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

Combined Financial Statements and Supplemental Information

Year Ended December 31, 2015

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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, 2015, 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, 2015, and the changes in their net assets and its 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, 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* (CFR) 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 28, 2016, 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 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 the Organization's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

June 28, 2016
Winter Park, Florida

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

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2015

ASSETS

Assets	
Cash and cash equivalents	$ 1,809,036
Receivables	8,613,834
Unconditional promise to give	200,104
Prepaid expenses and other assets	898,029
Cash designated for capital expenditures	185,000
Property and equipment, net	1,281,265
Beneficial interest in assets held by others	124,091
Assets held in trust for the deferred compensation plan	144,914
Total assets	$ 13,256,273

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	$ 1,997,308
Due to early learning providers	4,451,664
Refundable advances	958,798
Deferred compensation payable	144,914
Total liabilities	7,552,684
Commitments and contingencies (Notes H and I)	-
Net assets	
Unrestricted	
Operating	3,913,171
Net investment in property and equipment	1,281,265
Designated for capital expenditures	185,000
Total unrestricted net assets	5,379,436
Temporarily restricted	200,062
Permanently restricted	124,091
Total net assets	5,703,589
Total liabilities and net assets	$ 13,256,273

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

For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT				
Early Learning Coalition of Orange County	$ 61,128,458	$ -	$ -	$ 61,128,458
Early Learning Coalition of Osceola County	13,067,739	-	-	13,067,739
U.S. Department of Health and Human Services	7,858,845	-	-	7,858,845
State of Florida Department of Health - Food Program	6,653,470	-	-	6,653,470
Orange County Citizens' Commission for Children	1,891,654	-	-	1,891,654
Other support and revenues, and contributions	1,898,200	-	-	1,898,200
Heart of Florida United Way, Inc.	215,564	200,062	-	415,626
City of Orlando	266,894	-	-	266,894
Orange County Commission	181,021	-	-	181,021
Catholic Charities of Central Florida, Inc.	209,704	-	-	209,704
Orange County Citizens' Review Panel	138,151	-	-	138,151
City of Orlando - Parramore project	118,439	-	-	118,439
State of Florida Department of Children and Families	78,228	-	-	78,228
In-kind contributions - Head Start and Early Head Start	63,388	-	-	63,388
Investment income (loss)	658	-	(8,087)	(7,429)
Net assets released from restrictions	264,956	(264,956)	-	-
Total revenues and support	94,035,369	(64,894)	(8,087)	93,962,388
EXPENSES				
Program services				
Early Care and Learning (School Readiness)	41,325,928	-	-	41,325,928
Voluntary Pre-K	34,312,054	-	-	34,312,054
Food Program	6,542,337	-	-	6,542,337
Head Start	4,313,257	-	-	4,313,257
Early Head Start	2,847,042	-	-	2,847,042
Early Head Start Child Care Partnership	1,359,222	-	-	1,359,222
Other program services	1,807,105	-	-	1,807,105
Total program services	92,506,945	-	-	92,506,945
Support services				
Management and general	1,359,845	-	-	1,359,845
Fundraising	18,976	-	-	18,976
Total supporting services	1,378,821	-	-	1,378,821
Total expenses	93,885,766	-	-	93,885,766
Change in net assets	149,603	(64,894)	(8,087)	76,622
NET ASSETS AT BEGINNING OF YEAR	5,229,833	264,956	132,178	5,626,967
NET ASSETS AT END OF YEAR	$ 5,379,436	$ 200,062	$ 124,091	$ 5,703,589

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

For the Year Ended December 31, 2015

	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	$ 2,766,329	$ 470,894	$ 393,412	$ 2,140,909	$ 1,188,776	$ 468,730	$ 1,038,865	$ 8,467,915	$ 648,834	$ 1,590	$ 650,424	$ 9,118,339
Payroll taxes and employee benefits	668,155	127,229	118,445	503,560	231,356	98,070	220,586	1,967,401	151,057	243	151,300	2,118,701
Total salaries and related expenses	3,434,484	598,123	511,857	2,644,469	1,420,132	566,800	1,259,451	10,435,316	799,891	1,833	801,724	11,237,040
Child care education services and meals	37,251,932	33,620,925	5,918,175	-	-	24,801	225,937	77,041,770	-	-	-	77,041,770
Educational training services and contractual	2,298	339	-	177,165	827,090	284,779	41,821	1,333,492	6,591	-	6,591	1,340,083
Rent	47,088	9,199	2,871	427,947	135,785	1,799	93,700	718,389	5,378	-	5,378	723,767
Telephone and utilities	143,598	20,681	17,577	182,104	74,153	12,935	46,719	497,767	33,474	-	33,474	531,241
Repairs and maintenance	74,330	12,281	9,225	211,351	50,386	6,231	26,747	390,551	26,921	-	26,921	417,472
Office expense	118,261	8,122	16,442	60,232	26,268	47,219	49,071	325,615	27,578	-	27,578	353,193
Food and classroom supplies	-	-	-	260,873	78,427	241,620	173	581,093	2,328	-	2,328	583,421
Professional services	648	-	-	43,666	19,606	28,132	145	92,197	128,526	-	128,526	220,723
Noncapital equipment costs	46,011	3,550	-	3,436	1,112	19,024	1,195	74,328	1,338	-	1,338	75,666
Temporary services	111,682	33,203	12,491	53,565	27,677	25,759	5,510	269,887	40,011	-	40,011	309,898
Insurance	8,711	1,238	867	6,563	4,834	932	817	23,962	79,741	-	79,741	103,703
Training and technical assistance	-	-	-	55,054	35,619	20,503	-	111,176	-	-	-	111,176
Meetings and conferences	7,190	34	2,347	7,438	1,323	3,601	9,877	31,810	11,225	-	11,225	43,035
Computer support	6,478	2,235	42,754	13,384	6,548	4,762	3,759	79,920	70,039	-	70,039	149,959
In-kind expenses	-	-	-	54,496	8,891	-	-	63,387	-	-	-	63,387
Depreciation	-	-	-	-	-	-	-	-	87,801	-	87,801	87,801
Building security	48,394	-	-	1,354	679	80	258	50,765	-	-	-	50,765
Travel	15,344	415	4,188	41,975	17,099	41,265	8,109	128,395	3,421	12	3,433	131,828
Equipment rental	7,016	1,250	3,324	1,810	914	878	14,334	29,526	1,020	-	1,020	30,546
Miscellaneous	-	-	-	146	74	32	-	252	16,417	-	16,417	16,669
Program expense	-	-	-	47,319	104,777	24,700	18,643	195,439	-	-	-	195,439
Fundraising activities	-	-	-	-	-	-	-	-	-	17,131	17,131	17,131
Dues and publications	-	-	100	3,286	1,627	283	-	5,296	17,274	-	17,274	22,570
Directory/advertising	2,007	395	119	5,740	2,714	2,994	131	14,100	633	-	633	14,733
Vehicle expense	456	64	-	4,515	993	57	46	6,131	238	-	238	6,369
Educational materials and mini-grants	-	-	-	5,369	314	36	662	6,381	-	-	-	6,381
Total expenses	$ 41,325,928	$ 34,312,054	$ 6,542,337	$ 4,313,257	$ 2,847,042	$ 1,359,222	$ 1,807,105	$ 92,506,945	$ 1,359,845	$ 18,976	$ 1,378,821	$ 93,885,766

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

For the Years Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 76,622
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	87,801
Net realized and unrealized loss	2,582
Decrease (increase) in assets:	
Receivables	(995,092)
Prepaid expenses and other assets	21,633
Assets held in trust for the deferred compensation plan	(5,229)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	(180,594)
Due to early learning providers	(5,019)
Refundable advances	(28,941)
Deferred compensation payable	5,229
Net cash used by operating activities	(1,021,008)
CASH FLOWS FROM INVESTING ACTIVITIES	
Decrease in cash designated for capital expenditures	165,000
Purchases of property and equipment	(165,198)
Net cash used by investing activities	(198)
CASH FLOWS FROM FINANCING ACTIVITIES	
Change in beneficial interest in asset held by others	5,505
Net decrease in cash	(1,015,701)
Cash and cash equivalents at beginning of year	2,824,737
Cash and cash equivalents at end of year	$ 1,809,036

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): 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). 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. Certain matching funds are required by HHS which are provided by local governments and other donors.

Early Head Start Child Care Partnership: Accounts for resources received from the U.S. Department of Health and Human Services. Certain matching funds are required by HHS which are provided by local governments and other donors.

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, 2015, total net assets of 4C and the Foundation were $3,014,941 and $2,688,648, respectively.

3. Basis of accounting and financial statement 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, 2015, are composed of $200,062 of Heart of Florida United Way, Inc. funding which will be released in the next fiscal year.

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

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

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be permanently maintained by the Organization. Permanently restricted net assets were $124,091 at December 31, 2015. 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 C and D).

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

5. Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. 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, 2015.

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.

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

7. Property and equipment (continued)

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, 2015.

9. 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).

10. 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 E). These investments represent contributions to a 457(b) plan for the benefit of "key employees." See Note G for additional information about the terms of this plan.

11. 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.

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

11. Revenue recognition (continued)

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.

12. Contributions

Contributions, including unconditional promises to give, are recognized as support and revenue in the period received at fair value as unrestricted, temporarily restricted, or permanently 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. 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.

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, 2015.

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	Total
Program services	$ 54,496	$ 8,891	$ 63,387

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

13. Functional allocation of 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.

14. 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.

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, 2012.

15. 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. The Early Learning Coalition of Orange County, Early Learning Coalition of Osceola County and the State of Florida Department of Health accounts for 48%, 11% and 12%, respectively, of total receivables at December 31, 2015.

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

16. 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.

17. Subsequent events

Management has assessed subsequent events through June 28, 2016, which is the date these combined financial statements were available to be issued. There were no subsequent events requiring recognition as of June 28, 2016.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015, consisted of the following:

Land	$ 720,000
Buildings and improvements	1,875,388
Equipment, vehicles and other	1,122,442
Donated art collection	178,055
	3,895,885
Less accumulated depreciation	(2,614,620)
	$ 1,281,265

During the year ended December 31, 2015, depreciation expense was $87,801.

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, 2015, the endowment fund has a fair value of $124,091, 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.

The following table summarizes fair value measurements by level at December 31, 2015, 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.	$ -	$ 144,914	$ -	$ 144,914
Beneficial interest in assets held by others	-	-	124,091	124,091
	$ -	$ 144,914	$ 124,091	$ 269,005

NOTE D – FAIR VALUE MEASUREMENTS (continued)

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 1 and Level 2 securities.

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, 2015:

	Beneficial Interest in Assets Held by Others
Balance, beginning of year	$ 132,178
Net realized and unrealized loss	(2,582)
Interest and dividend income	1,113
Investment manager and administrative fees, and distributions	(6,618)
Balance, end of year	$ 124,091

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 – LINE OF CREDIT

The Organization had a $2,000,000 revolving line of credit agreement with a Bank. The revolving line of credit interest was a variable interest rate based on the one-month London InterBank Offered Rate (LIBOR) interest rate plus 3.5% payable monthly, and was collateralized by certain receivables. The line of credit was payable on demand and matured on November 3, 2015. The line of credit was used primarily for the payment of funds due to early learning providers pending outstanding receivable payments.

Subsequent to year end, the Organization entered into a new $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 May 15, 2017. All advances on the line of credit are required to be repaid within six months of the advance.

NOTE F – 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 2015) 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, 2015, were $386,752 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE G – 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, 2015, the amounts due under the deferred compensation plan which totaled $144,914, 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, 2015, was $8,974 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE H – 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, 2015. Accordingly, no provision for liability has been made in the accompanying combined financial statements.

NOTE I – 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 $723,800 for the year ended December 31, 2015.

Future minimum lease payments under noncancelable operating leases as of December 31, 2015, are as follows:

Year Ending December 31,	
2016	$ 166,752
2017	165,995
2018	86,537
2019	82,629
	$ 501,913

SUPPLEMENTAL INFORMATION

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2015

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	$ 5,817,819
Child and Adult Care Food Program - Homes	10.558	D702	495,007
Child and Adult Care Food Program - Head Start	10.558	S3	340,644
Total U.S. Department of Agriculture			6,653,470
U.S. Department of Housing and Urban Development			
Passed through Orange County, Florida:			
Community Development Block Grants	14.218	93-34	181,021
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	1217-14/15	5,106,479
Temporary Assistance for Needy Families	93.558	1217-15/16	4,868,548
Passed through the Office of Early Learning and the Early Learning Coalition of Osceola County:			
Temporary Assistance for Needy Families	93.558	CA-14/15	865,407
Temporary Assistance for Needy Families	93.558	CA-15/16	901,617
Program Total			11,742,051
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Child Care and Development Block Grant	93.575	1217-14/15	6,454,478
Child Care and Development Block Grant	93.575	1217-15/16	6,232,139
Passed through the Office of Early Learning and the Early Learning Coalition of Osceola County:			
Child Care and Development Block Grant	93.575	CA-14/15	1,093,855
Child Care and Development Block Grant	93.575	CA-15/16	1,154,144
Passed through the State of Florida Department Department of Children and Families			
Child Care and Development Block Grant	93.575	LC905	78,228
			15,012,844

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2015

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	1217-14/15	$ 5,727,700
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	1217-15/16	5,432,850
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-14/15	970,687
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CA-15/16	1,006,121
			13,137,358
Program Total (Child Care and Development Fund Cluster)			28,150,202
Direct Program:			
Head Start and Early Head Start	93.600	04CH0288/20	5,701,746
Head Start and Early Head Start	93.600	04CH0288/21	1,036,290
Head Start and Early Head Start Child Care Partnership	93.600	04HP0012-01-02	1,120,809
Program Total			7,858,845
Passed-through the Catholic Charities of Central Florida, Inc.:			
Refugee and Entrant Assistance - State Administered Programs	93.566	4C2015	209,704
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:			
Social Services Block Grant	93.667	1217-14/15	15,574
Social Services Block Grant	93.667	1217-15/16	14,894
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Social Services Block Grant	93.667	CA-14/15	2,639
Social Services Block Grant	93.667	CA-15/16	2,758
Program Total			35,865
Total U.S. Department of Health and Human Services			47,996,667
Total Expenditures of Federal Awards			54,831,158

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended December 31, 2015

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	1217-14/15	$ 14,784,920
Voluntary Pre-Kindergarten Education Program	48.108	1217-15/16	12,490,876
Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:			
Voluntary Pre-Kindergarten Education Program	48.108	CA-14/15	3,866,139
Voluntary Pre-Kindergarten Education Program	48.108	CA-15/16	3,204,372
Program Total			34,346,307
Total Expenditures of State Financial Assistance			34,346,307
Total Expenditures of Federal Awards and State Financial Assitance			$ 89,177,465

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

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

December 31, 2015

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, 2015. 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 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 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, 2015.

Volunteer services of $291,263, $358,162, and $22,041 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, 2015. 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

For the Year Ended December 31, 2015

	January 1, 2015 - July 31, 2015			August 1, 2015 - December 31, 2015			
	Federal	Local	Total	Federal	Local	Total	Grand Total
Salaries	$ 1,060,534	$ 162,830	$ 1,223,364	$ 795,420	$ 122,125	$ 917,545	$ 2,140,909
Payroll taxes and employee benefits	256,255	39,344	295,599	180,281	27,680	207,961	503,560
Total salaries and related expenses	1,316,789	202,174	1,518,963	975,701	149,805	1,125,506	2,644,469
Educational training services and contractual	83,184	12,772	95,956	70,400	10,809	81,209	177,165
Rent	261,644	40,172	301,816	109,343	16,788	126,131	427,947
Telephone and utilities	88,125	13,530	101,655	69,741	10,708	80,449	182,104
Repairs and maintenance	65,086	9,993	75,079	118,135	18,137	136,272	211,351
Office expense	34,835	5,348	40,183	17,380	2,669	20,049	60,232
Food and classroom supplies	62,680	9,624	72,304	163,471	25,098	188,569	260,873
Professional services	31,599	4,852	36,451	6,255	960	7,215	43,666
Noncapital equipment costs	1,582	243	1,825	1,397	214	1,611	3,436
Temporary services	18,296	2,809	21,105	28,139	4,321	32,460	53,565
Insurance	3,165	486	3,651	2,524	388	2,912	6,563
Training and technical assistance	10,710	1,644	12,354	37,016	5,684	42,700	55,054
Meetings and conferences	6,431	987	7,418	17	3	20	7,438
Computer support	6,786	1,042	7,828	4,817	739	5,556	13,384
In-kind expenses	225,395	34,606	260,001	74,344	11,414	85,758	345,759
Building security	663	102	765	511	78	589	1,354
Travel	22,868	3,511	26,379	13,520	2,076	15,596	41,975
Equipment rental	236	37	273	1,333	204	1,537	1,810
Miscellaneous	84	13	97	43	6	49	146
Program expense	15,446	2,372	17,818	25,575	3,926	29,501	47,319
Dues and publications	1,711	263	1,974	1,137	175	1,312	3,286
Directory/advertising	2,899	445	3,344	2,077	319	2,396	5,740
Vehicle expense	1,705	262	1,967	2,210	338	2,548	4,515
Educational materials and mini-grants	3,353	515	3,868	1,302	199	1,501	5,369
Management and general	107,377	16,486	123,863	77,653	11,923	89,576	213,439
Total expenses	$ 2,372,649	$ 364,288	$ 2,736,937	$ 1,804,041	$ 276,981	$ 2,081,022	4,817,959
						Less management and general expenses	(213,439)
						Less in-kind volunteer services	(291,263)
						Combined statement of funtional expenses	$ 4,313,257

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

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

COMBINED SCHEDULE OF EARLY HEAD START EXPENSES

For the Year Ended December 31, 2015

	January 1, 2015 - July 31, 2015			August 1, 2015 - December 31, 2015			
	Federal	**Local**	**Total**	**Federal**	**Local**	**Total**	**Grand Total**
Salaries	$ 644,240	$ 6,113	$ 650,353	$ 533,361	$ 5,062	$ 538,423	$ 1,188,776
Payroll taxes and employee benefits	120,519	1,144	121,663	108,662	1,031	109,693	231,356
Total salaries and related expenses	764,759	7,257	772,016	642,023	6,093	648,116	1,420,132
Educational training services and contractual	494,742	4,695	499,437	324,574	3,079	327,653	827,090
Rent	79,753	757	80,510	54,755	520	55,275	135,785
Telephone and utilities	41,127	390	41,517	32,329	307	32,636	74,153
Repairs and maintenance	26,993	256	27,249	22,919	218	23,137	50,386
Office expense	15,491	147	15,638	10,531	99	10,630	26,268
Food and classroom supplies	54,238	515	54,753	23,452	222	23,674	78,427
Professional services	18,575	176	18,751	847	8	855	19,606
Noncapital equipment costs	885	8	893	217	2	219	1,112
Temporary services	9,880	94	9,974	17,537	166	17,703	27,677
Insurance	2,689	26	2,715	2,100	19	2,119	4,834
Training and technical assistance	13,507	128	13,635	21,778	206	21,984	35,619
Meetings and conferences	1,317	6	1,323	-	-	-	1,323
Computer support	3,626	34	3,660	2,860	28	2,888	6,548
In-kind expenses	252,232	2,393	254,625	111,372	1,056	112,428	367,053
Building security	373	4	377	300	2	302	679
Travel	9,692	92	9,784	7,246	69	7,315	17,099
Equipment rental	117	2	119	788	7	795	914
Miscellaneous	47	-	47	27	-	27	74
Program expense	43,937	417	44,354	59,855	568	60,423	104,777
Dues and publications	962	9	971	649	7	656	1,627
Directory/advertising	1,637	16	1,653	1,051	10	1,061	2,714
Vehicle expense	519	5	524	465	4	469	993
Educational materials and mini-grants	311	3	314	-	-	-	314
Management and general	68,315	648	68,963	46,817	444	47,261	116,224
Total expenses	$ 1,905,724	$ 18,078	$ 1,923,802	$ 1,384,492	$ 13,134	$ 1,397,626	3,321,428
						Less management and general expenses	(116,224)
						Less in-kind volunteer services	(358,162)
						Combined statement of funtional expenses	$ 2,847,042

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

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

COMBINED SCHEDULE OF EARLY HEAD START CHILD CARE PARTNERSHIP EXPENSES

For the Year Ended December 31, 2015

	January 1, 2015 - July 31, 2015			August 1, 2015 - December 31, 2015			
	Federal	**Local**	**Total**	**Federal**	**Local**	**Total**	**Grand Total**
Salaries	$ 201,870	$ -	$ 201,870	$ 266,860	$ -	$ 266,860	$ 468,730
Payroll taxes and employee benefits	36,680	-	36,680	61,390	-	61,390	98,070
Total salaries and related expenses	238,550	-	238,550	328,250	-	328,250	566,800
Child care education services and meals	-	-	-	-	24,801	24,801	24,801
Educational training services and contractual	317	-	317	284,462	-	284,462	284,779
Rent	476	-	476	1,323	-	1,323	1,799
Telephone and utilities	3,557	-	3,557	9,378	-	9,378	12,935
Repairs and maintenance	1,953	-	1,953	4,278	-	4,278	6,231
Office expense	34,341	-	34,341	12,878	-	12,878	47,219
Food and classroom supplies	-	-	-	211,620	30,000	241,620	241,620
Professional services	8,857	-	8,857	19,275	-	19,275	28,132
Noncapital equipment costs	14,680	-	14,680	4,344	-	4,344	19,024
Temporary services	10,789	-	10,789	14,970	-	14,970	25,759
Insurance	40	-	40	892	-	892	932
Training and technical assistance	1,880	-	1,880	18,623	-	18,623	20,503
Meetings and conferences	3,599	-	3,599	2	-	2	3,601
Computer support	1,601	-	1,601	3,161	-	3,161	4,762
In-kind expenses	-	-	-	22,041	-	22,041	22,041
Building security	-	-	-	80	-	80	80
Travel	16,666	-	16,666	24,599	-	24,599	41,265
Equipment rental	-	-	-	878	-	878	878
Miscellaneous	-	-	-	32	-	32	32
Program expense	79	-	79	24,621	-	24,621	24,700
Dues and publications	40	-	40	243	-	243	283
Directory/advertising	2,339	-	2,339	655	-	655	2,994
Vehicle expense	10	-	10	47	-	47	57
Educational materials and mini-grants	36	-	36	-	-	-	36
Management and general	23,929	-	23,929	27,041	-	27,041	50,970
Total expenses	$ 363,739	$ -	$ 363,739	$ 1,013,693	$ 54,801	$ 1,068,494	1,432,233
						Less management and general expenses	(50,970)
						Less in-kind volunteer services	(22,041)
						Combined statement of funtional expenses	$ 1,359,222

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

MKA
CERTIFIED PUBLIC ACCOUNTANTS

Partners
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Joe M. Krusick
James R. Dexter
Cori Cameron
Bob Marchewka
Ric Perez

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, 2015, 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 28, 2016.

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.

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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.

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

June 28, 2016
Winter Park, Florida

MKA
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Florida Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S 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, 2015. 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 program and state project for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-01. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 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 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

June 28, 2016
Winter Park, Florida

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, 2015

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?	No
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?	No
3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes
4. Dollar threshold used to distinguish between Type A and Type B programs	$1,644,935
5. Auditee qualified as low-risk auditee?	No

Identification of major programs:

Name of Federal Program	CFDA Number
Head Start and Early Head Start	93.600
Child Care and Development Fund Cluster	93.575 & 93.596
Temporary Assistance for Needy Families	93.558
Child and Adult Care Food Programs	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?	No
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	$1,030,389

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

2015-01 Late submission of December 31, 2014 audit report – federal filing

Criteria: The Organization is required to file their audit report each year to the Federal Audit Clearinghouse within 30 days of the financial statements being issued and available.

Condition: The Organization filed their report to the Federal Audit Clearinghouse, however, not within the 30 day deadline along with the extended deadline in accordance with report submission instructions from Uniform Guidance.

Cause: For the audit periods ending December 31, 2010, 11, 12, and 13 the Agency's prior audit firm initiated the report filing with the Federal Audit Clearinghouse (FAC). For the audit period December 31, 2014, the Agency's auditor at the time failed to initiate the report filing with the FAC. During the transition period to new auditors in 2015, when important and significant items are to be discussed between audit firms, the predecessor auditor never communicated they had not initiated the FAC filing.

Section III - Federal Award and State Projects Findings and Questioned Costs (continued)

Effect: The Organization did not meet the extended deadline submission requirement as set forth by Uniform Guidance.

Recommendation: We recommend the Organization more closely monitor this important submission deadline to avoid missing the deadline.

Management's Response: 4C acknowledges that it has the ultimate responsibility to file the audit report with the FAC timely. However, since inception of the requirement to file with the FAC, the Agency's external audit firm has initiated the filings. During this transition period to our new audit firm, had the prior auditor communicated they had not initiated the filing with the FAC, our new audit firm could have filed timely with the FAC because there was an extension of time to file due to technical issues with their website.

For over twenty years, the Agency has had no findings in its audit report and has an excellent track record of timely filings with the FAC. Management does not believe that this one isolated instance of untimely filing with the FAC should result in a classification from low risk to high risk auditee. Our understanding of the intention of this regulation is that if an organization cannot prepare its financial statements timely, it leads to questions as to whether the organization is properly organized and managed. On the contrary, the Agency is an extremely well run charitable organization with strong internal controls that enable 4C to provide timely, accurate and complete financial statements and reports. The Agency's 2014 audit report was issued and submitted timely to all of 4C's required entities and funders, including the federal Department of Health and Human Services and Florida's Auditor General, and is evidence of the company's ability to produce financial statements timely. Accordingly, we strongly believe that our low risk auditee classification should remain based on the extenuating circumstances previously mentioned.

4C will include language in all future audit engagement letters that it is the auditor's requirement to initiate the audit report filing with the FAC within the required timeframes. In addition, multiple Agency personnel will be responsible for ensuring the FAC's timely filing.

Section IV - Status of Prior Year Audit Findings

There were no prior year audit findings.