows from investing activities		
Purchase of property and equipment	(7,945)	(4,233)
Net cash used in investing activities	(7,945)	(4,233)
Cash flows from financing activities		
Principal payments on mortgage payable and line of credit	(24,677)	(23,548)
Net cash used in financing activities	(24,677)	(23,548)
Net increase(decrease) in cash and cash equivalents	(163,501)	265,808
Cash and cash equivalents, beginning of period	869,354	603,546
Cash and cash equivalents, end of period	\$ 705,853	\$ 869,354
Supplementary disclosure of cash flow Information		
Cash paid during the year for interest	\$ 11,373	\$ 12,503

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

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. 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, 2020 and 2019 are valued at \$34,783 and \$66,219, respectively. Also during the years ended June 30, 2020 and 2019, a substantial number of volunteers provided services, these services are valued at \$15,030 and \$7,320, 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, 2020.

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, 2020.

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, 2017.

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 8, 2020 the date of the Coalition’s audit report for the period ended June 30, 2020.

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, 2020 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, 2020 and 2019, the uninsured portion of this balance was \$346,761 and \$598,495, respectively.

Note 3 - continued

Significant Concentrations

The Coalition receives grants from the Healthy Start MomCare Network, representing approximately 28% 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, 2019 through June 30, 2020. The contract allows the Coalition to expend up to \$177,818 of the contract for Coalition operations, \$84,902 for Coordinated Intake & Referral Services, \$19,606 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, \$324,635, 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 2020 and 2019.

Note 5

Payments Due From Grants and Contracts

As of June 30, 2020 and 2019 payments due from grants and contracts was composed of:

	2020	2019
Healthy Start MomCare Network	\$ 364,092	\$ 228,207
Children's Home Society	166,424	239
Department of Health	111,777	202,320
Ounce of Prevention – Healthy Families	64,640	52,538
County of Volusia (CFAB)	30,752	64,179
The House Next Door, Inc.	17,606	16,561
West Volusia Hospital Authority	12,308	12,584
Community Partnership for Children	10,747	10,699
LSF Health Services LLC	-	10,019
Department of Children and Families	-	1,650
Total	\$ 778,346	\$ 598,996

Note 6

Property and equipment

As of June 30, 2020 and 2019 property and equipment consisted of:

	2020	2019
Equipment	\$ 42,181	\$ 37,561
Land	123,000	123,000
Building and improvements	396,881	393,556
Total property and equipment	562,062	554,117
Less: accumulated depreciation	122,353	107,332
Total	\$ 439,709	\$ 446,785

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, 2020 and 2019 was \$15,021 (\$12,932 is expensed under occupancy expenses) and \$14,376 (\$12,826 is expensed under occupancy expenses), respectively. The amount released from restriction for equipment with donor restrictions for the years ended June 30, 2020 and 2019 was \$1,550 and \$1,550, respectively.

Note 7

Note Payable – Line of Credit

At June 30, 2020 and 2019 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, 2020 was 4.75%. The short-term borrowing amount outstanding under this credit facility was \$-0- at June 30, 2020 and 2019. This line of credit is secured by substantially all of the Coalition’s business assets.

Mortgages Payable

At June 30, 2020 and 2019, \$222,038 and \$246,715, 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.

	2020	2019
Mortgages payable	\$ 197,361	\$ 221,829
Plus: current portion	24,677	24,886
Total	\$ 222,038	\$ 246,715

Note 7 - continued

Maturities of long-term debt for years subsequent to June 30, 2020:

Year Ending June 30,	Amount
2021	\$ 24,677
2022	27,361
2023	28,690
2024	30,082
2025	31,544
Thereafter	79,684
Total	\$ 222,038

Note 8

Commitments

As of June 30, 2020 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
2021	\$ 8,472
2022	7,060
2023	-
Thereafter	-
Total	\$ 15,532

Repair and maintenance expense, which includes equipment rental, for the years ended June 30, 2020 and 2019 was \$10,440 and \$16,835, 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:

	2020	2019
Cash and cash equivalents	\$ 705,853	\$ 869,354
Grants/contracts receivable	778,346	598,996
Accounts receivable	865	1,976
Total financial assets available within one year	1,485,064	1,470,326
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	1,039,490	1,053,763
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	\$ 302,574	\$ 273,563

Liquidity Management

The Coalition 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, 2020 and 2019 consist of the following:

	2020	2019
Healthy Start MomCare Network	\$ 937,730	\$ 922,509
Participant Assistance	27,383	15,548
Hunter Foundation	25,000	25,000
West Volusia Hospital Authority	23,196	40,055
Volusia County-CFAB	18,536	20,111
Other programs	4,416	1,742
House Next Door	1,637	17,092
Equipment restricted by grants	1,592	3,142
Lutheran Services Florida	-	8,493
Safe Sleep	-	71
Total	\$ 1,039,490	\$ 1,053,763

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, 2020 and 2019 are as follows:

	2020	2019
Healthy Start MomCare Network	\$ 771,460	\$ 605,252
West Volusia Hospital Authority	40,055	66,857
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
Other programs	1,742	60
Equipment restricted by grants	1,550	1,550
Safe Sleep	71	2,592
United Way	-	3,396
Total	\$ 876,122	\$ 788,439

Note 12

Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. The ultimate extent of the impact of COVID-19 on the financial performance of the Coalition will depend on future developments, including the duration and spread of COVID-19, and the overall economy, all of which are highly uncertain and cannot be predicted. If future pledges, donations, volunteer in-kind services, financial markets, and/or the overall economy are impacted for an extended period, the Coalition's operating results may be materially and adversely affected.

COMPLIANCE SECTION



**Schedule of Expenditures of Federal Awards
for the year ended June 30, 2020**

<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	FP076-11	471,362	300,098	265,513
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	353,191
Passed through Healthy Families Florida					
Promoting Safe and Stable Families					
	93.556	HF 15-20-24	31,973	10,657	-
Temporary Assistance to Needy Families					
	93.558	HF 15-20-24	205,592	360,778	-
Passed through Lutheran Services Florida					
Block Grant for the Prevention and Treatment of Substance Abuse					
	93.959	LS046	49,451	55,827	-
Total expenditures of Federal Awards			\$ 841,602	\$ 1,318,536	\$ 618,704

* 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, 2020. 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, 2020

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, 2019, 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, 2019, 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, 2020 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 8, 2020.

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 8, 2020

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, 2020. 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, 2020.

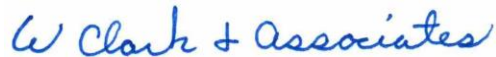
Report on Internal Control Over Compliance

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 8, 2020