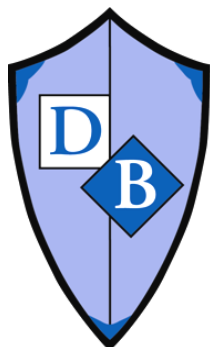


**FAMILY CENTRAL, INC. AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2011 AND 2010**



**DaszkalBolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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**DaszkalBolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Family Central, Inc. and Affiliates  
North Lauderdale, Florida

We have audited the accompanying consolidated statements of financial position of Family Central, Inc. and Affiliates (collectively the "Organization") as of June 30, 2011 and 2010, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Family Central, Inc. and Affiliates as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011 on our consideration of 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain

To the Board of Directors  
Family Central, Inc. and Affiliates

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

In addition, the accompanying consolidating schedules in the Table of Contents, Section II – Supplementary Information for Family Central Child Care Centers, Inc. are presented for purposes of additional analysis and are not a required part of the financial statements of the Organization. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

*Deborah Balton LLP*

Boca Raton, Florida  
October 28, 2011

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITIONS**  
**JUNE 30, 2011 AND 2010**

**ASSETS**

	<b><u>2011</u></b>	<b><u>2010</u></b>
Current assets		
Cash	\$ 45,304	\$ 65,385
Receivable from funding sources	17,433,474	17,133,308
Prepaid expenses	<u>413,126</u>	<u>668,949</u>
Total current assets	17,891,904	17,867,642
Other assets	100,847	49,386
Property and equipment, net	<u>1,528,648</u>	<u>1,675,012</u>
Total assets	<u><u>\$ 19,521,399</u></u>	<u><u>\$ 19,592,040</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Line of credit	\$ 1,277,708	\$ 1,998,381
Current maturities of capital lease obligations	74,223	68,175
Accounts payable and accrued expenses	439,335	164,907
Accounts payable, child care providers	13,272,807	13,131,142
Accrued salaries and annual leave	796,188	681,516
Contract Advance	<u>618,776</u>	<u>636,581</u>
Total current liabilities	16,479,037	16,680,702
Capital lease obligations, less current maturities	<u>31,221</u>	<u>105,444</u>
Total liabilities	16,510,258	16,786,146
Commitments and contingencies		
Net assets		
Unrestricted	2,898,403	2,637,613
Temporarily restricted	<u>112,738</u>	<u>168,281</u>
Total net assets	<u>3,011,141</u>	<u>2,805,894</u>
Total liabilities and net assets	<u><u>\$ 19,521,399</u></u>	<u><u>\$ 19,592,040</u></u>

*See accompanying notes to consolidated financial statements.*

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Changes in unrestricted net assets:		
Support and other revenue:		
Federal, state and local grants	\$ 202,404,224	\$ 198,227,305
Fees	911,081	915,961
Fundraising and donations	176,992	390,854
Interest income	81	1,764
Other revenue	363,091	334,822
Net assets released from restriction (restricted)	<u>55,543</u>	<u>90,252</u>
Total unrestricted support and other revenue	<u>203,911,012</u>	<u>199,960,958</u>
Expenses:		
Program services	<u>200,041,151</u>	<u>195,989,606</u>
Supporting services:		
General and administrative	3,212,712	3,149,893
Fundraising	202,637	220,785
Training expenses	<u>193,722</u>	<u>192,063</u>
Total supporting services	<u>3,609,071</u>	<u>3,562,741</u>
Total expenses	<u>203,650,222</u>	<u>199,552,347</u>
Increase (Decrease) in unrestricted net assets	<u>260,790</u>	<u>408,611</u>
Changes in temporarily restricted net assets:		
Net assets (released from restriction) restricted	<u>(55,543)</u>	<u>(90,252)</u>
Decrease in temporarily restricted net assets	<u>(55,543)</u>	<u>(90,252)</u>
Increase in net assets	205,247	318,359
Net assets, beginning of year	<u>2,805,894</u>	<u>2,487,535</u>
Net assets, end of year	<u>\$ 3,011,141</u>	<u>\$ 2,805,894</u>

*See accompanying notes to consolidated financial statements.*

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	2011					
	Program Services	Supporting Services			Total Support Service	Total Expenses
		General and Administrative	Fundraising	Training Expenses		
Salaries	\$ 15,461,096	\$ 1,901,710	\$ 85,738	\$ 140,768	\$ 2,128,216	\$ 17,589,312
Payroll taxes and employee benefits	3,861,282	479,732	19,154	27,009	525,895	4,387,177
Travel	326,916	25,603	189	1,420	27,212	354,128
Leases / contracts	46,961	3,666	4	-	3,670	50,631
Professional fees	-	228,522	659	-	229,181	229,181
Building maintenance	172,263	22,219	22	-	22,241	194,504
Educational supplies	187,208	595	19,696	5,314	25,605	212,813
Food expense	5,768,527	100	7,548	35	7,683	5,776,210
Consumable supplies	278,024	28,059	8,519	(3,975)	32,603	310,627
Copier / printing costs	357,632	15,778	2,716	(281)	18,213	375,845
Rents	776,602	11,687	11	-	11,698	788,300
Utilities	103,674	8,262	8	-	8,270	111,944
Telephone expense	370,234	65,228	659	1,072	66,959	437,193
Postage	235,445	16,444	3,533	14	19,991	255,436
Data processing	2,065	48,686	47	-	48,733	50,798
Insurance	216,284	27,980	27	-	28,007	244,291
Equipment maintenance and repair	72,684	10,766	10	615	11,391	84,075
Non-capitalized equipment	121,610	20,519	20	45	20,584	142,194
Seminars / meetings	72,022	10,175	596	184	10,955	82,977
Direct assistance to participants	2,143,723	265	4,063	129	4,457	2,148,180
Sub-contracts	161,145	45,418	44	14,800	60,262	221,407
Training and development	47,052	8,415	8	679	9,102	56,154
Memberships and subscriptions	4,651	9,103	299	1,235	10,637	15,288
Employee recruitment	4,154	7,668	7	-	7,675	11,829
Advertising	11,238	16,486	16	-	16,502	27,740
Fundraising activities	-	-	48,329	-	48,329	48,329
Interest expense	-	8,839	-	-	8,839	8,839
Depreciation and amortization	114,510	125,640	122	-	125,762	240,272
Days of care	168,864,195	-	-	-	-	168,864,195
Temporary labor	206,954	2,516	2	-	2,518	209,472
Vehicle operating expense	1,337	4,234	185	-	4,419	5,756
Children food and activities expense	30,938	-	-	-	-	30,938
Bank fees	3,660	46,274	45	-	46,319	49,979
Miscellaneous	17,065	12,123	361	4,659	17,143	34,208
<b>Total expenses</b>	<b>\$ 200,041,151</b>	<b>\$ 3,212,712</b>	<b>\$ 202,637</b>	<b>\$ 193,722</b>	<b>\$ 3,609,071</b>	<b>\$ 203,650,222</b>

*See accompanying notes to consolidated financial statements.*



**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	2010					
	Program Services	Supporting Services			Training Expenses	Total Support Service
General and Administrative		Fundraising				
Salaries	\$ 14,625,102	\$ 1,904,430	\$ 68,654	\$ 132,338	\$ 2,105,422	\$ 16,730,524
Payroll taxes and employee benefits	3,480,440	459,174	14,702	23,527	497,403	3,977,843
Travel	339,610	13,659	39	2,056	15,754	355,364
Leases / contracts	82,718	11,553	13	-	11,566	94,284
Professional fees	-	173,192	188	-	173,380	173,380
Building maintenance	171,293	14,011	15	-	14,026	185,319
Educational supplies	299,189	439	175	10,384	10,998	310,187
Food expense	5,768,063	-	-	-	-	5,768,063
Consumable supplies	237,282	34,817	673	(5,014)	30,476	267,758
Copier / printing costs	386,272	14,682	1,384	(121)	15,945	402,217
Rents	737,256	9,005	10	-	9,015	746,271
Utilities	103,756	6,989	8	-	6,997	110,753
Telephone expense	360,667	68,445	729	816	69,990	430,657
Postage	232,629	17,541	3,747	-	21,288	253,917
Data processing	520	45,288	49	-	45,337	45,857
Insurance	192,758	18,857	20	-	18,877	211,635
Equipment maintenance and repair	62,893	16,819	18	-	16,837	79,730
Non-capitalized equipment	113,888	30,040	33	-	30,073	143,961
Seminars / meetings	72,621	10,263	38,923	1,075	50,261	122,882
Direct assistance to participants	1,820,257	206	7,335	-	7,541	1,827,798
Sub-contracts	95,793	39,969	531	24,120	64,620	160,413
Training and development	78,984	6,910	7	-	6,917	85,901
Memberships and subscriptions	5,138	8,343	9	750	9,102	14,240
Employee recruitment	4,164	10,348	11	50	10,409	14,573
Advertising	57,882	28,287	31	-	28,318	86,200
Fundraising activities	-	-	80,930	-	80,930	80,930
Interest expense	-	10,746	-	-	10,746	10,746
Depreciation and amortization	109,774	136,247	148	-	136,395	246,169
Days of care	166,357,417	-	-	-	-	166,357,417
Temporary labor	153,070	1,743	2	-	1,745	154,815
Vehicle operating expense	2,793	1,377	-	-	1,377	4,170
Children food and activities expense	29,391	-	-	-	-	29,391
Bank fees	3,660	45,459	49	-	45,508	49,168
Miscellaneous	4,326	11,054	2,352	2,082	15,488	19,814
<b>Total expenses</b>	<b>\$ 195,989,606</b>	<b>\$ 3,149,893</b>	<b>\$ 220,785</b>	<b>\$ 192,063</b>	<b>\$ 3,562,741</b>	<b>\$ 199,552,347</b>

See accompanying notes to consolidated financial statements.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows from operating activities		
Decrease in net assets	\$ 205,247	\$ 318,359
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	240,272	246,169
Changes in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(300,166)	(1,716,214)
Prepaid expenses	255,823	(195,259)
Other assets	(51,461)	12,890
Increase (decrease) in:		
Accounts payable and accrued expenses	274,428	(189,501)
Accounts payable, child care providers	141,665	874,082
Accrued salaries and annual leave	114,672	135,211
Deferred revenue	<u>(17,805)</u>	<u>(22,585)</u>
Net cash provided by (used in) operating activities	<u>862,675</u>	<u>(536,848)</u>
 Cash flows used in investing activities		
Purchase of property and equipment	<u>(93,908)</u>	<u>(126,243)</u>
	<u>(93,908)</u>	<u>(126,243)</u>
 Cash flows from financing activities		
Proceeds from draws on line of credit	30,714,708	36,568,946
Repayments on line of credit	(31,435,381)	(35,838,753)
Repayments on capital lease obligations	<u>(68,175)</u>	<u>(62,618)</u>
Net cash provided by (used in) financing activities	<u>(788,848)</u>	<u>667,575</u>
 Increase (decrease) in cash	(20,081)	4,484
 Cash:		
Beginning	<u>65,385</u>	<u>60,901</u>
Ending	<u>45,304</u>	<u>65,385</u>
 Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 8,839</u>	<u>\$ 10,746</u>

*See accompanying notes to consolidated financial statements.*

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

*Presentation*

The consolidated financial statements include the accounts of Family Central, Inc. (“Family Central”), Family Central Child Care Centers, Inc., (the “Centers”), Family Central Auxiliary, Inc., (the “Auxiliary”), and Family Central Holding Company, Inc., (the “Holding Company”), for which Family Central has both control and economic interest, as defined in FASB ASC 958-810, *Consolidation*. All significant intercompany accounts and transactions have been eliminated. These entities are collectively referred to as the “Organization.”

*Nature of Activities*

Family Central, the Centers and the Auxiliary are not-for-profit organizations whose mission is to provide services to improve the quality of life for children and families. The Centers directly manages one (1) child day care center. The Holding Company was incorporated in 1993 to acquire the premises of the Organization. The Auxiliary was created as a fundraising arm of Family Central. The Auxiliary’s mission is to raise funds to be used to promote Family Central’s programs and services.

The management and Board of Directors of Family Central, the Centers, the Holding Company and the Auxiliary are overlapping.

Family Central’s support and revenue is received substantially from grants evidenced by contract with their funding sources, local public matching funds, and donations to be used for administering financially assisted child care, food programs, family support and behavioral health services. Funds for providing these services were received from the Early Learning Coalition of Broward County, the Early Learning Coalition of Palm Beach County, Florida Department of Children & Families, Broward County, Children’s Service Council of Broward County, Children’s Services Council of Palm Beach County, Children’s Trust of Miami-Dade County, Broward Employment and Training Administration, and the Florida Department of Health. The Center’s support and revenue was received from assessed fees and tuition from parents.

The Council on Accreditation for Children and Family Services (“COA”) approved the accreditation of Family Central as a provider of high quality services. The current accreditation is effective from December 31, 2009 to December 31, 2013.

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

*Basis of Accounting*

The Organization follows standards of accounting and financial reporting prescribed for not-for-profit organizations. It uses the accrual basis of accounting which recognizes revenues in the accounting period in which they are earned and become measureable and expenses in the period incurred, if measureable. Federal and state grants are recorded as support services expenses when performance occurs under the terms of the grant agreement.

*Basis of Presentation*

The Organization reports information regarding its financial position and activates according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Basis of Presentation, continued*

**Unrestricted Net Assets** - not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purpose by the actions of the Board of Directors.

**Temporarily Restricted Net Assets** - subject to donor-imposed stipulations that may be fulfilled by the actions of the Board of Directors or become unrestricted at the date specified by the donor.

**Permanently Restricted Net Assets** - subject to donor-imposed stipulations that are to be maintained indefinitely.

*Use of Estimates*

The preparation of consolidated financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three (3) months or less to be cash equivalents.

*Property and Equipment*

Property and equipment is stated at cost or, if donated, at approximate fair value at the date of donation. Purchases greater than \$1,000 and with a useful life in excess of one (1) year are capitalized. Depreciation is computed on a straight-line method over the estimated useful lives of the assets:

	<u>Years</u>
Building and improvements	30
Furniture, fixture and equipment	3 - 5
Vehicles	5

*Fund-Raising Expenses*

The Organization's fund-raising expenses are presented in accordance with FASB ASC 958-720, which establishes the criteria for accounting and reporting for any activity that solicits contributions.

*Income Tax Status*

Family Central and the Centers are generally exempt from income tax under Section 501(c)(3), and the Holding Company is a tax-exempt organization under Section 501(c)(2) of the U.S. Internal Revenue Code. Contributions to Family Central and the Centers qualify for charitable contributions subject to limitation. Family Central and the Centers have been classified as organizations that are not private foundations and have been designated as "publicly supported" organizations.

The Organization records a liability for uncertain tax positions when it is probable that a loss has been incurred and the amount can be reasonably estimated. As of June 30, 2011 and 2010, the Organization has no liabilities for uncertain tax positions. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*Revenue Recognition*

The Organization receives various grants from federal, state and local and private agencies for program and support service expenses. These grants are generally on a cost reimbursement basis or fee for service, including recoverable overhead. Revenues from grants are deemed earned and recognized in the statements of activities when expenditures are made for the purpose specified. Grant funds that have been received but have not yet been expended for the purpose specified are reported as contract advances.

*Advertising*

Advertising costs are charged to operations' as incurred.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities for Family Central and the Centers have been summarized on a functional basis. Accordingly, certain indirect costs have been allocated among the programs and the Centers benefited. The costs are allocated on the basis of each respective program or center's direct costs to the total of all direct costs, excluding property and equipment acquisitions.

*Reclassifications*

Certain reclassifications have been made to the 2011 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

*Subsequent Events*

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through October 28, 2011, the date the financial statements were available to be issued.

**NOTE 2 – CONCENTRATIONS**

*Cash*

The Organization maintains its cash in bank deposit accounts with a financial institution which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

*Concentration of Support, Revenue and Receivable*

Approximately 44% of the Organization's support and other revenue were received from the Early Learning Coalition of Broward County and 43% from the Early Coalition of Palm Beach County. At June 30, 2011, amounts receivable from the Early Learning Coalition of Broward County and Palm Beach County was approximately 39% and 40%, respectively, of total amounts receivable from funding sources.

Of the Organization's total support and other revenue, 50% and 34% is from federal programs and state projects, respectively, for the year ended June 30, 2011.

Approximately 46% of the Organization's support and other revenue were received from the Early Learning Coalition of Broward County and 42% from the Early Coalition of Palm Beach County. At June 30, 2010, amounts receivable from the Early Learning Coalition of Broward County and Palm Beach County was approximately 39% and 40%, respectively, of total amounts receivable from funding sources.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**NOTE 2 – CONCENTRATIONS, CONTINUED**

*Concentration of Support, Revenue and Receivable, continued*

Of the Organization's total support and other revenue, 51% and 33% is from federal programs and state projects, respectively, for the year ended June 30, 2010.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment, net, at June 30:

	<u>2011</u>	<u>2010</u>
Land	\$ 372,479	\$ 372,479
Building and improvements	2,881,964	2,851,153
Furniture, fixtures and equipment	1,751,197	1,707,739
Vehicles	<u>74,782</u>	<u>74,782</u>
	5,080,422	5,006,153
Less accumulated depreciation	<u>(3,551,774)</u>	<u>(3,331,142)</u>
	<u>\$ 1,528,648</u>	<u>\$ 1,675,011</u>

Depreciation expense amounted to \$240,272 and \$246,169 for the years ended June 30, 2011 and 2010, respectively.

**NOTE 4 – OBLIGATIONS UNDER CAPITAL LEASES**

Property held under capital leases included in property and equipment on the consolidated balance sheets at June 30, 2011 and 2010 consisted of the following:

During September 2007, the Organization became obligated under a master lease agreement to a credit company, with monthly repayments of \$3,583 including interest at the rate of 8.5% per annum, maturing August 2012.

	<u>2011</u>	<u>2010</u>
Furniture, fixtures and equipment	\$ 326,202	\$ 326,202
Less: accumulated depreciation	<u>(232,222)</u>	<u>(166,981)</u>
Furniture, fixtures and equipment under capital leases, net	<u>\$ 93,980</u>	<u>\$ 159,221</u>

During March 2008, the Organization became obligated under a master lease agreement to a credit company, with monthly repayments of \$3,114 including interest at the rate of 8.6% per annum, maturing February 2013.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

---

**NOTE 4 – OBLIGATIONS UNDER CAPITAL LEASES, CONTINUED**

The following is a schedule of future lease payments under capital leases:

<u>Years Ending June 30,</u>	
2012	80,370
2013	<u>32,080</u>
Total minimum lease payments	112,450
Less: amount representing interest	<u>(7,006)</u>
Present value of minimum lease payments	<u>\$ 105,444</u>

For the years ended June 30, 2011 and 2010, interest expense totaled \$8,839 and \$10,746 on capitalized leases, respectively.

**NOTE 5 – ACCOUNTS PAYABLE – CHILD CARE PROVIDERS**

Family Central reimburses child care centers, family child care homes and vouchered child care under agreements with the Florida Department of Children and Families, Early Learning Coalitions of Broward and Palm Beach Counties, Workforce One, and the Florida Department of Health. The accrual as of June 30, 2011 and 2010 was \$13,066,618 and \$13,131,142, respectively.

**NOTE 6 – LINE OF CREDIT**

Family Central has a revolving Line of Credit Commitment and Agreement for short-term working capital with Sun Trust Bank, South Florida in the amount of \$5,000,000, secured by a general business security agreement covering substantially all assets and is payable on demand. Advances bear interest at 30-day LIBOR plus 2.65% (2.88% and 2.91% at June 30, 2011 and 2010, respectively) and interest is payable monthly. As of June 30, 2011 and 2010, there was an outstanding balance on the line of credit of \$1,277,708 and \$1,998,381, respectively.

**NOTE 7 – PENSION PLANS**

Family Central has adopted a money purchase pension plan and tax-sheltered plan, (the "Plans") covering all of their employees meeting minimum eligibility requirements. Family Central is obligated to contribute to the money purchase pension plan, 2% of compensation for all active participants and \$.50 for every \$1.00 of elective deferrals employees make to the tax-sheltered annuity plan, up to 6% of compensation. Family Central contributed \$548,034 and \$489,788 to the Plans for the years ended June 30, 2011 and 2010, respectively.

**NOTE 8 – RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2011 and 2010, the Organization paid \$0 and \$10,512, respectively, in advertising expenses to a publishing company that employs a member of the board of directors.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2011 and 2010 consisted of:

	<u>2011</u>	<u>2010</u>
Early Learning Coalition of Broward County	\$ 58,465	\$ 79,688
Early Learning Coalition of Palm Beach County	54,273	88,593
	<u>\$ 112,738</u>	<u>\$ 168,281</u>

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Grants

Grants require the fulfillment of certain conditions as set forth in the grant agreements and are subject to audit and adjustment by grantor agencies. Failure to comply with the terms of the grants, including disallowance of costs, could result in a liability to the Organization. Although this is a possibility, the Organization expects such amounts, if any, to be immaterial.

Litigation

From time-to-time, the Organization is involved in litigation incidental to the conduct of its business. The actions are considered to be routine and in the opinion of management, disposition of these actions are not expected to have a material adverse effect on the Organization's financial position or changes in net assets.

Leases

Family Central is obligated under two (2) operating leases for premises in Palm Beach and Miami-Dade County, Florida. The lease for the Palm Beach facility, commenced in April of 2006, requires monthly payments of \$43,351 adjusted annually through March 31, 2016. The lease for the Miami-Dade facility requires monthly payments of \$10,382 adjusted annually through December 31, 2012 pursuant to a pre-determined schedule.

Rent expenses for the years ended June 30, 2011 and 2010 was \$788,300 and \$746,271, respectively.

The minimum future rental commitments are as follows:

<u>Years Ending June 30,</u>	
2012	\$ 822,894
2013	776,591
2014	728,835
2015	750,705
2016	575,604



## **SUPPLEMENTAL SCHEDULE**

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2011**

<b>Federal/State Grantor, Pass-Through Entity Federal Programs/States Project Title</b>	<b>CFDA/ CFSA Number</b>	<b>Contract Grant Number</b>	<b>Expenditures</b>
U.S. Department of Health and Human Services			
Abandoned Infants Assistance	93.551	90CB0168-01	<u>459,725</u>
Total Abandoned Infants			459,725
Pass-through Florida Agency for Workforce Innovations (AWI)			
Child Care and Development Fund Cluster			
Pass-through Early Learning Coalition of Broward County:			
Child Care and Development Block Grant	93.575	FCI-11-ELC	14,819,044
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FCI-11-ELC	13,008,593
ARRA - Child Care and Development Block Grant	93.713	FCI-11-ELC	2,899,478
Pass-through Early Learning Coalition of Palm Beach County:			
Child Care and Development Block Grant	93.575	ELCPBC 11-001	13,617,394
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	ELCPBC 11-001	11,953,750
ARRA - Child Care and Development Block Grant	93.713	ELCPBC 11-001	2,664,365
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Child Care and Development Block Grant	93.575	C10-108	255,231
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	C10-108	224,050
ARRA - Child Care and Development Block Grant	93.713	C10-108	<u>49,938</u>
Total Child Care and Development Fund Cluster			59,491,843
Pass-through Early Learning Coalition of Broward County:			
Temporary Assistance for Needy Families (TANF)	93.558	FCI-11-ELC	15,186,648
Social Services Block Grant	93.667	FCI-11-ELC	36,760
Pass-through Early Learning Coalition of Palm Beach County:			
Temporary Assistance for Needy Families (TANF)	93.558	ELCPBC 11-001	13,955,189
Social Services Block Grant	93.667	ELCPBC 11-001	33,780
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Temporary Assistance for Needy Families (TANF)	93.558	C10-108	261,563
Social Services Block Grant	93.667	C10-108	633
Pass-through Florida Department of Children and Families:			
Refugee and Entrant Assistance State Administered Programs	93,566	LK 104	136,540
Refugee and Entrant Assistance State Administered Programs	93,566	LK 104	36,405
Refugee and Entrant Assistance State Administered Programs		LK 103	322,658
Refugee and Entrant Assistance State Administered Programs		LK 103	36,250
Promoting Safe and Stable Families	93.556	FAM 10 PES	101,370
Pass-through Head Start of Palm Beach County:			
Head Start	93.600	R2009 2055	76,580
ARRA - Early Head Start	93.709	R2010 0238	251,254
Pass-through University of South Florida:			
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-D	87,152
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-E	77,135
Pass-through National Fatherhood Initiative			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	<u>N/A</u>	<u>18,346</u>
Total U.S. Department of Health and Human Services			90,569,830

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

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE,**  
**CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

Federal/State Grantor, Pass-Through Entity Federal Programs/States Project Title	CFDA/ CFSA Number	Contract Grant Number	Expenditures
U.S. Department of Agriculture			
Pass-through Florida Department of Health:			
Childcare Food Program	10.558	D 701	973,400
Childcare Food Program	10.558	U 1976	<u>9,382,633</u>
Total U.S. Department of Agriculture			10,356,033
U.S. Department of Labor:			
Workforce Investment Act (WIA) Cluster:			
Pass-through Florida Agency for Workforce Innovations (AWI)			
Pass-through Broward County, Workforce One			
WIA Adult Program	17.258	CR-WIA-9122	471,376
WIA Youth Activities	17.259	CR-WIA-9122	86,841
WIA Dislocated Workers	17.260	CR-WIA-9122	248,106
Pass-through Palm Beach County, Workforce Alliance			
WIA Adult Program	17.258	V09-032 & V09-001	68,765
WIA Youth Activities	17.259	V09-032 & V09-001	12,669
WIA Dislocated Workers	17.260	V09-032 & V09-001	<u>36,194</u>
Total U.S. Department of Labor			<u>923,951</u>
Total Expenditures of Federal Awards			<u>\$ 101,849,814</u>
State of Florida Agency for Workforce Innovation (AWI)			
Pass-through Early Learning Coalition of Broward County:			
Voluntary Pre-Kindergarten Education Program	75.007	FCI-11-ELC	39,999,927
Pass-through Early Learning Coalition Of Palm Beach County:			
Voluntary Pre-Kindergarten Education Program	75.007	ELCPBC 11-001	<u>28,476,178</u>
Total Expenditures of State Financial Assistance			<u>\$ 68,476,104</u>

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

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

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**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, Chapter 10.650, Rules of the Auditor General, and the Florida Single Audit Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

**NOTE 2 – SUBRECIPIENTS**

None of the federal or state expenditures presented in the accompanying schedule of expenditures of federal awards and state financial assistance was provided to subrecipients.

## **SUPPLEMENTARY INFORMATION**

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED SCHEDULE OF FINANCIAL POSITIONS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	2011						2010
<u>Assets</u>	<u>Family Central, Inc.</u>	<u>Family Central Child Care Centers, Inc.</u>	<u>Family Central Holding Co. Inc.</u>	<u>Family Central Auxiliary</u>	<u>Eliminations</u>	<u>Total Consolidated</u>	<u>Consolidated</u>
Current Assets							
Cash	\$ -	\$ 41,714	\$ -	\$ 3,590	\$ -	\$ 45,304	\$ 65,385
Receivable from funding sources	17,317,109	116,365	-	-	-	17,433,474	17,133,308
Prepaid expenses	411,996	1,130	-	-	-	413,126	668,949
Due from affiliates	1,304,924	2,188	-	-	(1,307,112)	-	-
Total current assets	<u>19,034,029</u>	<u>161,397</u>	<u>-</u>	<u>3,590</u>	<u>(1,307,112)</u>	<u>17,891,904</u>	<u>17,867,642</u>
Other assets	<u>100,847</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,847</u>	<u>49,386</u>
Property and equipment, net	210,023	-	946,145	-	-	1,156,168	1,302,532
Land	<u>-</u>	<u>-</u>	<u>372,480</u>	<u>-</u>	<u>-</u>	<u>372,480</u>	<u>372,480</u>
Total assets	<u>\$ 19,344,899</u>	<u>\$ 161,397</u>	<u>\$ 1,318,625</u>	<u>\$ 3,590</u>	<u>\$ (1,307,112)</u>	<u>\$ 19,521,399</u>	<u>\$ 19,592,040</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED SCHEDULE OF FINANCIAL POSITIONS, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	2011						2010 Consolidated
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations	Total Consolidated	
<b>Liabilities and Net Assets</b>							
Current liabilities							
Line of credit	\$ 1,277,708	\$ -	\$ -	\$ -	\$ -	\$ 1,277,708	\$ 1,998,381
Current maturities of capital lease	74,223					74,223	68,175
Accounts payable and accrued expenses	393,092	46,243	-	-	-	439,335	164,907
Accounts payable and child care providers	13,272,807	-	-	-	-	13,272,807	13,131,142
Accrued salaries and annual leave	747,076	49,112	-	-	-	796,188	681,516
Contract Advance	618,776	-	-	-	-	618,776	636,581
Due to affiliates	-	-	1,307,112	-	(1,307,112)	-	-
Total current liabilities	<u>16,383,682</u>	<u>95,355</u>	<u>1,307,112</u>	<u>-</u>	<u>(1,307,112)</u>	<u>16,479,037</u>	<u>16,680,702</u>
Capital lease, net of current maturities	<u>31,221</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,221</u>	<u>105,444</u>
Total liabilities	<u>16,414,903</u>	<u>95,355</u>	<u>1,307,112</u>	<u>-</u>	<u>(1,307,112)</u>	<u>16,510,258</u>	<u>16,786,146</u>
Net assets							
Unrestricted	2,817,258	66,042	11,513	3,590	-	2,898,403	2,637,613
Temporarily restricted	<u>112,738</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,738</u>	<u>168,281</u>
Total net assets	<u>2,929,996</u>	<u>66,042</u>	<u>11,513</u>	<u>3,590</u>	<u>-</u>	<u>3,011,141</u>	<u>2,805,894</u>
Total liabilities and net assets	<u>\$ 19,344,899</u>	<u>\$ 161,397</u>	<u>\$ 1,318,625</u>	<u>\$ 3,590</u>	<u>\$ (1,307,112)</u>	<u>\$ 19,521,399</u>	<u>\$ 19,592,040</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED SCHEDULE OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations	Total Consolidated 2011	Total Consolidated 2010
Changes in unrestricted net assets from continuing operations:							
Unrestricted support and revenues:							
Federal, state and local grants	\$ 202,404,224	\$ -	\$ -	\$ -	\$ -	\$ 202,404,224	\$ 198,227,305
Fees	60,000	911,081	-	-	(60,000)	911,081	915,961
Fundraising and donations	176,992	-	-	-	-	176,992	390,854
Interest income	81	-	-	-	-	81	1,764
Rental income	-	-	117,000	-	(117,000)	-	-
Other revenue	363,091	-	-	-	-	363,091	334,822
Total unrestricted support and other revenues	<u>203,004,388</u>	<u>911,081</u>	<u>117,000</u>	<u>-</u>	<u>(177,000)</u>	<u>203,855,469</u>	<u>199,870,706</u>
Unrestricted expenses							
Program services	199,193,836	911,081	113,234	-	(177,000)	200,041,151	195,989,606
Supporting services:							
General and administrative	3,212,712	-	-	-	-	3,212,712	3,149,893
Fundraising	202,637	-	-	-	-	202,637	220,785
Training expenses	193,722	-	-	-	-	193,722	192,063
Total unrestricted expenses	<u>202,802,907</u>	<u>911,081</u>	<u>113,234</u>	<u>-</u>	<u>(177,000)</u>	<u>203,650,222</u>	<u>199,552,347</u>
Net assets released from temporary restrictions (restricted)	<u>55,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,543</u>	<u>90,252</u>
Change in unrestricted net assets	<u>257,024</u>	<u>-</u>	<u>3,766</u>	<u>-</u>	<u>-</u>	<u>260,790</u>	<u>408,611</u>
Changes in temporarily restricted net assets:							
Temporarily restricted support and revenues							
Net assets (released from restriction) restricted	(55,543)	-	-	-	-	(55,543)	(90,252)
Change in temporarily restricted net assets	<u>(55,543)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,543)</u>	<u>(90,252)</u>
Change in net assets	201,481	-	3,766	-	-	205,247	318,359
Net assets, beginning of year	<u>2,728,515</u>	<u>66,042</u>	<u>7,747</u>	<u>3,590</u>	<u>-</u>	<u>2,805,894</u>	<u>2,487,535</u>
Net assets, end of year	<u>\$ 2,929,996</u>	<u>\$ 66,042</u>	<u>\$ 11,513</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ 3,011,141</u>	<u>\$ 2,805,894</u>



## **OTHER SUPPLEMENTARY INFORMATION**

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF SUPPORT AND OTHER REVENUE**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Support and Other Revenue:		
Federal, state and local grants:		
Grants and Program Support and Revenue:		
Early Learning Coalition of Broward County		
Florida Subsidized Child Care	\$ 50,545,124	\$ 53,314,736
Voluntary Pre-Kindergarten	39,999,927	38,774,815
Palm Beach County School Readiness Coalition, Inc.		
Florida Subsidized Child Care - Palm Beach	59,642,680	56,477,459
Voluntary Pre-Kindergarten	28,476,178	26,753,906
U.S. Department of Health and Human Services		
Abandoned Infants Assistance	459,725	303,097
Florida Department of Children and Families:		
Broward County Entrant/Refugee	172,944	176,484
Palm Beach County Entrant/refugee	358,908	423,198
Broward County:		
Children's Services Administration (CSA):		
Subsidized Child Care (02-8367-CSAD-7)	1,664,064	1,871,640
Homeless (02-8367-CSAD-7)	735,284	649,137
Children Service Council of Broward County		
Family Strengthening (02-2130)	463,915	638,365
TOPS	-	73,927
HIPPY	244,365	409,627
Florida Department of Health:		
Childcare Food Program (Homes)	973,400	875,076
Childcare Food Program (Centers)	9,382,633	9,201,326
Florida Department of Education:		
HIPPY 5830-435-KO-F	87,152	78,074
Children's Trust of Miami-Dade County		
HIPPY	290,698	317,971
Nurturing	476,806	487,989
PBS	261,074	-
TALK	317,692	324,570
Anchor	70,885	254,721
Miami-Dade County:		
Our Kids	507,713	450,045
Palm Beach County:		
Head Start	440,983	263,318
Subtotal, forward	<u>195,572,150</u>	<u>192,119,481</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF SUPPORT AND OTHER REVENUE, CONTINUED**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Subtotal, forwarded	\$ 195,572,150	\$ 192,119,481
Palm Beach Community College - Scholarships	128,096	113,388
Children's Services Council of Palm Beach		
Quality Enhancement	3,388,187	2,921,073
Healthy Beginnings	220,062	163,750
ACCLAIM	-	-
University of South Florida - HIPPY	77,135	108,955
Broward Employment and Training Administration:		
Broward Workforce	806,325	759,838
ChildNet		
Parent Nurturing Program	101,370	95,833
Workforce Alliance - Palm Beach Workforce	117,628	143,536
Other:		
United Way of Broward	424,996	425,000
United Way of Miami Dade	791,416	703,856
United Way of Palm Beach	-	-
Municipalities	306,349	262,068
Legal Aid Society - Relative Caregiver	-	-
Prime Time (School Age Assessment)	163,162	142,248
Jim Moran Foundation - C-Quell	289,002	261,625
National Fatherhood Initiative	18,346	6,654
Total federal, state and local grants	<u>202,404,224</u>	<u>198,227,305</u>
 Fees	 <u>911,081</u>	 <u>915,961</u>
 Fundraising and donations	 <u>176,992</u>	 <u>390,854</u>
 Interest income	 <u>81</u>	 <u>1,764</u>
 Other revenue:		
Workshop/Conference Revenue	237,068	235,786
Other income	<u>126,023</u>	<u>99,036</u>
Total other revenue	<u>363,091</u>	<u>334,822</u>
Total support and other revenue	<u>\$ 203,855,468</u>	<u>\$ 199,870,706</u>

**FAMILY CENTRAL, INC. AND AFFILIATES  
SCHEDULE OF MATCHING FUND REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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<u>Grant</u>	<u>Funding Amount</u>	<u>Matching Fund Requirements (%)</u>	<u>Matching Fund Requirements (\$)</u>	<u>Matching Fund Allocated to Programs</u>
Early Learning Coalition of Broward County Broward Subsidized	\$ 50,545,124	Fixed	\$ 3,387,214	\$ 3,387,214
Children's Services Council				
Nurturing Parents	463,915	5.0%	23,196	23,196
HIPPI	244,365	5.0%	12,218	12,218
Childnet Parent Nurturing	101,370	Fixed	35,416	35,416
			<u>\$ 3,458,044</u>	<u>\$ 3,458,044</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF PROGRAM EXPENSES FOR FAMILY CENTRAL CHILD CARE CENTERS, INC.**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

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	<u>2011</u>	<u>2010</u>
Salaries	\$ 598,504	\$ 605,363
Employee taxes and employee benefits	<u>173,442</u>	<u>172,631</u>
	771,946	777,994
Food costs	30,633	29,086
Equipment repairs and maintenance	610	1,096
Travel, seminars and meetings	676	1,602
Educational supplies	10,548	1,917
General insurance	14,624	13,205
Children's activities	305	305
Office, janitorial, supplies and postage	18,052	26,178
Memberships and subscriptions	705	789
Employee screening and testing	510	416
Taxes/licenses	<u>2,472</u>	<u>3,373</u>
Total functional expenses before management fees	851,081	855,961
Management fees - Family Central	<u>60,000</u>	<u>60,000</u>
Total functional expenses	<u>\$ 911,081</u>	<u>\$ 915,961</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATED SCHEDULE OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2011**

**ASSETS**

	<b>2011</b>		
	<b>Agency</b>	<b>Pass-through</b>	<b>Total</b>
Current assets			
Cash	\$ 45,304	\$ -	\$ 45,304
Receivable from funding sources	2,882,959	14,550,515	17,433,474
Prepaid expenses	413,126	-	413,126
Total current assets	<u>3,341,389</u>	<u>14,550,515</u>	<u>17,891,904</u>
Other assets	100,847	-	100,847
Property and equipment, net	1,528,648	-	1,528,648
Total assets	<u>\$ 4,970,884</u>	<u>\$ 14,550,515</u>	<u>\$ 19,521,399</u>

**LIABILITIES AND NET ASSETS**

Current liabilities			
Line of credit	\$ -	\$ 1,277,708	\$ 1,277,708
Current maturities of capital lease obligations	74,223		74,223
Accounts payable and accrued expenses	439,335	-	439,335
Accounts payable, child care providers	-	13,272,807	13,272,807
Accrued salaries and annual leave	796,188	-	796,188
Contract Advance	618,776	-	618,776
Total current liabilities	<u>1,928,522</u>	<u>14,550,515</u>	<u>16,479,037</u>
Capital lease obligations, less current maturities	31,221	-	31,221
Total liabilities	<u>1,959,743</u>	<u>14,550,515</u>	<u>16,510,258</u>
Commitments and contingencies			
Net assets			
Unrestricted	2,898,403	-	2,898,403
Temporarily restricted	112,738	-	112,738
Total net assets	<u>3,011,141</u>	<u>-</u>	<u>3,011,141</u>
Total liabilities and net assets	<u>\$ 4,970,884</u>	<u>\$ 14,550,515</u>	<u>\$ 19,521,399</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATED SCHEDULE OF FINANCIAL POSITION, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2010**

**ASSETS**

	<b>2010</b>		
	<b><u>Agency</u></b>	<b><u>Pass-Through</u></b>	<b><u>Total</u></b>
Current assets:			
Cash	\$ 65,385	\$ -	\$ 65,385
Receivable from funding sources	2,558,019	14,575,289	17,133,308
Prepaid expenses	668,949	-	668,949
Total current assets	<u>3,292,353</u>	<u>14,575,289</u>	<u>17,867,642</u>
Other assets	49,386	-	49,386
Property and equipment, net	1,675,012	-	1,675,012
Total assets	<u>\$ 5,016,751</u>	<u>\$ 14,575,289</u>	<u>\$ 19,592,040</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:			
Line of credit	\$ 554,234	\$ 1,444,147	\$ 1,998,381
Current maturities of capital lease obligations	68,175		68,175
Accounts payable and accrued expenses	164,907	-	164,907
Accounts payable, child care providers	-	13,131,142	13,131,142
Accrued salaries and annual leave	681,516	-	681,516
Contract Advance	636,581	-	636,581
Total current liabilities	<u>2,105,413</u>	<u>14,575,289</u>	<u>16,680,702</u>
Capital lease obligations, less current maturities	105,444	-	105,444
Total liabilities	<u>2,210,857</u>	<u>14,575,289</u>	<u>16,786,146</u>
Commitments and contingencies			
Net assets:			
Unrestricted	2,637,613	-	2,637,613
Temporarily restricted	168,281	-	168,281
Total net assets	<u>2,805,894</u>	<u>-</u>	<u>2,805,894</u>
Total liabilities and net assets	<u>\$ 5,016,751</u>	<u>\$ 14,575,289</u>	<u>\$ 19,592,040</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATED SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2011**

	<b>2011</b>		
	<b>Agency</b>	<b>Pass-through</b>	<b>Total</b>
Changes in unrestricted net assets:			
Support and other revenue:			
Federal, state and local grants	\$ 25,615,639	\$ 176,788,585	\$ 202,404,224
Fees	911,081	-	911,081
Fundraising and donations	176,992	-	176,992
Interest income	81	-	81
Other revenue	363,091	-	363,091
Net assets released from restrictions	55,543	-	55,543
Total unrestricted support and other revenue	<u>27,122,427</u>	<u>176,788,585</u>	<u>203,911,012</u>
Expenses:			
Program services	<u>23,252,566</u>	<u>176,788,585</u>	<u>200,041,151</u>
Supporting services:			
General and administrative	3,212,712	-	3,212,712
Fundraising	202,637	-	202,637
Training expenses	193,722	-	193,722
Total supporting services	<u>3,609,071</u>	<u>-</u>	<u>3,609,071</u>
Total expenses	<u>26,861,637</u>	<u>176,788,585</u>	<u>203,650,222</u>
Increase / (Decrease) in unrestricted net assets	<u>260,790</u>	<u>-</u>	<u>260,790</u>
Changes in temporarily restricted net assets:			
Net assets released from restrictions	<u>(55,543)</u>	<u>-</u>	<u>(55,543)</u>
Decrease in temporarily restricted net assets	<u>(55,543)</u>	<u>-</u>	<u>(55,543)</u>
Increase in net assets	205,247	-	205,247
Net assets, beginning of year	<u>2,805,894</u>	<u>-</u>	<u>2,805,894</u>
Net assets, end of year	<u>\$ 3,011,141</u>	<u>\$ -</u>	<u>\$ 3,011,141</u>



**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATED SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**

	2010		
	Agency	Pass-Through	Total
Changes in unrestricted net assets:			
Support and other revenue:			
Federal, state and local grants	\$ 24,274,027	\$ 173,953,278	\$ 198,227,305
Fees	915,961	-	915,961
Fundraising and donations	390,854	-	390,854
Interest income	1,764	-	1,764
Other revenue	334,822	-	334,822
Net assets released from restrictions	90,252	-	90,252
Total unrestricted support and other revenue	<u>26,007,680</u>	<u>173,953,278</u>	<u>199,960,958</u>
Expenses:			
Program services	<u>22,036,328</u>	<u>173,953,278</u>	<u>195,989,606</u>
Supporting services:			
General and administrative	3,149,893	-	3,149,893
Fundraising	220,785	-	220,785
Training expenses	192,063	-	192,063
	<u>3,562,741</u>	<u>-</u>	<u>3,562,741</u>
Total expenses	<u>25,599,069</u>	<u>173,953,278</u>	<u>199,552,347</u>
Increase (decrease) in unrestricted net assets	<u>408,611</u>	<u>-</u>	<u>408,611</u>
Changes in temporarily restricted net assets:			
Net assets released from restrictions	<u>(90,252)</u>	<u>-</u>	<u>(90,252)</u>
Decrease in temporarily restricted net assets	<u>(90,252)</u>	<u>-</u>	<u>(90,252)</u>
Increase in net assets	318,359	-	318,359
Net assets, beginning of year	<u>2,487,535</u>	<u>-</u>	<u>2,487,535</u>
Net assets, end of year	<u>\$ 2,805,894</u>	<u>\$ -</u>	<u>\$ 2,805,894</u>

**INTERNAL CONTROLS  
AND  
COMPLIANCE MATTERS**



**DaszkalBolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors  
Family Central, Inc. and Affiliates  
North Lauderdale, Florida

We have audited the consolidated financial statements of Family Central, Inc. and Affiliates (collectively the "Organization") as of and for the year ended June 30, 2011 and 2010, and have issued our report thereon dated October 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

To the Board of Directors  
Family Central, Inc. and Affiliates

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Augusta Bolton LLP*

Boca Raton, Florida  
October 28, 2011



**DaszkalBolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND  
CHAPTER 10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Directors  
Family Central, Inc. and Affiliates  
North Lauderdale, Florida

Compliance

We have audited the compliance of Family Central, Inc. and Affiliates (the "Organization") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that are applicable to each of its major Federal programs and State projects for the year ended June 30, 2011. The Organization's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs and State projects is the responsibility of Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs and State projects for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs and State projects. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program or State project in order to determine our auditing procedures

To the Board of Directors  
Family Central, Inc. and Affiliates

for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A material weakness in internal control 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.

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

This report is intended solely for the information and use of management, audit committee, Board of Directors, and Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in black ink that reads "Douglas Bolton LLP". The signature is written in a cursive, flowing style.

Boca Raton, Florida  
October 28, 2011

**FAMILY CENTRAL, INC. AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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I. SUMMARY OF AUDITOR'S REPORT

Financial Statements

- A. Type of auditor's report issued: Unqualified Opinion
- B. Internal controls over financial reporting:
- Material weakness(es) identified?  Yes  No
  - Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported
- C. Noncompliance material to financial statements noted?  Yes  No

Federal Awards and State Projects

- D. Type of auditor's report issued on compliance for major federal programs and state projects: Unqualified Opinion
- E. Internal control over major programs/projects:
- Material weakness(es) identified?  Yes  No
  - Reportable condition(s) identified that are not considered to be material weaknesses?  Yes  None Reported
- F. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 or/and Chapter 10.650, Rules of the Auditor General of the State of Florida?  Yes  No
- G. Identification of major programs:

Federal Programs

<u>CFDA Number</u>	<u>Name of Major Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families (TANF)
93.600, 93.709	Early Head Start
10.558	Children and Adult Care Food Program

State Projects

<u>CSFA Number</u>	<u>Name of Major State Project or Cluster</u>
75.007	Voluntary Pre-Kindergarten Education Program

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2011**

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I. SUMMARY OF AUDITOR'S REPORT, continued

H. Dollar threshold used to distinguish between type A and type B federal programs	\$	<u>3,000,000</u>
Dollar threshold used to distinguish between type A and type B state projects	\$	<u>2,434,251</u>

I. Auditee qualified as low-risk auditee  X  Yes   No

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Reporting  
None reported

B. Compliance  
None reported

III. FEDERAL AWARD AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

A. Internal Control Reporting  
None reported

B. Compliance  
None reported

IV. MANAGEMENT LETTER

None



**FAMILY CENTRAL, INC. AND AFFILIATES  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011**

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The prior year single audit disclosed no findings in the Schedule F Findings and Questioned Costs.