

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2023
(with comparable totals for 2022)**

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024, on our consideration of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control over financial reporting and compliance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of 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.

Report on Summarized Comparative Information

We have previously audited Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida

March 4, 2024

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

STATEMENT OF FINANCIAL POSITION

As of September 30, 2023

(with comparable totals for 2022)

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
Current assets:				
Cash and cash equivalents	\$ 91,154	\$ 258,170	\$ 349,324	\$ 803,213
Certificate of deposit	204,655	-	204,655	-
Investments	481,421	-	481,421	460,265
Grants and contributions receivable	739,008	27,750	766,758	381,190
Inventory	597,853	-	597,853	115,438
Prepaid expenses	31,413	-	31,413	110,662
Total current assets	2,145,504	285,920	2,431,424	1,870,768
Security deposits	97,368	-	97,368	14,960
Property and equipment, net	61,949	-	61,949	99,222
Right-of-use assets:				
Operating leases, net	26,173	-	26,173	-
Finance leases, net	34,122	-	34,122	-
Total assets	\$ 2,365,116	\$ 285,920	\$ 2,651,036	\$ 1,984,950
 LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 12,712	\$ -	\$ 12,712	\$ 18,691
Accrued compensated absences	121,108	-	121,108	110,570
Refundable advances	96,779	-	96,779	45,840
Lease obligations, current portion:				
Operating leases	13,150	-	13,150	-
Finance leases	9,409	-	9,409	-
Total current liabilities	253,158	-	253,158	175,101
Lease obligations:				
Finance leases	25,571	-	25,571	-
Total liabilities	278,729	-	278,729	175,101
Net assets:				
Without donor restrictions	2,086,387	-	2,086,387	1,539,020
With donor restrictions	-	285,920	285,920	270,829
Total net assets	2,086,387	285,920	2,372,307	1,809,849
Total liabilities and net assets	\$ 2,365,116	\$ 285,920	\$ 2,651,036	\$ 1,984,950

See accompanying notes to financial statements.

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

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

(with comparable totals for 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
Support and revenues:				
Children's Services Council grants	\$ 4,424,054	\$ -	\$ 4,424,054	\$ 4,110,273
Governmental grants	175,447	-	175,447	121,947
Foundation grants	42,711	466,611	509,322	539,029
United Way allocations	4,958	292,879	297,837	262,475
Contributions	163,797	-	163,797	140,635
Special events	127,448	-	127,448	112,198
Interest income	32,654	-	32,654	2,307
Realized and change in unrealized gain (loss) on investments	1,922	-	1,922	(1,925)
Other Income	1,145	-	1,145	16,565
In-kind contributions	765,138	-	765,138	28,353
Total support and revenues	<u>5,739,274</u>	<u>759,490</u>	<u>6,498,764</u>	<u>5,331,857</u>
Net assets released from restrictions	<u>744,399</u>	<u>(744,399)</u>	<u>-</u>	<u>-</u>
	<u>6,483,673</u>	<u>15,091</u>	<u>6,498,764</u>	<u>5,331,857</u>
Expenses:				
Program services	5,069,337	-	5,069,337	4,456,947
Supporting services:				
Management and general	668,394	-	668,394	581,641
Fundraising	198,575	-	198,575	193,848
Total expenses	<u>5,936,306</u>	<u>-</u>	<u>5,936,306</u>	<u>5,232,436</u>
Change in net assets	547,367	15,091	562,458	99,421
Net assets, beginning of year	<u>1,539,020</u>	<u>270,829</u>	<u>1,809,849</u>	<u>1,710,428</u>
Net assets, end of year	<u>\$ 2,086,387</u>	<u>\$ 285,920</u>	<u>\$ 2,372,307</u>	<u>\$ 1,809,849</u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2023

(with comparable totals for 2022)

	<u>2023</u> Totals	<u>2022</u> Totals
Cash flows from operating activities:		
Cash received from:		
Children's Services Council and governmental grants	\$ 4,215,433	\$ 4,530,516
Private gifts, grants and allocations	1,020,395	928,100
Special events	127,448	112,198
Cash paid to vendors and employees	(5,376,154)	(5,091,277)
Cash paid on operating leases	(157,806)	-
Interest income	32,654	2,307
Other income	1,145	16,565
Net cash provided by (used in) operating activities	<u>(136,885)</u>	<u>498,409</u>
Cash flows from investing activities:		
Increase in security deposits	(82,408)	-
Purchase of certificate of deposit	(204,655)	-
Purchase of investments	(19,234)	(1,985)
Purchase of property and equipment	<u>(3,220)</u>	<u>(12,338)</u>
Net cash used in investing activities	<u>(309,517)</u>	<u>(14,323)</u>
Cash flows from financing activities:		
Principal payments on lease obligations	<u>(7,487)</u>	-
Net cash used in financing activities	<u>(7,487)</u>	-
Net change in cash	(453,889)	484,086
Cash and cash equivalents, beginning of year	<u>803,213</u>	<u>319,127</u>
Cash and cash equivalents, end of year	<u><u>\$ 349,324</u></u>	<u><u>\$ 803,213</u></u>

See accompanying notes to financial statements.

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

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2023

(with comparable totals for 2022)

	<u>2023 Totals</u>	<u>2022 Totals</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 562,458	\$ 99,421
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	48,838	43,243
Lease expense	151,827	-
Realized and change in unrealized (gain) loss on investments	(1,922)	1,925
(Increase) decrease in certain assets:		
Grants and contributions receivable	(385,568)	298,296
Inventory	(482,415)	58,066
Prepaid expenses	66,991	6,865
Increase (decrease) in certain liabilities:		
Accounts payable	(5,979)	3,081
Accrued compensated absences	10,538	1,551
Refundable advances	50,939	(14,039)
Operating lease obligations	<u>(152,592)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (136,885)</u>	<u>\$ 498,409</u>

Supplemental information of noncash investing and financing activities:

During 2023, the Organization incurred debt of \$178,000 in the form of an operating lease for the right-of-use of its office space. The Organization also incurred debt of \$42,467 in the form of financing leases for the right-of-use of office equipment.

See accompanying notes to financial statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2023

(with comparable totals for 2022)

	Program Services	Supporting Services		2023 Totals	2022 Totals
		Management and General	Fundraising		
Salaries	\$ 2,884,379	\$ 435,811	\$ 100,451	\$ 3,420,641	\$ 3,185,013
Payroll taxes	216,208	32,141	6,820	255,169	240,616
Employee benefits	735,221	74,849	15,611	825,681	773,168
Total salaries and related benefits	3,835,808	542,801	122,882	4,501,491	4,198,797
Board meetings	-	-	-	-	610
Building maintenance	9,047	618	-	9,665	14,679
Communications	61,884	3,457	-	65,341	66,160
Conferences	9,537	310	-	9,847	21,091
Depreciation	9,326	39,512	-	48,838	43,243
Direct fundraising costs	-	5,483	32,182	37,665	19,798
Dues and subscriptions	10,678	2,463	2,245	15,386	13,981
Equipment maintenance	-	224	-	224	7,483
F.O.C.E.P	14,598	-	-	14,598	13,139
Insurance	43,306	3,817	-	47,123	39,083
Lease expense - offices	178,748	7,267	-	186,015	205,184
Marketing	320	3,742	-	4,062	3,391
Meals and lodging	8,557	3,370	-	11,927	7,193
Miscellaneous	18,501	12,765	2,229	33,495	21,749
Office supplies	45,415	3,322	148	48,885	44,450
Postage	10,873	1,155	-	12,028	11,194
Printing and stationary	31,214	387	-	31,601	22,287
Professional fees	170,243	34,102	38,889	243,234	158,060
Program supplies	489,950	191	-	490,141	266,963
Specific assistance to individuals	54,555	-	-	54,555	10,094
Staff development and training	20,379	1,553	-	21,932	14,353
Transportation	6,969	289	-	7,258	5,526
Travel	27,206	936	-	28,142	13,031
Utilities	12,223	630	-	12,853	10,897
Total expenses	<u>\$ 5,069,337</u>	<u>\$ 668,394</u>	<u>\$ 198,575</u>	<u>\$ 5,936,306</u>	<u>\$ 5,232,436</u>

See accompanying notes to financial statements.

For the Year Ended September 30, 2023

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

Organization

Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. (the "Organization") is a Florida not-for-profit corporation organized on January 28, 1986. The Organization was established to nurture healthy births and families by meeting the physical, emotional, economic and social challenges of pregnancy and infant wellness. The Organization, through the support of public, private, and voluntary organizations, ensures the implementation and sustainability of increased program visibility and development efforts in order to provide prenatal care support and education programs for pregnant women, teens and families in Palm Beach County. Some of the programs offered by the Organization include:

The Organization is the *Prenatal Entry Agency* for the Children's Services Council of Palm Beach County's Healthy Beginnings system of care. Through prenatal screening, assessment and linkage to services, the Organization supports clients in need of prenatal care access, health care navigation, medical payment source and other intensive social service needs to improve their birth outcome.

CenteringPregnancy[®] is a unique, evidence-based model of client-centered group prenatal care that provides health assessment, education, and social support. Eight to 12 women with similar gestational ages meet as a group, receiving dedicated time with a medical provider and health facilitator to learn care skills, develop a support network and ensure access to prenatal care built upon trusted relationships. The program continues to be one of the most effective models of prenatal care to reduce the rate of preterm and low weight babies, while nearly eliminating racial disparities in birth outcomes.

The *Basics4Babies Emergency Pantry for Infants* remained the only infant focused pantry in Palm Beach County, serving the needs of infants ages 0-12 months with formula and baby food, and children ages 0-3 years with diapers. The program provides distribution on-site in two brick and mortar locations and utilizes a mobile pantry each week to distribute infant essentials directly to local families who are challenged with transportation.

The *Caps & Cribs Teen Mom Mentoring Program* remains accredited through the National Quality Mentoring System by MENTOR, providing an evidence-based acknowledgment of the strong standards, safety and efficacy of the Caps & Cribs program. This program is a one-on-one mentor program that supports the educational, life, career, and parenting goals of teen mothers in Palm Beach County. Volunteer mentors are matched with pregnant or parenting teens in high schools and provide guidance, inspiration, and real-life experience in a trusting environment to empower teens to become independent, self-sufficient young mothers and to support the elimination of repeat pregnancies.

Circle of Moms, a maternal wellness program, is designed to support the one in five women who will experience mood and anxiety disorders before, during, and after pregnancy. Through peer-to-peer support groups, care coordination and training for health professionals, this program aims to bridge the gap in maternal mental health services in our community.

The Organization remains the only *Share Pregnancy & Infant Loss Support* Chapter in Palm Beach County, providing a resource for grieving parents and their loved ones who have experienced the tragic death of a baby through pregnancy loss, stillbirth, or in the first few months of life.

For the Year Ended September 30, 2023

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

Organization, continued

The Organization's free *Education Program* for pregnant and parenting families focused on topics like breastfeeding, newborn care, infant/child CPR, prenatal yoga, and healthy eating. The program is designed to offer critical education to parents and caregivers and workshops are taught by trained staff, as well as partner agencies throughout the community. Furthermore, a breastfeeding consultation program served lactation counseling needs of postpartum women.

Postpartum Care Coordination was recently added, which provides health care navigation and education on the fourth trimester to ensure postpartum women have a primary care provider and pediatric care established for their infant, as well as needed payor sources. Additionally, *Stronger Together*, a birthing and postpartum doula training and certification program for black women is focused on reducing maternal morbidity and mortality in women of color, while building a workforce of Black doulas in Palm Beach County.

Additional program support at the Organization is used to focus on program development and enhancements, quality assurance, fund development efforts, and other administrative needs to further the mission of the agency.

Financial Statement Presentation

The Organization has adopted FASB Accounting Standard Codification (FASB ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under the standard, the Organization is required to report information regarding its activities according to two classifications of net assets: net assets without donor restrictions and net assets with donor restrictions. The following paragraphs describe the two classes of net assets:

Net Assets Without Donor Restrictions: this classification includes those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions (except income and gains on assets that are restricted by donors or by law) are included in the net assets without donor restrictions class.

Net Assets With Donor Restrictions: this classification includes those net assets whose use by the Organization has been limited by donors to either later periods of time, or after specified dates, or for a specified purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

For the Year Ended September 30, 2023

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

Fair Value of Financial Instruments

The Organization follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs.

The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

Cash and Cash Equivalents: The carrying amount reported approximates fair value.

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

Grants and Contributions Receivable: The carrying amount approximates fair value due to the short-term of the receivables.

Accounts Payable and Accrued Compensated Absences: The carrying amount reported approximates fair value due to the short-term duration of the instruments.

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

The following methods and assumptions were used by the Organization in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under FASB ASC 820-10:

Investments: Valued at the closing price reported on the active market on which the individual securities are traded. All of the Organization's investments as of September 30, 2023 are considered to be Level 1 measurements.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methodologies used during the year ended September 30, 2023.

For the Year Ended September 30, 2023

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

Cash and Cash Equivalents

For purposes of statement of cash flows, the Organization considers its cash and cash equivalents to include only cash on hand, cash in checking accounts, and money market accounts.

Certificate of Deposit

The Organization holds a certificate of deposit, with a fixed maturity date of 13 months. The certificate of deposit has an interest rate of 4.75% and is primarily used for short-term liquidity management.

Investments

Investments of the Organization are stated at fair value based on quoted prices on a national stock exchange, with the resulting realized and change in unrealized gains and losses included in the statement of activities. Investments as of September 30, 2023 consist primarily of individual securities, mutual funds, and cash equivalents. Cash and cash equivalents accounts maintained by the Organization's investment portfolio are part of the Organization's long-term investment policy and are classified as investments.

Grants and Contributions Receivable

Grants receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

Unconditional promises to give are recognized as support in the period received. If outstanding contributions are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If outstanding contributions are to be paid to the Organization over a period of years, they are recorded at the present value of their estimated cash flows using an appropriate discount rate. There were no contributions receivable due beyond one year as of September 30, 2023.

Inventory

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

As of September 30, 2023, inventory consisted of approximately \$14,750 of purchased items and \$583,100 of donated items. The donated items included 23,742 cases of baby formula that were part of an unexpected contribution from a local food bank. To ensure proper management of its inventory, the Organization maintains procedures for tracking and accounting the formula items, including monitoring the expiration dates. If donated formula items reach their expiration date, they will be discarded, and a loss will be recognized in the period in which the expiration occurs.

For the Year Ended September 30, 2023

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

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Donations of property and equipment are recorded as support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets, ranging from 5 to 7 years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Compensated Absences

Full-time employees of the Organization accrue Paid Time Off (PTO) at varying rates depending upon the length of service. A maximum of 15 PTO days can be carried over from one year to the next year. However, in the event of a favorable termination of employment, the Organization's payment will not exceed 10 PTO days.

Refundable Advances

The Organization has reimbursement arrangements with various grantors whereby the Organization receives funds ahead of the expenditures. In accordance with the terms of these arrangements, any funds that are not spent within the contract period must be refunded to the grantors.

Contributions

In accordance with FASB ASC 958-605, *Revenue Recognition*, contributions received, including unconditional promises, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restriction that increase that net asset class. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Goods and Services

In accordance with FASB ASC 958-605, the Organization records the value of donated assets, such as materials and supplies and other non-cash donations that would typically need to be purchased if not provided by donation, at their estimated fair value at the date of donation. The total amount of donated assets received during the year ended September 30, 2023 amounted to \$765,138. Donated materials were valued based on the estimated price of identical or similar products if purchased in this area. This amount is recognized as revenue, under the caption of in-kind contributions in the statement of activities, as asset, under the caption of inventory in the statement of financial position, and expense, under the caption of program supplies in the statement of functional expenses.

For the Year Ended September 30, 2023

1. Business and Summary of Significant Accounting Policies, continued

Donated Goods and Services, continued

In addition, many volunteers provide services throughout the year that are not recognized as contributions in the financial statements, because the recognition criteria under FASB ASC 958-605 were not met. It is impracticable to determine the fair market value of all donated services by the volunteers of the Organization beyond those required to be recognized as income. However, a substantial number of volunteers donate significant amounts of their time in the Organization's program services and fundraising campaigns.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services are allocated based upon the relative time spent by employees of the Organization providing those services.

Advertising

Advertising costs are expensed when incurred and are included within marketing and public relations in the statement of functional expenses. The Organization did not incur any advertising costs during the year ended September 30, 2023.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and comparable state law as a charitable organization, whereby only unrelated business income, as defined by the Code Section 509(a)(1) is subject to federal income tax. The Organization currently has no unrelated business income and, accordingly, no provision for income taxes has been recorded.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances, and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. There are currently no open federal or state income tax years under audit.

Recently Adopted Accounting Pronouncements

As of October 1, 2022, the Organization adopted the provisions of FASB ASU No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaced existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. Under the new guidance, leases with terms of more than 12 months are required to be recognized in the statement of financial position as liabilities, with a corresponding "right-of-use" asset.

For the Year Ended September 30, 2023

1. Business and Summary of Significant Accounting Policies, continued

Recently Adopted Accounting Pronouncements, continued

The Organization also elected to adopt ASU No. 2018-11, *Leases (Topic 842) – Targeted Improvements*. ASU 2018-11 amends ASC 842 so that entities may elect not to recast their comparative periods in transition. The ASU allows entities to change their date of initial application to the beginning of the period of adoption. In doing so, entities would apply Accounting Standards Codification – *Leases (Topic 842)* in the comparative periods and provide disclosures required by ASC 840 for periods that continue to be presented in accordance with ASC 840.

Prior Year Comparable Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2022, from which the summarized information was derived. Certain 2022 amounts may have been reclassified to conform to 2023 classifications. Such reclassifications would have no effect on the change in net assets as previously reported.

2. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use comprise the following:

Cash and cash equivalents	\$ 349,324
Certificate of deposit	204,655
Investments	481,421
Grants and contributions receivable	<u>766,758</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 1,802,158</u>

The Organization is substantially supported by governmental grants and contributions without donor and with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

Some of the Organization's net assets with donor restrictions are available for general expenditure within one year of September 30, 2023 because the restrictions on the net assets are expected to be met by conducting the normal program activities of the Organization in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Additionally, the Organization forecasts its future cash flows and monitors liquidity on a monthly basis.

For the Year Ended September 30, 2023

3. Investments

Investments as of September 30, 2023 consist of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Gain/(Loss)</u>
Mutual funds – Cash equivalent	\$ 481,421	\$ 481,421	\$ -

4. Grants and Contributions Receivable

Grants and contributions receivable consist of shared costs, which are to be reimbursed, and an allocation of next fiscal year support. Grants and contributions receivable as of September 30, 2023 consist of the following:

Children’s Services Council	\$ 698,303
Department of Health & Human Services	28,855
Town of Palm Beach United Way	27,750
Other	<u>11,850</u>
Total grants and contributions receivable	<u>\$ 766,758</u>

As of September 30, 2023, the Organization recognized \$27,750 from the Town of Palm Beach United Way allocation for next year as net assets with donor restrictions. Since all grants and contributions receivable are expected to be received in one year or less, management has not calculated an unamortized discount and has determined that no allowance is necessary.

5. Prepaid Expense

Prepaid expenses as of September 30, 2023 consist of prepaid insurance.

6. Property and Equipment

Property and equipment as of September 30, 2023 consisted of the following:

Furniture and equipment	\$ 181,158
Leasehold improvements	23,826
Motor vehicles	<u>97,436</u>
	302,420
Less accumulated depreciation	<u>240,471</u>
Total property and equipment, net	<u>\$ 61,949</u>

For the Year Ended September 30, 2023

7. Net Assets With Donor Restrictions

Unexpended net assets with donor restrictions as of September 30, 2023 were restricted for time and/or purposes as follows:

Basics4Babies	\$ 26,781
Caps and Cribs	78,616
CenteringPregnancy®	9,787
Circle of Moms	<u>170,736</u>
Total net assets with donor restrictions	<u>\$ 285,920</u>

8. Leases

Operating Lease

The Organization leases its operating facilities located in Greenacres under a non-cancellable lease that expires in November 2023. The lease requires monthly payments that are subject to the customary escalation clauses for real estate taxes and building operating expenses.

Operating right-of-use asset as of September 30, 2023, consisted of the following:

Office space	\$ 178,000
Less accumulated amortization	<u>151,827</u>
Net operating right-of-use asset	<u>\$ 26,173</u>

Operating lease obligations as of September 30, 2023, consisted of the following:

Office space - current	<u>\$ 13,150</u>
------------------------	------------------

Operating lease expense for the year ended September 30, 2023, consisted of the following:

	<u>Amortization</u>	<u>Finance Charges</u>	<u>Total</u>
Office space	<u>\$ 151,827</u>	<u>\$ 5,215</u>	<u>\$ 157,042</u>

Total lease expense was \$186,015 during the year ended September 30, 2023, and is included in rent - office in the statement of functional expenses. The difference between total rent expense and operating lease expense above of \$157,042 is \$28,973, which includes rent payments for the operating facilities located in Belle Glade that do not have long-term lease agreements, and variable lease payments, such as common area maintenance.

In May 2023, the Organization signed a ten-year lease arrangement for its future office space in West Palm Beach with a commencing date that is 30 days after the completion of work being performed by landlord. The lease will require monthly basic rent payments of \$19,448, that will be increased at the beginning of each year by 4% over the basic rent payable in the previous lease year.

For the Year Ended September 30, 2023

8. Leases, continued

Finance Leases

The Organization leases office equipment under finance leases that expire at different dates through June 2028. The assets and liabilities under the finance leases were recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The assets are amortized over the shorter of the lease terms or the estimated useful lives of the assets. Amortization of office equipment under finance leases is included in depreciation expense in the accompanying financial statements. Depreciation of assets under finance leases charged to expense during the year ended September 30, 2023, was \$8,345.

Minimum future lease payments under finance leases as of September 30, 2023, for each of the next five years and in the aggregate are:

2024	\$ 11,521
2025	11,521
2026	9,650
2027	4,038
2028	<u>3,029</u>
Total minimum lease payments	39,759
Less amount representing interest	<u>4,779</u>
Present value of future minimum lease payments	34,980
Less current portion	<u>9,409</u>
Non-current portion	<u>\$ 25,571</u>

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

The weighted average lease term for the financing leases is 3.67 years. The weighted average discount rate for the financing leases is 7.09%.

9. Retirement Plan

The Organization established a 401(k) defined contribution plan in October 1999, to cover all qualified employees. The plan provides for voluntary employee contributions with the Organization providing a 3% Safe Harbor contribution. The Organization's contribution to the plan for the year ended September 30, 2023 was approximately \$93,600 and is included in the employee benefits line in the statement of functional expenses.

For the Year Ended September 30, 2023

10. Credit and Business Concentrations

Business Concentration

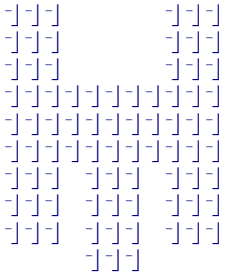
The Organization received approximately 68% of its support from Children's Services Council of Palm Beach County (CSC) (77% excluding in-kind contributions) via direct reimbursement of qualified expenses. The agreement with CSC requires the fulfillment of certain conditions as set forth in the contract documents. Failure to fulfill these conditions, or failure to continue to fulfill them, could result in a reduction of the funds allocable to the Organization from CSC. A significant reduction in the level of this support may have a substantial effect on the Organization's programs and activities. Although this reduction is a possibility, management deems the contingency remote, since by accepting the contracts and its terms it has accommodated the objective of the Organization to the provisions of the agreements.

Credit Concentration

Cash accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time-to-time, the balances of these cash and certificate of deposit accounts exceed federally insured limits. The Organization has not experienced any loss on such accounts and management believes the Organization is not exposed to any significant credit risk arising from such balances. As of September 30, 2023, there was approximately \$66,000 of cash in excess of the FDIC limit.

11. Subsequent Events

Management has evaluated subsequent events through March 4, 2024, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 4, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

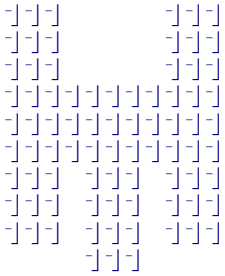
As part of obtaining reasonable assurance about whether Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance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

Purpose of This Report

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

Holyfield & Thomas, LLC

West Palm Beach, Florida
March 4, 2024



Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

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INDEPENDENT AUDITOR'S 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 Mothers/Healthy Babies
Coalition of Palm Beach County, Inc.
Greenacres, FL

Opinion on Each Major Federal Program

We have audited Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s 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 each of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s major federal programs for the year ended September 30, 2023. Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Healthy Mothers/Healthy Babies Coalition of Palm Beach County, 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 September 30, 2023.

Basis for Opinion on Each 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. and to meet our other ethical responsibilities, in accordance with 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 each major federal program. Our audit does not provide a legal determination of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with 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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s federal programs.

Auditor's 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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'s compliance with the requirements of each 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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.'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 a 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.

Holyfield & Thomas, LLC

West Palm Beach, Florida
March 4, 2024

For the Year Ended September 30, 2023

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	None Reported
Type of auditor’s report issued on compliance on major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Major programs:	
Assistance Listing Number (ALN)	93.778
Name of Federal Program or Cluster:	U.S. Department of Health and Human Services - Medical Assistance Program
Dollar Threshold used to distinguish between type A and type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee?	No

For the Year Ended September 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no findings reported for the year ended September 30, 2023, relative to financial reporting for Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings or questioned costs reported for the year ended September 30, 2023, relative to federal awards for Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.

CORRECTIVE ACTION PLAN

There is no corrective action plan required, as there are no findings or question costs reported for the year ended September 30, 2023, with respect to federal awards.

PRIOR YEAR FINDINGS AND QUESTIONED COSTS

There were no prior audit findings or questioned costs for the year ended September 30, 2022, relative to federal awards for the major program, requiring action on the part of the auditee for that fiscal year.

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

For the Year Ended September 30, 2023

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>ALN (CFDA)/ Award Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services -		
Congressional Directives	93.493 / 6 GE1HS49525	\$ 28,855
Passed through from Children's Services Council of Palm Beach County:		
Medical Assistance Program Healthy Beginnings Entry Agency (Prenatal)	93.778 / 619	653,044
Maternal and Child Health Services Block Grant Healthy Beginnings Entry Agency (Prenatal)	93.994 / 619	<u>91,998</u>
Total U.S. Department of Health and Human Services		<u>773,897</u>
U.S. Department of Homeland Security - Passed through from United Way:		
Emergency Food and Shelter National Board Program	97.024 / Phase ARPAR Phase 39 Phase 40	50,000 7,500 <u>25,000</u>
Total U.S. Department of Homeland Security		<u>82,500</u>
U.S. Department of Housing and Urban Development - Passed through from Palm Beach County Housing and Community Development:		
Community Development Block Grants: Health Care Navigation	14.218 / R2021-1510	<u>12,556</u>
Total Department of Housing and Urban Development		<u>12,556</u>
Total federal expenditures		<u><u>\$ 868,953</u></u>

*See independent auditor's report and accompanying notes to
schedule of expenditures of federal awards.*

For the Year Ended September 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. under programs of the federal government for the year ended September 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 Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc.

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.

3. Indirect Cost Rate

Healthy Mothers/Healthy Babies Coalition of Palm Beach County, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report.