

Maternity Care Coalition

Financial Statements
Year Ended June 30, 2019



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MATERNITY CARE COALITION

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Maternity Care Coalition
Philadelphia, Pennsylvania**

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Report on Summarized Comparative Information

We have previously audited Maternity Care Coalition's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maternity Care Coalition as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

BBD, LLP.

**Philadelphia, Pennsylvania
January 8, 2020**

MATERNITY CARE COALITION

STATEMENT OF FINANCIAL POSITION

June 30, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 967,440	\$ 1,714,546
Grants and contracts receivable	1,305,604	1,116,087
Contributions receivable	142,041	294,089
Prepaid expenses and other assets	163,209	220,563
Property and equipment, net	439,930	342,319
Deposits	<u>73,239</u>	<u>73,239</u>
Total assets	<u>\$ 3,091,463</u>	<u>\$ 3,760,843</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 431,105	\$ 414,274
Refundable advances	<u>-</u>	<u>218,877</u>
Total liabilities	<u>431,105</u>	<u>633,151</u>
NET ASSETS		
Without donor restrictions	1,619,585	1,628,368
With donor restrictions	<u>1,040,773</u>	<u>1,499,324</u>
Total net assets	<u>2,660,358</u>	<u>3,127,692</u>
Total liabilities and net assets	<u>\$ 3,091,463</u>	<u>\$ 3,760,843</u>

See accompanying notes

MATERNITY CARE COALITION

STATEMENT OF ACTIVITIES

Year ended June 30, 2019 with comparative totals for 2018

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
REVENUE AND SUPPORT				
Grants and contracts	\$ 8,340,277	\$ 1,251,327	\$ 9,591,604	\$ 9,829,018
Contributions	352,001	-	352,001	794,486
In-kind contributions	166,885	-	166,885	65,051
Interest and other income	98,259	-	98,259	155,781
	<u>8,957,422</u>	<u>1,251,327</u>	<u>10,208,749</u>	<u>10,844,336</u>
Net assets released from restrictions	<u>1,709,878</u>	<u>(1,709,878)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>10,667,300</u>	<u>(458,551)</u>	<u>10,208,749</u>	<u>10,844,336</u>
EXPENSES				
Program services				
MOMobile®	3,907,003	-	3,907,003	3,472,434
Early Head Start	4,209,259	-	4,209,259	4,003,504
Cribs for Kids	473,210	-	473,210	476,689
Other programs	993,328	-	993,328	1,340,910
Total program services	<u>9,582,800</u>	<u>-</u>	<u>9,582,800</u>	<u>9,293,537</u>
Supporting services				
Management and general	657,318	-	657,318	966,648
Fundraising	435,965	-	435,965	538,110
Total supporting services	<u>1,093,283</u>	<u>-</u>	<u>1,093,283</u>	<u>1,504,758</u>
Total expenses	<u>10,676,083</u>	<u>-</u>	<u>10,676,083</u>	<u>10,798,295</u>
CHANGE IN NET ASSETS	(8,783)	(458,551)	(467,334)	46,041
NET ASSETS				
Beginning of year	<u>1,628,368</u>	<u>1,499,324</u>	<u>3,127,692</u>	<u>3,081,651</u>
End of year	<u>\$ 1,619,585</u>	<u>\$ 1,040,773</u>	<u>\$ 2,660,358</u>	<u>\$ 3,127,692</u>

See accompanying notes

MATERNITY CARE COALITION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2019 with comparative totals for 2018

	Program Services					Supporting Services			Totals	
	MOMobile®	Early Head Start	Cribs For Kids	Other Programs	Total Program Services	Management and General	Fund-Raising	Supporting Services	2019	2018
Salaries	\$ 2,325,301	\$ 2,022,441	\$ 208,253	\$ 596,048	\$ 5,152,043	\$ 357,587	\$ 150,491	\$ 508,078	\$ 5,660,121	\$ 5,916,370
Payroll taxes and employee benefits	520,361	549,894	36,451	121,724	1,228,430	80,281	27,871	108,152	1,336,582	1,451,053
Total salaries and related expenses	2,845,662	2,572,335	244,704	717,772	6,380,473	437,868	178,362	616,230	6,996,703	7,367,423
Professional fees and outside services	205,059	566,514	14,847	63,677	850,097	92,268	37,036	129,304	979,401	1,012,358
Office supplies	29,283	26,421	2,520	5,553	63,777	3,328	1,242	4,570	68,347	65,162
Telephone	62,248	52,083	5,722	17,501	137,554	9,183	1,107	10,290	147,844	138,983
Staff development	42,615	59,204	723	52,196	154,738	15,310	142	15,452	170,190	106,701
Postage	2,354	4,345	299	1,050	8,048	506	12,433	12,939	20,987	22,878
Rent and utilities	271,957	429,666	38,588	52,537	792,748	30,627	-	30,627	823,375	834,770
Printing and publications	28,947	15,397	2,488	8,732	55,564	3,316	1,961	5,277	60,841	69,025
Travel and vehicle	195,138	49,496	11,537	24,270	280,441	2,232	847	3,079	283,520	282,538
Program supplies and materials	35,397	209,565	141,181	6,563	392,706	1,675	122	1,797	394,503	291,597
Insurance	59,417	35,476	189	8,475	103,557	-	-	-	103,557	100,444
Meetings and special events	16,364	11,213	712	7,459	35,748	1,781	61,546	63,327	99,075	114,024
In-kind professional fees and outside services	-	38,402	-	-	38,402	57,636	-	57,636	96,038	57,015
In-kind rent	-	70,847	-	-	70,847	-	-	-	70,847	-
In-kind supplies	-	-	-	-	-	-	-	-	-	8,036
Other	110,206	51,224	6,309	19,765	187,504	1,588	141,167	142,755	330,259	284,380
Depreciation	2,356	17,071	3,391	7,778	30,596	-	-	-	30,596	42,961
Total other expenses	1,061,341	1,636,924	228,506	275,556	3,202,327	219,450	257,603	477,053	3,679,380	3,430,872
Total expenses	\$ 3,907,003	\$ 4,209,259	\$ 473,210	\$ 993,328	\$ 9,582,800	\$ 657,318	\$ 435,965	\$ 1,093,283	\$ 10,676,083	\$ 10,798,295

See accompanying notes

MATERNITY CARE COALITION

STATEMENT OF CASH FLOWS

Year ended June 30, 2019 with comparative totals for 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ (467,334)	\$ 46,041
<i>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</i>		
Depreciation	30,596	42,961
(Increase) decrease in		
Grants and contracts receivable	(189,517)	(14,754)
Contributions receivable	152,048	(294,089)
Prepaid expenses and other assets	57,354	(8,787)
Deposits	-	(1,345)
Increase (decrease) in		
Accounts payable and accrued expenses	16,831	(167,432)
Refundable advances	<u>(218,877)</u>	<u>156,180</u>
Net cash used for operating activities	<u>(618,899)</u>	<u>(241,225)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(128,207)</u>	<u>-</u>
Net change in cash	(747,106)	(241,225)
CASH		
Beginning of year	<u>1,714,546</u>	<u>1,955,771</u>
End of year	<u>\$ 967,440</u>	<u>\$ 1,714,546</u>

See accompanying notes

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(1) NATURE OF OPERATIONS

At Maternity Care Coalition ("**MCC**") we strive to create a world where each child is welcomed, each person is nurtured and achieves one's own full potential, parents and caregivers are empowered to care for themselves and their children and where communities understand and act upon the imperative to provide systematic support. MCC is a nonprofit organization founded in 1980 with the mission to improve the health and wellbeing of pregnant women and parenting families, and enhance school readiness for children 0-3. All of MCC's work, whether direct service, advocacy, research or capacity building, supports our vision of empowerment and equity for all women, children and families.

MCC works primarily with pregnant women, children from birth to three years old and their families in neighborhoods affected by poverty, infant mortality and changing immigration patterns. MCC has developed a community based approach to address the health and related needs of low-income families, and serves as a credible voice for this population "at the table" where public health and social welfare policies are made.

MCC has eleven sites across Philadelphia, Montgomery, Delaware and Bucks counties. MCC's Advocates (direct service staff members) provide home visiting services to at-risk families, employing an outreach strategy built on mutual trust, respect and language/cultural competency.

The MOMobile® program empowers pregnant women and families to overcome daily challenges to achieve better maternal health and healthy child development. Staff review client needs and work together to create an individualized set of goals. Regularly scheduled home visits, with additional face-to-face and telephone contacts, ensure that women have the resources, knowledge and support needed to build a healthy foundation. Clients also receive referrals to community-based resources and parenting education. Several MOMobile® sites offer the evidence-based Healthy Families America program and the federally funded Healthy Start program.

The Early Head Start program ("**EHS**"), a comprehensive child development program, offers linguistically and culturally appropriate health, education and social services to income eligible families that include a pregnant woman and/or children, ages 0 to 3. Families receive child-centered services in their home or a childcare center. EHS's family-driven philosophy empowers parents to support and nurture their children, while meeting other critical social and economic goals. MCC currently operates EHS programs in South Philadelphia, Norristown and Pottstown.

The Cribs for Kids program educates parents about safe sleep practices and provides portable cribs for those who cannot afford one.

The ELECT program provides prenatal, parenting, life-skills and prevention education to teens and young adults ages 13-26 through ELECT Teen Parenting and Community Education programs.

The organization is directed by Marianne Fray, MBA, IOM, CAE whose expertise lies in building relationships and coalitions that strengthen communities and drive growth. She is assisted by a senior management team with experience in social work, public health, development, marketing, communications, finance and nonprofit management. Since its founding, MCC has served more than 100,000 mothers and their children.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of MCC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Basis of Presentation

MCC reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of MCC and/or the passage of time. When a restriction is satisfied, 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.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting MCC to expend the income generated in accordance with the provisions of the contribution. MCC did not have this type of net assets with donor restrictions at June 30, 2019.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Summarized Prior-Year 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with MCC's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Property and Equipment

Property and equipment are stated at cost. MCC capitalizes all expenditures in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Certain property and equipment are purchased with funds received from governmental funding sources. Such assets, or their fair value, may revert to the government in the event the program is terminated before the end of the useful life of the asset. The assets are reflected in the financial statements as acquisitions and are depreciated since it is MCC's intent to continue its programs indefinitely.

Grants and Contracts

MCC receives funding from governmental agencies under cost reimbursement grants and contracts. Grant and contract revenue from government sources are recognized as the related expenses are incurred.

Grants and contracts received from non-government sources are recorded as net assets with or without donor restriction depending on the absence or existence and nature of any donor restrictions. Donor-restricted grants and contracts whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Grants and contracts receivable generally represent amounts due under the terms of the grant and contracts from government sources, for expenditures incurred or services provided prior to year-end and are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with governmental agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. MCC does not charge interest on outstanding balances.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Contributions

Contributions received are recorded as net assets with or without donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional promises to give are recognized as contributions when the related promise to give is received. Conditional promises to give are recognized as contributions when the conditions are satisfied. Conditional promises to MCC at June 30, 2019 and 2018 amounted to \$129,300 and \$169,300, respectively, and relate to grants for future operations as well as research and community outreach. These funds are conditional upon the donor's receipt of required reports from MCC.

In-Kind Contributions and Donated Services

MCC records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

MCC records the value of contributed goods and rent when there is an objective basis available to measure their value.

Contributed services and rent are included as support in the accompanying statement of activities at their estimated values at the time received.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated based upon the program and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, employee benefits are allocated on the basis of estimate of time and effort. Insurance, professional services, and expenses related to the main location (Hamilton Street) are allocated based on the number of full-time equivalents (FTE) per program. Other expenses are based on actual costs directly related to the program services categories.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Code Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Generally accepted accounting principles ("**GAAP**") require entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. MCC believes that it had no uncertain tax positions as defined in GAAP.

Concentration of Credit Risk

Financial instruments which subject MCC to credit risk consist primarily of cash and grants and contracts receivable. MCC maintains cash deposits with banks and at times these may exceed federally-insured limits. Grants and contract receivables consist primarily of amounts due from cost reimbursement contracts with federal, state and city government agencies. Management performs ongoing evaluations of receivables for potential credit losses. Collateral is not required.

Concentration of Revenue

MCC received 46% and 41% of its total revenue and support from the U.S. Department of Health and Human Services for the years ended June 30, 2019 and 2018, respectively.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Accounting Pronouncements Adopted

On August 18, 2016, the Financial Accounting Standards Board ("**FASB**") issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. MCC has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standards change the following aspects of MCC's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (**Note 10**).

(3) GRANTS AND CONTRACTS RECEIVABLE

MCC had the following grants and contracts receivable:

	<u>2019</u>	<u>2018</u>
Albert Einstein Healthcare Network	\$ 20,000	\$ 53,000
Bucks County – Healthy Families America	-	7,116
Bucks County – Office of Children and Youth Services	1,110	11,627
City of Philadelphia – Department of Human Services (Safe Sleep/Cribs for Kids)	86,631	35,222
City of Philadelphia – Department of Human Services (HFA)	16,509	42,568
City of Philadelphia – Department of Human Services (Other Programs)	9,063	46,193
City of Philadelphia, Prison System	31,251	20,840
Health Partners Plan	26,325	26,325
Jefferson	31,004	32,536
Keystone First	52,925	16,100
Keystone Mercy Health Plan	17,000	11,490
Merck for Mothers	300,000	300,000
Other sources	50,086	18,930
PA OCDEL – MIECHV	111,255	91,693
Temple University – Early Learning & Center for Excellence	-	29,167
United Way of Bucks County	48,750	-
University of Pennsylvania	5,290	35,962
US Dept. of Agriculture-State of Pennsylvania CACFP Grant	9,662	9,665
US Dept. of Health and Human Services – Healthy Start	149,900	241,594
US Dept. of Health and Human Services – Early Head Start	<u>338,843</u>	<u>86,059</u>
	<u>\$1,305,604</u>	<u>\$1,116,087</u>

(4) CONTRIBUTIONS RECEIVABLE

Contributions receivable are expected to be collected as follows:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 97,214	\$ 120,032
One to five years	<u>44,827</u>	<u>174,057</u>
	<u>\$142,041</u>	<u>\$294,089</u>

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Pledges receivable are measured at fair value using the income approach using level 2 (other significant observable inputs) valuation inputs. Discount on the present value of the pledges receivable is immaterial.

(5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 87,912	\$ 87,912
Building	210,000	210,000
Leasehold improvements	313,123	268,081
Furniture and equipment	<u>587,084</u>	<u>528,743</u>
	1,198,119	1,094,736
Less accumulated depreciation	<u>(758,189)</u>	<u>(752,417)</u>
	<u>\$ 439,930</u>	<u>\$ 342,319</u>

(6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	<u>June 30,</u> <u>2018</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30,</u> <u>2019</u>
Cribs for Kids	\$ -	\$ 2,088	\$ (630)	\$ 1,458
Early Head Start	73,898	643,082	(449,617)	267,363
Safe Start/Merck for Mothers	674,999	-	(447,218)	227,781
MOMobile®	103,430	366,500	(319,107)	150,823
Other programs	288,127	231,023	(321,063)	198,087
Time restrictions	<u>358,870</u>	<u>8,634</u>	<u>(172,243)</u>	<u>195,261</u>
	<u>\$1,499,324</u>	<u>\$1,251,327</u>	<u>\$(1,709,878)</u>	<u>\$1,040,773</u>

(7) LEASES

MCC leases space in various facilities, vehicles and office equipment under operating leases expiring at various times through April 2024. Scheduled future minimum rentals under these leases are as follows:

Year ending June 30,

2020	\$ 735,687
2021	572,824
2022	302,900
2023	82,800
2024	<u>69,000</u>
	<u>\$1,763,211</u>

Rental expense under the leases was \$862,947 and \$830,439 for the years ended June 30, 2019 and 2018, respectively.

MCC also receives donated rental space for its program sites. Total donated rental expense was \$70,847 and \$-0- for the years ended June 30, 2019 and 2018, respectively.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

(8) EMPLOYEE BENEFIT PLAN

MCC has a 403(b) plan for its employees. Employees may contribute a percentage of their salary, up to federal limits. MCC matches employee contributions up to 2% of employees' annual salaries. For the years ended June 30, 2019 and 2018, employer contributions to the plan were \$45,570 and \$47,922, respectively.

(9) LINE OF CREDIT

MCC has an \$800,000 bank line of credit which is to mature on April 30, 2020. The line bears interest at the prime rate (5.5% at June 30, 2019). There were no advances outstanding on the line at June 30, 2019.

(10) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects MCC's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

Cash	\$ 967,440
Grants and contracts receivable	1,305,604
Contributions receivable	<u>142,041</u>
Total financial assets	2,415,085
Less: financial assets not available for general operations within one year	
Restricted by donor for specific purposes or periods	<u>1,040,773</u>
Total financial assets available within one year	<u>\$1,374,312</u>

Liquidity Management

MCC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. MCC has various sources of liquidity at its disposal, including cash, money market funds and a line of credit (**See Note 9**).

(11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 8, 2020, the date on which the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in the financial statements.