

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)

FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

| | <u>PAGES</u> |
|---|--------------|
| Independent Auditors' Report | 1 - 2 |
| Financial Statements: | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Functional Expenses | 5 - 6 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8 - 12 |
| Compliance Section: | |
| 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 <i>Government Auditing Standards</i> | 13 - 14 |
| Independent Auditors' Report on Compliance for Its Major Program and on Internal Control Over Compliance Required by the Uniform Guidance | 15 - 16 |
| Schedule of Expenditures of Federal Awards | 17 |
| Notes to Schedule of Expenditures of Federal Awards | 18 |
| Schedule of Findings and Questioned Costs | 19 - 20 |

INDEPENDENT AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Broward Healthy Start Coalition, Inc.
Lauderdale Lakes, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Broward Healthy Start Coalition, Inc. (the Coalition), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Coalition as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 7, 2023 on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
December 7, 2023

FINANCIAL STATEMENTS

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

| <u>ASSETS</u> | <u>2023</u> | <u>2022</u> |
|---------------------------------------|---------------------|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 5,495,480 | \$ 4,915,972 |
| Grants and contracts receivable | <u>2,177,036</u> | <u>1,567,829</u> |
| Total current assets | <u>7,672,516</u> | <u>6,483,801</u> |
| Property and equipment, net | 19,197 | 34,835 |
| Right of use asset | 692,926 | 852,581 |
| HSMCN Medicaid holdback (Note 4) | 823,354 | 716,804 |
| Other assets | <u>11,942</u> | <u>8,089</u> |
| Total assets | <u>\$ 9,219,935</u> | <u>\$ 8,096,110</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 673,406 | \$ 678,420 |
| Lease liability - ST | <u>160,342</u> | <u>157,105</u> |
| Total current liabilities | 833,748 | 835,525 |
| Other liabilities: | | |
| HSMCN Medicaid holdback (Note 4) | 823,354 | 716,804 |
| Lease liability - LT | <u>559,148</u> | <u>719,490</u> |
| Total other liabilities | 1,382,502 | 1,436,294 |
| Total liabilities | <u>2,216,250</u> | <u>1,552,329</u> |
| Net assets: | | |
| Without donor restrictions | <u>7,003,685</u> | <u>5,824,291</u> |
| Total liabilities and net assets | <u>\$ 9,219,935</u> | <u>\$ 7,376,620</u> |

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

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|---------------------|---------------------|
| Support and revenue: | | |
| Contract revenue | \$ 11,216,829 | \$ 8,773,268 |
| Other income | <u>1,742</u> | <u>-</u> |
| Total support and revenue | <u>11,218,571</u> | <u>8,773,268</u> |
| Expenses: | | |
| Program services | 8,844,375 | 7,411,414 |
| General and administrative | <u>1,194,802</u> | <u>641,295</u> |
| Total Expenses | <u>10,039,177</u> | <u>8,052,709</u> |
| Change in net assets | 1,179,394 | 720,559 |
| Net assets without donor restrictions – beginning of the year | <u>5,824,291</u> | <u>5,103,732</u> |
| Net assets without donor restrictions – end of the year | <u>\$ 7,003,685</u> | <u>\$ 5,824,291</u> |

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

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Program Services | General and Administrative | Total |
|------------------------------------|-----------------------------|---------------------------------------|----------------------|
| Contract providers - service units | \$ 6,065,717 | \$ - | \$ 6,065,717 |
| Salaries | 1,546,318 | 662,708 | 2,209,025 |
| Payroll taxes and fringe benefits | 159,422 | 68,324 | 227,745 |
| Rent | 126,482 | 54,206 | 180,688 |
| Pension | 102,296 | 43,841 | 146,137 |
| Community support | 164,773 | 70,617 | 235,390 |
| Computer and technical support | - | 1,355 | 1,355 |
| Professional fees | 180,883 | 77,521 | 258,404 |
| Printing and reproduction | 22,915 | 9,821 | 32,735 |
| Equipment lease and rental | - | 2,594 | 2,594 |
| Office and bank charges | 37,538 | 16,088 | 53,625 |
| Telephone | 27,049 | 11,592 | 38,641 |
| Travel | 11,802 | 5,058 | 16,860 |
| Postage and development | 1,905 | 816 | 2,721 |
| Conference and meetings | 14,043 | 6,018 | 20,061 |
| Training and development | 56,918 | 24,394 | 81,312 |
| Insurance | 277,012 | 118,719 | 395,731 |
| Risk screening | 3,874 | 1,660 | 5,534 |
| Dues and subscriptions | 31,602 | 13,544 | 45,145 |
| Repairs and maintenance | - | - | - |
| Total expenses before depreciation | 8,830,545 | 1,188,875 | 10,019,420 |
| Depreciation | 13,830 | 5,927 | 19,757 |
| Total expenses | <u>\$ 8,844,375</u> | <u>\$ 1,194,802</u> | <u>\$ 10,039,177</u> |

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

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | <u>Program Services</u> | <u>General and Administrative</u> | <u>Total</u> |
|------------------------------------|-----------------------------|---------------------------------------|---------------------|
| Contract providers - service units | \$ 4,336,380 | \$ - | \$ 4,336,380 |
| Salaries | 1,860,815 | 477,615 | 2,338,430 |
| Payroll taxes and fringe benefits | 166,647 | 37,708 | 204,355 |
| Rent | 136,634 | 280 | 136,914 |
| Pension | 90,396 | 42,145 | 132,541 |
| Community support | 147,878 | 2,185 | 150,063 |
| Computer and technical support | 2,444 | 2,564 | 5,008 |
| Professional fees | 141,902 | 25,488 | 167,390 |
| Printing and reproduction | 36,455 | 2,429 | 38,884 |
| Equipment lease and rental | 1,922 | 4,659 | 6,581 |
| Office and bank charges | 26,412 | 17,080 | 43,492 |
| Telephone | 32,593 | - | 32,593 |
| Travel | 4,385 | 654 | 5,039 |
| Postage and development | 2,196 | - | 2,196 |
| Conference and meetings | 5,616 | 545 | 6,161 |
| Training and development | 21,202 | - | 21,202 |
| Insurance | 351,654 | 17,472 | 369,126 |
| Risk screening | 4,275 | 1,568 | 5,843 |
| Dues and subscriptions | 39,236 | 2,356 | 41,592 |
| Repairs and maintenance | - | 13 | 13 |
| Total expenses before depreciation | <u>7,409,042</u> | <u>634,761</u> | <u>8,043,803</u> |
| Depreciation | <u>2,372</u> | <u>6,534</u> | <u>8,906</u> |
| Total expenses | <u>\$ 7,411,414</u> | <u>\$ 641,295</u> | <u>\$ 8,052,709</u> |

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

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

| | 2023 | 2022 |
|---|--------------|--------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 1,179,394 | \$ 720,559 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities: | | |
| Depreciation | 19,757 | 8,906 |
| Change in operating assets and liabilities: | | |
| Increase in contract receivables | (609,207) | 413,823 |
| Increase in holdback | (106,550) | (48,701) |
| Increase (decrease) in prepaid expenses | (3,853) | 20,429 |
| Increase in operating lease assets and liabilities | 2,550 | 24,014 |
| Increase in accounts payable and accrued expenses | 101,536 | 140,158 |
| Net cash provided by operating activities | 583,627 | 1,279,188 |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | | |
| Net cash used in investing activities | (4,119) | (34,783) |
| Net increase in cash and cash equivalents | 579,508 | 1,244,405 |
| Cash and cash equivalents, beginning of year | 4,915,972 | 3,671,567 |
| Cash and cash equivalents, end of year | \$ 5,495,480 | \$ 4,915,972 |

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

NOTES TO FINANCIAL STATEMENTS

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1 – NATURE OF ACTIVITIES

Broward Healthy Start Coalition, Inc. (the Coalition) is a nonprofit organization whose mission is to support and promote the creation of community based prenatal and infant healthcare and to promote the health and well-being of all pregnant women and their children in Broward County, Florida. Community recipients may participate in the following major programs provided by the Coalition:

Healthy Start Program: Healthy Start is a state mandated program designed to decrease the risk of pregnancy complications and poor birth outcomes for all pregnant women and to decrease the risk of death and impairment in the health, intellect or functional ability of all infants.

MomCare Program: The Healthy Start (SOBRA) MomCare Program provides outreach services and prenatal care counseling by telephone to women who qualify for Medicaid because they are pregnant, and their household income is within 185% of the federal poverty level. The purpose of this program is to ensure early and regular prenatal care to help women have a healthy pregnancy and healthy baby. Each participant is linked with a Maternity Care Advisor who assists her in navigating the healthcare system and understanding her choices while she is pregnant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the Coalition's significant accounting policies and practices which effect the significant elements of the accompanying financial statements.

A. Basis of Accounting

The financial statements of the Coalition have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Using this method, revenues are recognized when earned and expenses are recognized when incurred.

B. Financial Statements Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 (as amended by ASU 2016-14, Not-For-Profit Entities) dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA) Audit and Accounting Guide for Not-For-Profit Organizations (the Guide).

Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Coalition. The Coalition's Board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Coalition's or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

All net assets consist of net assets without donor restrictions at June 30, 2023 and 2022.

C. Cash and Cash Equivalents and Credit Risk

The Coalition considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Coalition maintains cash balances in a bank. These balances are FDIC insured up to \$250,000. As of June 30, 2023 and 2022, the uninsured portion of these balances was \$2,665,300 and \$5,199,115, respectively. The Coalition routinely maintains balances exceeding federally insured amounts at a financial institution which management believes to be high quality.

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Grants and Contracts Receivable

The Coalition reports accounts receivable, due from grants/contract, and other receivables at the amount management expects to collect on balances outstanding at fiscal year-end. Management closely monitors outstanding balances and writes-off, as of fiscal year-end, all balances that are deemed uncollectible.

Management periodically reviews the contracts receivable balance and provides an allowance for amounts which may be uncollectible. At June 30, 2023 and 2022, management considered the contracts receivable to be fully collectible within the current accounting period and no allowance for doubtful accounts was considered necessary.

E. Contributions

Contributions and gifts received with no restrictions or specified use identified by the donor are included in revenue without donor restrictions in the statement of activities when notification is received. Contributions received with donor stipulations that limit the use of donated assets are reported as revenue with donor restrictions in the statement of activities when notification is received.

When donor restrictions expire or are fulfilled by actions of the Coalition, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the statement of activities as net assets released from restrictions.

F. Contract Revenue

Contract revenue is recognized when the allowable costs, as defined by the individual contract, are incurred. Amounts received but not yet earned, are reported as deferred revenue.

G. Income Taxes

The Coalition is a not-for-profit organization that is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

Management analyzes tax positions in jurisdictions where it is required to file income tax returns. Based on its evaluation, management did not identify any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly increase or decrease. Interest and penalties attributable to income taxes, if any, are included in operating expenses. No such interest or penalties were recorded for 2023 and 2022. The Coalition is no longer subject to income tax examinations for fiscal years prior to 2020.

H. HSMCN Medicaid Holdback

The Coalition's contract with the Healthy Start MomCare Network (HSMCN) allows for a holdback of 3%, 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 earned as non-current assets. Amounts received in advance related to the holdback are recorded as non-current liabilities.

I. Functional Expenses

Program and general and administrative services are charged with their direct expenses. Other expenses are allocated based on their proportionate share of total expenses.

J. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property and Equipment

Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long donated assets must be maintained, the Coalition reports expirations of donor restrictions when the donated or acquired assets are placed in service. Depreciation of property and equipment is calculated on the straight-line method over the following estimated useful lives:

| | |
|---------------------------------|------------|
| Office furniture and equipment | 3-10 years |
| Computer software and equipment | 5 years |
| Right of use asset | 6 years |

Maintenance and repairs to property and equipment are charged to expense when incurred. Additions or renewals are capitalized. When assets are retired or otherwise disposed of, the cost or donated value and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period.

L. New Accounting Standards

The Coalition adopted FASB Topic 842, Leases, using the modified retrospective approach with July 1, 2021 as the date of initial adoption. The Coalition elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Coalition to carry forward the historical lease classification. In addition, the Coalition elected the practical expedient to use hindsight in determining the lease term for existing leases, which resulted in shortening the lease terms for certain existing leases and the useful lives of corresponding leasehold improvements as certain options to renew were not reasonably certain.

The Coalition elected to adopt these ASUs effective July 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Coalition's statement of financial position and on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially unchanged. Adoption of the standard required the Coalition to restate amounts as of July 1, 2021, resulting in an increase in operating lease ROU of \$ 852,581, an increase in operating lease liabilities of \$876,595 and an increase in rent expense of \$24,014.

M. Subsequent Events

Management evaluated subsequent events from July 1, 2023 through December 7, 2023, the date the financial statements were available to be published.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor restrictions limiting their use, within one year of the balance sheet date at June 30, 2023 and 2022, comprise the following:

| | <u>2023</u> | <u>2022</u> |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 5,495,480 | \$ 4,915,972 |
| Accounts receivable | 2,177,036 | 1,567,829 |
| | <u>\$ 7,672,516</u> | <u>\$ 6,483,801</u> |

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3 – LIQUIDITY AND AVAILABILITY (CONTINUED)

The Coalition's goal is generally to manage its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures, liabilities and other obligations as they come due.

The \$7,672,516 and \$6,483,801 are available to be used for the operating expenses less \$814,775 and \$678,420 of outstanding current liabilities for fiscal year 2023 and fiscal year 2022, respectively.

NOTE 4 – CONTRACTS AND GRANTS RECEIVABLE

The Coalition receives financial assistance from federal and state governmental agencies in the form of grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and may be subject to audit by the grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Coalition to offset amounts which would otherwise be repayable based on audits.

Grants and contracts require that funding received in excess of expenditures be remitted to the grantor agency within a specified time frame. Certain of these agreements require the Coalition to identify such excess funding and submit a spending plan where the grantor, at its sole discretion, may approve an additional period of time to extend and earn such excess funding.

No unexpended contract funds were returned for the fiscal years ended June 30, 2023 and 2022.

The Coalition has a grant agreement with the DHHS State of Florida Agency for Healthcare Administration to receive funds via the SOBRA/Momcare and Medicaid Waiver programs. Per the terms of the agreement, Healthy Start MomCare Network (the Provider) withholds 3% of total earnings per month for potential paybacks, as a result of any Medicaid audit adjustments. The Provider will withhold the amounts for up to a five-year period, at which time any remaining amounts will be paid to the Coalition. The hold back funds are recognized as revenue in the period in which they are received.

A certain contract requires the funding agency to withhold 3% of the Coalition's gross earnings for a potential Medicaid payback situation for up to five years. As of June 30, 2023 and 2022, the Coalition recorded assets in the amounts of \$823,354 and \$716,804, respectively, and other liabilities in the amounts of \$823,354 and \$716,804, respectively, in the accompanying statements of financial position.

Under certain provisions of grants and contracts with governmental entities, property and equipment acquired with grant funding must be vested back to the grantor upon completion or termination of the related agreement.

NOTE 5 – LEASES

The Coalition leases office space under an operating lease with a seven (7) year initial term. Starting on December 2021, the Coalition amended the original lease agreement to include an expansion of the office premises year ending on October 31, 2027. The lease asset and liability were calculated utilizing the risk-free discount rate (0.6%), according to the Organization's elected policy. As of June 30, 2023, the balance of the right-of-use asset was \$692,926.

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 – LEASES (CONTINUED)

As of June 30, 2023, and 2022 the total remaining operating lease payments under a noncancelable operating lease, which pertain to the office space, is as follows:

| FS Note - Annual Debt Service - 2023 | | | | FS Note - Annual Debt Service - 2022 | | | |
|--------------------------------------|------------|----------|------------|--------------------------------------|------------|----------|------------|
| Year Ending September 30 | Principal | Interest | Payment | Year Ending September 30 | Principal | Interest | Payment |
| 2024 | \$ 160,342 | \$ 375 | \$ 160,717 | 2023 | \$ 157,105 | \$ 467 | \$ 157,572 |
| 2025 | 163,657 | 281 | 163,938 | 2024 | 160,342 | 375 | 160,717 |
| 2026 | 167,051 | 185 | 167,236 | 2025 | 163,657 | 281 | 163,938 |
| 2027 | 170,524 | 87 | 170,611 | 2026 | 167,051 | 185 | 167,236 |
| 2028 | 57,916 | 7 | 57,923 | 2027 | 170,524 | 87 | 170,611 |
| 2029 | - | - | - | 2028 | 57,916 | 7 | 57,923 |
| | \$ 719,490 | \$ 935 | \$ 720,425 | 2029 | - | - | - |
| | | | | | \$ 876,595 | \$ 1,402 | \$ 877,997 |

Total rent expense for the fiscal years ended June 30, 2023 and 2022 amounted to approximately \$178,138 and \$112,900, respectively.

NOTE 6 – SIGNIFICANT CONCENTRATIONS

The Coalition receives a substantial portion of its support from grants administered by the State of Florida Department of Health. Changes in governmental appropriations at the federal and/or state level could have a material adverse effect on the Coalition's ability to continue to provide its services.

NOTE 7 – DEFINED CONTRIBUTION PENSION PLAN

The Coalition maintains a 403(b)-retirement plan (the Plan) for the benefit of qualified employees. Those employees who have completed three months of service and have attained the age of 21 are eligible to participate and may contribute a portion of their compensation to the Plan. The Coalition may make discretionary non-elective profit-sharing contributions to the Plan under certain conditions. For the fiscal years ended June 30, 2023 and 2022, the Coalition made contributions of \$214,745 and \$132,541, respectively, to the Plan.

NOTE 8 – RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors are also employees of organizations with which the Coalition provided pass through grant funding. For the fiscal years ended June 30, 2023 and 2022, payments to these organizations totaled approximately \$1,889,283 and \$1,512,816 respectively. At June 30, 2023 and 2022, \$206,790 and \$167,562, respectively, related to such grants is included in accounts payable and accrued expenses in the accompanying statements of financial position.

NOTE 9 – LEGAL PROCEEDINGS

From time to time, the Coalition is subject to legal proceedings which arise in the ordinary course of its operations. Management believe that the final resolution of these matters will not have a material adverse effect on the Coalition's financial position, cash flows, or results of operations.

COMPLIANCE SECTION



**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
Broward Healthy Start Coalition, Inc.
Lauderdale Lakes, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Broward Healthy Start Coalition, Inc. (the Coalition), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Coalition's internal control over financial reporting (internal control) as a basis for designing 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 the Coalition's internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition'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 Coalition's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Coalition's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP
Miramar, Florida
December 7, 2023



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

To the Board of Directors of
Broward Healthy Start Coalition, Inc.
Lauderdale Lakes, Florida

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Broward Healthy Start Coalition, Inc.'s (the Coalition) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Coalition's major federal program for the fiscal year ended June 30, 2023. The Coalition's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Coalition and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Coalition's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Coalition's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Coalition's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Coalition's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Coalition's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Coalition's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Coalition's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Caballero Fierman Llerena & Garcia, LLP

Caballero Fierman Llerena & Garcia, LLP

Miramar, Florida

December 7, 2023

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| <u>Federal Grantor/Program or Cluster Title</u> | <u>Federal Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Total Federal Expenditures</u> |
|---|--|---|-----------------------------------|
| Medicaid Cluster - Cluster | | | |
| <i>Department of Health and Human Services</i> | | | |
| <i>Passed through State of Florida Department of Health</i> | | | |
| <i>Medical Assistance Program</i> | 93.778 | FP076-3 | \$ 6,789,635 |
| <i>Total Medicaid Cluster-Cluster</i> | | | 6,789,635 |
| Other Programs | | | |
| <i>Department of Health and Human Services</i> | | | |
| <i>Passed through State of Florida Department of Health</i> | | | |
| <i>Maternal and Child Health Services Block Grant to the States</i> | 93.994 | COSHE | 2,077,189 |
| <i>Total Department of Health and Human Services</i> | | | 2,077,189 |
| Total Expenditures of Federal Awards | | | \$ 8,866,824 |

The accompanying notes are an integral part of this schedule.

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Broward Healthy Start Coalition, Inc. (the Coalition) under programs of the federal government for the fiscal year ended June 30, 2023. The information in this schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the financial position, changes in financial position, or cashflows of the Coalition.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenses reported in the Schedule are reported on the accrual basis of accounting. Such expenses are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenses are not allowable or are limited as a reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

The Coalition has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

___ yes X no

Significant deficiencies identified?

___ yes X None reported

Non-compliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

___ yes X no

Significant deficiencies identified?

___ yes X None reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

___ yes X no

Identification of major federal programs:

Assistance Listing No.

Federal Awards Program or Cluster

93.994

Maternal and Child Health Services Block Grant to the States

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes ___ no

BROWARD HEALTHY START COALITION, INC.
(a nonprofit organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

None.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.