Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

Combined Financial Statements and Supplemental Information

Year Ended December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Coordinated Care for Children, Inc.
and The 4C Foundation, Inc.
Orlando, Florida

Report on the Financial Statements

We have audited the accompanying combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the "Organization") (a nonprofit organization) which comprise the combined statement of financial position as of December 31, 2016, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. as of December 31, 2016, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combined schedule of Head Start expenses, combined schedule of Early Head Start expenses, and combined schedule of Early Head Start Child Care Partnership expenses is presented for purposes of additional analysis and is not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General* is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2017, on our consideration on the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

June 14, 2017
Winter Park, Florida

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Assets	
Cash and cash equivalents	$ 1,483,785
Receivables	8,035,462
Unconditional promise to give	200,104
Prepaid expenses and other assets	1,057,770
Cash designated for capital expenditures	145,000
Property and equipment, net	1,187,003
Investments	977,511
Beneficial interest in assets held by others	125,715
Assets held in trust for the deferred compensation plan	157,359
Total assets	$ 13,369,709

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	$ 1,642,774
Due to early learning providers	4,869,198
Refundable advances	956,534
Deferred compensation payable	157,359
Total liabilities	7,625,865
Commitments and contingencies (Notes H and I)	-
Net assets	
Unrestricted	
Operating	4,086,064
Net investment in property and equipment	1,187,003
Designated for capital expenditures	145,000
Total unrestricted net assets	5,418,067
Temporarily restricted	200,062
Permanently restricted	125,715
Total net assets	5,743,844
Total liabilities and net assets	$ 13,369,709

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Early Learning Coalition of Orange County	$ 63,724,089	$ -	$ -	$ 63,724,089
Early Learning Coalition of Osceola County	13,438,373	-	-	13,438,373
U.S. Department of Health and Human Services	10,313,093	-	-	10,313,093
State of Florida Department of Health - Food Program	6,586,692	-	-	6,586,692
Orange County Citizens' Commission for Children	1,992,123	-	-	1,992,123
Other support and revenues, and contributions	1,445,295	-	-	1,445,295
Heart of Florida United Way, Inc.	124,972	200,062	-	325,034
City of Orlando	345,295	-	-	345,295
Orange County Commission	186,000	-	-	186,000
Catholic Charities of Central Florida, Inc.	208,957	-	-	208,957
Orange County Citizens' Review Panel	151,990	-	-	151,990
City of Orlando - Parramore project	128,716	-	-	128,716
State of Florida Department of Children and Families	75,372	-	-	75,372
In-kind contributions - Head Start and Early Head Start	107,674	-	-	107,674
Investment income (loss)	(25,168)	-	1,624	(23,544)
Net assets released from restrictions	200,062	(200,062)	-	-
Total revenues and support	99,003,535	-	1,624	99,005,159
EXPENSES				
Program services				
Early Care and Learning (School Readiness)	41,105,336	-	-	41,105,336
Voluntary Pre-K	37,494,855	-	-	37,494,855
Food Program	6,485,468	-	-	6,485,468
Head Start	4,039,047	-	-	4,039,047
Early Head Start	2,935,424	-	-	2,935,424
Early Head Start Child Care Partnership	3,603,616	-	-	3,603,616
Other program services	1,865,523	-	-	1,865,523
Total program services	97,529,269	-	-	97,529,269
Support services				
Management and general	1,419,112	-	-	1,419,112
Fundraising	16,523	-	-	16,523
Total supporting services	1,435,635	-	-	1,435,635
Total expenses	98,964,904	-	-	98,964,904
Change in net assets	38,631	-	1,624	40,255
NET ASSETS AT BEGINNING OF YEAR	5,379,436	200,062	124,091	5,703,589
NET ASSETS AT END OF YEAR	$ 5,418,067	$ 200,062	$ 125,715	$ 5,743,844

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	Program Services								Supporting Services			
	Early Care and Learning (School Readiness)	Voluntary Pre-K	Food Program	Head Start	Early Head Start	Early Head Start Child Care Partnership	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries	$ 2,728,685	$ 486,432	$ 394,105	$ 2,000,353	$ 1,197,560	$ 820,253	$ 1,064,411	$ 8,691,799	$ 704,254	$ -	$ 704,254	$ 9,396,053
Payroll taxes and employee benefits	731,956	133,206	107,398	480,503	287,165	185,336	233,809	2,159,373	174,146	-	174,146	2,333,519
Total salaries and related expenses	3,460,641	619,638	501,503	2,480,856	1,484,725	1,005,589	1,298,220	10,851,172	878,400	-	878,400	11,729,572
Child care education services and meals	37,121,478	36,772,331	5,882,775	-	-	-	210,238	79,986,822	-	-	-	79,986,822
Educational training services and contractual	100	-	-	528,716	874,384	2,089,916	26,093	3,519,209	5,573	-	5,573	3,524,782
Rent	48,664	10,642	2,896	265,340	121,781	7,411	117,738	574,472	5,148	-	5,148	579,620
Telephone and utilities	124,923	20,094	14,472	167,342	60,160	29,296	42,166	458,453	26,710	-	26,710	485,163
Repairs and maintenance	59,960	10,063	9,536	119,598	43,143	38,873	15,096	296,269	21,155	-	21,155	317,424
Office expense	62,506	9,068	12,292	40,099	18,536	21,054	72,161	235,716	29,820	-	29,820	265,536
Food and classroom supplies	-	-	-	160,791	72,060	122,409	-	355,260	-	-	-	355,260
Professional services	957	19	152	26,456	6,627	68,762	782	103,755	121,553	-	121,553	225,308
Noncapital equipment costs	31,280	3,436	500	6,086	8,466	12,795	17,131	79,694	2,622	-	2,622	82,316
Temporary services	70,346	38,680	8,062	14,006	8,542	34,733	3,825	178,194	32,734	-	32,734	210,928
Insurance	12,392	1,854	1,123	7,414	3,632	4,378	932	31,725	76,697	-	76,697	108,422
Training and technical assistance	-	-	-	19,201	19,330	65,405	-	103,936	-	-	-	103,936
Meetings and conferences	3,289	105	823	6,123	3,888	13,599	11,376	39,203	10,001	-	10,001	49,204
Computer support	3,197	1,943	37,735	13,187	6,887	6,768	2,483	72,200	77,093	-	77,093	149,293
In-kind expenses	-	-	-	53,310	54,364	5,963	-	113,637	-	-	-	113,637
Depreciation	39,993	4,598	5,840	6,002	4,324	7,372	2,938	71,067	51,388	-	51,388	122,455
Building security	48,270	-	-	1,017	531	664	269	50,751	-	-	-	50,751
Travel	8,692	704	5,381	32,480	14,794	46,742	8,072	116,865	8,132	-	8,132	124,997
Equipment rental	6,472	1,566	1,715	2,134	937	550	13,179	26,553	1,077	-	1,077	27,630
Miscellaneous	126	-	-	96	50	62	1,125	1,459	43,208	-	43,208	44,667
Program expense	-	-	-	71,644	123,493	17,575	20,088	232,800	-	-	-	232,800
Fundraising activities	-	-	-	-	-	-	-	-	-	16,523	16,523	16,523
Dues and publications	11	2	150	2,650	1,383	1,729	1	5,926	15,004	-	15,004	20,930
Directory/advertising	1,510	33	513	3,731	2,078	1,117	235	9,217	552	-	552	9,769
Loss on disposal	-	-	-	-	-	-	-	-	12,014	-	12,014	12,014
Vehicle expense	529	79	-	4,716	1,309	854	274	7,761	231	-	231	7,992
Educational materials	-	-	-	6,052	-	-	1,101	7,153	-	-	-	7,153
Total expenses	$ 41,105,336	$ 37,494,855	$ 6,485,468	$ 4,039,047	$ 2,935,424	$ 3,603,616	$ 1,865,523	$ 97,529,269	$ 1,419,112	$ 16,523	$ 1,435,635	$ 98,964,904

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF CASH FLOWS

For the Years Ended December 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 40,255
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	122,455
Net realized and unrealized loss	22,386
Loss on disposal of equipment	12,014
Decrease (increase) in assets:	
Receivables	578,372
Prepaid expenses and other assets	(159,741)
Assets held in trust for the deferred compensation plan	(12,445)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(354,534)
Due to early learning providers	417,534
Refundable advances	(2,264)
Deferred compensation payable	12,445
Net cash provided by operating activities	676,477
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in cash designated for capital expenditures	40,000
Purchases of property and equipment	(40,207)
Purchase of investments	(1,006,559)
Net cash used by investing activities	(1,006,766)
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in beneficial interest in asset held by others	5,038
Net decrease in cash and cash equivalents	(325,251)
Cash and cash equivalents at beginning of year	1,809,036
Cash and cash equivalents at end of year	$ 1,483,785

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

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

Community Coordinated Care for Children, Inc. (4C) is a not-for-profit corporation operating in Central Florida as a coordinative agency for child care activities and other support services for families with young children.

4C's major program services are as follows:

Early Care and Learning (School Readiness): The Organization currently contracts with local Early Care and Learning Coalitions, local governments, and not-for-profit organizations to provide income eligible families child care financial assistance and other related activities. Local government contracts, United Way allocations, private foundations and other local funders are used to meet match requirements for certain contracts.

Voluntary Pre-K: The Organization participates in a Florida Department of Education program designed to prepare four year olds for kindergarten and build the foundation for their educational success. The program allows a parent to enroll his or her eligible child in a free voluntary pre-kindergarten program. The Organization currently contracts with local coalitions to provide such services.

Food Program: Accounts for resources received from the State of Florida Department of Health to subsidize meal costs for eligible children under the National School Lunch and the Child Nutrition Acts.

Head Start: Head Start programs promote early learning, health and family well-being to primarily children ages three to five through education, social and other services while supporting their progress in a comprehensive way.

Early Head Start: Early Head Start programs provide services to infants, toddlers, pregnant women, and their families through a variety of service models, depending on the needs of the local community. 4C operates Early Head Start sites and also works with child care centers. Some programs offer home-based services that assign dedicated staff who conduct weekly visits to children in their own home and work with the parent as the child's primary teacher.

Early Head Start Child Care Partnership: The EHS-CCP program brings together the strengths of child care and Early Head Start programs through partnerships between 4C and local child care providers. These child care providers have experience providing care that is strongly grounded in the cultural, linguistic, and social needs of the families and their local communities.

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Organization and nature of activities (continued)

   Other Program Services: Consists primarily of four programs: 1) Early Childhood Education Training Programs - accounts for resources received from the State of Florida Department of Children and Families for state mandated training services and resources for other training programs, 2) Other Child Care - accounts for resources received from the Catholic Charities of Central Florida, Inc. for refugee child care and other contracts for child care services, 3) Community Services - accounts for various community services and other family related programs, and 4) Orange County Citizens' Commission for Children - funds family support resources of thirteen neighborhood centers.

   The 4C Foundation, Inc. (Foundation) is a separate not-for-profit corporation that was formed for the purpose of acquiring property and leasing to, and fund-raising for 4C.

2. Principles of combination

   The accompanying financial statements include the accounts of 4C and the Foundation (collectively, the Organization) on a combined basis. All significant intercompany accounts and transactions have been eliminated in the preparation of the combined financial statements. At December 31, 2016, total net assets of 4C and the Foundation were $3,152,483 and $2,591,361, respectively.

3. Basis of accounting and financial statement presentation

   The accompanying combined financial statements have been prepared on the accrual basis of accounting.

   A not-for-profit organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

   Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.

   Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When the restriction is met or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. Temporarily restricted net assets as of December 31, 2016, are composed of $200,062 of Heart of Florida United Way, Inc. funding which will be released in the next fiscal year.

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basis of accounting and financial statement presentation (continued)

   Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be permanently maintained by the Organization. Permanently restricted net assets were $125,715 at December 31, 2016. These amounts consist of endowment funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used based on donor-imposed stipulations. Investment earnings distributed are recorded in unrestricted net assets.

   This amount consists of contributions to the Community Foundation of Central Florida, Inc. to be held as a permanently restricted endowment fund for the benefit of the Organization (see Notes C and D).

4. Use of estimates

   The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenues, and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and cash equivalents

   For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash excludes cash designated for capital expenditures.

6. Receivables

   Receivables primarily consist of grant and contract receivables from federal, state and local governmental agencies, and not-for-profit organizations, and are stated at estimated net realizable value. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts. In the opinion of management, no allowance for uncollectible accounts was considered necessary at December 31, 2016.

7. Property and equipment

   Property and equipment are recorded at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the depreciable assets. Routine maintenance and repair costs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related assets.

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Property and equipment (continued)

When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and gains or losses from dispositions are credited or charged to income.

The Foundation capitalized a donated art collection which is stated at the estimated fair value of the collection at the time of the donation. The Foundation has no purchased collectibles.

8. Impairment of long-lived assets

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the year ended December 31, 2016.

9. Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Combined Statement of Financial Position. Unrealized gains and losses are included in the Combined Statement of Activities and Changes in Net Assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net position if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

10. Beneficial interest in assets held by others

The Organization follows guidance related to accounting for contributions held by an organization for the benefit of another organization which states that organizations that transfer assets to other not-for-profit agencies who specify themselves or their affiliates as the beneficiaries, and has not granted variance power, are not considered expenses and are recorded as a beneficial interest in assets held by others in the combined statement of financial position at fair value (see Note D).

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Assets held in trust for the deferred compensation plan

Assets held in trust for the deferred compensation plan are investments and are reported at fair value (see Note D). These investments represent contributions to a 457(b) plan for the benefit of "key employees." See Note I for additional information about the terms of this plan.

12. Revenue recognition

The Organization is principally funded by grants and contracts from federal, state and local governmental agencies, and not-for-profit organizations. Grants and contracts generally provide reimbursement for allowable costs incurred. Revenue from cost reimbursement grants and contracts is recognized as eligible costs are incurred.

Receivables are recorded to the extent costs have been incurred but not reimbursed by the granting agencies. Conversely, refundable advances are recorded when grant and contract advances exceed eligible costs incurred. Refundable advances will either be offset against subsequent allowable costs incurred or refunded to the granting agencies upon grant termination.

13. Contributions

Contributions, including unconditional promises to give, are recognized as support and revenue in the period received at fair value as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises to give receivables. The allowance is based upon management estimates of current economic factors and analysis of specific unconditional promises to give. In the opinion of management, no allowance for uncollectible accounts was considered necessary at December 31, 2016.

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

13. Contributions (continued)

The estimated fair value of contributed materials, facilities, services and other program services are necessary to support the Head Start and Early Head Start program. These contributions are reflected as support and expenses in the accompanying combined statement of activities and combined statement of functional expenses in the period in which the materials, facilities, services and other program services are utilized. Contributed materials, facilities, services and other program services consist of the following:

	Head Start	Early Head Start	Early Head Start-CCP	Total
Program services	$ 53,310	$ 54,364	$ 5,963	$ 113,637

14. Functional allocation of expenses

The cost of providing various programs and supporting services have been summarized on a functional basis in the combined statement of activities and change in net assets and in the combined statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

15. Income taxes

4C and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying combined financial statements.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying combined financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before December 31, 2013.

16. Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash designated for capital expenditures, and various unsecured receivables. The Organization placed their cash and cash designated for capital expenditures with federally insured financial institutions and limit their exposure to any potential loss in excess of federally insured limits; however, at times, the Organization is exposed to loss to the extent that these balances exceed the federally insured limits.

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

16. Concentrations of credit risk (continued)

Concentrations of credit risk with respect to unsecured receivables are limited as the receivables are primarily grant and contract receivables from governmental agencies; other receivables are primarily due from entities located in Central Florida. The Early Learning Coalition of Orange County, Early Learning Coalition of Osceola County and the State of Florida Department of Health accounts for 56%, 12% and 13%, respectively, of total receivables at December 31, 2016.

17. Recent accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. The guidance also eliminates today's real estate specific provisions for all entities. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which is designed to help not-for-profits tell their stories through their financial statements. Not-for-profit financial statements have been prepared under the FASB's current guidance since 1993. The new standard changes presentation and disclosure requirements with the intention of helping not-for-profits provide more relevant information about their resources—and the changes in those resources—to donors, grantors, creditors, and other financial statement users. Specifically, ASU 2016-14 decreases the number of net asset classes from three to two, requires disclosure of qualitative information on liquid resources and liquidity risks for meeting cash needs for general expenses within one year, requires reporting and analysis of expenses by function and nature, and enhances reporting and disclosures about underwater endowments. The new net asset classes will be net assets with donor restrictions and net assets without donor restrictions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017, and early application of the standard is permitted. The Organization is currently assessing the impact the new standard will have on its financial statements.

18. Subsequent events

Management has assessed subsequent events through June 14, 2017, which is the date these combined financial statements were available to be issued. There were no subsequent events requiring recognition as of June 14, 2017.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2016, consisted of the following:

Land	$ 720,000
Buildings and improvements	1,743,120
Equipment, vehicles and other	1,143,651
Donated art collection	178,055
	3,784,826
Less accumulated depreciation	(2,597,823)
	$ 1,187,003

During the year ended December 31, 2016, depreciation expense was $122,455.

NOTE C – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has a beneficial interest in assets held by the Community Foundation of Central Florida, Inc. (the Community Foundation) in a permanent Agency Endowment Fund known as the "Caring for Kids Fund." The Community Foundation was granted no variance power to redirect the use of the assets to another beneficiary. On an annual basis, the Community Foundation distributes a percentage of the principal balance from this fund to the Organization as determined by the Community Foundation's spending policy. As of December 31, 2016, the endowment fund has a fair value of $125,715, which is included in the accompanying combined statement of financial position as beneficial interest in assets held by others.

NOTE D – FAIR VALUE MEASUREMENTS

The Organization follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expand disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurement establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. Level inputs, as defined by this guidance, are as follows:

NOTE D – FAIR VALUE MEASUREMENTS (continued)

Level 1 Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date.

Level 3 Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarizes fair value measurements by level at December 31, 2016, for financial assets measured at fair value on a recurring basis:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Assets				
Assets held in trust for the deferred compensation plan (investments):				
Pooled separate accounts with Principal Life Insurance Co.	$ -	$ 157,359	$ -	$ 157,359
Mutual funds	977,511	-	-	977,511
Beneficial interest in assets held by others	-	-	125,715	125,715
	$ 977,511	$ 157,539	$ 125,715	$ 1,260,585

The fair value of the Organization's beneficial interest in assets held by others is determined based on the Organization's allocated share of the Community Foundation's investment pool. Information is provided to the Organization by Community Foundation management in the form of an annual investment report and through the Community Foundation's annual audit. The pooled separate accounts with Principle Life Insurance Co. are valued using the fair market value of the underlying assets.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The table below sets forth a summary of the changes in the fair value of the Organization's Level 3 financial assets during the year ended December 31, 2016:

	Beneficial Interest in Assets Held by Others
Balance, beginning of year	$ 124,091
Net realized and unrealized gain	6,662
Interest and dividend income	1,393
Investment manager and administrative fees, and distributions	(6,431)
Balance, end of year	$ 125,715

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment account balance.

NOTE E – INVESTMENTS

The fair value of the investments is reflected in the Combined Statement of Net Position at December 31, 2016. A summary of investments at December 31, 2016, is as follows:

	Original Cost	Level I Fair Value	Unrealized Loss
Mutual Funds	$ 1,006,766	$ 977,511	$ (29,255)

Investment income is reported in the Combined Statement of Activities and Changes in Net Assets for the year ended December 31, 2016 and is summarized as follows:

Interest and dividends	$ 4,087
Change in beneficial interest in assets held by others	1,624
Change in unrealized loss	(29,255)
	$ (23,544)

NOTE F – RECONCILIATION OF CHANGES IN NET ASSETS TO NET OPERATING INCOME (NON-GAAP)

The following table presents a reconciliation of the change in net assets to the Organization's internal net operating income for the year ending December 31, 2016:

Change in net assets	$	40,255
Plus: depreciation		122,455
Plus: unrealized loss on investments		29,255
Net operating income excluding Depreciation and unrealized loss on investments	$	191,965

NOTE G – LINE OF CREDIT

The Organization entered into a $2,000,000 line of credit agreement with a Bank. The line of credit bears interest at a variable rate based on the Wall Street Journal Prime rate plus 1.00% with a minimum of 4.50%, and is collateralized by certain receivables. The line of credit requires monthly interest only payments and matures on June 15, 2017. All advances on the line of credit are required to be repaid within six months of the advance.

NOTE H – RETIREMENT PLAN

All employees are eligible to participate in a defined contribution 401(k) plan (the 401(k) Plan) upon completion of 12 consecutive months of the required service and attainment of age 21. The annual contribution to the 401(k) Plan is determined on an annual basis by the Board of Directors (5% of eligible compensation for 2016) plus a match provision of 25% of voluntary contributions by the eligible employee up to a maximum of 1% of eligible compensation. Accordingly, the Organization's maximum contribution is 6% of eligible compensation up to the federal limit according to the Internal Revenue Code. Contributions to the 401(k) Plan for the year ended December 31, 2016, were $399,611 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE I – DEFERRED COMPENSATION PLAN

The Organization has established a deferred compensation plan (the Plan) for the benefit of "key employees", which provide that a certain percentage of the key employee's salary be accrued for the benefit of the participant. The Organization recognizes the related expense and liability under this Plan as benefits become vested. At December 31, 2016, the amounts due under the deferred compensation plan which totaled $157,359, were accrued and included in deferred compensation payable and the related investments are included in assets held in trust for the deferred compensation plan in the accompanying combined statement of financial position. Contributions to the Plan for the year ended December 31, 2016, was $8,974 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE J – CONTINGENCIES

By terms of the Organization's grants and contracts, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund. Management of the Organization does not anticipate any material refunds will have to be made for grants or contracts terminated or in process as of December 31, 2016. Accordingly, no provision for liability has been made in the accompanying combined financial statements.

NOTE K – COMMITMENTS

The Organization leases facilities and equipment under various operating lease agreements. These lease agreements are generally on a year-to-year basis with options to renew. Rent expense was approximately $579,600 for the year ended December 31, 2016.

Future minimum lease payments under noncancelable operating leases as of December 31, 2016, are as follows:

Year Ending December 31,	
2017	$ 481,011
2018	168,069
2019	103,179
2020	59,940
2021	59,940
	$ 872,139

SUPPLEMENTAL INFORMATION

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2016

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures
Federal Awards			
U.S. Department of Agriculture			
Passed through the State of Florida Department of Health			
Child and Adult Care Food Program - Centers	10.558	U51	$ 5,782,439
Child and Adult Care Food Program - Homes	10.558	D702	453,866
Child and Adult Care Food Program - Head Start	10.558	S3	350,387
Total U.S. Department of Agriculture			6,586,692
U.S. Department of Housing and Urban Development			
Passed through Orange County, Florida:			
Community Development Block Grants	14.218	93-34	186,000
U.S. Department of Health and Human Services			
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Temporary Assistance for Needy Families	93.558	1217-15/16	5,026,719
Temporary Assistance for Needy Families	93.558	1217-16/17	4,865,091
Passed through the Office of Early Learning and the Early Learning Coalition of Osceola County:			
Temporary Assistance for Needy Families	93.558	CA-15/16	830,315
Temporary Assistance for Needy Families	93.558	CA-16/17	814,459
Program Total			11,536,584
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Child Care and Development Block Grant	93.575	1217-15/16	6,434,610
Child Care and Development Block Grant	93.575	1217-16/17	6,599,033
Performance Funding Pilot Project	93.575	PP377	126,143
Passed through the Office of Early Learning and the Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	CA-15/16	1,062,871
Child Care and Development Block Grant	93.575	CA-16/17	1,104,736
Performance Funding Pilot Project	93.575	PP387	42,346
Passed through the State of Florida Department Department of Children and Families			
Child Care and Development Block Grant	93.575	LC905	75,372
			15,445,111

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2016

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures
Federal Awards (continued)			
U.S. Department of Health and Human Services			
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1217-15/16	$ 5,609,353
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1217-16/17	5,273,866
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-15/16	926,555
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-16/17	882,891
			12,692,665
Program Total (Child Care and Development Fund Cluster)			28,137,776
Direct Program:			
Head Start and Early Head Start	93.600	04CH0288/20	6,812,865
Early Head Start Child Care Partnership	93.600	04HP0012-01-02	3,500,228
Program Total			10,313,093
Passed-through the Catholic Charities of Central Florida, Inc.:			
Refugee and Entrant Assistance - State Administered Programs	93.566	4C2016	160,986
Refugee and Entrant Assistance - State Administered Programs	93.566	4C2017	47,971
Program Total			208,957
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Social Services Block Grant	93.667	1217-15/16	15,377
Social Services Block Grant	93.667	1217-16/17	15,078
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Social Services Block Grant	93.667	CA-15/16	2,540
Social Services Block Grant	93.667	CA-16/17	2,524
Program Total			35,519
Total U.S. Department of Health and Human Services			50,231,929
Total Expenditures of Federal Awards			57,004,621

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2016

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures
State Financial Assistance			
Florida Department of Education and Commissioner of Education:			
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Voluntary Pre-Kindergarten Education Program	48.108	1217-15/16	$ 16,243,047
Voluntary Pre-Kindergarten Education Program	48.108	1217-16/17	13,515,772
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Voluntary Pre-Kindergarten Education Program	48.108	CA-15/16	4,227,456
Voluntary Pre-Kindergarten Education Program	48.108	CA-16/17	3,541,680
Program Total			37,527,955
Total Expenditures of State Financial Assistance			37,527,955
Total Expenditures of Federal Awards and State Financial Assitance			$ 94,532,576

See Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

December 31, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal grant and state financial assistance project activity of the Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the "Organization") under programs of the federal government and the State of Florida for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Florida Chapter 10.650, *Rules of the Auditor General.* Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE B – 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

NOTE C – CONTRACT MATCHING CONTRIBUTIONS

The Organization has received support from government agencies, under grant contracts, which have match requirements. Management of the Organization has determined that the Organization has met the match requirement or received a waiver from the match requirement of their grant contracts as of December 31, 2016.

Volunteer services of $369,120, $375,301, and $328,975 were provided to the Head Start, Early Head Start program, and Early Head Start Child Care Partnership, respectively, and are used to satisfy match requirements but are not included in the combined financial statements because they do not meet the criteria for recognition.

NOTE D – INDIRECT COST RATES

The Organization has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended December 31, 2016. The indirect cost rates used on the Organization's federal programs and state projects are determined by the relevant federal or state agency.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED SCHEDULE OF HEAD START EXPENSES

For the Year Ended December 31, 2016

	January 1, 2016 - June 30, 2016			July 1, 2016 - December 31, 2016			
	Federal	**Local**	**Total**	**Federal**	**Local**	**Total**	**Grand Total**
Salaries	$ 926,966	$ 78,965	$ 1,005,931	$ 916,359	$ 78,063	$ 994,422	$ 2,000,353
Payroll taxes and employee benefits	234,271	19,957	254,228	208,513	17,762	226,275	480,503
Total salaries and related expenses	1,161,237	98,922	1,260,159	1,124,872	95,825	1,220,697	2,480,856
Educational training services and contractual	263,305	22,430	285,735	223,907	19,074	242,981	528,716
Rent	122,619	10,446	133,065	121,891	10,384	132,275	265,340
Telephone and utilities	73,907	6,296	80,203	80,299	6,840	87,139	167,342
Repairs and maintenance	54,585	4,650	59,235	55,624	4,739	60,363	119,598
Office expense	15,796	1,345	17,141	21,155	1,803	22,958	40,099
Food and classroom supplies	94,963	8,090	103,053	53,206	4,532	57,738	160,791
Professional services	11,004	937	11,941	13,375	1,140	14,515	26,456
Noncapital equipment costs	5,527	471	5,998	80	8	88	6,086
Temporary services	8,389	715	9,104	4,518	384	4,902	14,006
Insurance	3,616	308	3,924	3,216	274	3,490	7,414
Training and technical assistance	102	9	111	17,592	1,498	19,090	19,201
Meetings and conferences	3,221	274	3,495	2,422	206	2,628	6,123
Computer support	5,902	503	6,405	6,249	533	6,782	13,187
In-kind expenses	241,860	20,603	262,463	147,410	12,557	159,967	422,430
Depreciation	2,397	204	2,601	3,134	267	3,401	6,002
Building security	498	42	540	439	38	477	1,017
Travel	17,771	1,514	19,285	12,159	1,036	13,195	32,480
Equipment rental	310	26	336	1,657	141	1,798	2,134
Miscellaneous	71	6	77	17	2	19	96
Program expense	57,399	4,890	62,289	8,620	735	9,355	71,644
Dues and publications	1,187	101	1,288	1,255	107	1,362	2,650
Directory/advertising	1,070	91	1,161	2,368	202	2,570	3,731
Vehicle expense	2,431	207	2,638	1,915	163	2,078	4,716
Educational materials	-	-	-	5,577	475	6,052	6,052
Management and general	89,227	7,601	96,828	86,593	7,377	93,970	190,798
Total expenses	$ 2,238,394	$ 190,681	$ 2,429,075	$ 1,999,550	$ 170,340	$ 2,169,890	4,598,965
Less management and general expenses							(190,798)
Less in-kind volunteer services							(369,120)
Combined statement of funtional expenses							$ 4,039,047

See Independant Auditors' Report

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED SCHEDULE OF EARLY HEAD START EXPENSES

For the Year Ended December 31, 2016

	January 1, 2016 - June 30, 2016			July 1, 2016 - December 31, 2016			
	Federal	Local	Total	Federal	Local	Total	Grand Total
Salaries	$ 590,041	$ 4,758	$ 594,799	$ 597,939	$ 4,822	$ 602,761	$ 1,197,560
Payroll taxes and employee benefits	138,732	1,119	139,851	146,136	1,178	147,314	287,165
Total salaries and related expenses	728,773	5,877	734,650	744,075	6,000	750,075	1,484,725
Educational training services and contractual	449,211	3,623	452,834	418,178	3,372	421,550	874,384
Rent	59,689	481	60,170	61,118	493	61,611	121,781
Telephone and utilities	28,896	233	29,129	30,783	248	31,031	60,160
Repairs and maintenance	22,664	183	22,847	20,135	161	20,296	43,143
Office expense	7,663	62	7,725	10,725	86	10,811	18,536
Food and classroom supplies	25,875	209	26,084	45,608	368	45,976	72,060
Professional services	1,328	11	1,339	5,246	42	5,288	6,627
Noncapital equipment costs	8,035	65	8,100	363	3	366	8,466
Temporary services	5,905	48	5,953	2,569	20	2,589	8,542
Insurance	1,979	16	1,995	1,624	13	1,637	3,632
Training and technical assistance	4,746	38	4,784	14,429	117	14,546	19,330
Meetings and conferences	2,378	19	2,397	1,479	12	1,491	3,888
Computer support	3,331	27	3,358	3,501	28	3,529	6,887
In-kind expenses	284,704	2,296	287,000	141,523	1,142	142,665	429,665
Depreciation	1,796	14	1,810	2,494	20	2,514	4,324
Building security	280	2	282	247	2	249	531
Travel	8,657	70	8,727	6,019	48	6,067	14,794
Equipment rental	58	-	58	872	7	879	937
Miscellaneous	40	-	40	9	1	10	50
Program expense	60,591	489	61,080	61,914	499	62,413	123,493
Dues and publications	667	5	672	705	6	711	1,383
Directory/advertising	559	5	564	1,503	11	1,514	2,078
Vehicle expense	641	5	646	658	5	663	1,309
Management and general	54,092	436	54,528	51,812	418	52,230	106,758
Total expenses	$ 1,762,558	$ 14,214	$ 1,776,772	$ 1,627,589	$ 13,122	$ 1,640,711	3,417,483
				Less management and general expenses			(106,758)
				Less in-kind volunteer services			(375,301)
				Combined statement of funtional expenses			$ 2,935,424

See Independant Auditors' Report

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED SCHEDULE OF EARLY HEAD START CHILD CARE PARTNERSHIP EXPENSES

For the Year Ended December 31, 2016

	January 1, 2016 - July 31, 2016			August 1, 2016 - December 31, 2016			
	Federal	Local	Total	Federal	Local	Total	Grand Total
Salaries	$ 474,181	$ -	$ 474,181	$ 346,072	$ -	$ 346,072	$ 820,253
Payroll taxes and employee benefits	110,478	-	110,478	74,858	-	74,858	185,336
Total salaries and related expenses	584,659	-	584,659	420,930	-	420,930	1,005,589
Educational training services and contractual	1,168,517	31,000	1,199,517	860,399	30,000	890,399	2,089,916
Rent	2,812	-	2,812	4,599	-	4,599	7,411
Telephone and utilities	17,692	-	17,692	11,604	-	11,604	29,296
Repairs and maintenance	15,432	-	15,432	23,441	-	23,441	38,873
Office expense	12,511	-	12,511	8,543	-	8,543	21,054
Food and classroom supplies	71,888	-	71,888	50,521	-	50,521	122,409
Professional services	35,438	-	35,438	33,324	-	33,324	68,762
Noncapital equipment costs	12,708	-	12,708	87	-	87	12,795
Temporary services	26,759	-	26,759	7,974	-	7,974	34,733
Insurance	2,194	-	2,194	2,184	-	2,184	4,378
Training and technical assistance	56,756	-	56,756	8,649	-	8,649	65,405
Meetings and conferences	8,891	-	8,891	4,708	-	4,708	13,599
Computer support	3,998	-	3,998	2,770	-	2,770	6,768
In-kind expenses	222,388	-	222,388	112,550	-	112,550	334,938
Depreciation	2,851	-	2,851	4,521	-	4,521	7,372
Building security	391	-	391	273	-	273	664
Travel	30,247	-	30,247	16,495	-	16,495	46,742
Equipment rental	147	-	147	403	-	403	550
Miscellaneous	62	-	62	-	-	-	62
Program expense	15,649	-	15,649	1,926	-	1,926	17,575
Dues and publications	1,530	-	1,530	199	-	199	1,729
Directory/advertising	147	-	147	970	-	970	1,117
Vehicle expense	531	-	531	323	-	323	854
Management and general	40,128	-	40,128	3,339	-	3,339	43,467
Total expenses	$ 2,334,326	$ 31,000	$ 2,365,326	$ 1,580,732	$ 30,000	$ 1,610,732	3,976,058
Less management and general expenses							(43,467)
Less in-kind volunteer services							(328,975)
Combined statement of funtional expenses							$ 3,603,616

See Independant Auditors' Report

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

To the Board of Directors of
Community Coordinated Care for Children, Inc.
and The 4C Foundation, Inc.
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the "Organization") (a nonprofit organization) which comprise the combined statement of financial position as of December 31, 2016, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated June 14, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Moss, Krusick & Associates, LLC

June 14, 2017
Winter Park, Florida

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, *RULES OF THE AUDITOR GENERAL*

To the Board of Directors of
Community Coordinated Care for Children, Inc.
and The 4C Foundation, Inc.
Orlando, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, and special audit guidance provided by the Office of Early Learning that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended December 31, 2016. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal programs and state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, *Rules of the Auditor General,* and special audit guidance provided by the Office of Early Learning. Those standards and the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General,* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization 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 and state projects for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project 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 or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

June 14, 2017
Winter Park, Florida

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

December 31, 2016

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Type of auditors' report issued on compliance for major programs:	Unmodified
2. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
4. Dollar threshold used to distinguish between Type A and Type B programs	$1,710,139
5. Auditee qualified as low-risk auditee?	No

Identification of major programs:

Name of Federal Program	CFDA Number
Child Care and Development Fund Cluster	93.575 & 93.596
Temporary Assistance for Needy Families	93.558

Section I – Summary of Auditors' Results (continued)

State Financial Assistance

1. Type of auditors' report issued on compliance for major projects:	Unmodified
2. Internal control over major projects:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, *Rules of the Auditor General*	N/A
4. Dollar threshold used to distinguish between Type A and Type B projects	$1,125,839

Identification of major projects:

Name of State Projects	CSFA Number
Voluntary Pre-Kindergarten Education Program	48.108

Section II – Financial Statement Findings

None (there are no items related to State and Federal financial assistance required to be reported in the management letter; therefore, no management letter issued)

Section III - Federal Award and State Projects Findings and Questioned Costs

None (there are no items related to State and Federal financial assistance required to be reported in the management letter; therefore, no management letter issued)

Section IV - Status of Prior Year Audit Findings

2015-01 Late submission of December 31, 2014 audit report – federal filing

Criteria: The Organization is required to file their audit report each year to the Federal Audit Clearinghouse within 30 days of the financial statements being issued and available.

Condition: The Organization filed their report to the Federal Audit Clearinghouse, however, not within the 30 day deadline along with the extended deadline in accordance with report submission instructions from Uniform Guidance.

Section IV - Status of Prior Year Audit Findings (continued)

2015-01 Late submission of December 31, 2014 audit report – federal filing (continued)

Cause: For the audit periods ended December 31, 2010, 2011, 2012, and 2013 the Organization's prior audit firm initiated the report filing with the Federal Audit Clearinghouse (FAC). For the audit period ended December 31, 2014, the Agency's auditor at the time failed to initiate the report filing with the FAC. During the transition period to new auditors in 2015, when important and significant items are to be discussed between audit firms, the predecessor auditor never communicated they had not initiated the FAC filing.

Effect: The Organization did not meet the extended deadline submission requirement as set forth by Uniform Guidance.

Recommendation: We recommended the Organization more closely monitor this important submission deadline to avoid missing the deadline.

Status: Resolved. The Organization filed the 2015 audit report with the FAC within the required time frame. They have put in place new policies and have several individuals who have been made responsible to make sure that the submission is completed in the required timeframe. Additionally, the Organization's 2014 and 2015 audit reports were issued and submitted timely to all of 4C's required entities and funders, including the federal Department of Health and Human Services and Florida's Auditor General. There were no other factors that caused this auditee to be a high risk auditee.