

**PERINATAL NETWORK OF MONROE COUNTY, INC.**  
**d/b/a HEALTHY BABY NETWORK**

**Financial Statements**  
**as of June 30, 2016**  
**Together with**  
**Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

January 16, 2017

To the Board of Directors of  
Perinatal Network of Monroe County, Inc.  
d/b/a Healthy Baby Network:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Perinatal Network of Monroe County, Inc. d/b/a Healthy Baby Network (a New York not-for-profit corporation), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and change in net assets, 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 accounting principles generally accepted in the United States of America; 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 auditing standards generally accepted in the United States of America. 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 organization'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 organization'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.

#### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Perinatal Network of Monroe County, Inc. d/b/a Healthy Baby Network as of June 30, 2016, 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### Report on Summarized Comparative Information

The summarized comparative information presented herein as of and for the year ended June 30, 2015, was derived from the financial statements of Perinatal Network of Monroe County, Inc. d/b/a Healthy Baby Network as of June 30, 2015, which were audited by other auditors whose report dated December 3, 2015, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Rizzo DiBiaso Hen : Banerjee CPAs*

**PERINATAL NETWORK OF MONROE COUNTY, INC.**  
**d/b/a HEALTHY BABY NETWORK**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 112,502	\$ 126,854
Grants receivable	123,487	193,982
Prepaid expenses	<u>4,864</u>	<u>1,457</u>
Total current assets	<u>240,853</u>	<u>322,293</u>
FIXED ASSETS:		
Equipment and furniture	34,753	34,753
Less: accumulated depreciation	<u>(31,836)</u>	<u>(30,547)</u>
Net fixed assets	<u>2,917</u>	<u>4,206</u>
OTHER ASSETS	<u>-</u>	<u>1,771</u>
	<u>\$ 243,770</u>	<u>\$ 328,270</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 121,731	\$ 224,989
Accrued payroll, taxes, and benefits	37,066	28,798
Deferred revenue	<u>17,702</u>	<u>8,536</u>
Total current liabilities	176,499	262,323
UNRESTRICTED NET ASSETS	<u>67,271</u>	<u>65,947</u>
	<u>\$ 243,770</u>	<u>\$ 328,270</u>

The accompanying notes are an integral part of these statements.

**PERINATAL NETWORK OF MONROE COUNTY, INC.  
d/b/a HEALTHY BABY NETWORK**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

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	<u>2016</u>	<u>2015</u>
<b>SUPPORT AND REVENUE:</b>		
Grants	\$ 1,379,774	\$ 1,517,845
Contributions	28,264	18,498
In-kind donations	-	69,146
Other income	189	388
	<hr/>	<hr/>
Total support and revenue	1,408,227	1,605,877
	<hr/>	<hr/>
<b>EXPENSES:</b>		
Program	1,236,152	1,412,450
Management and general	170,751	193,932
	<hr/>	<hr/>
Total expenses	1,406,903	1,606,382
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<b>CHANGE IN NET ASSETS</b>	1,324	(505)
<b>NET ASSETS - beginning of year</b>	65,947	66,452
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<b>NET ASSETS - end of year</b>	\$ 67,271	\$ 65,947
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The accompanying notes are an integral part of these statements.

PERINATAL NETWORK OF MONROE COUNTY, INC.  
d/b/a HEALTHY BABY NETWORK

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	Program					Management and General	Total	
	Healthy Start	MICHHC	MRT/HIT	Other	Total		2016	2015
Salaries	\$ 78,342	\$ 219,652	\$ 2,764	\$ 10,068	\$ 310,826	\$ 85,765	\$ 396,591	\$ 343,460
Payroll taxes and employee benefits	14,567	35,484	514	1,872	52,437	15,946	68,383	68,801
Total personnel costs	92,909	255,136	3,278	11,940	363,263	101,711	464,974	412,261
Contract services	488,021	27,780	604	5,108	521,513	9,184	530,697	622,559
Consulting	-	224,820	25,586	-	250,406	-	250,406	330,402
Professional fees	-	-	-	-	-	43,967	43,967	46,685
Travel, conferences and meetings	17,669	7,111	-	14,123	38,903	-	38,903	26,100
Occupancy	7,772	18,932	274	999	27,977	8,508	36,485	44,908
Outreach and publicity	700	2,000	-	5,140	7,840	-	7,840	16,150
Training	3,285	3,330	-	612	7,227	-	7,227	5,982
Supplies	1,261	3,072	44	163	4,540	1,380	5,920	17,456
Telephone	942	2,294	33	121	3,390	1,030	4,420	6,431
Insurance	-	-	-	-	-	4,266	4,266	5,087
Equipment rental and maintenance	645	1,571	23	83	2,322	705	3,027	11,034
Education materials	285	1,722	-	-	2,007	-	2,007	54,559
Other	1,518	38	-	3,919	5,475	-	5,475	5,068
Total expenses before depreciation	615,007	547,806	29,842	42,208	1,234,863	170,751	1,405,614	1,604,682
Depreciation	429	600	260	-	1,289	-	1,289	1,700
Total expenses	\$ 615,436	\$ 548,406	\$ 30,102	\$ 42,208	\$ 1,236,152	\$ 170,751	\$ 1,406,903	\$ 1,606,382

The accompanying notes are an integral part of these statements.

**PERINATAL NETWORK OF MONROE COUNTY, INC.  
d/b/a HEALTHY BABY NETWORK**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,324	\$ (505)
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	1,289	1,700
Changes in:		
Grants receivable	70,495	(82,490)
Prepaid expenses	(3,407)	2,462
Other assets	1,771	-
Accounts payable	(103,258)	106,381
Accrued payroll, taxes, and benefits	8,268	5,420
Deferred revenue	9,166	(17,603)
	<u>(14,352)</u>	<u>15,365</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>-</u>	<u>(2,885)</u>
	<u>-</u>	<u>(2,885)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(14,352)	12,480
CASH AND CASH EQUIVALENTS - beginning of year	<u>126,854</u>	<u>114,374</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 112,502</u>	<u>\$ 126,854</u>

The accompanying notes are an integral part of these statements.

**PERINATAL NETWORK OF MONROE COUNTY, INC.  
d/b/a HEALTHY BABY NETWORK**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

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**1. ORGANIZATION**

Perinatal Network of Monroe County, Inc. d/b/a Healthy Baby Network (the Network) was incorporated as a New York State not-for-profit organization in 1995. The Network's current mission is to bring together local health and human service providers, consumers, and the community to work together towards a common goal - to ensure the quality, comprehensiveness, and availability of programs and services devoted to improving perinatal and family health in Monroe County. The Network provides the following wide range of services to children and families in Rochester, New York and the surrounding communities:

- Healthy Start Services - Devoted to reducing infant mortality using a variety of means, including the Family Resource Center, Outreach Coordination, and Community Consortium.
- National Institute of Health - A partnership with the University of Rochester in a five-year research project aimed at increasing the rate of breastfeeding in low-income women.
- March of Dimes/ Association of Perinatal Networks (MOD/APN) - A program to create a consumer education toolkit on the issue of early elected deliveries.
- Maternal and Infant Community Health Collaborative (MICHC) - Provides Community Health Workers for at-risk pregnant women, identifies and links women needing health care and insurance with appropriate resources, and educates consumers and health and human services providers about perinatal issues.
- Medicaid Redesign Team/Health Information Technology (MRT/HIT) - Supports the creation of technological linkage between the PeerPlace Networks referral system and the Greater Rochester Regional Health Organization to support cross-system information sharing in support of a more integrated system of care for high-risk pregnant women.
- Oral Health Strategies - Seeks to integrate dental care into pregnancy care for high risk mothers coming through the MICHC program. This is accomplished through partnering with dentists and pregnancy care providers to educate regarding dental care best practices during pregnancy, and problem solve regarding barriers to dental care access.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting -

The Network's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

### Financial Reporting -

In accordance with accounting principles generally accepted in the United States, the Network categorizes net assets and activities as unrestricted, temporarily restricted, or permanently restricted. At June 30, 2016 and 2015, the Network reported net assets as follows:

- Unrestricted - Unrestricted net assets include operating resources available for the support of the Network's operating activities. All of the Network's net assets were unrestricted at June 30, 2016 and 2015.
- Temporarily Restricted - Temporarily restricted net assets include resources donated to the Network subject to time or purpose restrictions as defined by the donor.
- Permanently Restricted - Permanently restricted net assets include resources subject to donor-imposed restrictions that may be maintained permanently by the Network.

### Cash and Cash Equivalents -

The Network's cash and cash equivalents consists of bank deposit accounts. These accounts may, at times, exceed federally insured limits. The Network has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk with respect to cash and cash equivalents.

### Support and Revenue -

A portion of the Network's revenue is derived from grants. The Network recognizes revenue when the services are provided, or the related expenses are incurred, depending on the nature of the funding terms. Amounts received but not yet earned are reported as deferred revenue.

Funding sources may, at their discretion, amend the grant and contract amounts. In addition, reimbursement for expenses or return of funds, or both, may be requested as a result of noncompliance by the Network with the terms of the grants and contracts. The Network records such amendments, reimbursements, and returns of funds as an adjustment to revenue in the year in which it becomes known.

The Network accounts for contributions in accordance with generally accepted accounting principles, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions, however donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Grants Receivable -

Grants receivable are stated at the amount management expects to collect from outstanding balances. The carrying amount of grants receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. The Network considers grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

### Property and Equipment -

Property and equipment are stated at cost. Depreciation is computed on the straight-line method over an estimated useful life of five years. It is the Network's policy to capitalize all assets in excess of \$1,000 with an estimated useful life of more than two years.

### Income Taxes -

The Network has received a letter of determination from the Internal Revenue Service advising it that it qualifies as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code and, therefore, is not subject to income tax. In addition, the Network has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

The Network follows the provisions of Accounting Standards Codification (ASC) Topic 740, *Accounting for Uncertainty in Income Taxes*. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. As of June 30, 2016 and 2015, the Network has not recorded any provisions for accrued interest and penalties related to uncertain tax positions. By statute, tax years 2012 through 2015 remain open to examination by the major taxing jurisdictions to which the Network is subject.

### Program Publicity -

The Network expenses all publicity and advertising costs as they are incurred.

### Events Occurring After Reporting Date -

The Network has evaluated events and transactions that occurred between June 30, 2016 and January 16, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

### Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts and disclosures reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Comparative 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 the Network's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

### Reclassifications -

Certain reclassifications were made to the prior year comparative amounts to conform to the current year presentation.

## 3. LINE OF CREDIT

The Network has a \$75,000 line of credit that bears interest at the prime rate (3.5% and 3.25% at June 30, 2016 and 2015, respectively) plus 3.5%. There were no amounts outstanding at either June 30, 2016 or 2015.

## 4. CONCENTRATIONS

Approximately 97% of the Network's grants receivable were from two funders at June 30, 2016 and 2015.

## 5. COMMITMENTS

The Network leases its office space under a non-cancelable agreement through October 31, 2019 with the option for two five-year renewals. Rent expense for the years ending June 30, 2016 and 2015 totaled \$33,218 and \$37,867, respectively.

Future minimum lease payments under the terms of the above lease agreements are as follows for the years ended June 30:

2017	\$	33,332
2018		34,998
2019		34,679
2020		<u>23,425</u>
	\$	<u>126,434</u>

## **6. BENEFIT PLAN**

The Network had a Simplified Employee Pension Plan for participants who have completed at least six months of service. During the year ended June 30, 2015, the Network switched to a 401(k) plan. Employees are enrolled in the plan upon completion of six months of service. The Network makes safe harbor contributions that consist of 3% of each participant's compensation for the plan year. Additionally, employees are eligible for a discretionary contribution if they have completed at least 1,000 hours of service during the plan year. The amount charged to expense for the years ending June 30, 2016 and 2015 was \$16,719 and \$12,034, respectively.

## **7. DONATED SERVICES AND GOODS**

The Network has many benefactors who have made significant contributions of their time, facilities, or other forms of non-monetary giving. Generally accepted accounting principles do not allow the recognition of these contributions, unless they would normally need to be purchased to maintain operations. As a result, the Network recognized \$69,146 for the year ended June 30, 2015 for donated contracted services. No contributions met the requirements set forth by generally accepted accounting principles for recognition for the year ended June 30, 2016.