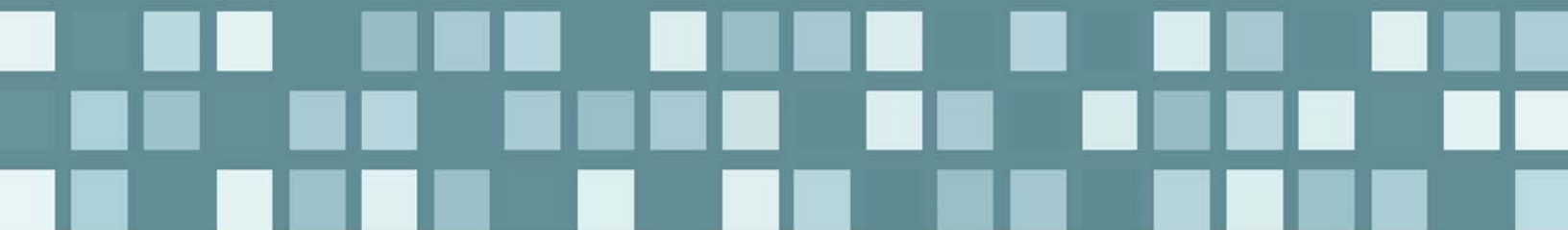


**Community Coordinated Care  
for Children, Inc.  
and The 4C Foundation, Inc.**

Combined Financial and Compliance Report  
December 31, 2011



## Contents

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Independent Auditor's Report on the Financial Statements	1 – 2
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Financial Statements	
Combined statement of financial position	3
Combined statement of activities	4
Combined statement of functional expenses	5
Combined statement of cash flows	6
Notes to combined financial statements	7 – 15

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Supplementary Information	
Schedule of expenditures of federal awards and state financial assistance	16 – 23
Note to schedule of expenditures of federal awards and state financial assistance	24
Combined schedule of Head Start expenses	25
Combined schedule of Early Head Start expenses	26

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	27 – 28
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Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Financial Assistance Project and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and State of Florida Chapter 10.650, <i>Rules of the Auditor General</i>	29 – 30
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Schedule of findings and questioned costs – federal awards and state financial assistance projects	31 – 32
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## Independent Auditor's Report

To the 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. (the "Organization") as of December 31, 2011, and the related combined statements of activities, functional expenses and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. as of December 31, 2011, and the changes in their net assets and their 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 27, 2012 on our consideration of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance 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 State of Florida Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic 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 taken as a whole.

*McGladrey LLP*

Orlando, Florida  
June 27, 2012

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

**Combined Statement of Financial Position  
December 31, 2011**

<b>Assets</b>	
Cash	\$ 2,019,869
Receivables	9,054,828
Unconditional promise to give	200,104
Prepaid expenses and other assets	138,313
Cash designated for capital expenditures	310,000
Property and equipment, net	1,421,162
Beneficial interest in assets held by others	109,393
Assets held in trust for the deferred compensation plan	203,769
Deferred loan costs, net	2,196
<b>Total assets</b>	<b><u><u>\$ 13,459,634</u></u></b>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Accounts payable and accrued expenses	\$ 1,468,330
Due to early learning providers	6,388,926
Refundable advances	18,271
Deferred compensation payable	203,769
Long-term debt	67,500
<b>Total liabilities</b>	<b><u><u>8,146,796</u></u></b>
Commitments and Contingencies	
Net Assets:	
Unrestricted:	
Operating	3,281,838
Net investment in property and equipment	1,353,662
Designated for capital expenditures	310,000
<b>Total unrestricted net assets</b>	<b><u><u>4,945,500</u></u></b>
Temporarily restricted	257,945
Permanently restricted	109,393
<b>Total net assets</b>	<b><u><u>5,312,838</u></u></b>
<b>Total liabilities and net assets</b>	<b><u><u>\$ 13,459,634</u></u></b>

See Notes to Combined Financial Statements.

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

**Combined Statement of Activities  
Year Ended December 31, 2011**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues:				
Early Learning Coalition of Orange County	\$ 60,903,138	\$ -	\$ -	\$ 60,903,138
Early Learning Coalition of Southwest Florida	36,884,740	-	-	36,884,740
Early Learning Coalition of Seminole	16,229,853	-	-	16,229,853
Early Learning Coalition of Osceola County	12,392,345	-	-	12,392,345
U.S. Department of Health and Human Services	6,824,013	-	-	6,824,013
State of Florida Department of Health – Food Program	5,443,979	-	-	5,443,979
Other support and revenues, and contributions	2,257,133	-	-	2,257,133
Early Learning Coalition of Orange County – American Recovery and Reinvestment Act (ARRA)	711,467	-	-	711,467
Early Learning Coalition of Southwest Florida – ARRA Workforce Southwest Florida	284,148	-	-	284,148
Early Learning Coalition of Osceola County – ARRA	349,999	-	-	349,999
Early Learning Coalition of Seminole – ARRA	114,226	-	-	114,226
Early Learning Coalition of Seminole – ARRA	126,227	-	-	126,227
Orange County – Citizens Commission for Children	477,970	-	-	477,970
Heart of Florida United Way, Inc.	191,882	200,104	-	391,986
State of Florida Department of Children and Families	330,461	-	-	330,461
City of Orlando	306,829	-	-	306,829
Lee County Board of County Commissioners	244,002	-	-	244,002
Orange County Commission	179,279	-	-	179,279
City of Orlando – Parramore project	59,242	-	-	59,242
Orange County Citizens Review	100,754	-	-	100,754
In-kind contributions – Head Start and Early Head Start	100,967	-	-	100,967
Investment income (loss)	519	-	(4,108)	(3,589)
Net assets released from restrictions	254,891	(254,891)	-	-
<b>Total support and revenues</b>	<b>144,768,064</b>	<b>(54,787)</b>	<b>(4,108)</b>	<b>144,709,169</b>
Expenses:				
Program services:				
Early Care and Learning (School Readiness)	64,579,564	-	-	64,579,564
Voluntary Pre-K	64,706,202	-	-	64,706,202
Food Program	5,245,598	-	-	5,245,598
Head Start	4,149,071	-	-	4,149,071
Early Head Start	3,059,987	-	-	3,059,987
Training Programs	343,836	-	-	343,836
Other Child Care	350,110	-	-	350,110
Community Services	59,278	-	-	59,278
<b>Total program services</b>	<b>142,493,646</b>	<b>-</b>	<b>-</b>	<b>142,493,646</b>
Supporting services:				
Management and general	2,202,034	-	-	2,202,034
Fundraising	21,069	-	-	21,069
<b>Total supporting services</b>	<b>2,223,103</b>	<b>-</b>	<b>-</b>	<b>2,223,103</b>
<b>Total expenses</b>	<b>144,716,749</b>	<b>-</b>	<b>-</b>	<b>144,716,749</b>
<b>Change in net assets</b>	<b>51,315</b>	<b>(54,787)</b>	<b>(4,108)</b>	<b>(7,580)</b>
Net assets at beginning of year	4,894,185	312,732	113,501	5,320,418
Net assets at end of year	<b>\$ 4,945,500</b>	<b>\$ 257,945</b>	<b>\$ 109,393</b>	<b>\$ 5,312,838</b>

See Notes to Combined Financial Statements.

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

Combined Statement of Functional Expenses  
Year Ended December 31, 2011

	Program Services									Supporting Services			
	Early Care and Learning (School Readiness)	Voluntary Pre-K	Food Program	Head Start	Early Head Start	Training Programs	Other Child Care	Community Services	Total Program Services	Managemnt and General	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries	\$ 4,410,304	\$ 880,677	\$ 437,131	\$ 2,402,271	\$ 886,125	\$ 193,417	\$ 8,801	\$ 8,148	\$ 9,226,874	\$ 1,273,021	\$ 690	\$ 1,273,711	\$ 10,500,585
Payroll taxes and employee benefits	1,198,663	230,641	119,685	772,455	236,913	43,613	2,360	2,251	2,606,581	296,560	391	296,951	2,903,532
<b>Total salaries and related expenses</b>	<b>5,608,967</b>	<b>1,111,318</b>	<b>556,816</b>	<b>3,174,726</b>	<b>1,123,038</b>	<b>237,030</b>	<b>11,161</b>	<b>10,399</b>	<b>11,833,455</b>	<b>1,569,581</b>	<b>1,081</b>	<b>1,570,662</b>	<b>13,404,117</b>
Temporary services	109,805	13,947	56	15,321	12,976	2,577	72	-	154,754	17,772	-	17,772	172,526
Professional services	3,472	159	29	4,672	1,749	42	14	12,563	22,700	100,977	-	100,977	123,677
Building security	46,041	6,037	184	4,139	6,378	2,927	105	-	65,811	29,696	-	29,696	95,507
Educational training services and contractual	20,000	-	-	-	1,420,695	11,658	-	-	1,452,353	-	-	-	1,452,353
Travel	30,213	1,901	5,822	12,157	17,219	310	275	437	68,334	1,909	216	2,125	70,459
Meetings and conferences	24,379	2,549	4,515	3,513	2,748	1,668	728	101	40,201	60,473	-	60,473	100,674
Rent	297,638	37,187	204	204,420	112,381	28,421	302	-	680,553	8,625	2	8,627	689,180
Repairs and maintenance	90,056	8,389	-	155,672	124,796	14,094	211	-	393,218	29,990	1	29,991	423,209
Telephone and utilities	179,581	23,516	6,306	164,353	27,476	17,233	211	-	418,676	49,690	2	49,692	468,368
Vehicle expense	3,127	401	12	8,875	2,252	521	7	-	15,195	1,925	-	1,925	17,120
Depreciaton and amortization	169,726	40,604	249	11,541	7,725	4,077	433	-	234,355	88,306	1	88,307	322,662
Equipment rental	15,422	2,309	1,722	613	885	240	25	-	21,216	3,790	-	3,790	25,006
Noncapital equipment costs	128,923	20,846	5,486	23,627	11,937	2,946	97	-	193,862	60,200	-	60,200	254,062
Office expense	230,974	29,896	22,120	52,517	17,137	13,923	296	638	367,501	47,356	101	47,457	414,958
Computer support	27,118	3,450	4,383	14,882	3,019	2,579	503	2,376	58,310	8,843	-	8,843	67,153
Insurance	84,399	12,537	6,434	51,478	19,900	3,493	172	1,809	180,222	45,696	1	45,697	225,919
Dues and publications	4,946	7	635	70	-	80	2	1,000	6,740	24,610	42	24,652	31,392
Directory/advertising	44,241	191	81	804	376	17	5	-	45,715	900	-	900	46,615
Interest	-	-	-	-	-	-	-	-	-	9,732	-	9,732	9,732
Miscellaneous	-	-	-	16	2	-	-	300	318	15,946	-	15,946	16,264
Educational materials and mini-grants	7,941	-	-	-	-	-	-	-	7,941	-	-	-	7,941
Fundraising activities	-	-	-	-	-	-	-	25	25	-	19,622	19,622	19,647
Program expense	-	-	-	18,671	2,366	-	-	-	21,037	-	-	-	21,037
Medical and dental	-	-	-	7,165	2,744	-	-	-	9,909	-	-	-	9,909
Food and classroom supplies	-	-	-	144,105	29,783	-	-	-	173,888	-	-	-	173,888
Training and technical assistance	-	-	-	50,400	36,772	-	-	3,799	90,971	-	-	-	90,971
In-kind expenses	-	-	-	25,334	75,633	-	-	-	100,967	-	-	-	100,967
Loss on sale/disposal of property and equipment	-	-	-	-	-	-	-	-	-	26,017	-	26,017	26,017
Purchase of child care, food and transportation services	57,452,595	63,390,958	4,630,544	-	-	-	335,491	25,831	125,835,419	-	-	-	125,835,419
<b>Total expenses</b>	<b>\$ 64,579,564</b>	<b>\$ 64,706,202</b>	<b>\$ 5,245,598</b>	<b>\$ 4,149,071</b>	<b>\$ 3,059,987</b>	<b>\$ 343,836</b>	<b>\$ 350,110</b>	<b>\$ 59,278</b>	<b>\$ 142,493,646</b>	<b>\$ 2,202,034</b>	<b>\$ 21,069</b>	<b>\$ 2,223,103</b>	<b>\$ 144,716,749</b>

See Notes to Combined Financial Statements.

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

**Combined Statement of Cash Flows  
Year Ended December 31, 2011**

<b>Cash Flows From Operating Activities</b>	
Change in net assets	\$ (7,580)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	322,662
Net realized and unrealized loss	5,037
Loss on sale/disposal of property and equipment	26,017
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Receivables	185,226
Unconditional promise to give	8,131
Prepaid expenses and other assets	272,482
Beneficial interest in assets held by others	(929)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(17,891)
Due to early learning providers	(216,485)
Refundable advances	(145,700)
<b>Net cash provided by operating activities</b>	<u>430,970</u>
<b>Cash Flows From Investing Activities</b>	
Purchases of property and equipment	(36,316)
Proceeds from sale of property and equipment	72,056
Decrease in cash designated for capital expenditures	40,000
<b>Net cash provided by investing activities</b>	<u>75,740</u>
<b>Cash Flows From Financing Activities</b>	
Principal payments on long-term debt	(67,500)
<b>Net cash used in financing activities</b>	<u>(67,500)</u>
<b>Net increase cash</b>	439,210
Cash:	
Beginning	1,580,659
Ending	<u>\$ 2,019,869</u>
<b>Supplemental Disclosure of Cash Flow Information</b>	
Cash paid during the year for interest	<u>\$ 9,732</u>

See Notes to Combined Financial Statements.



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

**Notes to Combined Financial Statements**

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**Note 1. Nature of Organization, Principles of Combination and Significant Accounting Policies**

**Nature of organization:** Community Coordinated Care for Children, Inc. ("4C") is a not-for-profit corporation 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 not-for-profit corporation that was formed for the purpose of acquiring property and leasing to, and fund-raising for, 4C.

**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, 2011, total net assets of 4C and the Foundation were \$2,504,678, and \$2,808,160, respectively.

A summary of the Organization's significant accounting policies follows:

**Basis of 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 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, 2011 are composed of \$57,841 available to fund designated programs in the near future, and \$200,104 of Heart of Florida United Way, Inc. funding which will be released in the next fiscal year.
- **Permanently restricted net assets** – Net assets subject to donor-imposed stipulations that they be permanently maintained by the Organization. Permanently restricted net assets were \$109,393 at December 31, 2011. 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 the Organization (see Notes 3 and 4).

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

**Notes to Combined Financial Statements**

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**Note 1. Nature of Organization, Principles of Combination and Significant Accounting Policies  
(Continued)**

**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. The Organization did not have any cash equivalents at December 31, 2011. Cash excludes cash designated for capital expenditures.

**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, 2011.

**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. 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.

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.

**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 to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets 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. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

**Deferred loan costs:** The Organization capitalizes costs associated with debt agreements. These costs are amortized on a straight-line basis, which approximates the effective interest method, over the term of the related debt agreement. Amortization expense amounted to \$2,195 for the year ended December 31, 2011.

**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 4).

**Assets held in trust:** Assets held in trust are investments and are reported at fair value (see Note 4). These investments represent contributions to a 457(b) plan for the benefit of "key employees." See Note 9 for additional information about the terms of this plan.

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

**Notes to Combined Financial Statements**

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**Note 1. Nature of Organization, Principles of Combination and Significant Accounting Policies  
(Continued)**

**Support and revenues:** 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.

**Contributions:** Contributions received are recorded at fair value as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. 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.

Unconditional promises to give are recognized as support in the period received at fair value. Conditional promises to give are recognized when the conditions on which they depend are substantially met. 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, 2011.

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.

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 and are reflected as support and expenses in the accompanying statement of activities and 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:

	<b>Head Start</b>	<b>Early Head Start</b>	<b>Total</b>
Medical and dental	\$ 9,391	\$ 345	\$ 9,736
Program services	15,943	75,288	91,231
<b>Total</b>	<b>\$ 25,334</b>	<b>\$ 75,633</b>	<b>\$ 100,967</b>

Volunteer services of \$566,983 and \$160,474 were provided to the Head Start and Early Head Start program, 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.

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

**Notes to Combined Financial Statements**

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**Note 1. Nature of Organization, Principles of Combination and Significant Accounting Policies  
(Continued)**

**Functional expenses:** The cost of providing various programs and supporting services have been summarized on a functional basis in the combined statement of activities and in the combined statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Functional expenses are allocated between programs on the basis of specific identification, where possible, and management's best estimates. The Organization's functional program categories 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** – 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.

**Early 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 Early Head Start Program. Certain matching funds are required by HHS which are provided by local governments and other donors.

**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.

**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.

**Community Services** – Accounts for various community services and other family related programs.

**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 reported amounts of support and revenues, and expenses during the reporting period. Actual results could differ from those estimates.

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

**Notes to Combined Financial Statements**

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**Note 1. Nature of Organization, Principles of Combination and Significant Accounting Policies  
(Continued)**

**Income taxes:** 4C's 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 for the year ended December 31, 2011. 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, 2008.

**Fair value of financial instruments:** The carrying amounts of financial instruments, including cash, receivables, unconditional promises to give, beneficial interests in assets held by others, assets held in trust, accounts payable and due to early learning providers approximates fair value due to the short maturity of these instruments or their valuation at fair value using the fair value measurements described in Note 4.

**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. 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 and Southwest Florida.

**Subsequent events:** Management has assessed subsequent events through June 27, 2012, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of June 27, 2012, have been incorporated into these combined financial statements.

**Note 2. Property and Equipment**

Property and equipment at December 31, 2011 consisted of the following:

Land	\$ 720,000
Buildings and improvements	1,691,420
Equipment, vehicles and other	1,285,597
Donated art collection	178,055
	<hr/>
	3,875,072
Less accumulated depreciation	(2,453,910)
	<hr/>
	<u>\$ 1,421,162</u>

During the year ended December 31, 2011, depreciation expense was \$320,467.

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

**Notes to Combined Financial Statements**

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**Note 3. 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 net income from this fund to the Organization as determined by the Community Foundation's spending policy. As of December 31, 2011, the endowment fund has a fair value of \$109,393, which is included in the accompanying statement of financial position as beneficial interest in assets held by others.

**Note 4. Fair Value Measurements**

The Organization follows accounting standards relating to fair value measurements which define fair value, establish 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 measurements 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. Assets held in trust (investments) and the beneficial interest in assets held by others recorded at fair value in the accompanying combined statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by this guidance, are as follows:

<b>Level Input</b>	<b>Input Definition</b>
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Fair value of actively traded debt and equity securities are based on quoted market prices. Fair value of inactively traded debt securities are based on quoted market prices of identical or similar securities or based on observable inputs like interest rates using either a market or income valuation approach and are generally classified as Level 2. The fair value of the Organization's beneficial interest in assets held by other 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 investments at the Community Foundation primarily consist of Level I and Level II securities.

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

**Notes to Combined Financial Statements**

**Note 4. Fair Value Measurements (Continued)**

The following table summarizes fair value measurements by level at December 31, 2011 for financial assets measured at fair value on a recurring basis:

	<b>Fair Value Measurements Using</b>			
	<b>Quoted Prices in</b>	<b>Significant Other</b>		<b>Total</b>
	<b>Active Markets</b>	<b>Observable</b>	<b>Unobservable</b>	
	<b>for Identical</b>	<b>Inputs (Level II)</b>	<b>Inputs (Level III)</b>	
<b>Assets (Level I)</b>				
Assets:				
Assets held in trust (investments):				
Mutual funds	\$ 54,083	\$ -	\$ -	\$ 54,083
Pooled separate accounts with Principal Life Insurance Co.	-	149,686	-	149,686
Beneficial interest in assets held by others	-	-	109,393	109,393
	<u>\$ 54,083</u>	<u>\$ 149,686</u>	<u>\$ 109,393</u>	<u>\$ 313,162</u>

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.

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, 2011:

	<b>Beneficial Interest in Assets Held by Others</b>
Balance, beginning of year	\$ 113,501
Net realized and unrealized loss	(5,037)
Interest and dividend income	2,438
Investment manager and administrative fees	(1,509)
Balance, end of year	<u>\$ 109,393</u>

**Note 5. Line of Credit**

The Organization has a \$2,000,000 revolving line of credit agreement with a Bank. The revolving line of credit bears interest at a variable interest rate based on the one-month LIBOR interest rate plus 3.5% (3.77% at December 31, 2011), payable monthly, and is collateralized by receivables. The line of credit is payable on demand and matures on November 3, 2012. The line of credit is used primarily for the payment of funds due to early learning providers pending outstanding receivable payments. At December 31, 2011, there was no outstanding balance on the line of credit.

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

**Notes to Combined Financial Statements**

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**Note 6. Long-Term Debt**

The Organization has a mortgage note agreement with a bank. Under the terms of the mortgage note agreement, payments of \$5,625 plus interest are payable monthly, and the note is collateralized by land and buildings. The mortgage note agreement bears interest at a variable interest rate (2.53% at December 31, 2011) and all unpaid principal and interest is due and payable on December 19, 2012. The balance outstanding at December 31, 2011 was \$67,500.

As noted in the preceding paragraph, the interest is due monthly at a variable interest 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 Organization has agreed to pay a variable rate of interest to the bank under an interest rate swap transaction agreement. The agreement effectively fixes the Organization's interest rate exposure on the mortgage note agreement to 9.25% per annum. Cancellation of the agreement by the Organization, to include refinancing of the referenced mortgage note agreement, would involve payment of an unwind fee which is estimated to approximate any related interest costs to be saved at this date. The interest rate swap agreement matures at the time the related mortgage note agreement matures, and accordingly, the Organization expects the interest rate swap agreement to expire at the time the related mortgage matures. The interest rate swap liability is not material and has not been recognized in the combined financial statements.

**Note 7. Commitments**

The Organization leases facilities under various operating lease agreements. These lease agreements are generally on a year-to-year basis with options to renew. Rent expense was approximately \$689,200 for the year ended December 31, 2011.

Future minimum lease payments under noncancelable operating leases as of December 31, 2011 are as follows:

Year Ending December 31,	Amount
2012	\$ 516,616
2013	140,988
2014	47,816
	<u>\$ 705,420</u>

**Note 8. 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 2011) 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, 2011 was \$478,037.



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

**Notes to Combined Financial Statements**

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**Note 9. 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 (i.e., liability) under this Plan as benefits become vested. At December 31, 2011, the amounts due under the deferred compensation plan which totaled \$203,769, were accrued and included in deferred compensation payable and the related investments are included in assets held in trust in the accompanying combined statement of financial position. Contributions to the Plan for the year ended December 31, 2011 was \$17,647.

**Note 10. 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, 2011. Accordingly, no provision for liability has been made in the accompanying combined financial statements.

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, 2011.

**Note 11. Subsequent Events**

In May 2012, the Organization was notified by the Early Learning Coalition ("ELC") of Southwest Florida that effective July 1, 2012, they would no longer be administering their contract. In June 2012, the Organization was notified by the ELC of Seminole that effective January 1, 2013, they would no longer be administering their contract. The ELC of Southwest Florida and ELC of Seminole are both transitioning services to an in-house business model. Support and revenues from the ELC of Southwest Florida and ELC of Seminole was \$37,168,888 and \$16,356,080, respectively, during the year ended December 31, 2011.

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Federal Expenditures</b>
<b>Federal Awards:</b>			
U.S. Department of Agriculture:			
Passed-through the State of Florida Department of Health:			
Child and Adult Care Food Program – Centers	10.558	U51	\$ 4,673,883
Child and Adult Care Food Program – Head Start	10.558	S3	398,529
Child and Adult Care Food Program – Homes	10.558	D702	<u>371,567</u>
<b>Total U.S. Department of Agriculture</b>			<u><u>5,443,979</u></u>
U.S. Department of Housing and Urban Development:			
Passed-through Orange County, Florida:			
Community Development Block Grants	14.218	93-34	179,279
Passed-through Osceola County, Florida:			
Community Development Block Grants	14.218	N/A	<u>7,130</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u><u>186,409</u></u>
U.S. Department of Education:			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Orange County:			
ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act	84.397	0912-ENR	2,732,937
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Seminole:			
ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act	84.397	1-1011	892,974
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Osceola County:			
ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act	84.397	CA-10/11	695,897
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Lee County:			
ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act	84.397	4C1011	1,225,047

(Continued)

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Federal Expenditures</b>
<b>Federal Awards (Continued):</b>			
U.S. Department of Education (Continued):			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Collier County: ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act	84.397	4C1011	625,485
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Hendry County: ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act	84.397	4C1011	56,488
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Glades County: ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act	84.397	4C1011	2,257
<b>Total U.S. Department of Education</b>			<u>6,231,085</u>
U.S. Department of Health and Human Services:			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Orange County: Temporary Assistance for Needy Families	93.558	0912-ENR	13,558,795
Temporary Assistance for Needy Families	93.558	0912-SAA	204,616
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Seminole: Temporary Assistance for Needy Families	93.558	1-1011	1,202,906
Temporary Assistance for Needy Families	93.558	1-1112	1,491,755
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Osceola County: Temporary Assistance for Needy Families	93.558	CA-10/11	922,027
Temporary Assistance for Needy Families	93.558	CA-11/12	1,288,185
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Lee County: Temporary Assistance for Needy Families	93.558	4C1011	1,677,473
Temporary Assistance for Needy Families	93.558	4C1112	2,867,412
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Collier County: Temporary Assistance for Needy Families	93.558	4C1011	664,346
Temporary Assistance for Needy Families	93.558	4C1112	1,045,044

(Continued)

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Federal Expenditures</b>
<b>Federal Awards (Continued):</b>			
U.S. Department of Health and Human Services (Continued):			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Glades County:			
Temporary Assistance for Needy Families	93.558	4C1011	20,723
Temporary Assistance for Needy Families	93.558	4C1112	14,597
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Hendry County:			
Temporary Assistance for Needy Families	93.558	4C1011	227,609
Temporary Assistance for Needy Families	93.558	4C1112	279,003
<b>Program Total</b>			<u>25,464,491</u>
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Orange County:			
Child Care and Development Block Grant	93.575	0912-ENR	8,399,520
Child Care and Development Block Grant	93.575	0912-SAA	126,660
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Seminole:			
Child Care and Development Block Grant	93.575	1-1011	1,173,789
Child Care and Development Block Grant	93.575	1-1112	568,018
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	CA-10/11	899,709
Child Care and Development Block Grant	93.575	CA-11/12	490,504
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Lee County:			
Child Care and Development Block Grant	93.575	4C1011	1,636,868
Child Care and Development Block Grant	93.575	4C1112	1,091,829
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Collier County:			
Child Care and Development Block Grant	93.575	4C1011	648,265
Child Care and Development Block Grant	93.575	4C1112	397,923
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Glades County:			
Child Care and Development Block Grant	93.575	4C1011	20,222
Child Care and Development Block Grant	93.575	4C1112	5,558

(Continued)

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Federal Expenditures</b>
<b>Federal Awards (Continued):</b>			
U.S. Department of Health and Human Services (Continued):			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Hendry County:			
Child Care and Development Block Grant	93.575	4C1011	222,100
Child Care and Development Block Grant	93.575	4C1112	106,237
Passed-through the State of Florida Department of Children and Families:			
Child Care and Development Block Grant	93.575	LC905	43,988
			<u>15,831,190</u>
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Orange County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0912-ENR	9,662,764
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0912-SAA	145,782
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Seminole:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1-1011	1,030,386
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1-1112	919,265
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Osceola County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-10/11	789,791
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-11/12	793,819
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Lee County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1011	1,436,891
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1112	1,766,986

(Continued)

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Federal Expenditures</b>
<b>Federal Awards (Continued):</b>			
U.S. Department of Health and Human Services (Continued):			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Collier County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1011	569,066
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1112	643,988
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Glades County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1011	17,751
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1112	8,995
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Hendry County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1011	194,965
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	4C1112	171,930
			<u>18,152,379</u>
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Orange County:			
ARRA – Child Care and Development Block Grant	93.713	0912-ENR	1,750,020
ARRA – Child Care and Development Block Grant	93.713	0912-SAA	15,642
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Seminole:			
ARRA – Child Care and Development Block Grant	93.713	01-1011	355,889
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Osceola County:			
ARRA – Child Care and Development Block Grant	93.713	CA-10/11	290,262
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Lee County:			
ARRA – Child Care and Development Block Grant	93.713	4C1011	604,416

(Continued)

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Federal Expenditures</b>
<b>Federal Awards (Continued):</b>			
U.S. Department of Health and Human Services (Continued):			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Collier County: ARRA – Child Care and Development Block Grant	93.713	4C1011	126,839
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Glades County: ARRA – Child Care and Development Block Grant	93.713	4C1011	3,957
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Hendry County: ARRA – Child Care and Development Block Grant	93.713	4C1011	43,456
			<u>3,190,481</u>
<b>Program Total (Child Care and Development Fund Cluster)</b>			<u>37,174,050</u>
Direct Program:			
Head Start	93.600	04CH0288/24	1,992,155
Head Start	93.600	04CH0288/25	1,743,400
ARRA – Early Head Start	93.709	04SA0288/01	2,380,654
ARRA – Early Head Start	93.709	04SA0288/02	707,804
<b>Program Total (Head Start Cluster)</b>			<u>6,824,013</u>
Passed-through the State of Florida Department of Children and Families:			
Refugee and Entrant Assistance – State Administered Programs	93.566	LK914	16,464
Refugee and Entrant Assistance – State Administered Programs	93.566	LK916	189,349
<b>Program Total</b>			<u>205,813</u>
Passed-through the State of Florida Department of Children and Families:			
Refugee and Entrant Assistance – Discretionary Grants	93.576	LK914	3,410
Refugee and Entrant Assistance – Discretionary Grants	93.576	LK916	25,982
<b>Program Total</b>			<u>29,392</u>
Passed-through the State of Florida Department of Children and Families:			
Refugee and Entrant Assistance – Targeted Assistance Grants	93.584	LK916	21,857

(Continued)

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

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>Federal CFDA Number</b>	<b>Contract/ Grant Number</b>	<b>Federal Expenditures</b>
<b>Federal Awards (Continued):</b>			
U.S. Department of Health and Human Services (Continued):			
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Orange County:			
Social Services Block Grant	93.667	0912-ENR	27,773
Social Services Block Grant	93.667	0912-SAA	419
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Seminole:			
Social Services Block Grant	93.667	1-1011	2,912
Social Services Block Grant	93.667	1-1112	2,683
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Osceola County:			
Social Services Block Grant	93.667	CA-10/11	2,232
Social Services Block Grant	93.667	CA-11/12	2,317
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Lee County:			
Social Services Block Grant	93.667	4C1011	4,060
Social Services Block Grant	93.667	4C1112	5,158
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Collier County:			
Social Services Block Grant	93.667	4C1011	1,608
Social Services Block Grant	93.667	4C1112	1,880
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Glades County:			
Social Services Block Grant	93.667	4C1011	50
Social Services Block Grant	93.667	4C1112	26
Passed-through the Agency for Workforce Innovation and the Early Learning Coalition of Southwest Florida – Hendry County:			
Social Services Block Grant	93.667	4C1011	551
Social Services Block Grant	93.667	4C1112	502
Passed-through the State of Florida Department of Children and Families:			
Social Services Block Grant	93.667	LC905	18,805
<b>Program Total</b>			<b>70,976</b>
<b>Total U.S. Department of Health and Human Services</b>			<b>69,790,592</b>
<b>Total Expenditures of Federal Awards</b>			<b>81,652,065</b>

(Continued)



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

**Schedule of Expenditures of Federal Awards and State Financial Assistance (Continued)  
Year Ended December 31, 2011**

<b>Grantor/Pass-Through/Program Title</b>	<b>State CSFA Number</b>	<b>Contract/ Grant Number</b>	<b>State Expenditures</b>
<b>State Financial Assistance:</b>			
Agency for Workforce Innovation:			
Passed-through the Early Learning Coalition of Orange County:			
Voluntary Pre-Kindergarten Education Program	75.007	0912-ENR	24,989,677
Passed-through the Early Learning Coalition of Seminole:			
Voluntary Pre-Kindergarten Education Program	75.007	1-1011	4,070,749
Voluntary Pre-Kindergarten Education Program	75.007	1-1112	4,644,754
Passed-through the Early Learning Coalition of Osceola County:			
Voluntary Pre-Kindergarten Education Program	75.007	CA-10/11	3,161,627
Voluntary Pre-Kindergarten Education Program	75.007	CA-11/12	3,170,200
Passed-through the Early Learning Coalition of Southwest Florida – Lee County:			
Voluntary Pre-Kindergarten Education Program	75.007	4C1011	5,795,282
Voluntary Pre-Kindergarten Education Program	75.007	4C1112	6,374,927
Passed-through the Early Learning Coalition of Southwest Florida – Collier County:			
Voluntary Pre-Kindergarten Education Program	75.007	4C1011	2,958,954
Voluntary Pre-Kindergarten Education Program	75.007	4C1112	2,770,950
Passed-through the Early Learning Coalition of Southwest Florida – Glades County:			
Voluntary Pre-Kindergarten Education Program	75.007	4C1011	10,678
Voluntary Pre-Kindergarten Education Program	75.007	4C1112	18,743
Passed-through the Early Learning Coalition of Southwest Florida – Hendry County:			
Voluntary Pre-Kindergarten Education Program	75.007	4C1011	267,225
Voluntary Pre-Kindergarten Education Program	75.007	4C1112	343,112
<b>Total Agency for Workforce Innovation</b>			<u>58,576,878</u>
<b>Total Expenditures of State Financial Assistance</b>			<u>58,576,878</u>
<b>Total Expenditures of Federal Awards and State Financial Assistance</b>			<u><u>\$ 140,228,943</u></u>

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

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

**Note to Schedule of Expenditures of Federal Awards and State Financial Assistance  
Year Ended December 31, 2011**

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**Note 1. 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. and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the combined financial statements.







**Independent Auditor's Report  
on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

To the Board of Directors  
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. (the "Organization") as of and for the year ended December 31, 2011, and have issued our report thereon dated June 27, 2012. 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**

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free of 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*.

This report is intended solely for the information and use of management, board of directors, others within the Organization, 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.

*McGladrey LLP*

Orlando, Florida  
June 27, 2012



**Independent Auditor's Report  
on Compliance with Requirements That Could Have a Direct and Material Effect  
on Each Major Federal Program and State Financial Assistance Project  
and on Internal Control Over Compliance in Accordance with OMB Circular A-133  
and State of Florida Chapter 10.650, *Rules of the Auditor General***

To the 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. (the "Organization") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the Organization's major federal programs and state financial assistance projects for the year ended December 31, 2011. The Organization's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's 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 Non-Profit Organizations*; and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Those standards, OMB Circular A-133, 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 financial assistance 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. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the years ended December 31, 2011.

### **Internal Control Over Compliance**

Management of the Organization 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 financial assistance projects. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 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 financial assistance 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 financial assistance project will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, 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 management, board of directors, others within the Organization, 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.

*McGladrey LLP*

Orlando, Florida  
June 27, 2012



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

**Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance  
Projects  
Year Ended December 31, 2011**

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**I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X	_____ None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No

***Federal Awards and State Financial Assistance***

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X	_____ No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ Yes	_____ X	_____ None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____ Yes	_____ X	_____ No
Any audit findings disclosed that are required to be reported in accordance with Section 10.654(1)(h)(1)(f), <i>Rules of the Auditor General</i> ?	_____ Yes	_____ X	_____ No

Identification of major programs:

***Federal Awards***

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.397	ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act
93.575, 93.596, 93.713	Child Care and Development Fund Cluster
93.600, 93.709	Head Start Cluster

Dollar threshold used to distinguish between type A and type B federal programs: \$ 2,449,562

Auditee qualified as low-risk auditee? \_\_\_\_\_ X Yes \_\_\_\_\_ No

(Continued)

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

**Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance  
Projects  
Year Ended December 31, 2011**

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**I - Summary of Auditor's Results (Continued)**

Identification of major programs (Continued):

**State Financial Assistance**

**CSFA Number(s)**

75.007

**Name of State Financial Assistance Project**

Voluntary Pre-Kindergarten Education Program

Dollar threshold used to distinguish between type

A and type B state financial assistance projects:

\$ 1,757,306

**II. Financial Statement Findings**

No matters were reported.

**III. Findings and Questioned Costs for Federal Awards and State Financial Assistance**

No matters were reported.

**IV. Other Issues**

1. No Summary Schedule of Prior Audit Findings is presented because there were no prior audit findings related to federal awards and state financial assistance projects.
2. No Corrective Action Plan is presented because there were no findings required to be reported under the Federal Single Audit Act or the Florida Single Audit Act.
3. There was no management letter or control deficiency letter issued for the year ended December 31, 2011 and there were no findings required to be reported in these letters.