

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

Combined Financial and Compliance Report
December 31, 2012

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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

Report on the Financial Statements

We have audited the accompanying combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (the Organization), which comprise the combined statement of financial position as of December 31, 2012, and the related combined statements of activities, functional expenses and cash flows for the year then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. as of December 31, 2012, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements 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 combined financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, 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*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s internal control over financial reporting and compliance.

McGladrey LLP

Orlando, Florida
June 28, 2013

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

Combined Statement of Financial Position
December 31, 2012

Assets	
Cash	\$ 2,590,236
Receivables	7,505,123
Unconditional promise to give	200,104
Prepaid expenses and other assets	1,391,195
Cash designated for capital expenditures	350,000
Property and equipment, net	1,223,842
Beneficial interest in assets held by others	122,793
Assets held in trust for the deferred compensation plan	201,347
Total assets	\$ 13,584,640
Liabilities and Net Assets	
Liabilities:	
Accounts payable and accrued expenses	\$ 2,673,979
Due to early learning providers	4,061,026
Refundable advances	1,334,163
Deferred compensation payable	201,347
Total liabilities	8,270,515
Commitments and Contingencies (Notes 7 and 10)	
Net Assets:	
Unrestricted:	
Operating	3,354,901
Net investment in property and equipment	1,223,842
Designated for capital expenditures	350,000
Total unrestricted net assets	4,928,743
Temporarily restricted	262,589
Permanently restricted	122,793
Total net assets	5,314,125
Total liabilities and net assets	\$ 13,584,640

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, 2012**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenues:				
Early Learning Coalition of Orange County	\$ 61,664,203	\$ -	\$ -	\$ 61,664,203
Early Learning Coalition of Southwest Florida	16,469,125	-	-	16,469,125
Early Learning Coalition of Seminole	16,207,017	-	-	16,207,017
Early Learning Coalition of Osceola County	12,947,702	-	-	12,947,702
U.S. Department of Health and Human Services	6,910,452	-	-	6,910,452
State of Florida Department of Health – Food Program	5,624,307	-	-	5,624,307
Other support and revenues, and contributions	2,014,449	-	-	2,014,449
Orange County – Citizens Commission for Children	513,730	-	-	513,730
Heart of Florida United Way, Inc.	202,728	200,104	-	402,832
City of Orlando	288,194	-	-	288,194
State of Florida Department of Children and Families	250,327	-	-	250,327
Orange County Commission	172,550	-	-	172,550
Orange County Citizens Review	133,856	-	-	133,856
Lee County Board of County Commissioners	103,622	-	-	103,622
City of Orlando – Parramore project	78,102	-	-	78,102
In-kind contributions – Head Start and Early Head Start	39,691	-	-	39,691
Investment income	518	-	13,400	13,918
Net assets released from restrictions	195,460	(195,460)	-	-
Total support and revenues	123,816,033	4,644	13,400	123,834,077
Expenses:				
Program services:				
Early Care and Learning (School Readiness)	54,668,581	-	-	54,668,581
Voluntary Pre-K	53,898,756	-	-	53,898,756
Food Program	5,384,702	-	-	5,384,702
Head Start	4,172,491	-	-	4,172,491
Early Head Start	3,083,921	-	-	3,083,921
Training Programs	302,108	-	-	302,108
Other Child Care	289,419	-	-	289,419
Community Services	78,541	-	-	78,541
Total program services	121,878,519	-	-	121,878,519
Supporting services:				
Management and general	1,935,303	-	-	1,935,303
Fundraising	18,968	-	-	18,968
Total supporting services	1,954,271	-	-	1,954,271
Total expenses	123,832,790	-	-	123,832,790
Change in net assets	(16,757)	4,644	13,400	1,287
Net assets at beginning of year	4,945,500	257,945	109,393	5,312,838
Net assets at end of year	\$ 4,928,743	\$ 262,589	\$ 122,793	\$ 5,314,125

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, 2012

	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	Management and General	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries	\$ 3,657,354	\$ 758,377	\$ 404,907	\$ 2,563,711	\$ 1,218,708	\$ 192,931	\$ 12,034	\$ 17,748	\$ 8,825,770	\$ 1,103,911	\$ 2,941	\$ 1,106,852	\$ 9,932,622
Payroll taxes and employee benefits	1,039,139	193,024	119,128	805,697	271,886	44,769	3,435	11,357	2,488,435	291,715	714	292,429	2,780,864
Total salaries and related expenses	4,696,493	951,401	524,035	3,369,408	1,490,594	237,700	15,469	29,105	11,314,205	1,395,626	3,655	1,399,281	12,713,486
Child care education services and meals	49,140,602	52,826,611	4,816,285	-	-	-	267,705	45,588	107,096,791	-	-	-	107,096,791
Educational training services and contractual	10,000	-	-	-	1,251,935	10,498	4,025	-	1,276,458	515	-	515	1,276,973
Rent	178,235	25,204	37	201,576	100,391	9,495	227	-	515,165	7,568	4	7,572	522,737
Telephone and utilities	159,638	16,364	10,188	140,376	41,427	17,434	439	-	385,866	44,190	3	44,193	430,059
Repairs and maintenance	55,971	7,566	143	140,721	24,741	6,070	200	-	235,412	30,926	1	30,927	266,339
Office expense	111,574	18,216	16,646	28,027	17,140	3,103	289	19	195,014	34,584	4	34,588	229,602
Depreciation and amortization	114,551	24,765	152	6,346	6,003	5,675	330	-	157,822	48,824	2	48,826	206,648
Food and classroom supplies	-	-	-	124,317	50,602	-	-	-	174,919	-	-	-	174,919
Noncapital equipment costs	60,707	9,470	1,367	13,285	8,216	989	24	-	94,058	60,795	-	60,795	154,853
Professional services	2,945	3	-	144	960	-	8	-	4,060	120,191	-	120,191	124,251
Insurance	15,685	2,327	996	12,973	6,941	1,027	44	-	39,993	51,822	-	51,822	91,815
Building security	42,556	4,932	140	4,080	5,452	5,119	140	-	62,419	24,984	-	24,984	87,403
Temporary services	21,220	5,636	2,822	13,587	3,657	110	54	-	47,086	36,193	-	36,193	83,279
Meetings and conferences	6,599	612	4,126	5,162	2,381	1,564	5	472	20,921	42,289	-	42,289	63,210
Computer support	17,442	2,573	1,326	16,588	7,852	2,035	408	-	48,224	3,360	-	3,360	51,584
Travel	17,035	766	4,207	12,028	9,746	83	25	-	43,890	2,748	20	2,768	46,658
Training and technical assistance	-	-	-	29,579	15,947	-	-	-	45,526	-	-	-	45,526
In-kind expenses	-	-	-	11,853	27,838	-	-	-	39,691	-	-	-	39,691
Equipment rental	12,986	1,897	2,100	690	634	596	15	-	18,918	2,696	-	2,696	21,614
Program expense	-	-	-	19,447	2,000	-	-	-	21,447	-	-	-	21,447
Miscellaneous	-	-	-	11	4	-	-	3,357	3,372	17,108	-	17,108	20,480
Vehicle expense	2,563	321	7	12,252	1,920	317	10	-	17,390	1,566	-	1,566	18,956
Medical and dental	-	-	-	8,678	6,602	-	-	-	15,280	-	-	-	15,280
Fundraising activities	-	-	-	-	-	-	-	-	-	-	15,279	15,279	15,279
Dues and publications	337	19	125	492	234	4	1	-	1,212	2,468	-	2,468	3,680
Interest	-	-	-	-	-	-	-	-	-	3,438	-	3,438	3,438
Loss on sale/disposal of property and equipment	-	-	-	-	-	-	-	-	-	3,389	-	3,389	3,389
Directory/advertising	1,057	73	-	871	704	3	1	-	2,709	23	-	23	2,732
Educational materials and mini-grants	385	-	-	-	-	286	-	-	671	-	-	-	671
Total expenses	\$ 54,668,581	\$ 53,898,756	\$ 5,384,702	\$ 4,172,491	\$ 3,083,921	\$ 302,108	\$ 289,419	\$ 78,541	\$ 121,878,519	\$ 1,935,303	\$ 18,968	\$ 1,954,271	\$ 123,832,790

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, 2012**

Cash Flows From Operating Activities	
Change in net assets	\$ 1,287
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	206,648
Net realized and unrealized gain	(13,338)
Loss on sale/disposal of property and equipment	3,389
Changes in operating assets and liabilities:	
(Increase) decrease in assets:	
Receivables	1,549,705
Prepaid expenses and other assets	(1,252,882)
Beneficial interest in assets held by others	(62)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	1,205,649
Due to early learning providers	(2,327,900)
Refundable advances	1,315,892
Net cash provided by operating activities	<u>688,388</u>
Cash Flows From Investing Activities	
Purchases of property and equipment	(11,668)
Proceeds from sale of property and equipment	1,147
Increase in cash designated for capital expenditures	(40,000)
Net cash used in investing activities	<u>(50,521)</u>
Cash Flows From Financing Activities	
Principal payments on long-term debt	(67,500)
Net cash used in financing activities	<u>(67,500)</u>
Net increase in cash	570,367
Cash:	
Beginning	2,019,869
Ending	<u>\$ 2,590,236</u>
Supplemental Disclosure of Cash Flow Information	
Cash paid during the year for interest	<u>\$ 3,438</u>

See Notes to Combined Financial Statements.

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

Notes to Combined Financial Statements

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, 2012, total net assets of 4C and the Foundation were \$2,521,629 and \$2,792,496, 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 is met or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. Temporarily restricted net assets as of December 31, 2012 are composed of \$62,485 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 \$122,793 at December 31, 2012. These amounts consist of endowment funds that are subject to restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be used based on donor-imposed stipulations. Investment earnings distributed are recorded in unrestricted net assets.

This amount consists of contributions to the Community Foundation of Central Florida, Inc. to be held as a permanently restricted endowment fund for the benefit of the Organization (see Notes 3 and 4).

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 for the deferred compensation plan, 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.

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

Notes to Combined Financial Statements

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

Cash: 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, 2012. 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, 2012.

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.

The Foundation capitalized a donated art collection in a previous year, 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 or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the year ended December 31, 2012.

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 \$2,196 for the year ended December 31, 2012.

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 for the deferred compensation plan: 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

**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, 2012.

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:

	Head Start	Early Head Start	Total
Medical and dental	\$ 1,857	\$ 27	\$ 1,884
Program services	9,996	27,811	37,807
Total	\$ 11,853	\$ 27,838	\$ 39,691

Volunteer services of \$397,330 and \$238,773 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

**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 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 the 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

**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, 2012. 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, 2009.

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.

Recent accounting pronouncements: The Financial Accounting Standards Board and other entities issued new or modifications to, or interpretations of, existing accounting guidance during fiscal year 2012. The Organization has considered the new unadopted guidance, and other than as disclosed in these notes to the combined financial statements, does not believe that any other new or modified guidance will have a material impact on the Organization's reported financial position or activities in the near term.

Subsequent events: Management has assessed subsequent events through June 28, 2013, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of June 28, 2013, have been incorporated into these combined financial statements.

Note 2. Property and Equipment

Property and equipment at December 31, 2012 consisted of the following:

Land	\$ 720,000
Buildings and improvements	1,697,662
Equipment, vehicles and other	1,233,381
Donated art collection	178,055
	<hr/>
	3,829,098
Less accumulated depreciation	(2,605,256)
	<hr/>
	<u>\$ 1,223,842</u>

During the year ended December 31, 2012, depreciation expense was \$204,452.

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

Notes to Combined Financial Statements

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, 2012, the endowment fund has a fair value of \$122,793, 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 defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expand disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value 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 for the deferred compensation plan (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:

Level Input	Input Definition
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 others is determined based on the Organization’s allocated share of the Community Foundation’s investment pool. Information is provided to the Organization by Community Foundation management in the form of an annual investment report and through the Community Foundation's annual audit. The pooled 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, 2012 for financial assets measured at fair value on a recurring basis:

	Fair Value Measurements Using			
	Quoted Prices in			
	Active Markets	Significant Other		
	for Identical	Observable	Unobservable	
Assets (Level I)	Inputs (Level II)	Inputs (Level III)	Total	
Assets:				
Assets held in trust for the deferred compensation plan (investments):				
Mutual funds	\$ 65,725	\$ -	\$ -	\$ 65,725
Pooled separate accounts with Principal Life Insurance Co.				
	-	135,622	-	135,622
Beneficial interest in assets held by others				
	-	-	122,793	122,793
	<u>\$ 65,725</u>	<u>\$ 135,622</u>	<u>\$ 122,793</u>	<u>\$ 324,140</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, 2012:

	Beneficial Interest in Assets Held by Others
Balance, beginning of year	\$ 109,393
Net realized and unrealized gain	13,338
Interest and dividend income	1,489
Investment manager and administrative fees	(1,427)
Balance, end of year	<u>\$ 122,793</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% (3.71% at December 31, 2012), payable monthly, and is collateralized by receivables. The line of credit is payable on demand and matures on November 3, 2013. The line of credit is used primarily for the payment of funds due to early learning providers pending outstanding receivable payments. At December 31, 2012, 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

Note 6. Long-Term Debt

The Organization had a mortgage note agreement with a bank. Under the terms of the mortgage note agreement, payments of \$5,625 plus interest were payable monthly, and the note was collateralized by land and buildings. The mortgage note agreement bore interest at a variable interest rate and all unpaid principal and interest was due and payable on December 19, 2012, at which time the mortgage note agreement was paid in full. At December 31, 2012, there was no outstanding balance on the mortgage note agreement.

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 \$522,700 for the year ended December 31, 2012.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2012 are as follows:

Year Ending December 31,	Amount
2013	\$ 350,540
2014	177,113
2015	108,783
2016	1,098
2017	1,098
Thereafter	1,098
	<u>\$ 639,730</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 2012) 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, 2012 was \$464,890 and are included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

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, 2012, the amounts due under the deferred compensation plan which totaled \$201,347, 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, 2012 was \$15,273 and are included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

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

Notes to Combined Financial Statements

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, 2012. 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, 2012.

In June 2012, the Organization was notified by the Early Learning Coalition (ELC) of Seminole that effective January 1, 2013, they would no longer be administering their contract. The ELC of Seminole is transitioning services to an in-house business model. Support and revenues from the ELC of Seminole was \$16,207,017 and expenses were approximately the same during the year ended December 31, 2012. The loss of this contract will not have a material effect on the Organization's change in net assets.

**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, 2012**

Grantor/Pass-Through/Program Title	Federal CFDA Number	Contract/ Grant Number	Federal Expenditures
Federal Awards:			
U.S. Department of Agriculture:			
Passed-through the State of Florida Department of Health:			
Child and Adult Care Food Program – Centers	10.558	U51	\$ 4,760,016
Child and Adult Care Food Program – Head Start	10.558	S3	462,339
Child and Adult Care Food Program – Homes	10.558	D702	401,952
Total U.S. Department of Agriculture			<u>5,624,307</u>
U.S. Department of Housing and Urban Development:			
Passed-through Orange County, Florida:			
Community Development Block Grants	14.218	93-34	<u>172,550</u>
U.S. Department of Health and Human Services:			
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Temporary Assistance for Needy Families	93.558	0912-ENR	8,095,963
Temporary Assistance for Needy Families	93.558	1217-01	5,557,195
Temporary Assistance for Needy Families	93.558	0912-SAA	115,929
Temporary Assistance for Needy Families	93.558	1217-03	63,593
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Seminole:			
Temporary Assistance for Needy Families	93.558	11-12-4C	2,095,662
Temporary Assistance for Needy Families	93.558	12-12-4C	1,159,580
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Temporary Assistance for Needy Families	93.558	CA-11/12	1,373,467
Temporary Assistance for Needy Families	93.558	CA-12/13	1,001,287
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Lee County:			
Temporary Assistance for Needy Families	93.558	4C1112	2,342,442
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Collier County:			
Temporary Assistance for Needy Families	93.558	4C1112	763,187
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida Glades County:			
Temporary Assistance for Needy Families	93.558	4C1112	15,763
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Hendry County:			
Temporary Assistance for Needy Families	93.558	4C1112	<u>210,910</u>
Program Total			<u>22,794,978</u>

(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, 2012**

Grantor/Pass-Through/Program Title	Federal CFDA Number	Contract/ Grant Number	Federal Expenditures
Federal Awards (Continued):			
U.S. Department of Health and Human Services (Continued):			
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Child Care and Development Block Grant	93.575	0912-ENR	3,082,713
Child Care and Development Block Grant	93.575	1217-01	5,939,533
Child Care and Development Block Grant	93.575	0912-SAA	44,143
Child Care and Development Block Grant	93.575	1217-03	67,968
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Seminole:			
Child Care and Development Block Grant	93.575	11-12-4C	797,969
Child Care and Development Block Grant	93.575	12-12-4C	1,206,490
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	CA-11/12	522,977
Child Care and Development Block Grant	93.575	CA-12/13	1,070,176
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Lee County:			
Child Care and Development Block Grant	93.575	4C1112	891,935
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Collier County:			
Child Care and Development Block Grant	93.575	4C1112	290,600
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Glades County:			
Child Care and Development Block Grant	93.575	4C1112	6,002
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Hendry County:			
Child Care and Development Block Grant	93.575	4C1112	80,309
Passed-through the State of Florida Department of Children and Families:			
Child Care and Development Block Grant	93.575	LC905	81,712
			<u>14,082,527</u>
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0912-ENR	4,988,978
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1217-01	5,111,688
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0912-SAA	71,439
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1217-03	58,495

(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, 2012

Grantor/Pass-Through/Program Title	Federal CFDA Number	Contract/ Grant Number	Federal Expenditures
Federal Awards (Continued):			
U.S. Department of Health and Human Services (Continued):			
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Seminole:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	11-12-4C	1,291,410
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	12-12-4C	1,005,689
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-11/12	846,372
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-12/13	921,017
Passed-through the Florida Office of Early Learning 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	4C1112	1,443,484
Passed-through the Florida Office of Early Learning 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	4C1112	470,299
Passed-through the Florida Office of Early Learning 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	4C1112	9,714
Passed-through the Florida Office of Early Learning 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	4C1112	129,969
			<u>16,348,554</u>
Program Total (Child Care and Development Fund Cluster)			<u>30,431,081</u>
Direct Program:			
Head Start and Early Head Start	93.600	04CH0288/25	4,319,579
Head Start and Early Head Start	93.600	04CH0288/26	2,590,873
Program Total			<u>6,910,452</u>

(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, 2012**

Grantor/Pass-Through/Program Title	Federal CFDA Number	Contract/ Grant Number	Federal Expenditures
Federal Awards (Continued):			
U.S. Department of Health and Human Services (Continued):			
Passed-through the State of Florida Department of Children and Families:			
Refugee and Entrant Assistance – State Administered Programs	93.566	LK916	161,802
Refugee and Entrant Assistance – State Administered Programs	93.566	LK914	6,813
Passed-through the Catholic Charities of Central Florida, Inc.:			
Refugee and Entrant Assistance – State Administered Programs	93.566	4C2013	<u>37,987</u>
Program Total			<u><u>206,602</u></u>
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Social Services Block Grant	93.667	0912-ENR	14,564
Social Services Block Grant	93.667	1217-01	14,961
Social Services Block Grant	93.667	0912-SAA	209
Social Services Block Grant	93.667	1217-03	171
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Seminole:			
Social Services Block Grant	93.667	11-12-4C	3,770
Social Services Block Grant	93.667	12-12-4C	3,038
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Social Services Block Grant	93.667	CA-11/12	2,471
Social Services Block Grant	93.667	CA-12/13	2,696
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Lee County:			
Social Services Block Grant	93.667	4C1112	4,214
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Collier County:			
Social Services Block Grant	93.667	4C1112	1,373
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Glades County:			
Social Services Block Grant	93.667	4C1112	28
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Hendry County:			
Social Services Block Grant	93.667	4C1112	<u>379</u>
Program Total			<u><u>47,874</u></u>
Total U.S. Department of Health and Human Services			<u><u>60,390,987</u></u>
Total Expenditures of Federal Awards			<u><u>66,187,844</u></u>

(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, 2012**

Grantor/Pass-Through/Program Title	State CSFA Number	Contract/ Grant Number	State Expenditures
State Financial Assistance:			
Florida Department of Education and Commissioner of Education:			
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Voluntary Pre-Kindergarten Education Program	48.108	0912-ENR	15,518,977
Voluntary Pre-Kindergarten Education Program	48.108	1217-01	12,917,685
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Seminole:			
Voluntary Pre-Kindergarten Education Program	48.108	11-12-4C	4,820,537
Voluntary Pre-Kindergarten Education Program	48.108	12-12-4C	3,822,872
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Voluntary Pre-Kindergarten Education Program	48.108	CA-11/12	3,827,936
Voluntary Pre-Kindergarten Education Program	48.108	CA-12/13	3,379,303
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Lee County:			
Voluntary Pre-Kindergarten Education Program	48.108	4C1112	6,229,822
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Collier County:			
Voluntary Pre-Kindergarten Education Program	48.108	4C1112	3,136,055
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Glades County:			
Voluntary Pre-Kindergarten Education Program	48.108	4C1112	208
Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Southwest Florida – Hendry County:			
Voluntary Pre-Kindergarten Education Program	48.108	4C1112	305,114
Program Total			<u>53,958,509</u>
Total Expenditures of State Financial Assistance			<u>53,958,509</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 120,146,353</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, 2012**

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 basic 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, 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, the combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (the Organization), which comprise the combined statement of financial position as of December 31, 2012, and the related combined statements of activities, functional expenses and cash flows for the year then ended and the related notes to the combined financial statements and have issued our report thereon dated June 28, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

The image shows a handwritten signature in cursive script that reads "McGladrey LLP". The signature is written in black ink and is positioned above the typed address and date.

Orlando, Florida
June 28, 2013



**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

Report on Compliance for Each Major Federal Program and State Financial Assistance Project

We have audited Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s (the Organization) compliance 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 each of the Organization's major federal programs and state financial assistance projects for the year ended December 31, 2012. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state financial assistance projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state financial assistance projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 on compliance for each major federal program and state financial assistance project. However, our audit does not provide a legal determination on the Organization's compliance.

Opinion on Each Major Federal Program and State Financial Assistance Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended December 31, 2012.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state financial assistance project to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state financial assistance project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.



Orlando, Florida
June 28, 2013

**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, 2012**

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?	_____ Yes	_____ X None Reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ X No	

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X No	
Significant deficiency(ies) identified?	_____ 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	
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
93.575, 93.596	Child Care and Development Fund Cluster

Dollar threshold used to distinguish between type A and type B federal programs: \$ 1,985,635

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 (Continued)
Year Ended December 31, 2012**

I - Summary of Auditor's Results (Continued)

State Financial Assistance

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> 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 10.654(1)(h)(1)(f), *Rules of the Auditor General*?

 Yes X No

Identification of major programs:

CSFA Number(s)

48.108

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:

 \$ 1,618,755

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 Reporting

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, 2012 and there were no matters required to be reported in these letters.