

**AUDITED COMBINED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

**COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.**

**December 31, 2007**

**AUDITED COMBINED FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**

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AND THE 4C FOUNDATION, INC.**

**December 31, 2007**

<b>Independent Auditors' Report.....</b>	<b>1</b>
<b>Financial Statements:</b>	
<b>Combined Statement of Financial Position .....</b>	<b>2</b>
<b>Combined Statement of Activities .....</b>	<b>3</b>
<b>Combined Statement of Cash Flows .....</b>	<b>4</b>
<b>Combined Statement of Functional Expenses.....</b>	<b>5</b>
<b>Notes to Combined Financial Statements .....</b>	<b>7</b>
<b>Supplemental Information:</b>	
<b>Combined Schedule of Expenditures of Federal Awards         and State Financial Assistance .....</b>	<b>14</b>
<b>Combined Schedule of Head Start Expenses.....</b>	<b>21</b>
<b>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>.....</b>	<b>23</b>
<b>Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Federal Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, <i>Rules of the Auditor General</i>.....</b>	<b>25</b>
<b>Schedule of Findings and Questioned Costs -- Federal Programs and State Projects .....</b>	<b>27</b>

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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying combined statement of financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. ("Organizations") as of December 31, 2007, and the related combined statements of activities, cash flows, and functional expenses for the year then ended. These combined financial statements are the responsibility of the Organizations' management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. as of December 31, 2007, and the combined changes in their net assets and their combined cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2008, on our consideration of the Organizations' internal control over financial reporting and on our tests of their 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements of the Organizations taken as a whole. The accompanying combined schedule of expenditures of federal awards and state financial assistance, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Florida Single Audit Act, and the accompanying combined schedule of Head Start expenses, which is also presented for the purpose of additional analysis, are not required parts of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Orlando, Florida  
June 26, 2008

R.A. SIMASEK, P.A.

COMBINED STATEMENT OF FINANCIAL POSITION

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

December 31, 2007

ASSETS

Cash and cash equivalents	\$ 936,334
Assets limited as to use - cash and money market investments:	
Designated for capital expenditures	355,000
Designated for operating reserve	1,711,768
	<u>2,066,768</u>
Receivables	7,398,099
Unconditional promise to give - United Way	228,934
Prepaid expenses and other assets	<u>71,577</u>
Property and equipment	1,731,932
Loan costs - net of amortization	10,979
Investments - endowment fund	114,326
Investments - deferred compensation plan	<u>141,963</u>
<b>Total assets</b>	<b><u>\$ 12,700,912</u></b>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and other liabilities	\$ 1,343,860
Due to child care centers	5,444,486
Note payable	337,500
<b>Total liabilities</b>	<b><u>7,125,846</u></b>

Net Assets:

Unrestricted net assets:	
Operating	2,919,952
Property	1,731,932
Designated for capital expenditures	355,000
<b>Total unrestricted net assets</b>	<b><u>5,006,884</u></b>
Temporarily restricted net assets	453,866
Permanently restricted net assets	<u>114,326</u>
<b>Total net assets</b>	<b><u>5,575,066</u></b>

<b>Total liabilities and net assets</b>	<b><u>\$ 12,700,912</u></b>
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See notes to combined financial statements.

COMBINED STATEMENT OF ACTIVITIES

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Year Ended December 31, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Public support and revenues:</b>				
Early Learning Coalition of Orange County	\$ 38,874,212	\$ -	\$ -	\$ 38,874,212
Orange County Voluntary Prekindergarten Services	19,492,480	-	-	19,492,480
Early Learning Coalition of Orange County - special project	6,816	-	-	6,816
Early Learning Coalition of Southwest Florida - School Readiness	10,721,933	-	-	10,721,933
Early Learning Coalition of Southwest Florida - Voluntary Prekindergarten Services	8,027,805	-	-	8,027,805
Early Learning Coalition of Southwest Florida - School Readiness - special project/match	7,987	-	-	7,987
Seminole County Voluntary Prekindergarten Services	7,937,526	-	-	7,937,526
Early Learning Coalition of Seminole	7,718,400	-	-	7,718,400
Early Learning Coalition of Seminole - special project	2,889	-	-	2,889
Early Learning Coalition of Osceola County	6,165,499	-	-	6,165,499
State of Florida Department of Health - Food Program	5,677,559	-	-	5,677,559
Osceola County Voluntary Prekindergarten Services	5,127,860	-	-	5,127,860
U.S. Department of Health and Human Services - Head Start	3,739,825	-	-	3,739,825
Orange County - Citizens Commission for Children	551,506	-	-	551,506
Heart of Florida United Way	236,909	230,521	-	467,430
City of Orlando	391,079	10,612	-	391,891
Osceola County Commission	318,004	-	-	318,004
Training Programs	270,245	-	-	270,245
State of Florida Department of Children and Families	269,384	-	-	269,384
Orange County Commission	266,390	-	-	266,390
Leasing Employment	235,804	-	-	235,804
City of Orlando - Parramore project	32,524	146,726	-	181,250
Orange County Citizens Review	148,593	-	-	148,593
Head Start In-kind support	132,264	-	-	132,264
Seminole County Public Schools	123,194	-	-	123,194
Corporate	108,585	-	-	108,585
Seminole County Commission	86,840	-	-	86,840
Contributions and other	26,341	38,482	-	64,823
Interest Income	59,028	-	-	59,028
Lee County Commission	42,241	-	-	42,241
Other local match	41,030	-	-	41,030
United Way - Lee County	33,733	-	-	33,733
Orlando Sentinel match	29,998	-	-	29,998
Orange County Community Action	24,896	-	-	24,896
Endowment Investment Income	-	-	10,387	10,387
Net assets released from restrictions	390,579	(390,579)	-	-
<b>Total public support and revenues</b>	<b>116,997,138</b>	<b>37,982</b>	<b>10,387</b>	<b>117,045,467</b>
<b>Functional expenses:</b>				
<b>Program services:</b>				
Early Care and Learning (School Readiness)	63,748,476	-	-	63,748,476
Voluntary Pre-K	40,551,849	-	-	40,551,849
Head Start	3,920,716	-	-	3,920,716
Food Program	5,401,419	-	-	5,401,419
Training Programs	364,252	-	-	364,252
Community Services	476,515	-	-	476,515
Other Child Care	236,027	-	-	236,027
	114,699,053	-	-	114,699,053
<b>Supporting services:</b>				
General and administrative	2,159,479	-	-	2,159,479
	116,858,532	-	-	116,858,532
<b>Change in net assets</b>	<b>138,606</b>	<b>37,982</b>	<b>10,387</b>	<b>186,955</b>
<b>Net assets at beginning of year</b>	<b>4,888,278</b>	<b>415,894</b>	<b>103,959</b>	<b>5,388,131</b>
<b>Net assets at end of year</b>	<b>\$ 5,026,884</b>	<b>\$ 453,866</b>	<b>\$ 114,326</b>	<b>\$ 5,575,066</b>

See notes to combined financial statements.

**COMBINED STATEMENT OF CASH FLOWS**

**COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.**

Year ended December 31, 2007

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 186,935
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	257,325
Realized gain on sale of investments - endowment fund	(2,310)
Unrealized gain on investments - endowment fund	(6,258)
(Increase) in receivables	(2,331,242)
(Increase) in unconditional promise to give - United Way	(10,064)
(Decrease) in prepaid expenses and other assets	121,120
Increase in accounts payable and other liabilities	285,863
Increase in due to child care centers	1,987,873
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>489,242</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Property and equipment capitalized costs	(280,011)
(Increase) in investments - endowment fund	(1,799)
(Increase) in investments - deferred compensation plan	(8,118)
(Increase) in cash and money market investments designated for capital expenditures/operating reserve	(186,820)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<u>(456,748)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Principal reduction in note payable	(87,500)
<b>NET CASH (USED) BY FINANCING ACTIVITIES</b>	<u>(87,500)</u>

**(DECREASE) IN CASH AND CASH EQUIVALENTS** **(35,004)**

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** **971,338**

**CASH AND CASH EQUIVALENTS AT END OF YEAR** **\$ 936,334**

See notes to combined financial statements.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Year Ended December 31, 2007

	Program			
	Early Care and Learning (School Readiness)	Voluntary Pre-K	Head Start	Food Program
Salaries	\$ 3,998,844	\$ 625,341	\$ 2,074,923	\$ 426,981
Payroll taxes and employee benefits	1,029,995	186,938	875,736	115,365
Total salaries and related expenses	5,028,839	792,279	2,750,659	542,346
Temporary services	173,460	73,732	494	95
Professional services	9,057	764	4,324	534
Building security	39,855	3,167	5,547	4,740
Educational training services and contractual	141,551	-	-	570
Travel	33,573	1,998	28,161	8,489
Meetings and conferences	70,680	4,887	7,673	5,548
Rent	190,028	14,850	208,485	14,533
Maintenance; repairs and renovations	141,137	17,070	186,225	12,564
Telephone and utilities	184,181	16,246	152,994	5,616
Vehicle expense	3,373	254	8,661	13
Equipment rental	15,078	1,259	247	334
Equipment costs	34,746	-	73,481	-
Office expense	355,810	36,750	30,509	21,688
Computer support	59,883	11,794	21,678	4,228
Insurance	98,102	13,337	62,902	8,892
Dues and publications	4,066	480	5,653	589
Directory/advertising	29,271	3,037	12,669	1,572
Interest	-	-	-	-
Miscellaneous	47	-	1,077	-
Educational materials	96,184	1,701	2,052	-
Medical and dental	-	-	21,348	-
Program expense	-	-	27,921	-
Food and supplies	-	-	89,976	-
Training and technical assistance	-	-	54,809	-
In-kind	-	-	132,284	-
Depreciation and amortization	138,726	8,248	30,887	10,479
Purchase of child care, food and transportation services	56,902,828	39,549,798	-	4,758,589
Total direct expenses	63,748,475	40,551,649	3,920,716	5,401,419
Allocation of general and administrative	1,623,929	82,060	131,728	181,396
<b>TOTAL EXPENSES</b>	<b>\$ 65,372,404</b>	<b>\$ 40,633,709</b>	<b>\$ 4,052,444</b>	<b>\$ 5,582,815</b>

See notes to combined financial statements.

Services				Supporting Services	
Training Programs	Community Services	Other Child Care	Total	General and Administrative	Grand Total
\$ 159,322	\$ 219,407	\$ 4,237	\$ 7,507,055	\$ 1,242,889	\$ 8,749,944
32,724	53,817	1,136	2,075,711	321,678	2,397,389
192,046	273,224	5,373	9,582,766	1,564,567	11,147,333
51,337	8,803	42	305,963	46,225	352,188
390	6,795	8	21,872	38,873	60,745
15,672	-	68	69,049	14,183	83,232
7,345	-	-	149,466	4,059	153,525
535	4,482	8	77,246	2,675	79,921
559	33,647	334	123,328	52,033	175,361
34,609	9,990	50	472,545	14,733	487,278
12,258	13,815	183	383,252	84,042	467,294
9,899	369	198	369,503	75,612	445,015
198	-	5	12,504	1,839	14,143
327	483	8	17,736	2,389	20,125
-	34,573	-	142,800	-	142,800
21,177	9,831	190	475,955	84,611	560,566
1,936	-	40	99,559	14,643	114,202
4,392	4,688	121	192,434	48,653	241,087
277	-	5	11,070	22,116	33,186
680	-	21	47,250	12,372	59,622
-	35,063	-	35,063	-	35,063
-	3,772	-	4,896	16,311	21,207
4,193	-	22,945	127,075	-	127,075
-	-	-	21,348	-	21,348
-	-	-	27,921	-	27,921
-	-	-	89,976	-	89,976
-	-	-	54,809	-	54,809
-	-	-	132,284	-	132,284
6,422	2,405	315	197,482	59,843	257,325
-	36,575	208,113	101,453,901	-	101,453,901
364,252	476,515	236,027	114,699,053	2,159,479	116,858,532
10,797	125,250	4,319	2,159,479	(2,159,479)	-
\$ 375,049	\$ 601,765	\$ 240,346	\$ 116,858,532	\$ -	\$ 116,858,532



## NOTES TO COMBINED FINANCIAL STATEMENTS

### COMMUNITY COORDINATED CARE FOR CHILDREN, INC. AND THE 4C FOUNDATION, INC.

#### NOTE A -- DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Reporting Entity

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

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

The entities are exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and the laws of the state of Florida, and maintain non-private foundation status in accordance with the Internal Revenue Code. Operations are directed by separate voluntary boards who receive no compensation for their services.

The accompanying financial statements include the accounts of 4C and the Foundation on a combined basis. All significant accounts and transactions between the entities have been eliminated in combination.

##### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards ("SFAS") No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organizations are required to report information regarding their financial position and activities according to three classes of net assets as follows:

Unrestricted net assets -- net assets not subject to donor-imposed stipulations.

Temporarily restricted net assets -- net assets subject to donor-imposed stipulations that may or will be met by actions of the Organizations and/or the passage of time. Temporarily restricted net assets as of December 31, 2007 are composed of \$224,922 available to fund designated programs in the near future, and \$228,934 of United Way funding which will be released in the next fiscal year.

Permanently restricted net assets -- net assets subject to donor-imposed stipulations that they be maintained permanently by 4C. Permanently restricted net assets were \$114,326 at December 31, 2007. 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. 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 4C (i.e. the beneficiary); the income on such investments (to be 5% of the principal balance calculated each March 31) is available to be distributed annually to 4C. The fund is carried at market value; net activity recorded in the year 2007 to include any contributions received was \$10,367 (see Note C).

##### Promise to Give

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. The promise to give at December 31, 2007 is expected to be collected during the year ended December 31, 2008.

## NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED

### COMMUNITY COORDINATED CARE FOR CHILDREN, INC. AND THE 4C FOUNDATION, INC.

#### NOTE A – DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### Loan Costs

Loan costs are being amortized (\$2,198 in 2007) over the life of the related loan.

##### Contributions

Donated services, which are necessary supporting services, are recorded in the financial statements as support with a like amount included as expense. Such support and expense is valued at the estimated fair market value of the donation at the date of receipt.

Donated services that create or enhance non-financial assets, or that require specialized skills, and which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair market values in the year provided (See Note B).

##### Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

##### Art Collection

During the year ended December 31, 2002, the Foundation capitalized a donated art collection, which consists of pictures donated to the Foundation. The donated art collection is stated at the estimated fair value of the collection at the time of the donation. The Foundation has no purchased collectibles (see Note F).

##### Grants and Contracts Receivable

Grants and contracts receivable are stated at the amount management expects to realize from outstanding balances. Management provides such amounts through adjustments based upon their assessment of the current status (i.e. terms) of individual receivables from grants and contracts. Accordingly, management considers all receivables to be collectible; therefore, there is no allowance for doubtful accounts at December 31, 2007.

##### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED

### COMMUNITY COORDINATED CARE FOR CHILDREN, INC. AND THE 4C FOUNDATION, INC.

#### NOTE A – DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### Property and Equipment

Property and equipment acquisitions are recorded at cost when purchased, while donations of property and equipment are recorded at their estimated fair value when donated. Property and equipment is depreciated over the estimated useful life of the assets using the straight-line method.

##### Fund Raising Expenses

Management estimates total fund raising costs for the year were \$34,748.

##### Statement of Cash Flows

For purposes of the statement of cash flows, the Organizations consider all highly liquid debt instruments purchased with an original maturity date of three months or less at the date of purchase to be cash equivalents. Cash and money market investments designated for future capital expenditures and for an operating reserve are not reflected as cash and cash equivalents.

Cash paid during the year for interest was \$35,063.

##### Revenue and Expense Recognition

The Organizations recognize public support, revenues and expenses on the accrual basis. Support and revenues from grants and contracts are generally recognized as eligible costs are incurred and/or required services are performed. Functional expenses are allocated between programs on the basis of specific identification, where possible, and management's best estimates. The programs are as follows:

Early Care and Learning (School Readiness) – 4C currently contracts with local Early Care and Learning Coalitions, local governments, and private not-for-profit organizations to provide income eligible families child care financial assistance and other related activities. Local government contracts and United Way allocations are used to meet match requirements for certain contracts.

Voluntary Pre-K – 4C 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. 4C currently contracts with local coalitions to provide such services.

Head Start – Accounts for resources received from the U.S. Department of Health and Human Services ("HHS") and the State of Florida, Department of Health (Child and Adult Care Food Program) for the Head Start Program. Certain matching funds are required by HHS which are provided by local governments and other donors.

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.

NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

NOTE A – DESCRIPTION OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Community Services – Accounts for various community services, other family related programs, fundraising and the activities of the Foundation.

Other Child Care – Accounts for resources received from the State of Florida Department of Children and Families – Refugee Child Care and other private contracts for child care services.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of cash and cash equivalents, cash and money market investments for designated purposes, and various unsecured receivables. The Organizations place their cash and cash equivalents and money market investments with high quality financial institutions and limit their exposure to any potential loss in excess of federally insured limits; however, at times, the Organizations are exposed to loss to the extent that these balances exceed the federally insured limits. Concentrations of credit risk with respect to unsecured receivables are limited as the receivables are primarily grants receivable from governmental agencies; other receivables are due from entities located in Central and Southwest Florida.

Other

Significant accounting policies not referred to above are reflected in the notes to the combined financial statements that follow.

NOTE B – DONATED SERVICES

Donated services, which are necessary to support the Head Start program, are recorded in the financial statements as unrestricted support with a like amount included as expense. Such support and expense is valued at the estimated fair market value of the donation at the date of receipt and performance.

Such donated services for the year ended December 31, 2007 consists of the following:

Head Start:	
Medical and dental	\$ 24,467
Program services	107,817
	<hr/>
Total	\$ 132,284
	<hr/>

Volunteer services of \$798,164 were provided to the Head Start program and used to satisfy match requirements but are not included in the financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

NOTE C – INVESTMENT – ENDOWMENT FUND

The endowment fund investment balance of \$114,326 consists of cumulative contributions (to include related investment results) to the Community Foundation of Central Florida, Inc. to be held as a permanently restricted endowment fund for the benefit of 4C (i.e. the beneficiary) (see Note A); the income on such investments (to be 5% of the principal balance calculated each March 31) is available to be distributed annually to 4C. The fund is primarily invested in marketable securities and is carried at market value; net investment activity recorded for the year 2007 was as follows:

Interest and dividends	\$	3,115
Realized gains		2,310
Unrealized gains		6,258
		<u>11,683</u>
Less: related fees		<u>(1,316)</u>
Net	\$	<u>10,367</u>

NOTE D – NOTES PAYABLE

Line of Credit

Bank

4C's line of credit at December 31, 2007 consists of a bank line of credit at prime, collateralized by 4C's receivables and also guaranteed by the 4C Foundation, Inc.; the line of credit is due on demand; \$2,000,000 is available at December 31, 2007. The line of credit is used primarily for the payment of funds to child care centers pending outstanding receivable payments.

Mortgage Note Payable

A \$337,500 mortgage note is payable to a bank, has a variable interest rate (7.21% at December 31, 2007), is due in monthly payments of \$5,625 plus interest, and is collateralized by land and buildings - carrying amount at December 31, 2007 is \$1,184,761. The mortgage note is owed by the Foundation and is guaranteed by 4C.

As noted in the preceding paragraph, the interest is due monthly at a variable rate as determined from time to time by the referenced bank. To reduce its exposure to fluctuations in interest rates and to stabilize cash flow requirements, the Organizations have agreed to pay a variable rate of interest to the bank under an interest rate swap transaction agreement. Accordingly, the Organizations paid additional interest at the rate of 2.32% on the mortgage note payable at December 31, 2007.

NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

NOTE D – NOTES PAYABLE – CONTINUED

Maturities of the mortgage note payable, due subsequent to December 31, 2007, are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2008	\$ 67,500
2009	67,500
2010	67,500
2011	67,500
2012	<u>67,500</u>
	<u>\$ 337,500</u>

NOTE E – COMMITMENTS

4C leases facilities under various operating leases. The leases are generally on a year-to-year basis with options to renew. Aggregate rentals paid under these type leases totaled approximately \$487,279 for the year ended December 31, 2007.

Future minimum rental commitments under non-cancelable operating leases are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2008	\$ 644,730
2009	488,646
2010	<u>208,940</u>
	<u>\$ 1,342,316</u>

NOTE F – PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2007 is as follows:

Land	\$ 720,000
Buildings and building improvements	1,730,791
Equipment, vehicles and other	1,792,780
Donated art collection	<u>178,055</u>
	4,421,626
Less accumulated depreciation	<u>(2,689,694)</u>
	<u>\$ 1,731,932</u>

## NOTES TO COMBINED FINANCIAL STATEMENTS – CONTINUED

### COMMUNITY COORDINATED CARE FOR CHILDREN, INC. AND THE 4C FOUNDATION, INC.

#### NOTE F – PROPERTY AND EQUIPMENT – CONTINUED

The Foundation has acquired land and a building to provide an operating location to centralize the Organizations' operations. As regards the acquired property, 4C entered into a non-cancelable lease with the Foundation effective January 1, 1999 for a period of fifteen years (2007 rent of \$118,261). While the rent due under the lease is subject to annual review, it equals the allowable depreciation on the building.

#### NOTE G – RETIREMENT PLAN

All 4C employees are eligible to participate in a 401(k) profit sharing plan upon completion of 12 consecutive months of the required service and attainment of age 21. The annual contribution to the plan is determined on an annual basis by the Board of Directors (5% of eligible compensation for 2007) plus a match provision of 25% of voluntary contributions by the eligible employee up to a maximum of 1% of eligible compensation. Accordingly, 4C's maximum contribution is 6% of eligible compensation; 4C is not liable for any payments under the plan in excess of the annual contribution. The total expense for the year ended December 31, 2007, was \$330,870.

#### NOTE H – DEFERRED COMPENSATION PLAN

4C has established a deferred compensation plan ("Plan") for the benefit of "key employees". 4C has acquired various investments to provide funding for the Plan; however, the investments are not held in trust for or pledged to secure the agreements. Accordingly, 4C is the owner of the investments. 4C recognizes the related expense (i.e. liability) under this Plan as benefits become vested. The carrying value of the investments at December 31, 2007 (\$141,963) approximates the market value of the investments as of that date.

#### NOTE I – CONTINGENCIES

By terms of the Organizations' grants, 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 for the appropriate amount. Management of the Organizations does not anticipate any material refunds will have to be made for grants terminated or in process as of December 31, 2007.

The Organizations have received support from governmental agencies, under grant contracts, which have match requirements. Management of the Organizations has determined that the Organizations have met the match requirement of their grant contracts as of December 31, 2007.

The Organizations also have a potential liability to reimburse funding agencies for property charged against certain grants as a reimbursable expenditure. The measurable value of the potential liability is not readily determinable. However, in management's opinion, the probability of a reimbursement request of significance is considered unlikely. During the year ended December 31, 2007, approximately \$142,800 of such reimbursed expenditures were incurred and charged to operations as grant expenditures. Approximately \$1,007,075 (at cost) of such assets were charged to grants to date and are currently being used in the Organizations' operations.

**SUPPLEMENTAL INFORMATION**



COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Year Ended December 31, 2007

Federal/State Agency/Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<b>Federal Awards</b>			
<b>Department of Health and Human Services</b>			
<b>Direct program -</b>			
<b>Head Start</b>	93.600	04CH0288/20	\$ 2,019,098
	93.600	04CH0288/21	1,720,727
			<u>\$ 3,739,825</u>
<b>Indirect programs -</b>			
<b>Passed through the Florida Department of Education and the Early Learning Coalition of Orange County -</b>			
<b>Child Care and Development Block Grant</b>	93.575	01/06-07	\$ 12,849,287
	93.575	01/07-08	13,640,346
			<u>26,489,633</u>
<b>Passed through the Florida Department of Education and the Early Learning Coalition of Seminole -</b>			
<b>Child Care and Development Block Grant</b>	93.575	01/06-07	2,600,366
	93.575	01/07-08	2,684,929
			<u>5,285,295</u>
<b>Passed through the Florida Department of Education and the Early Learning Coalition of Osceola County -</b>			
<b>Child Care and Development Block Grant</b>	93.575	01/06-07	2,126,552
	93.575	01/07-08	2,093,489
			<u>4,220,041</u>
<b>Passed through the Florida Department of Education and the Early Learning Coalition of Lee County -</b>			
<b>Child Care and Development Block Grant</b>	93.575	CA 0607	803,114
	93.575	CA 0708	4,570,112
			<u>5,373,226</u>
<b>Passed through the Florida Department of Education and the Early Learning Coalition of Collier County -</b>			
<b>Child Care and Development Block Grant</b>	93.575	CA 0607	209,274
	93.575	CA 0708	1,321,980
			<u>1,531,254</u>
<b>Passed through the Florida Department of Education and the Early Learning Coalition of Glades County -</b>			
<b>Child Care and Development Block Grant</b>	93.575	CA 0607	4,977
	93.575	CA 0708	40,639
			<u>45,616</u>

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE - CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Federal/State Agency/Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<b><u>Federal Awards - continued</u></b>			
Passed through the Florida Department of Education and the Early Learning Coalition of Henry County - Child Care and Development Block Grant	93.575 93.575	CA 0607 CA 0708	75,657 412,229 <hr/> 487,886
Passed through the State of Florida, Department of Children and Families - Child Care and Development Block Grant	93.575 93.575	LC705 LC805	58,117 50,645 <hr/> 108,762 <hr/> <b>\$ 43,541,713</b>
Passed through the Florida Department of Education and the Early Learning Coalition of Orange County - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596 93.596	01/06-07 01/07-08	\$ 5,504,925 5,670,442 <hr/> 11,175,367
Passed through the Florida Department of Education and the Early Learning Coalition of Seminole - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596 93.596	01/06-07 01/07-08	1,114,055 1,116,154 <hr/> 2,230,209
Passed through the Florida Department of Education and the Early Learning Coalition of Osceola County - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596 93.596	01/06-07 01/07-08	911,063 870,286 <hr/> 1,781,349
Passed through the Florida Department of Education and the Early Learning Coalition of Lee County - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596 93.596	CA 0607 CA 0708	344,073 1,899,846 <hr/> 2,243,919
Passed through the Florida Department of Education and the Early Learning Coalition of Collier County - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596 93.596	CA 0607 CA 0708	89,659 549,561 <hr/> 639,220

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE - CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Federal/State Agency/Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<b>Federal Awards - continued</b>			
Passed through the Florida Department of Education and the Early Learning Coalition of Glades County - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA 0607	2,132
	93.596	CA 0708	<u>16,894</u>
			19,026
Passed through the Florida Department of Education and the Early Learning Coalition of Henry County - Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA 0607	32,414
	93.596	CA 0708	<u>171,368</u>
			<u>203,782</u>
			<u>\$ 18,292,872</u>
Child Care and Development Fund Cluster - Note 3			<u>\$ 61,834,585</u>
Passed through the Florida Department of Education and the Early Learning Coalition of Orange County - Social Services Block Grant	93.667	01/06-07	\$ 15,297
	93.667	01/07-08	<u>15,643</u>
			30,940
Passed through the Florida Department of Education and the Early Learning Coalition of Seminole - Social Services Block Grant	93.667	01/06-07	3,096
	93.667	01/07-08	<u>3,079</u>
			6,175
Passed through the Florida Department of Education and the Early Learning Coalition of Osceola County - Social Services Block Grant	93.667	01/06-07	2,532
	93.667	01/07-08	<u>2,401</u>
			4,933
Passed through the Florida Department of Education and the Early Learning Coalition of Lee County - Social Services Block Grant	93.667	CA 0607	956
	93.667	CA 0708	<u>5,241</u>
			6,197
Passed through the Florida Department of Education and the Early Learning Coalition of Collier County - Social Services Block Grant	93.667	CA 0607	249
	93.667	CA 0708	<u>1,516</u>
			1,765

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE - CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Federal/State Agency/Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<u>Federal Awards - continued</u>			
Passed through the Florida Department of Education and the Early Learning Coalition of Glades County - Social Services Block Grant	93.667 93.667	CA 0607 CA 0708	6 46 <hr/> 52
Passed through the Florida Department of Education and the Early Learning Coalition of Henry County - Social Services Block Grant	93.667 93.667	CA 0607 CA 0708	90 473 <hr/> 563
Passed through the State of Florida, Department of Children and Families - Social Services Block Grant	93.667 93.667	LC705 LC805	22,664 19,750 <hr/> 42,414 <hr/> \$ 93,039
Passed through the State of Florida, Department of Children and Families - Refugee and Entrant Assistance - State Administered Programs	93.566 93.566	LK616 LK814	\$ 80,655 2,034 <hr/> \$ 82,689
Refugee and Entrant Assistance - Discretionary Grants	93.576	LK816	\$ 20,343
<b>Total Department of Health and Human Services</b>			<b>\$ 65,770,481</b>
<b>Department of Agriculture:</b>			
<b>Indirect program -</b>			
<b>Passed through the State of Florida, Department of Health - Child and Adult Care Food Program-</b>			
Centers	10.558	U51	\$ 4,661,716
Head Start	10.558	S3	281,811
Homes	10.558	D702	634,032
<b>Total Department of Agriculture</b>			<b>\$ 5,577,559</b>

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE - CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Federal/State Agency/Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<b><u>Federal Awards - continued</u></b>			
Department of Housing and Urban Development:			
Indirect program -			
Passed through Orange County, Florida -			
Community Development Block Grant			
	14.218	93-34	\$ 256,390
Total Expenditures of Federal Awards			<u>\$ 71,804,430</u>
<b><u>State Financial Assistance</u></b>			
Indirect programs:			
Florida Department of Education:			
Passed through the Early Learning Coalition of			
Orange County -			
School Readiness Services			
	75.005	01/06-07	\$ 751,454
	75.005	01/07-08	226,818
			<u>978,272</u>
Passed through the Early Learning Coalition of			
Seminole -			
School Readiness Services			
	75.005	01/06-07	152,075
	75.005	01/07-08	44,646
			<u>196,721</u>
Passed through the Early Learning Coalition of			
Osceola County -			
School Readiness Services			
	75.005	01/06-07	124,365
	75.005	01/07-08	34,811
			<u>159,176</u>
Passed through the Early Learning Coalition of			
Lee County -			
School Readiness Services			
	75.005	CA 0607	46,967
	75.005	CA 0708	75,994
			<u>122,961</u>
Passed through the Early Learning Coalition of			
Collier County -			
School Readiness Services			
	75.005	CA 0607	12,238
	75.005	CA 0708	21,982
			<u>34,220</u>

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE - CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Federal/State Agency/Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<b><u>State Financial Assistance - continued</u></b>			
Passed through the Early Learning Coalition of Glades County - School Readiness Services	75.005 75.005	CA 0607 CA 0708	290 676 <hr/> 966
Passed through the Early Learning Coalition of Henry County - School Readiness Services	75.005 75.005	CA 0607 CA 0708	4,425 6,855 <hr/> 11,280 <hr/> <u>\$ 1,503,596</u>
Florida Department of Education:			
Passed through the Early Learning Coalition of Orange County - Voluntary Prekindergarten Education	75.007 75.007	ELC 1 06/07 ELC 1 07/08	\$ 9,442,596 10,049,884 <hr/> 19,492,480
Passed through the Early Learning Coalition of Seminole - Voluntary Prekindergarten Education	75.007 75.007	01 - 0607 01 - 0708	3,927,247 4,010,279 <hr/> 7,937,526
Passed through the Early Learning Coalition of Osceola County - Voluntary Prekindergarten Education	75.007 75.007	CA - 06/07 CA - 07/08	2,465,398 2,662,262 <hr/> 5,127,660
Passed through the Early Learning Coalition of Lee County - Voluntary Prekindergarten Education	75.007 75.007	CA 0607 CA 0708	200,590 4,840,563 <hr/> 5,041,153
Passed through the Early Learning Coalition of Collier County - Voluntary Prekindergarten Education	75.007 75.007	CA 0607 CA 0708	285,451 2,292,292 <hr/> 2,577,743

COMBINED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE - CONTINUED

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Federal/State Agency/Pass-through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Expenditures
<u>State Financial Assistance - continued</u>			
Passed through the Early Learning Coalition of Glades County - Voluntary Prekindergarten Education	75.007	CA 0708	12,946
Passed through the Early Learning Coalition of Henry County - Voluntary Prekindergarten Education	75.007	01/06-07	117,724
	75.007	01/07-08	278,239
			<u>395,963</u>
			<u>\$ 40,585,471</u>
Total Florida Department of Education			<u>\$ 42,089,067</u>
Total Expenditures of State Financial Assistance			<u>\$ 42,089,067</u>
<u>Other State Funding</u>			
Florida Department of Children and Families - state matching funds for federal awards received	*	LC705/LC805	<u>\$ 15,175</u>

\*Represents state matching funds for federal awards - see Note 4.

Note 1 - The accompanying schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis of accounting.

Note 2 - Temporary Assistance for Needy Families (CFDA number 93.558) amounts are reflected as federal funds under Federal CFDA number 93.575 (Child Care Development Block Grant), the program into which such amounts were transferred.

Note 3 - Child Care and Development Block Grant (CFDA number 93.575) and Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA number 93.596) are reported as a Child Care and Development Fund Cluster.

Note 4 - The state matching funds received for the year were tested with the federal program Federal CFDA number 93.575 (Child Care and Development Block Grant), the program to which the match funds applied.

See independent auditors' report on compliance and internal control over compliance applicable to each major federal program and state project.

COMBINED SCHEDULE OF HEAD START EXPENSES

COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.

Year Ended December 31, 2007

	2006/2007		
	Federal	Local	Total
Salaries	\$ 1,010,566	\$ 50,887	\$ 1,061,453
General and administrative	75,142	3,921	79,063
Payroll taxes and employee benefits	359,472	18,756	378,228
Temporary Services	162	8	160
Professional Services	2,486	130	2,616
Building security	3,231	169	3,400
Travel	13,161	687	13,848
Meetings and conferences	2,367	124	2,491
Rent	114,577	5,978	120,555
Maintenance repairs and renovations	94,402	4,926	99,328
Telephone and utilities	76,379	3,985	80,364
Vehicle expense	3,951	208	4,157
Depreciation and amortization	9,765	510	10,275
Office expense	19,447	1,015	20,462
Computer support	11,217	585	11,802
Insurance	36,398	1,899	38,297
Dues and publications	3,241	169	3,410
Directory/advertising	6,746	352	7,098
Educational materials	1,950	102	2,052
Medical and dental	10,884	568	11,452
Program expense	18,620	972	19,592
Equipment costs	67,442	3,519	70,961
Food and supplies	46,860	2,446	49,306
Training and technical assistance	30,641	-	30,641
In-Kind	-	634,067	634,067
	<u>\$ 2,019,097</u>	<u>\$ 735,980</u>	<u>\$ 2,755,077</u>



2007/2008			
Federal	Local	Total	Grand Total
\$ 972,213	\$ 41,256	\$ 1,013,469	\$ 2,074,922
50,559	2,107	52,666	131,729
285,607	11,900	297,507	675,735
321	13	334	494
1,640	68	1,708	4,324
2,061	86	2,147	5,547
13,741	573	14,314	28,162
4,975	207	5,182	7,673
84,412	3,517	87,929	208,484
76,632	10,265	86,897	186,225
69,725	2,905	72,630	152,994
4,323	180	4,503	8,660
19,788	824	20,612	30,867
9,645	402	10,047	30,509
9,481	395	9,876	21,678
23,620	984	24,604	62,901
2,153	90	2,243	5,653
5,348	223	5,571	12,669
-	-	-	2,052
9,501	396	9,897	21,349
9,248	405	9,653	29,245
2,520	-	2,520	73,481
39,044	1,627	40,671	89,976
24,168	-	24,168	54,809
-	296,381	296,381	930,448
<u>\$ 1,720,725</u>	<u>\$ 374,804</u>	<u>\$ 2,095,529</u>	<u>\$ 4,850,606</u>

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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**

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

We have audited the combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. ("Organizations") as of and for the year ended December 31, 2007, and have issued our report thereon dated June 26, 2008. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Organizations' internal control over financial reporting as a basis for designing our auditing procedures 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 Organizations' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organizations' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organizations' financial statements that is more than inconsequential will not be prevented or detected by the Organizations' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organizations' internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organizations' combined financial statements are free of material misstatement, we performed tests of their 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*.

This report is intended solely for the information and use of the audit committee, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. A. S. K. P. A.

Orlando, Florida  
June 26, 2008

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

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

**Compliance**

We have audited the compliance of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. ("Organizations") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the State of Florida Department of Financial Services' *State Projects Compliance Supplement*, that are applicable to each of its major federal programs and state projects for the year ended December 31, 2007. Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'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 – Federal Programs and State Projects. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state projects is the responsibility of the Organizations' management. Our responsibility is to express an opinion on the Organizations' compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*; and State of Florida Chapter 10.650, *Rules of the Auditor General*. Those standards, OMB Circular A-133, and State of Florida 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 Organizations' 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. Our audit does not provide a legal determination of the Organizations' compliance with those requirements.

In our opinion, Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended December 31, 2007.

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

### Internal Control Over Compliance

The management of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs and state projects. In planning and performing our audit, we considered the Organizations' internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Organizations' internal control over compliance.

A *control deficiency* in the Organizations' internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Organizations' ability to administer a federal program or state project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state project that is more than inconsequential will not be prevented or detected by the Organizations' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented or detected by the Organizations' internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

R. A. S. K., P.A.

Orlando, Florida  
June 26, 2008

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL PROGRAMS AND STATE PROJECTS**

**COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.**

Year Ended December 31, 2007

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion on the combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.
2. No control deficiencies relating to the audit of the combined financial statements are reported in the 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*.
3. No instances of noncompliance material to the combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No control deficiencies in internal control relating to the audit of the major federal programs and state projects are reported in the Independent Auditors' Report on Compliance with Requirements Applicable to Each Federal Major Program and State Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*.
5. The auditors' report on compliance for the major federal programs and state projects for Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. expresses an unqualified opinion on each of the major federal programs and state projects.
6. Audit findings relative to the major federal programs and state projects for Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. are reported in Parts C and D of this schedule.
7. Those tested as major federal programs/state projects included:

<u>Federal Programs</u>	<u>Federal CFDA Number</u>
Department of Agriculture – Child and Adult Food Care Program	10.558
Child Care and Development Fund Cluster:	
Department of Health and Human Services – Child Care and Development Block Grant	93.575
Department of Health and Human Services – Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
 <u>State Projects</u>	 <u>State CSFA Number</u>
Florida Department of Education – School Readiness Services	75.005
Florida Department of Education – Voluntary Pre-Kindergarten Education Program	75.007

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS –  
FEDERAL PROGRAMS AND STATE PROJECTS – CONTINUED**

**COMMUNITY COORDINATED CARE FOR CHILDREN, INC.  
AND THE 4C FOUNDATION, INC.**

**Year Ended December 31, 2007**

**A. SUMMARY OF AUDITORS' RESULTS – CONTINUED**

8. The threshold for distinguishing Type A and B programs was \$2,148,133 for major federal programs and \$1,262,672 for major state projects.
9. Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc., combined, qualified as a low-risk auditee for the year ended December 31, 2007.

**B. FINDINGS – FINANCIAL STATEMENTS AUDIT – None**

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS – None**

**D. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS – None**

**E. OTHER ISSUES**

1. No management letter is required because there were no findings required to be reported.
2. No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs or state projects.
3. No corrective action plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.