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

Combined Financial Statements and Supplemental Information

Year Ended December 31, 2018

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MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 411
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of Certified Public Accountants

Florida Institute of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the "Organization") (a nonprofit organization) which comprise the combined statement of financial position as of December 31, 2018, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. as of December 31, 2018, 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

Other information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2019, on our consideration on the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
June 12, 2019

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

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2018

ASSETS

Assets	
Cash and cash equivalents	$ 2,422,308
Receivables	8,246,165
Unconditional promise to give	115,286
Prepaid expenses and other assets	937,128
Cash designated for capital expenditures	114,000
Property and equipment, net	1,084,883
Investments	1,027,969
Beneficial interest in assets held by others	127,541
Assets held in trust for the deferred compensation plan	146,705
Total assets	$ 14,221,985

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	$ 1,763,123
Due to early learning providers	4,970,887
Refundable advances	1,352,651
Deferred compensation payable	146,705
Total liabilities	8,233,366
Commitments and contingencies (Notes J and K)	-
Net assets	
Without donor restrictions	
Undesignated	4,546,909
Net investment in property and equipment	1,084,883
Designated for capital expenditures	114,000
Total net assets without donor restrictions	5,745,792
With donor restrictions	242,827
Total net assets	5,988,619
Total liabilities and net assets	$ 14,221,985

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

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

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Early Learning Coalition of Orange County	$ 70,088,498	$ -	$ 70,088,498
Early Learning Coalition of Osceola County	14,653,062	-	14,653,062
U.S. Department of Health and Human Services	12,123,230	-	12,123,230
State of Florida Department of Health - Food Program	6,654,092	-	6,654,092
Orange County Citizens' Commission for Children	1,888,396	-	1,888,396
Other support and revenues, and contributions	1,178,055	-	1,178,055
Heart of Florida United Way, Inc.	801	115,286	116,087
City of Orlando	157,258	-	157,258
Orange County Commission	93,000	-	93,000
Catholic Charities of Central Florida, Inc.	112,953	-	112,953
Orange County Citizens' Review Panel	55,930	-	55,930
City of Orlando - Parramore project	51,821	-	51,821
State of Florida Department of Children and Families	55,843	-	55,843
In-kind contributions - Head Start and Early Head Start	66,511	-	66,511
Investment income	(22,754)	(11,917)	(34,671)
Net assets released from restrictions	115,286	(115,286)	-
Total revenues and support	107,271,982	(11,917)	107,260,065
EXPENSES			
Program services			
Early Care and Learning (School Readiness)	47,408,408	-	47,408,408
Voluntary Pre-K	37,552,969	-	37,552,969
Food Program	6,583,225	-	6,583,225
Head Start	4,652,636	-	4,652,636
Early Head Start	3,466,007	-	3,466,007
Early Head Start Child Care Partnership	4,168,354	-	4,168,354
Other program services	1,919,956	-	1,919,956
Total program services	105,751,555	-	105,751,555
Support services			
Management and general	1,385,677	-	1,385,677
Fundraising	18,645	-	18,645
Total supporting services	1,404,322	-	1,404,322
Total expenses	107,155,877	-	107,155,877
Change in net assets	116,105	(11,917)	104,188
NET ASSETS AT BEGINNING OF YEAR	5,629,687	254,744	5,884,431
NET ASSETS AT END OF YEAR	$ 5,745,792	$ 242,827	$ 5,988,619

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

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

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	Program Services								Supporting Services			
	Early Care and Learning (School Readiness)	Voluntary Pre-K	Food Program	Head Start	Early Head Start	Early Head Start Child Care Partnership	Other Program Services	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Functional Expenses
Salaries	$ 2,886,543	$ 476,328	$ 416,550	$ 2,527,736	$ 1,434,068	$ 785,215	$ 1,140,955	$ 9,667,395	$ 688,221	$ -	$ 688,221	$ 10,355,616
Payroll taxes and employee benefits	710,167	114,518	94,323	559,394	343,825	180,346	257,082	2,259,655	173,504	-	173,504	2,433,159
Total salaries and related expenses	3,596,710	590,846	510,873	3,087,130	1,777,893	965,561	1,398,037	11,927,050	861,725	-	861,725	12,788,775
Child care education services and meals	43,275,237	36,886,023	5,958,662	-	-	-	91,480	86,211,402	-	-	-	86,211,402
Educational training services and contractual	10,694	-	-	456,617	1,017,996	2,787,157	29,227	4,301,691	5,634	-	5,634	4,307,325
Rent	51,116	15,047	3,379	283,466	126,025	14,179	110,270	603,482	6,743	-	6,743	610,225
Telephone and utilities	118,948	23,610	15,960	149,792	60,963	26,872	45,171	441,316	27,225	-	27,225	468,541
Repairs and maintenance	88,524	-	9,036	214,269	51,220	21,362	26,794	411,205	45,029	-	45,029	456,234
Office expense	60,119	6,837	12,396	40,566	18,442	16,781	102,722	257,863	42,153	-	42,153	300,016
Food and classroom supplies	-	-	-	118,030	101,779	48,124	-	267,933	-	-	-	267,933
Professional services	1,085	-	-	90,189	28,682	96,815	259	217,030	72,766	-	72,766	289,796
Noncapital equipment costs	12,984	206	-	6,184	2,569	4,112	14,760	40,815	-	-	-	40,815
Temporary services	75,183	19,360	4,533	17,155	8,182	808	30,446	155,667	74,384	-	74,384	230,051
Insurance	15,616	2,263	1,082	13,292	3,568	4,074	1,154	41,049	80,591	-	80,591	121,640
Training and technical assistance	-	-	-	57,081	79,134	133,998	-	270,213	-	-	-	270,213
Meetings and conferences	5,263	211	675	10,037	5,553	11,026	15,130	47,895	17,583	-	17,583	65,478
Computer support	9,540	3,863	56,359	14,175	7,176	7,824	3,282	102,219	89,526	-	89,526	191,745
In-kind expenses	-	-	-	37,080	29,219	212	-	66,511	-	-	-	66,511
Depreciation	21,392	2,297	2,159	3,497	2,051	3,286	1,852	36,534	25,281	-	25,281	61,815
Building security	47,110	-	-	64	34	42	196	47,446	-	-	-	47,446
Travel	9,787	466	5,499	27,263	9,981	17,815	7,784	78,595	4,144	-	4,144	82,739
Equipment rental	7,509	1,710	2,035	874	242	301	14,672	27,343	2,077	-	2,077	29,420
Miscellaneous	-	-	-	-	-	-	21	21	22,061	-	22,061	22,082
Program expense	-	-	-	15,873	132,248	5,287	20,657	174,065	-	-	-	174,065
Fundraising activities	-	-	-	-	-	-	-	-	-	18,645	18,645	18,645
Dues and publications	168	13	300	2,846	1,469	1,808	74	6,678	8,327	-	8,327	15,005
Directory/advertising	629	103	277	633	382	262	1,131	3,417	60	-	60	3,477
Vehicle expense	794	114	-	6,523	1,199	648	62	9,340	368	-	368	9,708
Educational materials	-	-	-	-	-	-	4,775	4,775	-	-	-	4,775
Total expenses	$ 47,408,408	$ 37,552,969	$ 6,583,225	$ 4,652,636	$ 3,466,007	$ 4,168,354	$ 1,919,956	$ 105,751,555	$ 1,385,677	$ 18,645	$ 1,404,322	$ 107,155,877

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

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

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 104,188
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	61,815
Net realized and unrealized gain	38,060
Decrease (increase) in assets:	
Receivables	389,768
Prepaid expenses and other assets	(97,402)
Assets held in trust for the deferred compensation plan	1,579
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	244,950
Due to early learning providers	(217,636)
Refundable advances	431,981
Deferred compensation payable	(1,579)
Net cash provided by operating activities	955,724
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(15,426)
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in beneficial interest in asset held by others	(11,917)
Net increase in cash and cash equivalents	928,381
Cash and cash equivalents at beginning of year	1,493,927
Cash and cash equivalents at end of year	$ 2,422,308

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

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

1. Organization and nature of activities

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

4C's major program services are as follows:

Early Care and Learning (School Readiness): 4C 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: 4C participates in a Florida Department of Education program designed to prepare four year olds for kindergarten and build the foundation for their educational success. The program allows a parent to enroll his or her eligible child in a free voluntary pre-kindergarten program. 4C currently contracts with local coalitions to provide such services.

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

Head Start: Head Start is a federal program that promotes the school readiness of children ages three to five, enhancing their cognitive, physical, social, and emotional development. The learning environment supports children's growth in these areas, and emphasizes the role of parents as their child's first teacher. The program also helps build relationships with families in support of their well-being and achieving family goals.

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

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

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

1. Organization and nature of activities (continued)

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

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

2. Principles of combination

The accompanying financial statements include the accounts of 4C and the Foundation (collectively, the Organization) on a combined basis. All significant intercompany accounts and transactions have been eliminated in the preparation of the combined financial statements. At December 31, 2018, total net assets of 4C and the Foundation were $3,576,104 and $2,412,515, respectively.

3. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management’s discretion. For example, the Board has designated a portion of net assets without donor restrictions as set aside for capital expenditures for the purpose of securing the Organization’s long-term financial viability.

See Note L for more information on the composition of net assets without donor restrictions.

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

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

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note M for more information on the composition of net assets with donor restrictions.

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.

Effective July 1, 2018, the State of Florida converted to a new child care management software as part of the School Readiness (SR) program. Due to technical issues, not all modules of the software were functional at conversion. 4C notified all SR child care providers immediately of the issue and that reimbursement for services would be estimated based on enrollment data. As of the date these combined financial statements were available to be issued, 4C continues to utilize estimated SR payments to reimburse providers. 4C will be required to reconcile the estimated payments once the system is fully functional. Actual results could differ from those estimates. Management does not believe the potential difference in SR payments to be material to the financial statements taken as a whole.

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

5. Cash and cash equivalents

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

6. Receivables

   Receivables primarily consist of grant and contract receivables from federal, state and local governmental agencies, and not-for-profit organizations, and are stated at estimated net realizable value. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts. In the opinion of management, no allowance for uncollectible accounts was considered necessary at December 31, 2018.

7. Property and equipment

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

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

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

8. Impairment of long-lived assets

   The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the year ended December 31, 2018.

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

9. Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Combined Statement of Financial Position. Unrealized gains and losses are included in the Combined Statement of Activities and Changes in Net Assets. Investment income and gains restricted by a donor are reported as increases in without donor restriction net position if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

10. Beneficial interest in assets held by others

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

11. Assets held in trust for the deferred compensation plan

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

12. Revenue recognition

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

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

13. Contributions

Contributions, including unconditional promises to give, are recognized as support and revenue in the period received at fair value as without donor restrictions or with donor restricted support depending on the existence or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

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

13. Contributions (continued)

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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, 2018.

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. These contributions are reflected as support and expenses in the accompanying combined statement of activities and combined statement of functional expenses in the period in which the materials, facilities, services and other program services are utilized. Contributed materials, facilities, services and other program services consist of the following:

	Head Start	Early Head Start	Early Head Start-CCP	Total
Program services	$ 37,080	$ 29,219	$ 212	$ 66,511

14. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

15. Income taxes

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

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

15. Income taxes (continued)

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, 2015.

16. Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash designated for capital expenditures, and various unsecured receivables. The Organization placed its cash and cash designated for capital expenditures with federally insured financial institutions and limits its 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. The Early Learning Coalition of Orange County, Early Learning Coalition of Osceola County and the State of Florida Department of Health accounts for 58%, 13% and 12%, respectively, of total receivables at December 31, 2018.

17. Recent accounting pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, “Presentation of Financial Statements of Not-for-Profit Entities” (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

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

17. Recent accounting pronouncements (continued)

The new guidance was effective beginning in 2018 and the Organization changed its presentation of net assets classes, and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met. The standard is effective for fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of adopting the new revenue standard on its financial statements.

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

18. Subsequent events

Management has assessed subsequent events through June 12, 2019, which is the date these combined financial statements were available to be issued. There were no subsequent events requiring recognition as of June 12, 2019.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018, consisted of the following:

Land	$ 720,000
Buildings and improvements	1,739,624
Equipment, vehicles and other	1,027,873
Donated art collection	178,055
	3,665,552
Less accumulated depreciation	(2,580,669)
	$ 1,084,883

During the year ended December 31, 2018, depreciation expense was $61,815.

NOTE C – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has a beneficial interest in assets held by the Community Foundation of Central Florida, Inc. (the Community Foundation) in a permanent Agency Endowment Fund known as the "Caring for Kids Fund." The Community Foundation was granted no variance power to redirect the use of the assets to another beneficiary. On an annual basis, the Community Foundation distributes a percentage of the principal balance from this fund to the Organization as determined by the Community Foundation's spending policy. As of December 31, 2018, the endowment fund has a fair value of $127,541, which is included in the accompanying combined statement of financial position as beneficial interest in assets held by others.

NOTE D – FAIR VALUE MEASUREMENTS

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

Level inputs, as defined by this guidance, are as follows:

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

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

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

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The following table summarizes fair value measurements by level at December 31, 2018, for financial assets measured at fair value on a recurring basis:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Assets				
Assets held in trust for the deferred compensation plan (investments):				
Pooled separate accounts with Principal Life Insurance Co.	$ -	$ 146,705	$ -	$ 146,705
Mutual funds	1,027,969	-	-	1,027,969
Beneficial interest in assets held by others	-	-	127,541	127,541
	$ 1,027,969	$ 146,705	$ 127,541	$ 1,302,215

The fair value of the Organization's beneficial interest in assets held by others is determined based on the Organization's allocated share of the Community Foundation's investment pool. Information is provided to the Organization by Community Foundation management in the form of an annual investment report and through the Community Foundation's annual audit.

The pooled separate accounts with Principle Life Insurance Co. are valued using the fair market value of the underlying assets.

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

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, 2018:

	Beneficial Interest in Assets Held by Others
Balance, beginning of year	$ 139,458
Net realized and unrealized gain (loss)	(7,908)
Interest and dividend income	2,701
Investment manager and administrative fees, and distributions	(6,710)
Balance, end of year	$ 127,541

NOTE D – FAIR VALUE MEASUREMENTS (continued)

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

NOTE E – INVESTMENTS

The fair value of the investments is reflected in the Combined Statement of Net Position at December 31, 2018. A summary of investments at December 31, 2018, is as follows:

	Original Cost	Level I Fair Value	Unrealized Gain
Mutual Funds	$ 1,006,766	$ 1,027,969	$ 21,203

Investment income is reported in the Combined Statement of Activities and Changes in Net Assets for the year ended December 31, 2018 and is summarized as follows:

Interest and dividends	$ 29,049
Change in beneficial interest in assets held by others	(11,917)
Change in unrealized gain	(51,803)
	$ (34,671)

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

The following table presents a reconciliation of the change in net assets to the Organization's internal net operating income for the year ending December 31, 2018:

Change in net assets	$ 104,188
Plus: depreciation	61,815
Less: unrealized gain on investments	(21,203)
Net operating income excluding Depreciation and unrealized gain on investments	$ 144,800

NOTE G – LINE OF CREDIT

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

NOTE H – RETIREMENT PLAN

All employees are eligible to participate in a defined contribution 401(k) plan (the “401(k) Plan”) upon completion of 12 consecutive months of the required service and attainment of age 21. The annual contribution to the 401(k) Plan is determined on an annual basis by the Board of Directors (5% of eligible compensation for 2018) 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, 2018, were $463,678 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE I – DEFERRED COMPENSATION PLAN

The Organization has established a deferred compensation plan (the “Plan”) for the benefit of "key employees", which provide that a certain percentage of the key employee's salary be accrued for the benefit of the participant. The Organization recognizes the related expense and liability under this Plan as benefits become vested. At December 31, 2018, the amounts due under the deferred compensation plan which totaled $146,705, 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, 2018, was $6,966 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE J – CONTINGENCIES

By terms of the Organization's grants and contracts, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund. Management of the Organization does not anticipate any material refunds will have to be made for grants or contracts terminated or in process as of December 31, 2018. Accordingly, no provision for liability has been made in the accompanying combined financial statements.

NOTE K – COMMITMENTS

The Organization leases facilities and equipment under various operating lease agreements. These lease agreements are generally on a year-to-year basis with options to renew. Rent expense was $639,645 for the year ended December 31, 2018.

Future minimum lease payments under noncancelable operating leases as of December 31, 2018, are as follows:

Years Ending December 31,	
2019	$ 366,923
2020	345,308
2021	296,737
2022	292,200
2023	301,014
Thereafter	126,966
	$ 1,729,148

NOTE L – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization's net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes as follows:

Undesignated	$ 4,546,909
Net investment in property and equipment	1,084,883
Board designated for capital expenditures	114,000
Total net assets without donor restrictions	$ 5,745,792

Board designated for capital expenditures

The Board has designated funds to be set aside for capital expenditures for the purpose of the Organization's mission for child care activities and other support services for families with young children. The amount set for the year is $114,000 and no additional amounts were set aside during 2018.

The Organization has funds set aside related to the acquisition of capital assets in prior years which help Organization's mission for child care activities and other support services for families with young children.

NOTE M – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

Subject to expenditure for specified purpose:		
School Readiness Program	$	115,286
Endowments subject to the Organization's spending policy and appropriation:		
Investment in perpetuity, which once appropriated, is expendable to support:		
Any activities of the Organization		127,541
Total net assets with donor restrictions	$	242,827

NOTE N – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

Purpose restrictions accomplished:		
School Readiness Program	$	115,286
Net assets released from restrictions	$	115,286

NOTE O – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

Cash and cash equivalents	$ 2,422,308
Cash designated for capital expenditures	114,000
Short-term investments	1,027,969
Receivables	8,246,165
Unconditional promise to give	115,286
Total financial assets available within one year	11,925,728
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	(242,827)
Total amounts unavailable for general expenditures within one year	(242,827)
Amounts unavailable to management without Board's approval:	
Board designated for capital expenditures	(114,000)
Total amounts unavailable to management without Board's approval	(114,000)
Total financial assets available within one year after board designations and restricted by donors	$ 11,568,901

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of $2,000,000, which it could draw upon. Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

NOTE P – FUNCTIONAL EXPENSES

The combined financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, and insurance, which are allocated on the basis of time and effort, children served and/or number of personnel.

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, 2018

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures
Federal Awards			
U.S. Department of Agriculture			
Passed through the State of Florida Department of Health:			
Child and Adult Care Food Program - Centers	10.558	U51	$ 5,963,639
Child and Adult Care Food Program - Homes	10.558	D-702	411,688
Child and Adult Care Food Program - Head Start	10.558	S3	278,765
Total U.S. Department of Agriculture			6,654,092
U.S. Department of Housing and Urban Development			
Passed through Orange County, Florida:			
Community Development Block Grants	14.218	93-34	93,000
U.S. Department of Health and Human Services			
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Temporary Assistance for Needy Families	93.558	1217-17/18	5,120,512
Temporary Assistance for Needy Families	93.558	1217-18/19	5,842,709
Passed through the Office of Early Learning and the Early Learning Coalition of Osceola County:			
Temporary Assistance for Needy Families	93.558	CA-17/18	924,062
Temporary Assistance for Needy Families	93.558	CA-18/19	875,020
Program Total			12,762,303
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Child Care and Development Block Grant	93.575	1217-17/18	7,475,616
Child Care and Development Block Grant	93.575	1217-18/19	8,412,479
Performance Funding Project	93.575	PP377	802,928
Passed through the Office of Early Learning and the Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	CA-17/18	1,349,071
Child Care and Development Block Grant	93.575	CA-18/19	1,259,876
Performance Funding Project	93.575	PP387	81,735
Passed through the State of Florida Department of Children and Families:			
Child Care and Development Block Grant	93.575	LC905	55,843
			19,437,548

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, 2018

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures
Federal Awards (continued)			
U.S. Department of Health and Human Services			
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1217-17/18	5,786,565
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1217-18/19	7,035,969
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-17/18	1,044,260
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-18/19	1,053,726
			14,920,520
Program Total (Child Care and Development Fund Cluster)			34,358,068
Direct Program:			
Head Start and Early Head Start	93.600	04CH0288/20-21	7,930,906
Early Head Start Child Care Partnership	93.600	04HP0012-01-02	4,192,324
Program Total			12,123,230
Passed-through the Catholic Charities of Central Florida, Inc.:			
Refugee and Entrant Assistance - State Administered Programs	93.566	4C2018	105,348
Refugee and Entrant Assistance - State Administered Programs	93.566	4C2019	7,605
Program Total			112,953
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Social Services Block Grant	93.667	1217-17/18	16,559
Social Services Block Grant	93.667	1217-18/19	17,047
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Social Services Block Grant	93.667	CA-17/18	2,988
Social Services Block Grant	93.667	CA-18/19	2,553
Program Total			39,147
Total U.S. Department of Health and Human Services			59,395,701
Total Expenditures of Federal Awards			66,142,793

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, 2018

Grantor/Program Title	CFDA CSFA	Award Number	Expenditures
State Financial Assistance			
Florida Department of Education and Commissioner of Education:			
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Voluntary Pre-Kindergarten Education Program	48.108	1217-17/18	15,566,454
Voluntary Pre-Kindergarten Education Program	48.108	1217-18/19	14,011,660
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Voluntary Pre-Kindergarten Education Program	48.108	CA-17/18	4,094,035
Voluntary Pre-Kindergarten Education Program	48.108	CA-18/19	3,965,736
Program Total			37,637,885
Total Expenditures of State Financial Assistance			37,637,885
Total Expenditures of Federal Awards and State Financial Assitance			$ 103,780,678

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

SUPPLEMENTAL INFORMATION

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

December 31, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal grant and state financial assistance project activity of the Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the "Organization") under programs of the federal government and the State of Florida for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Florida Chapter 10.650, *Rules of the Auditor General.* Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

NOTE C – CONTRACT MATCHING CONTRIBUTIONS

The Organization has received support from government agencies, under grant contracts, which have match requirements. Management of the Organization has determined that the Organization has met the match requirement or received a waiver from the match requirement of their grant contracts as of December 31, 2018.

Volunteer services of $401,908, $438,167, and $565,795 were provided to the Head Start, Early Head Start program, and Early Head Start Child Care Partnership, respectively, and are used to satisfy match requirements but are not included in the combined financial statements because they do not meet the criteria for recognition.

NOTE D – INDIRECT COST RATES

The Organization has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended December 31, 2018. The indirect cost rates used on the Organization's federal programs and state projects are determined by the relevant federal or state agency.

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

COMBINED SCHEDULE OF HEAD START EXPENSES

Year Ended December 31, 2018

	January 1, 2018 - June 30, 2018			July 1, 2018 - December 31, 2018			
	Federal	Local	Total	Federal	Local	Total	Grand Total
Salaries	$ 1,084,888	$ 97,036	$ 1,181,924	$ 1,235,321	$ 110,491	$ 1,345,812	$ 2,527,736
Payroll taxes and employee benefits	238,613	21,342	259,955	274,855	24,584	299,439	559,394
Total salaries and related expenses	1,323,501	118,378	1,441,879	1,510,176	135,075	1,645,251	3,087,130
Educational training services and contractual	195,743	17,508	213,251	223,385	19,981	243,366	456,617
Rent	128,423	11,486	139,909	131,771	11,786	143,557	283,466
Telephone and utilities	67,814	6,066	73,880	69,680	6,232	75,912	149,792
Repairs and maintenance	86,801	7,764	94,565	109,877	9,827	119,704	214,269
Office expense	18,565	1,661	20,226	18,670	1,670	20,340	40,566
Food and classroom supplies	28,552	2,554	31,106	79,787	7,137	86,924	118,030
Professional services	41,485	3,711	45,196	41,300	3,693	44,993	90,189
Noncapital equipment costs	4,925	440	5,365	752	67	819	6,184
Temporary services	15,747	1,408	17,155	-	-	-	17,155
Insurance	6,049	541	6,590	6,151	551	6,702	13,292
Training and technical assistance	7,985	714	8,699	44,410	3,972	48,382	57,081
Meetings and conferences	8,354	747	9,101	859	77	936	10,037
Computer support	7,042	630	7,672	5,970	533	6,503	14,175
In-kind expenses	232,242	20,773	253,015	170,705	15,268	185,973	438,988
Depreciation	2,049	183	2,232	1,161	104	1,265	3,497
Building security	59	5	64	-	-	-	64
Travel	9,316	833	10,149	15,710	1,404	17,114	27,263
Equipment rental	53	5	58	749	67	816	874
Program expense	7,497	671	8,168	7,073	632	7,705	15,873
Dues and publications	1,274	114	1,388	1,338	120	1,458	2,846
Directory/advertising	361	32	393	220	20	240	633
Vehicle expense	3,441	308	3,749	2,547	227	2,774	6,523
Management and general	61,700	5,519	67,219	96,870	8,664	105,534	172,753
Total expenses	$ 2,258,978	$ 202,051	$ 2,461,029	$ 2,539,161	$ 227,107	$ 2,766,268	5,227,297
						Less management and general expenses	(172,753)
						Less in-kind volunteer services	(401,908)
						Combined statement of funtional expenses	$ 4,652,636

See Independant Auditors' Report

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

COMBINED SCHEDULE OF EARLY HEAD START EXPENSES

Year Ended December 31, 2018

	January 1, 2018 - June 30, 2018			July 1, 2018 - December 31, 2018			
	Federal	**Local**	**Total**	**Federal**	**Local**	**Total**	**Grand Total**
Salaries	$ 658,988	$ 660	$ 659,648	$ 773,645	$ 775	$ 774,420	$ 1,434,068
Payroll taxes and employee benefits	168,013	168	168,181	175,468	176	175,644	343,825
Total salaries and related expenses	827,001	828	827,829	949,113	951	950,064	1,777,893
Educational training services and contractual	530,233	531	530,764	486,745	487	487,232	1,017,996
Rent	63,231	63	63,294	62,668	63	62,731	126,025
Telephone and utilities	31,241	31	31,272	29,661	30	29,691	60,963
Repairs and maintenance	28,152	28	28,180	23,017	23	23,040	51,220
Office expense	9,600	10	9,610	8,823	9	8,832	18,442
Food and classroom supplies	38,623	38	38,661	63,055	63	63,118	101,779
Professional services	15,270	15	15,285	13,383	14	13,397	28,682
Noncapital equipment costs	1,443	-	1,443	1,126	-	1,126	2,569
Temporary services	8,174	8	8,182	-	-	-	8,182
Insurance	1,799	-	1,799	1,769	-	1,769	3,568
Training and technical assistance	20,218	20	20,238	58,837	59	58,896	79,134
Meetings and conferences	4,645	5	4,650	903	-	903	5,553
Computer support	3,847	4	3,851	3,322	3	3,325	7,176
In-kind expenses	328,147	330	328,477	138,770	139	138,909	467,386
Depreciation	1,373	-	1,373	678	-	678	2,051
Building security	34	-	34	-	-	-	34
Travel	4,987	5	4,992	4,984	5	4,989	9,981
Equipment rental	43	-	43	199	-	199	242
Program expense	66,514	67	66,581	65,602	65	65,667	132,248
Dues and publications	724	-	724	745	-	745	1,469
Directory/advertising	156	-	156	226	-	226	382
Vehicle expense	610	-	610	589	-	589	1,199
Management and general	36,004	36	36,040	64,148	64	64,212	100,252
Total expenses	$ 2,022,069	$ 2,019	$ 2,024,088	$ 1,978,363	$ 1,975	$ 1,980,338	4,004,426
						Less management and general expenses	(100,252)
						Less in-kind volunteer services	(438,167)
						Combined statement of funtional expenses	$ 3,466,007

See Independant Auditors' Report

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

COMBINED SCHEDULE OF EARLY HEAD START CHILD CARE PARTNERSHIP EXPENSES

Year Ended December 31, 2018

	January 1, 2018 - July 31, 2018			August 1, 2018 - December 31, 2018			
	Federal	Local	Total	Federal	Local	Total	Grand Total
Salaries	$ 463,013	$ -	$ 463,013	$ 322,202	$ -	$ 322,202	$ 785,215
Payroll taxes and employee benefits	111,279	-	111,279	69,067	-	69,067	180,346
Total salaries and related expenses	574,292	-	574,292	391,269	-	391,269	965,561
Educational training services and contractual	1,670,499	23,218	1,693,717	1,093,440	-	1,093,440	2,787,157
Rent	8,189	-	8,189	5,990	-	5,990	14,179
Telephone and utilities	16,194	-	16,194	10,678	-	10,678	26,872
Repairs and maintenance	13,866	-	13,866	7,496	-	7,496	21,362
Office expense	12,258	-	12,258	4,523	-	4,523	16,781
Food and classroom supplies	37,461	-	37,461	10,663	-	10,663	48,124
Professional services	96,450	-	96,450	365	-	365	96,815
Noncapital equipment costs	1,034	-	1,034	3,078	-	3,078	4,112
Temporary services	808	-	808	-	-	-	808
Insurance	2,434	-	2,434	1,640	-	1,640	4,074
Training and technical assistance	75,127	-	75,127	58,871	-	58,871	133,998
Meetings and conferences	5,800	-	5,800	5,226	-	5,226	11,026
Computer support	4,953	-	4,953	2,871	-	2,871	7,824
In-kind expenses	420,883	-	420,883	145,124	-	145,124	566,007
Depreciation	2,118	-	2,118	1,168	-	1,168	3,286
Building security	42	-	42	-	-	-	42
Travel	11,541	-	11,541	6,274	-	6,274	17,815
Equipment rental	91	-	91	210	-	210	301
Program expense	4,315	-	4,315	972	-	972	5,287
Dues and publications	1,074	-	1,074	734	-	734	1,808
Directory/advertising	182	-	182	80	-	80	262
Vehicle expense	386	-	386	262	-	262	648
Management and general	7,842	-	7,842	16,532	-	16,532	24,374
Total expenses	$ 2,967,839	$ 23,218	$ 2,991,057	$ 1,767,466	$ -	$ 1,767,466	4,758,523
Less management and general expenses							(24,374)
Less in-kind volunteer services							(565,795)
Combined statement of funtional expenses							$ 4,168,354

See Independant Auditors' Report

MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
W. Ed Moss, Jr.
Joe M. Krusick
Cori G. Cameron
Bob P. Marchewka
Ric Perez
James R. Dexter
Thomas F. Regan
Ernie R. Janvrin
Paul F. Smyth
Darby M. Hauck

501 S. New York Ave.
Suite 100
Winter Park, FL 32789
Phone: 407-644-5811
Fax: 407-644-6022
www.mosskrusick.com

631 US Highway 1
Suite 411
N. Palm Beach, FL 33408
Phone: 561-848-9300
Fax: 561-848-9332

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the "Organization") (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2018, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated June 12, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
June 12, 2019

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

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

Report on Compliance for Each Major Federal Program and State Project

We have audited Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement,* and the requirements described in the *Department of Financial Services'* State Projects Compliance Supplement, and special audit guidance provided by the Office of Early Learning that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended December 31, 2018. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program and State Project

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
June 12, 2019

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

December 31, 2018

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

1. Type of auditors' report issued on compliance for major programs:	Unmodified
2. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	No
4. Dollar threshold used to distinguish between Type A and Type B programs	$1,984,283
5. Auditee qualified as low-risk auditee?	Yes

Identification of major programs:

Name of Federal Program	CFDA Number
Child Care and Development Fund Cluster	93.575 & 93.596
Child and Adult Care Food Program	10.558

Section I – Summary of Auditors' Results (continued)

State Financial Assistance

1. Type of auditors' report issued on compliance for major projects:	Unmodified
2. Internal control over major projects:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, *Rules of the Auditor General*	N/A
4. Dollar threshold used to distinguish between Type A and Type B projects	$1,129,137

Identification of major projects:

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

Section II – Financial Statement Findings

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

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

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

Section IV - Status of Prior Year Audit Findings

There were no prior year audit findings.