

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

Combined Financial and Compliance Report
December 31, 2013

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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, 2013, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the 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 financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. as of December 31, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying combined schedule of Head Start expenses and combined schedule of Early Head Start expenses is presented for purposes of additional analysis and is not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by 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 May 27, 2014 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.



Orlando, Florida
May 27, 2014

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

Combined Statement of Financial Position
December 31, 2013

| Assets | |
|---|----------------------|
| Cash | \$ 2,733,428 |
| Receivables | 7,454,969 |
| Unconditional promise to give | 200,104 |
| Prepaid expenses and other assets | 1,054,692 |
| Cash designated for capital expenditures | 350,000 |
| Property and equipment, net | 1,198,109 |
| Beneficial interest in assets held by others | 135,469 |
| Assets held in trust for the deferred compensation plan | 165,733 |
| Total assets | \$ 13,292,504 |
| | |
| Liabilities and Net Assets | |
| Liabilities: | |
| Accounts payable and accrued expenses | \$ 2,210,726 |
| Due to early learning providers | 4,341,315 |
| Refundable advances | 1,158,292 |
| Deferred compensation payable | 165,733 |
| Total liabilities | 7,876,066 |
| | |
| Commitments and Contingencies (Notes 6 and 9) | |
| | |
| Net Assets: | |
| Unrestricted: | |
| Operating | 3,466,830 |
| Net investment in property and equipment | 1,198,109 |
| Designated for capital expenditures | 350,000 |
| Total unrestricted net assets | 5,014,939 |
| Temporarily restricted | 266,030 |
| Permanently restricted | 135,469 |
| Total net assets | 5,416,438 |
| Total liabilities and net assets | \$ 13,292,504 |

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, 2013**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---------------------|---------------------------|---------------------------|---------------------|
| Support and revenues: | | | | |
| Early Learning Coalition of Orange County | \$ 60,591,695 | \$ - | \$ - | \$ 60,591,695 |
| Early Learning Coalition of Osceola County | 12,430,201 | - | - | 12,430,201 |
| U.S. Department of Health and Human Services | 7,038,645 | - | - | 7,038,645 |
| State of Florida Department of Health – Food Program | 5,956,159 | - | - | 5,956,159 |
| Other support and revenues, and contributions | 1,480,256 | - | - | 1,480,256 |
| Orange County – Neighborhood Centers for Families | 920,714 | - | - | 920,714 |
| Orange County – Citizens Commission for Children | 542,057 | - | - | 542,057 |
| Heart of Florida United Way, Inc. | 129,517 | 200,104 | - | 329,621 |
| City of Orlando | 288,194 | - | - | 288,194 |
| Catholic Charities of Central Florida, Inc. | 224,821 | - | - | 224,821 |
| In-kind contributions – Head Start and Early Head Start | 176,561 | - | - | 176,561 |
| Orange County Commission | 175,919 | - | - | 175,919 |
| Orange County Citizens Review | 138,498 | - | - | 138,498 |
| City of Orlando – Parramore project | 116,400 | - | - | 116,400 |
| State of Florida Department of Children and Families | 95,232 | - | - | 95,232 |
| Investment income | 1,085 | - | 12,676 | 13,761 |
| Net assets released from restrictions | 196,663 | (196,663) | - | - |
| Total support and revenues | 90,502,617 | 3,441 | 12,676 | 90,518,734 |
| Expenses: | | | | |
| Program services: | | | | |
| Early Care and Learning (School Readiness) | 39,876,180 | - | - | 39,876,180 |
| Voluntary Pre-K | 34,330,296 | - | - | 34,330,296 |
| Food Program | 5,764,515 | - | - | 5,764,515 |
| Head Start | 4,349,246 | - | - | 4,349,246 |
| Early Head Start | 3,081,564 | - | - | 3,081,564 |
| Other Program Services | 1,410,091 | - | - | 1,410,091 |
| Total program services | 88,811,892 | - | - | 88,811,892 |
| Supporting services: | | | | |
| Management and general | 1,586,825 | - | - | 1,586,825 |
| Fundraising | 17,704 | - | - | 17,704 |
| Total supporting services | 1,604,529 | - | - | 1,604,529 |
| Total expenses | 90,416,421 | - | - | 90,416,421 |
| Change in net assets | 86,196 | 3,441 | 12,676 | 102,313 |
| Net assets at beginning of year | 4,928,743 | 262,589 | 122,793 | 5,314,125 |
| Net assets at end of year | \$ 5,014,939 | \$ 266,030 | \$ 135,469 | \$ 5,416,438 |

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, 2013

| | Program Services | | | | | | | Supporting Services | | | |
|---|---|----------------------|---------------------|---------------------|---------------------|------------------------------|------------------------------|---------------------------|------------------|---------------------------------|---------------------------------|
| | Early Care and Learning (School Readiness) | Voluntary Pre-K | Food Program | Head Start | Early Head Start | Other Program Services | Total Program Services | Management and General | Fundraising | Total Supporting Services | Total Functional Expenses |
| Salaries | \$ 2,571,940 | \$ 481,442 | \$ 389,039 | \$ 2,566,976 | \$ 1,292,074 | \$ 823,890 | \$ 8,125,361 | \$ 917,131 | \$ 2,729 | \$ 919,860 | \$ 9,045,221 |
| Payroll taxes and employee benefits | 683,078 | 124,509 | 113,129 | 786,475 | 280,026 | 155,019 | 2,142,236 | 235,839 | 640 | 236,479 | 2,378,715 |
| Total salaries and related expenses | 3,255,018 | 605,951 | 502,168 | 3,353,451 | 1,572,100 | 978,909 | 10,267,597 | 1,152,970 | 3,369 | 1,156,339 | 11,423,936 |
| Child care education services and meals | 36,186,397 | 33,647,076 | 5,225,056 | - | - | 190,028 | 75,248,557 | - | - | - | 75,248,557 |
| Educational training services and contractual | - | - | - | - | 1,164,460 | 31,032 | 1,195,492 | - | - | - | 1,195,492 |
| Rent | 40,430 | 8,641 | - | 204,764 | 101,629 | 51,951 | 407,415 | 7,836 | - | 7,836 | 415,251 |
| Telephone and utilities | 84,834 | 12,892 | 3,775 | 144,638 | 34,696 | 37,786 | 318,621 | 38,875 | 27 | 38,902 | 357,523 |
| Repairs and maintenance | 78,159 | 13,312 | 16 | 142,927 | 29,338 | 41,714 | 305,466 | 33,097 | - | 33,097 | 338,563 |
| Office expense | 82,892 | 10,958 | 17,716 | 26,911 | 17,088 | 22,464 | 178,029 | 28,449 | - | 28,449 | 206,478 |
| Professional services | 2,315 | 596 | - | 45,258 | 15,818 | 7,426 | 71,413 | 113,813 | - | 113,813 | 185,226 |
| In-kind expenses | - | - | - | 141,088 | 35,473 | - | 176,561 | - | - | - | 176,561 |
| Food and classroom supplies | - | - | - | 139,848 | 27,904 | - | 167,752 | - | - | - | 167,752 |
| Noncapital equipment costs | 10,784 | 3,225 | 4,756 | 9,626 | 2,367 | 14,101 | 44,859 | 58,592 | - | 58,592 | 103,451 |
| Depreciation | 54,442 | 12,381 | 76 | 3,350 | 2,670 | 2,168 | 75,087 | 25,699 | - | 25,699 | 100,786 |
| Training and technical assistance | - | - | - | 54,640 | 37,830 | - | 92,470 | 205 | - | 205 | 92,675 |
| Insurance | 4,118 | 577 | - | 5,628 | 4,047 | 564 | 14,934 | 76,244 | - | 76,244 | 91,178 |
| Building security | 47,683 | 3,253 | - | 2,332 | 916 | 192 | 54,376 | - | - | - | 54,376 |
| Meetings and conferences | 6,603 | 311 | 3,402 | 9,688 | 3,189 | 4,960 | 28,153 | 14,904 | 26 | 14,930 | 43,083 |
| Computer support | 6,379 | 797 | 548 | 17,013 | 7,676 | 5,937 | 38,350 | 4,040 | - | 4,040 | 42,390 |
| Travel | 5,068 | 485 | 3,298 | 13,719 | 6,348 | 7,784 | 36,702 | 614 | - | 614 | 37,316 |
| Temporary services | 684 | 7,977 | 22 | 15,139 | 4,403 | 765 | 28,990 | 1,276 | - | 1,276 | 30,266 |
| Miscellaneous | - | - | - | 108 | 42 | 356 | 506 | 22,551 | - | 22,551 | 23,057 |
| Program expense | - | - | - | 4,030 | 1,774 | 10,647 | 16,451 | - | - | - | 16,451 |
| Equipment rental | 8,127 | 1,351 | 3,272 | 464 | 324 | 78 | 13,616 | 1,092 | - | 1,092 | 14,708 |
| Fundraising activities | - | - | - | - | - | - | - | - | 14,282 | 14,282 | 14,282 |
| Vehicle expense | 2,060 | 295 | - | 6,700 | 749 | 293 | 10,097 | 1,361 | - | 1,361 | 11,458 |
| Dues and publications | 187 | 4 | 300 | 3,762 | 1,358 | 440 | 6,051 | 4,933 | - | 4,933 | 10,984 |
| Medical and dental | - | - | - | 2,476 | 8,290 | - | 10,766 | - | - | - | 10,766 |
| Directory/advertising | - | 214 | 110 | 1,686 | 1,075 | 271 | 3,356 | 274 | - | 274 | 3,630 |
| Educational materials and mini-grants | - | - | - | - | - | 225 | 225 | - | - | - | 225 |
| Total expenses | \$ 39,876,180 | \$ 34,330,296 | \$ 5,764,515 | \$ 4,349,246 | \$ 3,081,564 | \$ 1,410,091 | \$ 88,811,892 | \$ 1,586,825 | \$ 17,704 | \$ 1,604,529 | \$ 90,416,421 |

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, 2013**

| | |
|---|---------------------|
| Cash Flows From Operating Activities | |
| Change in net assets | \$ 102,313 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Depreciation | 100,786 |
| Net realized and unrealized gain | (17,451) |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in assets: | |
| Receivables | 50,154 |
| Prepaid expenses and other assets | 336,503 |
| Beneficial interest in assets held by others | 4,775 |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | (463,253) |
| Due to early learning providers | 280,289 |
| Refundable advances | (175,871) |
| Net cash provided by operating activities | <u>218,245</u> |
| Cash Flows From Investing Activities | |
| Purchases of property and equipment | <u>(75,053)</u> |
| Net cash used in investing activities | <u>(75,053)</u> |
| Net increase in cash | 143,192 |
| Cash: | |
| Beginning | <u>2,590,236</u> |
| Ending | <u>\$ 2,733,428</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 Florida as a coordinative agency for child care activities and other support services for families with young children.

4C's major program services are as follows:

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

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

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

Head Start – 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.

Other Program Services – Consists primarily of four programs: 1) Early Childhood Education Training Programs – accounts for resources received from the State of Florida Department of Children and Families for state mandated training services and resources for other training programs, 2) Other Child Care – accounts for resources received from the Catholic Charities of Central Florida, Inc. for refugee child care and other contracts for child care services, 3) Community Services – accounts for various community services and other family related programs, and 4) Neighborhood Centers for Families – accounts for family support resources of thirteen neighborhood centers, funded through the Orange County Citizen's Commission for 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, 2013, total net assets of 4C and the Foundation were \$2,629,089 and \$2,787,349, respectively.

**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)**

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, 2013 are composed of \$65,926 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 \$135,469 at December 31, 2013. 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).

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

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, 2013. 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, 2013.

**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)**

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 which 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, 2013.

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 for the deferred compensation plan 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 8 for additional information about the terms of this plan.

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.

**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)**

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, 2013.

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 |
|------------------|-------------------|-----------------------------|--------------|
| Program services | \$ 141,088 | \$ 35,473 | \$ 176,561 |

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.

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. 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, 2010.

**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)**

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 Florida.

Recent accounting pronouncements: The Financial Accounting Standards Board has issued certain new or modifications to, or interpretations of, existing accounting guidance. The Organization has considered the new un-adopted guidance and 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 May 27, 2014, which is the date these combined financial statements were available to be issued. All subsequent events requiring recognition as of May 27, 2014, have been incorporated into these combined financial statements.

Note 2. Property and Equipment

Property and equipment at December 31, 2013 consisted of the following:

| | |
|-------------------------------|---------------------|
| Land | \$ 720,000 |
| Buildings and improvements | 1,727,381 |
| Equipment, vehicles and other | 1,146,261 |
| Donated art collection | 178,055 |
| | <hr/> |
| | 3,771,697 |
| Less accumulated depreciation | (2,573,588) |
| | <hr/> |
| | <u>\$ 1,198,109</u> |

During the year ended December 31, 2013, depreciation expense was \$100,786.

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, 2013, the endowment fund has a fair value of \$135,469, which is included in the accompanying statement of financial position as beneficial interest in assets held by others.

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

Notes to Combined Financial Statements

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, 2013 for financial assets measured at fair value on a recurring basis:

| | Fair Value Measurements Using | | | |
|--|--------------------------------------|--------------------------|---------------------------|-------------------|
| | Quoted Prices in | Significant Other | | Total |
| | Active Markets | Observable | Unobservable | |
| | for Identical | Inputs (Level II) | Inputs (Level III) | |
| Assets (Level I) | | | | |
| Assets: | | | | |
| Assets held in trust for the deferred compensation plan (investments): | | | | |
| Pooled separate accounts with Principal Life Insurance Co. | \$ - | \$ 165,733 | \$ - | \$ 165,733 |
| Beneficial interest in assets held by others | - | - | 135,469 | 135,469 |
| | <u>\$ -</u> | <u>\$ 165,733</u> | <u>\$ 135,469</u> | <u>\$ 301,202</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, 2013:

| | Beneficial Interest in Assets Held by Others |
|---|---|
| Balance, beginning of year | \$ 122,793 |
| Net realized and unrealized gain | 17,451 |
| Interest and dividend income | 1,219 |
| Investment manager and administrative fees, and distributions | (5,994) |
| Balance, end of year | <u>\$ 135,469</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% (3.67% at December 31, 2013), payable monthly, and is collateralized by receivables. The line of credit is payable on demand and matures on November 3, 2014. The line of credit is used primarily for the payment of funds due to early learning providers pending outstanding receivable payments. At December 31, 2013, 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. 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 \$415,300 for the year ended December 31, 2013.

Future minimum lease payments under non-cancelable operating leases as of December 31, 2013 are as follows:

| Year Ending | Amount |
|--------------|-------------------|
| December 31, | |
| 2014 | \$ 421,970 |
| 2015 | 250,830 |
| 2016 | 34,295 |
| 2017 | 17,696 |
| 2018 | 1,098 |
| Thereafter | 1,098 |
| | <u>\$ 726,987</u> |

Note 7. 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 2013) 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, 2013 was \$404,066 and are included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

Note 8. 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, 2013, the amounts due under the deferred compensation plan which totaled \$165,733, were accrued and included in deferred compensation payable and the related investments are included in assets held in trust for the deferred compensation plan in the accompanying combined statement of financial position. Contributions to the Plan for the year ended December 31, 2013 was \$13,485 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 9. 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, 2013. Accordingly, no provision for liability has been made in the accompanying combined financial statements.

**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, 2013**

| 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 | \$ 5,031,357 |
| Child and Adult Care Food Program – Head Start | 10.558 | S3 | 491,251 |
| Child and Adult Care Food Program – Homes | 10.558 | D702 | 433,551 |
| Total U.S. Department of Agriculture | | | <u>5,956,159</u> |
| U.S. Department of Housing and Urban Development: | | | |
| Passed-through Orange County, Florida: | | | |
| Community Development Block Grants | 14.218 | 93-34 | <u>175,919</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 | 1217-01 | 5,663,166 |
| Temporary Assistance for Needy Families | 93.558 | 1217-03 | 4,792,576 |
| Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County: | | | |
| Temporary Assistance for Needy Families | 93.558 | CA-12/13 | 877,776 |
| Temporary Assistance for Needy Families | 93.558 | CA-13/14 | 789,906 |
| Program Total | | | <u>12,123,424</u> |
| Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County: | | | |
| Child Care and Development Block Grant | 93.575 | 1217-01 | 6,052,795 |
| Child Care and Development Block Grant | 93.575 | 1217-03 | 6,023,831 |
| 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-12/13 | 938,168 |
| Child Care and Development Block Grant | 93.575 | CA-13/14 | 992,840 |
| Passed-through the State of Florida Department of Children and Families: | | | |
| Child Care and Development Block Grant | 93.575 | LC905 | 95,232 |
| | | | <u>14,102,866</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, 2013**

| 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 Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 1217-01 | 5,209,164 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 1217-03 | 5,520,210 |
| 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-12/13 | 807,407 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | CA-13/14 | 909,834 |
| Program Total (Child Care and Development Fund Cluster) | | | <u>12,446,615</u> |
| | | | <u>26,549,481</u> |
| Direct Program: | | | |
| Head Start and Early Head Start | 93.600 | 04CH0288/26 | 4,033,954 |
| Head Start and Early Head Start | 93.600 | 04CH0288/27 | 3,004,691 |
| Program Total | | | <u>7,038,645</u> |
| Passed-through the Catholic Charities of Central Florida, Inc.: | | | |
| Refugee and Entrant Assistance – State Administered Programs | 93.566 | 4C2013 | <u>224,821</u> |
| Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County: | | | |
| Social Services Block Grant | 93.667 | 1217-01 | 15,246 |
| Social Services Block Grant | 93.667 | 1217-03 | 14,716 |
| Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County: | | | |
| Social Services Block Grant | 93.667 | CA-12/13 | 2,363 |
| Social Services Block Grant | 93.667 | CA-13/14 | 2,426 |
| Program Total | | | <u>34,751</u> |
| Total U.S. Department of Health and Human Services | | | <u>45,971,122</u> |
| Total Expenditures of Federal Awards | | | <u>52,103,200</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, 2013

| <u>Grantor/Pass-Through/Program Title</u> | <u>State CSFA Number</u> | <u>Contract/ Grant Number</u> | <u>State Expenditures</u> |
|--|----------------------------------|---------------------------------------|-------------------------------|
| State Financial Assistance: | | | |
| Florida Department of Education and Commissioner of Education: | | | |
| Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Orange County: | | | |
| Voluntary Pre-Kindergarten Education Program | 48.108 | 1217-01 | 14,886,555 |
| Voluntary Pre-Kindergarten Education Program | 48.108 | 1217-03 | 12,413,434 |
| Passed-through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County: | | | |
| Voluntary Pre-Kindergarten Education Program | 48.108 | CA-12/13 | 3,839,726 |
| Voluntary Pre-Kindergarten Education Program | 48.108 | CA-13/14 | 3,269,757 |
| Program Total | | | <u>34,409,472</u> |
| Total Expenditures of State Financial Assistance | | | <u>34,409,472</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u>\$ 86,512,672</u> |

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

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

**Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance
Year Ended December 31, 2013**

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. (the Organization) under programs of the federal government and the State of Florida for the year ended December 31, 2013. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (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*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

Note 3. Contract Matching Contributions

The Organization has received support from government agencies, under grant contracts, which have match requirements. Management of the Organization has determined that the Organization has met the match requirement or received a waiver from the match requirement of their grant contracts as of December 31, 2013.

Volunteer services of \$525,268 and \$461,623 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.

Combined Schedule of Early Head Start Expenses
Year Ended December 31, 2013

| | <u>January 1, 2013 - July 31, 2013</u> | | | <u>August 1, 2013 - December 31, 2013</u> | | | <u>Grand Total</u> |
|---|--|-------------------|---------------------|---|-------------------|---|------------------------|
| | <u>Federal</u> | <u>Local</u> | <u>Total</u> | <u>Federal</u> | <u>Local</u> | <u>Total</u> | |
| Salaries | \$ 578,945 | \$ 71,628 | \$ 650,573 | \$ 570,872 | \$ 70,629 | \$ 641,501 | \$ 1,292,074 |
| Payroll taxes and employee benefits | 133,866 | 16,562 | 150,428 | 115,329 | 14,269 | 129,598 | 280,026 |
| Total salaries and related expenses | 712,811 | 88,190 | 801,001 | 686,201 | 84,898 | 771,099 | 1,572,100 |
| Educational training services and contractual | 560,891 | 69,394 | 630,285 | 475,362 | 58,813 | 534,175 | 1,164,460 |
| In-kind expenses | - | 237,135 | 237,135 | - | 259,961 | 259,961 | 497,096 |
| Rent | 44,624 | 5,521 | 50,145 | 45,816 | 5,668 | 51,484 | 101,629 |
| Management and general | 42,997 | 320 | 43,317 | 54,689 | 407 | 55,096 | 98,413 |
| Training and technical assistance | 16,090 | 120 | 16,210 | 21,460 | 160 | 21,620 | 37,830 |
| Telephone and utilities | 15,016 | 1,858 | 16,874 | 15,860 | 1,962 | 17,822 | 34,696 |
| Food and classroom supplies and program expense | 20,995 | 156 | 21,151 | 8,464 | 63 | 8,527 | 29,678 |
| Repairs and maintenance | 12,601 | 1,559 | 14,160 | 13,507 | 1,671 | 15,178 | 29,338 |
| Office expense | 5,207 | 644 | 5,851 | 10,000 | 1,237 | 11,237 | 17,088 |
| Professional services | 11,548 | 1,429 | 12,977 | 2,528 | 313 | 2,841 | 15,818 |
| Medical and dental | 3,598 | 445 | 4,043 | 3,779 | 468 | 4,247 | 8,290 |
| Computer support | 4,235 | 32 | 4,267 | 3,384 | 25 | 3,409 | 7,676 |
| Travel | 3,272 | 405 | 3,677 | 2,377 | 294 | 2,671 | 6,348 |
| Temporary services | 3,918 | 485 | 4,403 | - | - | - | 4,403 |
| Insurance | 2,342 | 17 | 2,359 | 1,676 | 12 | 1,688 | 4,047 |
| Meetings and conferences | 1,613 | 200 | 1,813 | 1,225 | 151 | 1,376 | 3,189 |
| Depreciation | 779 | 779 | 1,558 | 556 | 556 | 1,113 | 2,670 |
| Noncapital equipment costs | 1,022 | 126 | 1,148 | 1,085 | 134 | 1,219 | 2,367 |
| Dues and publications | 904 | 7 | 911 | 444 | 3 | 447 | 1,358 |
| Directory/advertising | 448 | 3 | 451 | 619 | 5 | 624 | 1,075 |
| Building security | 473 | 4 | 477 | 436 | 3 | 439 | 916 |
| Vehicle expense | 381 | 3 | 384 | 362 | 3 | 365 | 749 |
| Equipment rental | 190 | 1 | 191 | 132 | 1 | 133 | 324 |
| Miscellaneous | 17 | - | 17 | 25 | - | 25 | 42 |
| | \$ 1,465,972 | \$ 408,833 | \$ 1,874,805 | \$ 1,349,987 | \$ 416,808 | \$ 1,766,796 | \$ 3,641,600 |
| | | | | | | Less management and general expenses | (98,413) |
| | | | | | | Less in-kind volunteer services | (461,623) |
| | | | | | | Statement of functional expenses | \$ 3,081,564 |



**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***

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, 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, 2013, 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 May 27, 2014.

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
May 27, 2014



Report on Compliance for Each Major Federal Program and State Financial Assistance Project; and Report on Internal Control Over Compliance

Independent Auditor's Report

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, 2013. 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 the State of Florida Chapter 10.650, *Rules of the Auditor General*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state 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, 2013.

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 the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state financial assistance project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State of Florida 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 the State of Florida Chapter 10.650, *Rules of the Auditor General*. Accordingly, this report is not suitable for any other purpose.

McGladrey LLP

Orlando, Florida
May 27, 2014

**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, 2013**

I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

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: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

| | | | |
|--|-----------|------------|--|
| | _____ Yes | _____ X No | |
|--|-----------|------------|--|

Identification of major programs:

CFDA Number(s)

93.558
93.575, 93.596

Name of Federal Program or Cluster

Temporary Assistance for Needy Families
Child Care and Development Fund Cluster

Dollar threshold used to distinguish between type A and type B federal programs:

\$ 1,563,096

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, 2013**

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:

Unmodified

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:

 \$ 1,032,284

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, 2013 and there were no matters required to be reported in these letters.