

HEALTHY START COALITION OF FLAGLER AND VOLUSIA COUNTIES, INC.

June 30, 2021 and 2020



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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 and programmatic performance during the fiscal year ending June 30, 2021. 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

In 1991, the Florida Legislature launched the Florida Healthy Start Initiative (s.282.2161, F.S.) to improve the health and wellbeing of Florida's pregnant women, infants, and young children. The Healthy Start Coalition of Flagler and Volusia Counties, Inc. is one of 32 coalitions across Florida that was formed under this legislative authority. This landmark legislation sought to ensure that all babies born in the state of Florida are given the opportunity to have a healthy start in life. The primary objectives of the Healthy Start initiative are to reduce infant mortality and morbidity, to improve pregnancy outcomes, and to enhance the health and development of children from birth to age three. The key components of the statute mandated:

- Universal screening of pregnant women and newborn infants to identify those at risk of poor birth, health and developmental outcomes;
- Increased access to comprehensive, risk-appropriate maternity and well-childcare and support services;
- State-wide implementation of community-based care coordination systems;
- Expansion of Medicaid funding and expanded eligibility for pregnant women; and
- Formation of local coalitions to spearhead system change through public-private partnerships at the community level and leverage additional resources. The statute ultimately vested these coalitions with the authority to allocate state and federal dollars to purchase and oversee services for families in their communities.

The wisdom of Florida's legislators has contributed to supporting healthy pregnancies for millions of women and saving the lives of thousands of babies over the past three decades.

Financial Highlights

The Coalition is fortunate to be very stable financially and to have increased net assets as well as net cash and cash equivalents over the 2020-21 fiscal year. In addition, total expenses were stable. This is particularly impressive given the COVID-19 pandemic and the impacts it has had on all aspects of operations.

Key financial highlights for the 2020-2021 fiscal year are:



MANAGEMENT'S DISCUSSION AND ANALYSIS

At June 30, 2021, the Coalition's Net assets were \$1,475,975, which represents an increase of \$103,029 or just over 7.5% over net assets one year ago (June 30, 2020). Total support and revenue was \$2,951,299 and total expenses were \$2,848,270. Of expenses, 9.02%, or \$256,788 were for administrative costs.

Medicaid service billing conducted through the Healthy Start MomCare Network (HSMN) Administrative Service Organization increased significantly and associated revenue from the Medicaid services paid via contract with the Agency for Health Care Administration (AHCA) increased by \$214,230 from 2020. This represents a 27% increase over 2020 Medicaid revenues.

During the 2020-2021 Fiscal Year, the Coalition was able to continue leveraging additional resources beyond those legislated specifically for Healthy Start from the Florida Department of Health and the AHCA's Medicaid Program through Healthy Start's Administrative Services Organization – The Healthy Start Mom Care Network. Additional funds leveraged for the 2020-2021 fiscal year totaled \$1,278,797. 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; the West Volusia Hospital Authority (Hospital Taxing District); the County of Volusia through the Volusia-Flagler Community Coalition for the Homeless; Community Partnership for Children as well as contributions and fundraising. These revenues provided valuable gap funding for our most vulnerable families and have enabled the Coalition to develop a more coordinated and integrated system of care.

The COVID Challenge

Throughout the 2020-2021 fiscal year, the COVID-19 pandemic posed a monumental challenge to the Coalition and the communities we serve. The pandemic has marked an unprecedented period of adversity and change which had the potential to disrupt virtually all aspects of the organization's operations. The Coalition's staff and our partners successfully navigated remote work operations, adopted new processes, and continuously adapted to successfully deliver and in some cases increase services throughout the year.

The Coalition is very proud of the fact that our staff rose to the occasion and displayed tremendous flexibility, creativity, and tenacity to continue to get the job done and successfully navigate through the pandemic. Staff successfully transitioned to providing homevisits, care coordination, application support and connection to care, as well as demonstrations and parenting programs virtually while still meeting the needs of pregnant women and families with young children.



It is also worth mentioning that the Healthy Start Coalition of Flagler and Volusia Counties never discontinued opportunities for families to directly engage with staff, set appointments, and receive services. IT staff completed the herculean task of transitioning virtually the entire workforce to remote access, office locations were retrofitted with plexiglass and other safety barriers, and staff rapidly learned how to efficiently utilize various technology tools and virtual supports. In addition, the organization actually expanded direct housing assistance and added nursing services as a new program in Summer and Fall of 2020. Finally, and perhaps the most important indicator of accomplishment, the Coalition's programs and subcontracts remained on track to meet outcome objectives and provide as many or more services to vulnerable families in the 2020-21 fiscal year, despite all the challenges that COVID presented.

The Coalition continues to be nimble in our approaches to the everchanging pandemic situation and continues to make budgetary and programmatic adjustments necessary to effectively utilize available resources and meet the needs of the families we serve.

Program Highlights

Across the total Healthy Start system 7,569 pregnant women, babies and families were screened and/or received services during the 2020-21 fiscal year.

Healthy Start Prenatal and Infant Screening Rates

Across Florida, initial identification of risks is accomplished through standardized screening of the mother while pregnant and of the baby immediately after birth. Florida law mandates that physicians offer these screenings to all patients and Healthy Start Coalitions are charged with coordinating the screens and ensuring that vulnerable pregnant women and infants are connected to care.

The Coalition sets high standards and goals for prenatal and infant screening in 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 84.69%. Our goal for the percentage of women consenting to the prenatal screen was 97% or better, and our achieved percentage for 2020-2021 in Volusia County was 94.38%. For infant screening in Volusia County, the goal for 2020-2021 was 90% and the actual rate for the fiscal year was 95.19%.

In Flagler County, the prenatal screening rate goal was 78% and the achieved rate was 75.75%. Although this rate was below the goal it represents an increase over 2019-2020. The goal for screening consent rate was 90% and the actual rate was 92.52%.



Healthy Start CONNECT System (Coordinated Intake and Referral)

During 2020-2021, the CONNECT Coordinated Intake and Referral System continued to provide efficient and streamlined access to services for pregnant women and families with young children. CONNECT provides a one-stop entry point for needed services including but not limited to: universal screening, education on childbirth, newborn care, parenting, child development, food and nutrition, mental health, and financial self-sufficiency. Families can also access home visiting, connection to breastfeeding education and support, child development education and support, family planning education as well as wraparound services such as transportation, emergency shelter, food, and other basic needs.

There was a total of 4,066 clients served through CONNECT Coordinated Intake and Referral and Healthy Start services through funding from the Florida Department of Health and the Healthy Start MomCare Network.

Care Coordination for Pregnant Women and Babies

Healthy Start Care Coordination is a free, voluntary, home visiting program that delivers education, care coordination services, and ongoing support to pregnant women and families with children under the age of three who are experiencing challenges that might negatively impact a healthy birth or other personal health outcomes. Healthy Start services are designed to support families in reducing the factors and situations that place pregnant women and infants in jeopardy for poor outcomes. All women referred 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 2020-2021 Fiscal Year, Care Coordination served 448 pregnant women and infants and provided more than 2,700 services.

Fetal Infant Mortality Review (FIMR) Initiative

The Fetal Infant Mortality Review (FIMR) approach was developed by the American College of Obstetrics and Gynecology (ACOG) and includes an abstraction of information from birth, death, medical, hospital, autopsy, and social service records. All information is "de-identified" to ensure that the focus is on systemic strengths, challenges, and recommendations and not on individual providers. FIMR activities include both case review and a Community Action Group.



The Case Review Team (CRT) is comprised of a multidisciplinary team of professionals who volunteer their time and expertise to the FIMR case review process. These members are representative of the public and private sector and include physicians, nurses, midwives, public health officials, law enforcement, academic institutions, clinical staff from various health and human services fields, and hospital administration. FIMR CRT members review, discuss and make recommendations regarding actions that could be taken in Volusia and Flagler counties to promote healthy pregnancies, educate the community, advocate for policy change, engage partners and work toward prevention of future infant deaths.

During the 2020-2021 fiscal year the Case Review Team met 9 times and reviewed a total of 28 cases. Although the FIMR program is not adequately funded, the benefits of working with stakeholders in the community to systemically prevent infant death and fetal loss is a core purpose of the Coalition.

The FIMR Community Action Group (CAG) takes the recommendations and data provided by the FIMR CRT in order to translate what has been learned into actionable steps intended to reduce the incidence of infant mortality and fetal loss, inform and improve the system of care, and better support our providers and families. During the 2020-2021 fiscal year, health equity was an area of focus for the Community Action Group. The work of this group helped the Healthy Start Coalition of Flagler & Volusia Counties explore neighborhood-level issues associated with social determinants of health and engage new partners in aiming to improve maternal and child health outcomes.

Additional Local Programs and Initiatives:

The purpose established for Healthy Start Coalitions by the state of Florida is a noble one and as an organization the Healthy Start Coalition is proud to serve Flagler and Volusia Counties. At the same time, the Coalition's leadership and Board of Directors recognized early in the organization's lifespan that the limited funds provided through the state of Florida cannot sustain all the programming needed to truly impact birth and maternal health outcomes. As a result, The Healthy Start Coalition of Flagler & Volusia Counties continuously looks for additional funding that supports the mission of the organization and can help positively impact the lives of vulnerable pregnant women, infants, and families with young children. The programs outlined below are representative of the additional services that have been built out by the Coalition to complement and supplement the state funded core activities.

Healthy Families

Healthy Families is a nationally accredited family support and coaching program that helps parents provide the safe and stable environments children need for healthy growth and development. Parents voluntarily participate in services provided in their homes. Highly trained support workers help them improve their parenting skills and achieve goals that increase family stability and self-sufficiency.



Healthy Families Volusia Flagler works with new and expecting families to help their family grow healthy, happy, and safe. Families engaged in the Healthy Families program learn about healthy child development and the most current positive parenting practices through parent coaching and support from skilled Parent Educators. In 2020-2021, the local Healthy Families Volusia/Flagler team served 126 families and provided over 1300 home visits. The program also achieved strong impacts for families by exceeding all expected outcomes:

- 95% of target children were up to date with immunizations at 24 months of age
- 95% of children were also up to date with well-child visits at 24 months of age
- 95% of mothers enrolled in the project didn't have a subsequent pregnancy within two years of their target child's birth
- 95% of children in families served were free from abuse during services and one year following program completion

All these impacts are well above the Healthy Families Florida state goals.

Healthy Families is funded through the Ounce of Prevention Fund of Florida's Healthy Families Florida Program and requires a 25% match from the local community.

Neonatal Outreach and Women's Intervention Services

There are pregnant women and infants born in Volusia and Flagler counties who are experiencing complex and difficult circumstances. These women may be in situations of substance use, homelessness, domestic violence, unemployment, mental illness, or other challenges. Often these women and babies are experiencing multiple stressors and potential avenues of risk. To respond to the needs of these woman and babies, the Healthy Start Coalition has worked with community stakeholders to leverage resources from the County of Volusia and the West Volusia Hospital Taxing Authority to serve these vulnerable populations, since the funding we receive from the Florida Department of Health and the Agency for Health Care Administration (AHCA) for Healthy Start 'core' services does not designate services for these vulnerable populations. Thanks to the County and WVHA's generosity, the Coalition was able to create Women's Intervention Specialist and Neonatal Outreach Specialist positions. These staff work with high-risk referrals on a time-limited basis to support women and families toward a healthy birth and better stability. Often the cases engaged by the Women's Intervention Specialists and Neonatal Outreach Specialists require coordination across multiple service organizations and collaboration of support for the women and babies engaged. In 2020-2021, Neonatal Outreach and Women's Intervention Specialists assisted 755 women and infants.



Nursing Homevisiting & Community Nursing Services

In 2020, the Healthy Start Coalition was fortunate to implement nurse homevisiting and community health nursing services through Child Abuse Prevention and Treatment Act (CAPTA) funding, private philanthropic support, and partnership with the Community Partnership for Children as well as the Department of Health in Volusia County. The nurses conduct assessments, link to family planning and other healthcare services, make referrals to provide breastfeeding support and WIC, connect families to smoking cessation programs, as well as provide referrals and follow up visits with women and families who reside in targeted communities or are part of specific vulnerable populations. In 2020-21, the nursing services program assisted 47 families.

Family Place

The Family Place promotes health equity, social equality, positive parenting, and family leadership by connecting pregnant women and families with young children to needed health and community services. On a limited basis tangible supports such as transportation, food, diapers, and other critically needed supports are provided. A core purpose of the Family Place is to provide direct avenues and mechanisms by which individuals and families in need can be successfully connected to health supports such as Medicaid, Supplemental Nutritional Assistance for Women Infants and Children (WIC), Temporary Assistance to Needy Families (TANF), and other basic needs assistance as well as housing support and vouchers. Family Place served 353 individuals in the 2020-2021 Fiscal Year.

Family Engagement Advisory Board & Parent Partner Initiative

Healthy Start operates on a foundational tenet that individuals and families must be engaged in driving improvement to their personal and community health. We must effectively engage and listen to women and families on what issues are important to them and affecting their health. Healthy Start recognizes women and families as leaders and drivers of not just their own health but that of our community's health and future prosperity.

Family Engagement has been identified as a core value of our service delivery and cannot be accomplished without a consistent process designed for hearing the family voice. With funds leveraged from the Community Partnership for Children, this group is regularly convened with parents acting in leadership roles to train and advise the child welfare system about family needs, trauma, family case planning challenges, and ways to engage families who are struggling in the system. Policy recommendations and potential system improvements are presented by this group.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The Parent Partner Initiative helps to bring parents out of isolation and connect them with positive supports. Parent Partners are appointed to child welfare cases/families and provide a mentor to assist families with navigating through the child welfare system. This program gives hope to families that they can successfully reunify with their children or supports them as they courageously make a deliberate decision to surrender their rights and help their children find a permanent home. The science of early childhood development is the common ground for this program and seeks to give babies the best chance at growing up with stable and loving caregivers.

Parents of families that are engaged within the child welfare system are provided with support and resources to assist them with family reunification and long-term stability and success.

Other Highlights

There are multiple services and systems that intersect in maternal and child health in Flagler and Volusia County service areas. The Healthy Start Coalition is a convener of partners where focused collaboration is needed to achieve desired results. We also participate in initiatives in our community that address the well-being of families through health and human services, academic support, and workforce development. In 2020-2021, the Coalition convened multiple committees and task force groups that supported our mission in various capacities. These committees include the Finance and Audit Committee, Service Delivery Planning Committee, External Affairs Committee, Home Visiting Advisory Board, Substance Exposed Newborn Task Force, and the Family Engagement Advisory Board. During Fiscal Year 2020-2021, 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 16 (two additional Board members are ex-officio Department of Health Administrators per Florida legislation).

Health Equity

The Florida Department of Health has designated improving health equity as the number one priority of the state Health Plan. Our Healthy Start Coalition has aligned with the Department of Health to focus on improving health equity and reducing racial disparities across indicators as a critical priority. This priority underpins all our programs and initiatives. Every indicator we track is also monitored for racial and ethnic inequities and our ongoing health equity initiative within the Coalition will continue to drive specific actions and targeted programming to advocate for and support health equity. The development of community health nurse positions is one example of this.

As an organization, the Coalition is aware that structural racism exists and impacts the care and support that vulnerable pregnant women and families receive. The Coalition will continue to work internally and with our community partners to improve our efforts and impacts with respect to racial justice and health.



Substance Exposed Newborn Task Force

Like many areas of Florida and the country, Volusia and Flagler counties continue to experience significant increases in the number of women utilizing controlled substances during their pregnancy and a sharp rise in babies exposed to drugs in utero who often require extended Neonatal Intensive Care Unit (NICU) stays. At the same time, women with Substance Use Disorder (SUD) and those on opioid management often have few resources for services and our community is challenged with ways to coordinate services for all the women who come into our system. As a result, HSCFV took the lead in convening key stakeholders to address the needs of pregnant women and mothers with SUD as well as babies suffering from Neonatal Abstinence Syndrome (NAS).

Members of this Substance Exposed Newborn Taskforce meet quarterly and include the Department of Children and Families, Children's Medical Services, Early Steps, AdventHealth, SMA Behavioral Healthcare, Community Partnership for Children, Halifax Health Neonatal Intensive Care Unit, University of Florida, private OB/GYN's, Pathfinders, Children's Home Society, Healthy Communities, Chrysalis Recovery, 7th Judicial Circuit, Healthy Start providers, and parent consumers. 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, 2021, 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, 2021, 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 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those statements in our report dated December 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 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 14, 2021, 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 14, 2021

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FINANCIAL STATEMENTS



Consolidated Statement of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 762,356	\$ 705,853
Grants/contracts receivable	455,994	667,627
Accounts receivable	1,800	865
Prepaid expenses	39,779	2,808
Total current assets	1,259,929	1,377,153
Property and equipment, net	439,975	439,709
HSMCN Medicaid holdback	135,879	110,719
Other assets	3,603	3,964
Total assets	\$ 1,839,386	\$ 1,931,545
Liabilities		
Current liabilities		
Due to subcontractors	\$ 37,425	\$ 193,349
Accounts payable	38,177	31,763
Other current liabilities	859	1,172
Accrued wages	57,235	53,233
Accrued compensated absences	33,600	57,044
Current portion of mortgage payable	27,361	24,677
Total current liabilities	194,657	361,238
Mortgage payable	168,754	197,361
Total liabilities	363,411	558,599
Net Assets		
Without donor restrictions:		
Undesignated	206,735	190,456
Board designated for working capital	143,000	143,000
With donor restrictions	1,126,240	1,039,490
Total net assets	1,475,975	1,372,946
Total liabilities and net assets	\$ 1,839,386	\$ 1,931,545

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

Consolidated Statement of Activities
For the year ended June 30, 2021 and 2020

	2021			2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total	
Support and Revenue					
Support					
Community Partnership for Children	\$ 323,966	\$ -	\$ 323,966	\$	128,951
Department of Health	671,590	-	671,590		674,400
Healthy Families Florida	601,107	5,341	606,448		609,000
Healthy Start MomCare Network	8,528	992,384	1,000,912		786,682
House Next Door	21,463	11,054	32,517		98,556
In-kind support	29,838	-	29,838		34,783
LSF Health Systems	-	-	-		96,785
Volusia County	29,693	25,405	55,098		183,851
West Volusia Hospital Authority	100,971	5,545	106,516		146,841
Other programs	59,552	15,346	74,898		18,190
Total support	1,846,708	1,055,075	2,901,783		2,778,039
Revenue					
Contributions	8,298	32,750	41,048		33,109
Fundraising	7,024	-	7,024		-
Interest earned	-	-	-		407
Operations - Other	1,444	-	1,444		19,474
Training	-	-	-		2,000
Total revenue	16,766	32,750	49,516		54,990
Release from restrictions	1,001,075	(1,001,075)	-		-
Total support and revenue	\$ 2,864,549	\$ 86,750	\$ 2,951,299	\$	2,833,029
Expenses					
Program expenses					
Healthy Start	\$ 1,608,987	\$ -	\$ 1,608,987	\$	1,439,597
Healthy Families	594,775	-	594,775		647,585
Outreach and Family Engagement	382,969	-	382,969		489,466
Total program expenses	2,586,731	-	2,586,731		2,576,648
Support expenses					
General and administrative	256,788	-	256,788		277,246
Fundraising	4,751	-	4,751		-
Total support expenses	261,539	-	261,539		277,246
Total expenses	2,848,270	-	2,848,270		2,853,894
Change in net assets	16,279	86,750	103,029		(20,865)
Net assets, beginning of period	333,456	1,039,490	1,372,946		1,393,811
Net assets, end of period	\$ 349,735	\$ 1,126,240	\$ 1,475,975	\$	1,372,946

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, 2021 and 2020

	2021				2020			
	Program Expenses			Total Program	Support Expenses		Total	
	Healthy Start	Healthy Families	Outreach and Engagement		General & Administrative	Fundraising		
Salaries and benefits	\$ 605,329	\$ 453,301	\$ 250,460	\$ 1,309,090	\$ 190,441	\$ -	\$ 1,499,531	\$ 1,556,934
Payroll taxes	41,625	28,180	16,972	86,777	12,887	-	99,664	99,629
Total salaries and related expenses	646,954	481,481	267,432	1,395,867	203,328	-	1,599,195	1,656,563
Amortization	-	-	-	-	361	-	361	361
Bank fees	18	25	6	49	848	-	897	757
Client direct support	51,221	7,558	12,654	71,433	22	-	71,455	36,708
Sub-contract service payments	759,777	-	48,179	807,956	-	-	807,956	718,068
Depreciation - equipment	562	787	187	1,536	337	-	1,873	2,089
IT maintenance, support and software	16,580	18,384	6,252	41,216	5,188	-	46,404	50,735
Insurance	7,992	9,510	4,166	21,668	3,696	-	25,364	26,162
Meetings and training	1,511	2,317	1,248	5,076	975	-	6,051	8,201
Membership and subscriptions	6,827	837	633	8,297	4,770	1,218	14,285	13,663
Miscellaneous	12	277	-	289	8,020	3,413	11,722	6,148
Miscellaneous - in-kind	1,024	1,312	320	2,656	544	-	3,200	2,116
Occupancy expenses	35,707	19,247	3,226	58,180	5,807	-	63,987	82,494
Office supplies and equipment	8,583	6,866	1,572	17,021	1,619	120	18,760	24,100
Participant education materials	3,754	2,595	3,217	9,566	-	-	9,566	21,841
Participant support-in-kind	4,956	2,383	2,003	9,342	-	-	9,342	15,719
Printing	2,035	1,452	837	4,324	872	-	5,196	10,268
Professional fees	21,525	22,787	7,197	51,509	8,408	-	59,917	63,219
Professional fees - in-kind	-	-	-	-	7,150	-	7,150	11,008
Promotional projects/products	909	40	136	1,085	20	-	1,105	3,719
Rent - in-kind	-	1,147	9,000	10,147	-	-	10,147	5,940
Repair and maintenance	3,817	2,100	3,853	9,770	663	-	10,433	10,440
Special programs	14,188	-	-	14,188	-	-	14,188	12,274
Telephone and utilities	19,482	12,276	9,143	40,901	4,038	-	44,939	44,727
Travel and transportation	1,553	1,394	1,708	4,655	122	-	4,777	26,574
Total expenses	\$ 1,608,987	\$ 594,775	\$ 382,969	\$ 2,586,731	\$ 256,788	\$ 4,751	\$ 2,848,270	\$ 2,853,894

Consolidated Statement of Cash Flows
For the year ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 103,029	\$ (20,865)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	13,789	15,021
Amortization	361	361
Decrease (increase) in certain assets:		
Due from grants/contracts	211,633	(194,045)
Accounts receivable	(935)	1,111
Prepaid expenses	(36,971)	27,591
HSMCN holdback	(25,160)	14,695
Increase (decrease) in certain liabilities:		
Due to subcontractors	(155,924)	72,316
Accounts payable	6,414	(44,533)
Accrued expenses	(19,442)	5,287
Other current liabilities	(313)	(7,818)
Net cash provided by (used in) operating activities	96,481	(130,879)
Cash flows from investing activities		
Purchase of property and equipment	(14,055)	(7,945)
Net cash used in investing activities	(14,055)	(7,945)
Cash flows from financing activities		
Principal payments on mortgage payable and line of credit	(25,923)	(24,677)
Net cash used in financing activities	(25,923)	(24,677)
Net increase(decrease) in cash and cash equivalents	56,503	(163,501)
Cash and cash equivalents, beginning of period	705,853	869,354
Cash and cash equivalents, end of period	\$ 762,356	\$ 705,853
Supplementary disclosure of cash flow Information		
Cash paid during the year for interest	\$ 10,127	\$ 11,373

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 noncurrent 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 subcontracted services included in the financial statements for the years ended June 30, 2021 and 2020 are valued at \$29,838 and \$34,783, respectively. Also, during the years ended June 30, 2021 and 2020, a substantial number of volunteers provided services, these services are valued at \$1,380 and \$15,030, 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, 2021.

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, 2021.

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, 2018.

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

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 14, 2021 the date of the Coalition’s audit report for the period ended June 30, 2021.

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.

Note 1 - continued

Reclassification - Certain prior year amounts have been reclassified to conform to the June 30, 2021 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, 2021 and 2020, the uninsured portion of this balance was \$527,321 and \$346,761, respectively.

Note 3

Significant Concentrations

The Coalition receives grants from the Healthy Start MomCare Network, representing approximately 34% of total income, State of Florida's Department of Health, representing approximately 23% of total income, and the Ounce of Prevention Fund of Florida/Healthy Families Florida, representing approximately 21% 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, 2020 through June 30, 2021. The contract allows the Coalition to expend up to \$177,817 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 2021 and 2020.

Note 5

Payments Due From Grants and Contracts

As of June 30, 2021 and 2020 payments due from grants and contracts was composed of:

	2021	2020
Healthy Start MomCare Network	\$ 345,989	\$ 346,092
Department of Health	112,400	111,777
Ounce of Prevention – Healthy Families	55,576	64,640
Children’s Home Society	41,440	166,424
Community Partnership for Children	24,056	10,747
West Volusia Hospital Authority	10,703	12,308
Volusia.Flagler Coalitions for the Homeless	1,709	-
County of Volusia (CFAB)	-	30,752
The House Next Door, Inc.	-	17,606
Total	\$ 591,873	\$ 778,346

Note 6

Property and equipment

As of June 30, 2021 and 2020 property and equipment consisted of:

	2021	2020
Equipment	\$ 56,237	\$ 42,181
Land	123,000	123,000
Building and improvements	396,881	396,881
Total property and equipment	576,118	562,062
Less: accumulated depreciation	136,143	122,353
Total	\$ 439,975	\$ 439,709

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, 2021 and 2020 was \$13,789 (\$11,915 is expensed under occupancy expenses) and \$ 15,021 (\$12,932 is expensed under occupancy expenses, respectively. The amount released from restriction for equipment with donor restrictions for the years ended June 30, 2021 and 2020 was \$1,537 and \$1,550, respectively.

Note 7

Note Payable – Line of Credit

At June 30, 2021 and 2020 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, 2021 was 4.75%. The short-term borrowing amount outstanding under this credit facility was \$-0- at June 30, 2021 and 2020. This line of credit is secured by substantially all of the Coalition’s business assets.

Mortgages Payable

At June 30, 2021 and 2020, \$196,115 and \$222,038, 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.

	2021	2020
Mortgages payable	\$ 168,754	\$ 197,361
Plus: current portion	27,361	24,677
Total	\$ 196,115	\$ 222,038

Note 7 - continued

Maturities of long-term debt for years subsequent to June 30, 2021:

Year Ending June 30,	Amount
2022	27,361
2023	28,690
2024	30,082
2025	31,544
2026	33,074
Thereafter	45,364
Total	\$ 196,115

Note 8

Commitments

As of June 30, 2021 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
2022	7,060
2023	-
Thereafter	-
Total	\$ 7,060

Repair and maintenance expense, which includes equipment rental, for the years ended June 30, 2021 and 2020 was \$10,138 and \$10,440, 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:

	2021	2020
Cash and cash equivalents	\$ 762,356	\$ 705,853
Grants/contracts receivable	591,873	778,346
Accounts receivable	1,800	865
Total financial assets available within one year	1,356,029	1,485,064
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	1,126,240	1,039,490
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	\$ 86,789	\$ 302,574

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, 2021 and 2020 consist of the following:

	2021	2020
Healthy Start MomCare Network	\$ 1,029,274	\$ 937,730
Participant Assistance	40,433	27,383
Volusia County-CFAB	25,405	18,536
House Next Door	11,054	1,637
Equipment restricted by grants	8,112	1,592
Other programs	6,417	4,416
West Volusia Hospital Authority	5,545	23,196
Hunter Foundation	-	25,000
Total	\$ 1,126,240	\$ 1,039,490

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, 2021 and 2020 are as follows:

	2021	2020
Healthy Start MomCare Network	\$ 899,435	\$ 771,460
Participant Assistance	27,383	15,548
Hunter Foundation	25,000	-
West Volusia Hospital Authority	23,196	40,055
Volusia County-CFAB	18,536	20,111
Other programs	4,351	1,742
House Next Door	1,637	17,092
Equipment restricted by grants	1,537	1,550
Lutheran Services Florida	-	8,493
Safe Sleep	-	71
Total	\$ 1,001,075	\$ 876,122

Note 12

Contingency 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, 2021**

Federal, pass-through entity, Federal program/State project	CFDA number	Contract or pass through number	Federal Expenditures	Match Funds Provided by the State of Florida	Transfers to Subrecipients
U.S. Department of Health & Human Services					
Indirect programs:					
Passed through the Healthy Start MomCare Network					
Medical Assistance Program*	93.778	FP076-11	555,652	353,716	400,221
Passed through the State of Florida Department of Health Maternal and Child Health Services					
Block Grant to the States	93.994	COSCG	66,540	605,050	347,808
Passed through Healthy Families Florida					
Mary Lee Allen Promoting Safe and Stable Families	93.556	HF 20-21-24	31,805	10,646	-
Temporary Assistance to Needy Families	93.558	HF 20-21-24	204,661	359,336	-
Passed through Community Partnership for Children					
Temporary Assistance to Needy Families	93.558	D12-19-HSC-FEP	24,338	-	-
Stephanie Tubbs Jones Child Welfare Services	93.645	D12-19-HSC-FEP	6,450	-	-
Foster Care Title IV-E	93.658	D12-19-HSC-FEP	24,485	-	-
Adoption Assistance	93.659	D12-19-HSC-FEP	2,960	-	-
Community Based Child Abuse Prevention Grants	93.590	D12-20-HSC-LJ003	79,899	-	-
Child Abuse and Neglect State Grant	93.669	D12-20-HSC-LJ003	99,874	-	-
Total expenditures of Federal Awards			\$ 1,096,664	\$ 1,328,748	\$ 748,029

* 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, 2021. 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, 2021

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, 2020, 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, 2020, 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, 2021 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 14, 2021.

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 14, 2021

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, 2021. 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, 2021.

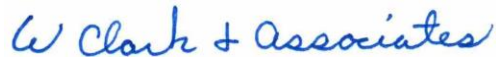
Report on Internal Control Over Compliance

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 14, 2021