



**COORDINATED CHILD CARE OF
PINELLAS, INC. AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS
SUPPLEMENTAL INFORMATION AND
COMPLIANCE REPORTS

As of and for the Year Ended September 30, 2012

*And Report of Independent Certified Public
Accountants*

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES

TABLE OF CONTENTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS.....	1 - 2
--	--------------

CONSOLIDATED FINANCIAL STATEMENTS:

Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements.....	7 - 14

SUPPLEMENTARY FINANCIAL INFORMATION:

Schedule of Expenditures of Federal Awards and State Financial Assistance Projects.....	15
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	16
Schedule of Consolidating Statement of Activities	17
Schedule of Revenues and Expenses of Juvenile Welfare Board Programs	18

GRANT COMPLIANCE:

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19 - 20
Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida	21 - 22
Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance Project	23 - 24
Summary Schedule of Prior Year’s Audit Findings and Corrective Action Plan.....	25

Report of Independent Certified Public Accountants

Board of Directors
Coordinated Child Care of Pinellas, Inc.
Pinellas Park, Florida

We have audited the accompanying consolidated statement of financial position of Coordinated Child Care of Pinellas, Inc. and Affiliates (the "Organization") as of September 30, 2012, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized financial information has been derived from the Organization's 2011 consolidated financial statements and, in our report dated February 29, 2012 we expressed an unqualified opinion on those consolidated financial statements.

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. The financial statements of Coordinated Community Services, LLC, Coordinated Community Charity, Inc., and Coordinated Child Care Properties, Inc. were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide 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 Coordinated Child Care of Pinellas, Inc. and Affiliates as of September 30, 2012, and the changes in their net assets and cash flows for the year 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 January 18, 2013 on our consideration of the Organization's internal control over financial reporting and 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 taken as a whole. The schedule of consolidating statement of activities and the schedule of revenues and expenses of Juvenile Welfare Board programs on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards and state financial assistance projects is presented for the 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 also not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Cherry Bekant LLP

Tampa, Florida
January 18, 2013

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2012

	<u>2012</u>	<u>(Memo only)</u> <u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,947,668	\$ 4,229,963
Grants receivable	1,444,591	4,822,160
Promises to give	131,496	21,663
Advances to providers	-	890,554
Prepaid expenses	53,748	116,035
Certificates of deposit	500,680	205,740
Mutual funds	263,018	-
Property held for sale	360,000	-
Property and equipment, net	<u>5,397,507</u>	<u>5,243,149</u>
Total assets	<u>\$ 10,098,708</u>	<u>\$ 15,529,264</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 989,403	\$ 4,105,255
Refundable advance - VPK	-	890,554
Accrued salary and fringe benefits	528,330	853,743
Accrued interest payable	9,155	9,727
Mortgage payable	2,322,657	2,538,873
Interest rate swap	<u>105,697</u>	<u>105,697</u>
Total liabilities	<u>3,955,242</u>	<u>8,503,849</u>
Net assets:		
Unrestricted:		
Undesignated	4,688,696	5,290,095
Board designated	<u>1,323,794</u>	<u>1,688,782</u>
Total unrestricted	6,012,490	6,978,877
Temporarily restricted	<u>130,976</u>	<u>46,538</u>
Total net assets	<u>6,143,466</u>	<u>7,025,415</u>
Total liabilities and net assets	<u>\$ 10,098,708</u>	<u>\$ 15,529,264</u>

See notes to the consolidated financial statements.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>(Memo only) 2011</u>
Support and revenue:				
Early Learning Coalition of Pinellas County:				
School Readiness	\$ 9,668,363	\$ -	\$ 9,668,363	\$ 29,242,163
Voluntary Pre-kindergarten Education Program	7,177,723	-	7,177,723	15,012,659
Juvenile Welfare Board of Pinellas County	8,064,716	-	8,064,716	10,667,118
Florida Department of Health:				
Child Care Food Program	1,376,073	-	1,376,073	1,387,339
Pinellas County School Board:				
Teen Parent Program	454,773	-	454,773	562,452
Even Start Program	-	-	-	39,404
Florida Department of Education:				
21st Century Program	682,360	-	682,360	608,209
Compact	417,319	-	417,319	-
United Way	65,013	-	65,013	86,652
In-kind contribution	-	108,046	108,046	-
Interest	12,799	-	12,799	14,842
Loss on disposal of assets	(29,551)	-	(29,551)	434
Loss on property held for sale	(157,793)	-	(157,793)	-
Acquisition of Community Pride	542,680	-	542,680	-
Other	276,444	-	276,444	342,161
Net assets released from restriction	23,608	(23,608)	-	-
Total support and revenue	<u>28,574,527</u>	<u>84,438</u>	<u>28,658,965</u>	<u>57,963,433</u>
Expenses:				
Program services	28,311,754	-	28,311,754	57,106,076
Supporting services	1,229,160	-	1,229,160	1,699,219
Total expenses	<u>29,540,914</u>	<u>-</u>	<u>29,540,914</u>	<u>58,805,295</u>
Change in net assets	(966,387)	84,438	(881,949)	(841,862)
Net assets at the beginning of year	6,978,877	46,538	7,025,415	7,867,277
Net assets at the end of year	<u>\$ 6,012,490</u>	<u>\$ 130,976</u>	<u>\$ 6,143,466</u>	<u>\$ 7,025,415</u>

See notes to the consolidated financial statements.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2012

	Early Learning Coalition	Voluntary Pre-kindergarten Education Program	JWB Low Income Employed Families	JWB OST Out of School Time	JWB Various Programs	DOE 21st Century	DOE Compact	Nutrition Program	Teen Parent	Other	Total Program Services	Administrative and General	Total Expenses	Memo 2011
Payments to providers	\$ 7,668,638	\$ 7,030,250	\$ 3,590,116	\$ 2,482,355	\$ 102,789	\$ -	\$ -	\$ 1,120,916	\$ 401,080	\$ 281,847	\$ 22,677,991	\$ 690	\$ 22,678,681	\$ 50,551,558
Personnel (Adjusted for G & A portion)	1,179,099	89,791	234,539	234,463	661,522	145,543	110,275	300,163	45,653	109,564	3,110,612	828,256	3,938,868	5,430,802
Computer	306	19	-	-	-	-	-	2,037	4	2	2,368	197	2,565	5,694
Contractual and consulting	64,783	2,965	41,655	3,216	230,325	557,980	121,227	15,025	3,605	30,605	1,071,386	11,223	1,082,609	795,237
Depreciation and equipment usage	85,375	6,804	15,228	15,941	28,473	5,624	4,538	13,963	2,911	593	179,450	113,468	292,918	388,100
Quality enhancements/mini-grants	-	-	-	488,609	-	8,680	5,000	-	-	-	502,289	-	502,289	495,627
Insurance	33,221	2,283	7,112	6,695	15,740	2,718	2,378	7,264	685	203	78,299	45,270	123,569	127,435
Interest expenses	67,090	5,347	11,967	12,527	22,375	4,420	3,566	10,972	2,288	466	141,018	-	141,018	152,417
Office supplies	18,376	2,073	2,244	5,639	10,783	2,342	687	4,080	448	193	46,865	5,307	52,172	60,388
Other	6,911	303	1,079	922	-	477	413	197	365	20,377	31,044	111,186	142,230	195,849
Postage	28,397	4,125	3,520	472	718	346	157	3,028	452	111	41,326	4,772	46,098	78,307
Printing	7,172	607	3,552	311	2,319	92	192	1,797	41	303	16,386	436	16,822	22,430
Program supplies/Participant Expenses	-	-	-	941	8,597	-	-	862	-	-	10,400	-	10,400	10,573
Rent	74,795	5,961	13,341	13,965	24,945	4,927	3,976	12,232	2,550	519	157,211	43,262	200,473	113,122
Repairs and maintenance	61,896	3,105	9,307	10,073	16,823	3,624	3,700	8,633	2,042	379	119,582	40,520	160,102	221,236
Telephone	31,568	1,938	4,769	6,131	-	155	2,571	6,289	979	1,067	55,467	24,536	80,003	107,795
Travel and conference	843	38	428	1,931	48,341	3,461	7,508	6,423	69	1,018	70,060	37	70,097	48,695
Total expenses	\$ 9,328,470	\$ 7,155,609	\$ 3,938,857	\$ 3,284,191	\$ 1,173,750	\$ 740,389	\$ 266,188	\$ 1,513,881	\$ 463,172	\$ 447,247	\$ 28,311,754	\$ 1,229,160	\$ 29,540,914	\$ 58,805,265

See notes to the consolidated financial statements.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2012

	2012	(Memo only) 2011
Cash flows from operating activities:		
Decrease in net assets	\$ (881,949)	\$ (841,862)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities:		
Depreciation	292,918	388,100
Loss on disposal of assets	29,551	434
Loss on property held for sale	157,793	-
Promises to give-in kind use of land	(108,046)	-
Gain on transfer of assets from Community Pride	(542,680)	-
(Increase) decrease in:		
Grants receivable	3,446,561	1,133,416
Advances to providers	890,554	10,020
Prepaid expenses	62,287	52,195
Increase (decrease) in:		
Accounts payable	(3,151,824)	(457,975)
Refundable advance	(890,554)	(3,347)
Accrued interest payable	(572)	(815)
Accrued salary and fringe benefits	(325,413)	(26,853)
Net cash (used in) provided by operating activities	<u>(1,021,374)</u>	<u>253,313</u>
Cash flows from investing activities:		
Investment in certificate of deposit	(294,940)	(921)
Purchase of mutual funds	(263,018)	-
Purchases of property and equipment	(66,386)	(200,302)
Purchase of building related to acquisition	(242,861)	-
Net cash used in investing activities	<u>(867,205)</u>	<u>(201,223)</u>
Cash flows from financing activities:		
Issuance of note receivable	(177,500)	-
Payments on mortgage payable	(216,216)	(204,427)
Net cash used in financing activities	<u>(393,716)</u>	<u>(204,427)</u>
Net decrease in cash and cash equivalents	(2,282,295)	(152,337)
Cash and cash equivalents at beginning of year	4,229,963	4,382,300
Cash and cash equivalents at end of year	<u>\$ 1,947,668</u>	<u>\$ 4,229,963</u>
Supplemental disclosure:		
Cash paid during the year for interest	\$ 141,590	\$ 153,232
Supplemental disclosure of noncash operating activities:		
Noncash transfer of receivables and payables from acquisition of Community Pride	\$ 34,807	\$ -
Supplemental disclosure of noncash investing activities:		
Noncash transfer of property and equipment from acquisition of Community Pride	\$ 685,373	\$ -
Supplemental disclosure of noncash financing activities:		
Forgiveness of debt due from Community Pride	\$ 177,500	\$ -

See notes to the consolidated financial statements.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 1 – Summary of significant accounting policies

Organization - Coordinated Child Care of Pinellas, Inc. (“CCC”) is a not for profit Florida corporation. The purpose of CCC is to coordinate the provision of child-care services through child-care homes, centers, and school-age sites as well as other legal forms of care for children up to the age of thirteen. CCC also provides social services, therapeutic childcare, a nutritional food program, and Out of School Time services. Substantially all of CCC’s activities are conducted in Pinellas County, Florida.

Coordinated Community Services, LLC (“CCS”) is a Florida limited liability company. The purpose of CCS is to engage in activities that support CCC’s charitable purpose to enhance the availability of affordable, accessible, high quality early education and care and other child and family services in geographic areas not previously served by CCC. CCC is the sole member of CCS.

Coordinated Community Charity, Inc. (“CCCh”) is a not for profit Florida corporation. The purpose of CCCh is to operate for the benefit of, perform the functions of, or carry out the purposes of CCC.

Coordinated Child Care Properties, Inc. (“CCCP”) is a Florida not-for-profit corporation, whose purpose is to hold title to certain property used by CCC.

Principles of Consolidation - The consolidated financial statements include the accounts of CCC, CCS, CCCh, and CCCP (which are referred to as the “Organization”). The entities are related through an economic interest and CCC’s direct and indirect ability to determine the direction of management. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Presentation - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. 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. Board designated unrestricted net assets represent resources currently available for use, but expendable only for those operating purposes specified by 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 passage of time. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted net assets include gifts and unconditional promises to give for which the ultimate purpose is not permanently restricted.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Grants Receivable - Grants receivable consist of grant funding from various agencies for child care services and related administrative costs that have been earned but not received at September 30, 2012. Management considers all receivables to be fully collectible and an allowance for doubtful accounts not deemed necessary at September 30, 2012.

Mutual Funds - Mutual funds are reported at fair value on the statement of financial position.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 1 – Summary of significant accounting policies (continued)

Fair Value Measurements - The Organization records certain assets at fair value in accordance with the current accounting standards on *Fair Value Measurements*. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard also established a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – quoted prices for similar assets and liabilities in active markets or inputs that are observable

Level 3 – inputs that are unobservable (for example cash flow modeling inputs based on assumptions)

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Certificate of Deposits - This instrument is valued using both observable and unobservable inputs and has therefore been classified within level 2 of the valuation hierarchy.

Mutual Funds – This instrument is valued using quoted prices for similar assets in an active market and has therefore been classified within Level 2 of the valuation hierarchy.

Interest Rate Swap Liability - This instrument is valued using both observable and unobservable inputs and has therefore been classified within level 2 of the valuation hierarchy.

Property held for sale – Property held for sale consists of long-lived assets in which the sale is probable and is expected to be completed in one year. Such assets are carried at fair value less costs to sell. Fair value was determined based on the sale price subsequent to year end (see Note 15). Property held for sale consists of land, building and building improvements located in St. Petersburg, Florida. The carrying amounts of the assets were \$360,000 at September 30, 2012.

Property and Equipment - Property and equipment are carried at cost, if purchased, or at estimated fair market value at date of receipt if acquired by gift. Depreciation is calculated using the straight-line method over the estimated useful lives of respective assets ranging from 3 to 20 years. Expenditures in excess of \$1,000 with an estimated useful life in excess of one year are capitalized.

Property acquired with governmental funds is considered to be owned by the Organization while used in the program for which it was purchased or in future authorized programs; however, its disposition as well as the ownership of any proceeds therefrom is subject to applicable regulations.

Accrued Leave Payable - Vacation and sick time off with pay is available to all eligible employees, based on years of service and average hours worked. At September 30, 2012, approximately \$222,000 of accrued leave payable is included in accrued salary and fringe benefits in the accompanying consolidated statement of financial position.

Federal Income Taxes - CCC and CCCh are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. CCS is part of CCC for federal income tax purposes. CCCP is exempt from federal income taxes under section 501(c)(2) of the Internal Revenue Code.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 1 – Summary of significant accounting policies (continued)

Management has evaluated the effect of the guidance provided by accounting principles generally accepted in the United States of America on Accounting for Uncertainty in Income Taxes and has determined that the Organization had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended September 30, 2012. The Organization's federal income tax returns for 2009, 2010 and 2011 are subject to examination by the Internal Revenue Service, generally for a period of three years after the date the federal income tax returns were filed.

Interest Rate Swap - The Organization is utilizing an interest rate swap to reduce its exposure to changes in the interest rate. The Organization does not hold or issue interest rate swaps for trading purposes. Interest rate swaps are a derivative as defined in the accounting standard "Accounting for Derivative Instruments and Hedging Activities." The standard requires that an entity recognize interest rate swaps as either assets or liabilities in the balance sheet and measure those instruments at fair value. The fair value at the consolidated statement of financial position date represents the amount the Organization would receive or pay if the swap agreement were terminated. Changes in fair value of those instruments are reported as a change in net assets. Any payments made or received under the swap agreement are recognized when due as an increase or decrease in the related interest expense. At this time, the Organization has no plans to terminate this agreement.

Revenue Recognition - All revenues of the Organization are recognized using the accrual method of accounting and recorded in the period to which the revenue relate. Amounts collected in advance are reported as refundable advance – VPK in the accompanying consolidated statement of financial position. There were no refundable advances for the year ended September 30, 2012.

Use of Estimates - The preparation of consolidated 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Schedule of Functional Expenses - For grant purposes, general and administrative expenses were allocated to supporting services based on actual full time equivalents.

Summarized Financial Information for 2011 - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly such information should be read in conjunction with the Organization's consolidated financial statements for the year ended September 30, 2011, from which the summarized information was derived.

Reclassifications - Certain items in the prior year summarized financial information were reclassified to conform to current year presentation.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 2 – Concentration of credit risk

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States of America. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage through December 31, 2012 for certain qualifying and participating non-interest bearing transaction accounts. The Organization may, from time to time, have amounts on deposit in excess of the insured limits. As of September 30, 2012, the Organization and affiliates had approximately \$687,000 which exceeded these amounts.

Note 3 – Grants receivable

Grants receivable represent amounts due from the following sources as of September 30, 2012:

Juvenile Welfare Board of Pinellas County (JWB)	\$ 530,896
Florida Department of Health	224,789
Department of Children and Family	597,655
Other	91,251
	<u>\$ 1,444,591</u>

Note 4 – Promises to give

The Organizations promises to give consist of contributions receivable from United Way totaling \$23,450, which are expected to be collected within one year and is recorded at net realizable value, and in-kind contribution for the use of land over 5 years, which has been discounted using present value techniques at a discount rate of 1.21%. Unconditional promises to give are expected to be realized as follows:

In one year or less	\$ 45,850
Between one and five years	89,600
	<u>135,450</u>
Less unamortized discount	<u>(3,954)</u>
	<u>\$ 131,496</u>

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 5 – Property and equipment

The following is a summary of property and equipment as of September 30, 2012:

Land	\$ 1,557,497
Building	4,437,777
Leasehold improvements	57,243
Furniture and equipment	1,225,407
Vehicles	<u>28,763</u>
Total property and equipment	7,306,687
Less accumulated depreciation	<u>(1,909,180)</u>
Net property and equipment	<u>\$ 5,397,507</u>

Note 6 – Line of credit

At September 30, 2012, the Organization had an unused line of credit of \$500,000 that matures on April 1, 2013, with interest at the London Interbank Offered Rate (LIBOR) plus 2.6%.

Note 7 – Mortgages payable

Mortgages payable consists of the following at September 30, 2012:

\$2,400,000 mortgage payable to SunTrust Bank was used to finance \$1,075,026 of construction for the 102nd Avenue North facility, to payoff \$375,418 principal of a SunTrust Bank mortgage dated October 2006 and to refinance the remaining principal of \$949,556 on a SunTrust Bank mortgage dated October 2003. The mortgage has a maturity date of April 2015 with adjustable monthly interest based on 1.5% per annum over the LIBOR which was .2305% on September 30, 2012. The mortgage is collateralized by real property and includes certain financial covenants.

\$ 1,694,267

\$800,000 mortgage payable to SunTrust Bank. Proceeds were used to purchase the 102nd Avenue North property. The mortgage has a maturity date of December 2012 with monthly payments of \$6,964, including a fixed interest rate of 6.49%. Collateralized by real property.

628,390
\$ 2,322,657

As a means to stabilize borrowing costs, the Organization entered into an interest rate swap agreement with SunTrust Bank in connection with the \$2,400,000 mortgage. The intention of the swap agreement was to effectively lock the Organization's interest rate on the mortgage to a fixed rate of 5.43% at September 30, 2012. The mortgage and the related swap agreement mature on April 2015 and the swap's notional amount matches the \$2,400,000 variable rate mortgage.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 7 – Mortgages payable (continued)

The aggregate maturities of the mortgages payable are as follows:

2013	\$ 813,731
2014	195,659
2015	<u>1,313,267</u>
	<u>\$ 2,322,657</u>

On December 13, 2012, the Organization entered into a forbearance agreement with SunTrust Bank through December 21, 2013, effectively waiving the Organizations debt covenants.

Note 8 – Fair value measurements

The Organization measures certain assets at fair value based upon the fair value hierarchy levels described in Note 1.

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
Assets:				
Certificates of deposit	\$ -	\$ 500,680	\$ -	\$ 500,680
Mutual funds	\$ -	\$ 263,018	\$ -	\$ 263,018
Liabilities:				
Interest rate swap liability	\$ -	\$ 105,697	\$ -	\$ 105,697

Note 9 – Retirement plan

CCC has a 401(k) Plan for all employees that are not leased from Juvenile Welfare Board and are over 18 years old. CCC made matching contributions up to 2.5% based on the contributing participant's compensation. The plan allows the employer to make a discretionary contribution at the end of the plan year to be determined by the board of directors. Total contributions made to the plan for the year ended September 30, 2012 were \$235,055.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 10 – Operating leases

The Organization leases equipment and facilities under various operating leases. The rental expense for the year ended September 30, 2012 was \$200,482. During the year, the Organization cancelled several leases for a total lease payoff cost of approximately \$45,000.

Future minimum lease payments are as follows:

For the year ended September 30,

2013	\$	40,343
2014		29,678
Thereafter		1,862

Note 11 – Board designated unrestricted net assets

Board designated unrestricted net assets are expendable for child care, equipment and various other purposes.

Note 12 – Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes:

Special needs	\$ 22,930
In-kind use of land	108,046

Note 13 – Concentration

A major portion of the revenue is federal and state funding that passes through the Early Learning Coalition of Pinellas County (“ELC”) to the Organization. For the year ended September 30, 2012, ELC provided approximately 59% of the Organization’s total revenue. During the year, the Organization stopped receiving funds from ELC.

Note 14 – Commitment and contingencies

The Organization is subject to state and federal audits to determine compliance with grant funding requirements. In the event that expenditures would be disallowed, repayment could be required. It is the opinion of management that no grant expenditures will be disallowed.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

Note 15 – Subsequent events

The Organization has evaluated subsequent events through January 18, 2013 in connection with the preparation of the consolidated financial statements, which is the date the consolidated financial statements were available to be issued. On October 9, 2012, the Organization sold one of its buildings located at 3600 Central Avenue, Saint Petersburg, at a price of \$360,000 to an unrelated party. Also, as noted in Note 7, the Organization entered into a forbearance agreement dated December 13, 2012.

Note 16 – Acquisition of Community Pride

On September 29, 2012, the Organization acquired Community Pride Child Care of Clearwater, Inc. The programs at the two child care centers, Francis Breeden and Gateway, will continue to provide child care development and supportive services with a focus on low income, at-risk, and homeless children. Under the terms of the Asset Purchase Agreement dated July 26, 2012, certain assets and liabilities were acquired. The acquisition was deemed to be an inherent contribution as Community Pride voluntarily transferred its assets to the Organization at a substantially low value. No consideration was transferred in the acquisition of Community Pride.

Acquired property and equipment was recorded at estimated fair value using unobservable inputs. Land and buildings were valued using current sales values of comparable real estate in the area of the acquired land and buildings. Equipment was valued at used replacement cost of comparable equipment which approximates fair value. Therefore, the acquired property and equipment has been classified within level 3 of the valuation hierarchy.

Acquired trade receivables and acquired contributions receivable were recorded at their net realizable value at the date of acquisition which approximates fair value.

Acquired trade payables were recorded at amounts due at the acquisition date which approximates fair value.

Asset acquired:

Property and equipment	\$	685,373
Trade receivables		68,992
Contributions receivable		1,787
Accounts payable		<u>(35,972)</u>
Total estimated fair value of acquired assets and liabilities:		720,180
Forgiveness of receivable from Community Pride		<u>(177,500)</u>
Total gain recognized on statement of activities due to acquisition	\$	<u>542,680</u>

SUPPLEMENTARY INFORMATION

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL
ASSISTANCE PROJECTS

YEAR ENDED SEPTEMBER 30, 2012

Federal/State Agency Pass-Through Entity Program or Cluster Title/State Project	CFDA/ CSFA Number	Contract Grant Number	Expenditures
FEDERAL			
U.S. Department of Health and Human Services:			
<i>Passed through the Early Learning Coalition of Pinellas County:</i>			
Child Care Cluster:			
Child Care and Development Block Grant	93.575	SR11-02	\$ 2,452,441
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	SR11-02	<u>3,073,791</u>
Total Child Care Cluster			<u>5,526,232</u>
Other:			
<i>Passed through the Early Learning Coalition of Pinellas County:</i>			
Temporary Assistance for Needy Families	93.558	SR11-02	<u>2,042,649</u>
Social Services Block Grant	93.667	SR11-02	<u>5,658</u>
<i>Passed through Florida Department of Children and Families:</i>			
Refugee and Entrant Assistance	93.566	LK 993	<u>65,191</u>
U.S. Department of Agriculture:			
<i>Passed through Florida Department of Health:</i>			
Child and Adult Care Food Program	10.558	D-0797	1,355,143
Child and Adult Care Food Program		U-3823	<u>20,930</u>
Total Child and Adult Care Food Program			<u>1,376,073</u>
U.S. Department of Education:			
<i>Passed through Florida Department of Education:</i>			
21st Century Community Learning Centers	84.287	52J-2442A-2PCC1	330,051
21st Century Community Learning Centers		52J-2442A-2PCC2	127,590
21st Century Community Learning Centers		52J-2442A-2P002	186,031
21st Century Community Learning Centers		52J-2443A-3PCC1	8,433
21st Century Community Learning Centers		52J-2443A-3PCC2	4,163
21st Century Community Learning Centers		52J-2443A-3PCC3	<u>26,092</u>
Total 21st Century Community Learning Centers			<u>682,360</u>
Total expenditures of federal awards			<u>\$ 9,698,163</u>
STATE OF FLORIDA			
Agency for Workforce Innovation/Department of Education:			
<i>Passed through the Early Learning Coalition of Pinellas County:</i>			
Voluntary Pre-Kindergarten Education Program	75.007/48.108	SR11-02	<u>7,177,723</u>
Total expenditures of state financial assistance			<u>\$ 7,177,723</u>

See notes to schedule of expenditures of federal awards and state financial assistance projects.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

YEAR ENDED SEPTEMBER 30, 2012

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 Coordinated Child Care of Pinellas, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations and the requirements of OMB 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.

Note 2 – Contingencies

Expenses incurred by Coordinated Child Care of Pinellas, Inc. are subject to audit and possible disallowance by the grantor agencies. Management believes that if audited, any adjustment for disallowed expenses would be favorably resolved.

Note 3 – Voluntary Pre-Kindergarten Programs

During the year, the State of Florida reorganized responsibilities for overseeing programs related to early childhood development from the Florida Agency for Workforce Innovation to Florida's Office of Early Learning. This reorganization changed the Catalog of State Financial Assistance number "CSFA number" associated with the Voluntary Pre-Kindergarten Programs from 75.007 to 48.108.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2012 (WITH SUMMARIZED FINANCIAL INFORMATION FOR 2011)

	Coordinated Child Care Pinellas	Coordinated Child Care Properties	Coordinated Community Services	Coordinated Community Charity	Intercompany Eliminating Entries	Consolidated Total 2012	Memo 2011
Support and revenue:							
Early Learning Coalition of Pinellas County:							
School Readiness	\$ 9,668,363	\$ -	\$ -	\$ -	\$ -	\$ 9,668,363	\$ 29,242,163
Voluntary Pre-kindergarten Education Program	7,177,723	-	-	-	-	7,177,723	15,012,659
Juvenile Welfare Board of Pinellas County	8,064,716	-	-	-	-	8,064,716	10,667,118
Florida Department of Health:							
Child Care Food Program	1,376,073	-	-	-	-	1,376,073	1,387,339
Pinellas County School Board:							
Teen Parent Program	454,773	-	-	-	-	454,773	562,452
Even Start Program	-	-	-	-	-	-	39,404
Florida Department of Education:							
21st Century Program	682,360	-	-	-	-	682,360	608,209
Compact	417,319	-	-	-	-	417,319	-
United Way	65,013	-	-	-	-	65,013	86,652
In-kind contribution	-	-	108,046	-	-	108,046	-
Interest	10,827	-	-	1,972	-	12,799	14,842
Loss on disposal of assets	(29,551)	-	-	-	-	(29,551)	-
Loss on asset held for sale	-	(157,793)	-	-	-	(157,793)	-
Acquisition of Community Pride	-	251,032	291,648	-	-	542,680	-
Other	242,007	254,872	25,102	9,335	(254,872)	276,444	342,595
Total support and revenue	<u>28,129,623</u>	<u>348,111</u>	<u>424,796</u>	<u>11,307</u>	<u>(254,872)</u>	<u>28,658,965</u>	<u>57,963,433</u>
Expenses:							
Payments to providers	22,678,681	-	-	-	-	22,678,681	50,551,588
Personnel	3,634,381	93,267	186,612	24,608	-	3,938,868	5,430,802
Computer	2,565	-	-	-	-	2,565	5,694
Contractual and consulting	1,052,173	150	26,823	3,463	-	1,082,609	795,237
Depreciation and equipment usage	113,468	179,450	-	-	-	292,918	388,100
Quality enhancements	502,289	-	-	-	-	502,289	495,627
Insurance	91,354	32,215	-	-	-	123,569	127,435
Interest expenses	-	141,018	-	-	-	141,018	152,417
Office supplies	52,098	-	74	-	-	52,172	60,388
Other (Incl audit fees)	112,337	8,219	12,297	9,377	-	142,230	195,849
Postage	46,098	-	-	-	-	46,098	78,307
Printing	16,540	-	180	102	-	16,822	22,430
Program supplies	10,400	-	-	-	-	10,400	10,573
Rent	455,345	-	-	-	(254,872)	200,473	113,122
Repairs and maintenance	131,000	29,102	-	-	-	160,102	221,236
Telephone	79,466	117	420	-	-	80,003	107,795
Travel and conference	69,110	-	987	-	-	70,097	48,695
Total expenses	<u>29,047,305</u>	<u>483,538</u>	<u>227,393</u>	<u>37,550</u>	<u>(254,872)</u>	<u>29,540,914</u>	<u>58,805,295</u>
Increase (decrease) in net assets	<u>\$ (917,682)</u>	<u>\$ (135,427)</u>	<u>\$ 197,403</u>	<u>\$ (26,243)</u>	<u>\$ -</u>	<u>\$ (881,949)</u>	<u>\$ (841,862)</u>

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
SCHEDULE OF REVENUES AND EXPENSES OF JUVENILE WELFARE BOARD PROGRAMS

YEAR ENDED SEPTEMBER 30, 2012

	LIEF Child Care & Match	Special Services	21st Century	OST Out of School Time	Total Program Services	2011 Total Services
Revenues	\$ 3,831,543	\$ 813,671	\$ 241,244	\$ 3,178,258	\$ 8,064,716	\$ 10,667,118
Payments to providers	3,590,116	102,789	-	2,482,355	6,175,260	7,916,010
Community Contracts	-	-	-	-	-	14,640
Personnel	234,539	639,997	21,525	234,463	1,130,524	1,575,392
Computer	-	-	-	-	-	1,521
Contractual and consulting	41,655	3,213	227,112	3,216	275,196	124,244
Depreciation and equipment usage	15,228	28,473	-	15,941	59,642	57,658
Quality enhancements/mini-grants	-	-	-	488,609	488,609	495,627
Insurance	7,112	15,740	-	6,695	29,547	20,462
Interest expenses	11,967	22,375	-	12,527	46,869	48,096
Office supplies	2,244	10,783	-	5,639	18,666	17,040
Other	1,079	-	-	922	2,001	8,942
Postage	3,520	718	-	472	4,710	9,252
Printing	3,552	2,319	-	311	6,182	3,924
Program supplies/Participant Expenses	-	5,405	3,192	941	9,538	10,244
Rent	13,341	24,945	-	13,965	52,251	28,784
Repairs and maintenance	9,307	16,823	-	10,073	36,203	56,378
Telephone	4,769	-	-	6,131	10,900	27,364
Travel and conference	428	48,341	-	1,931	50,700	32,164
Total program expenses	<u>3,938,857</u>	<u>921,921</u>	<u>251,829</u>	<u>3,284,191</u>	<u>8,396,798</u>	<u>10,447,742</u>
Admin & General	<u>49,273</u>	<u>25,697</u>	<u>5,807</u>	<u>44,546</u>	<u>125,323</u>	<u>237,557</u>
Total expenses	<u>3,988,130</u>	<u>947,618</u>	<u>257,636</u>	<u>3,328,737</u>	<u>8,522,121</u>	<u>10,685,299</u>
Revenues under expenses	<u>\$ (156,587)</u>	<u>\$ (133,947)</u>	<u>\$ (16,392)</u>	<u>\$ (150,479)</u>	<u>\$ (457,405)</u>	<u>\$ (18,181)</u>

GRANT COMPLIANCE

Report of Independent Certified Public Accountants 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

The Board of Directors
Coordinated Child Care of Pinellas, Inc.

We have audited the consolidated financial statements of Coordinated Child Care of Pinellas, Inc. and Affiliates as of and for the year ended September 30, 2012, and have issued our report thereon dated January 18, 2013. 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. The financial statements of Coordinated Community Services, LLC, Coordinated Community Charity, Inc., and Coordinated Child Care Properties, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

Management of Coordinated Child Care of Pinellas, Inc. is responsible for establishing and maintaining effective internal controls over financial reporting. In planning and performing our audit, we considered Coordinated Child Care of Pinellas, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coordinated Child Care of Pinellas, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Coordinated Child Care of Pinellas, Inc.'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 Coordinated Child Care of Pinellas, Inc.'s 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*.

This report is intended solely for the information and use of the board of directors, the audit committee, management and applicable governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

Cherry Bekant LLP

Tampa, Florida
January 18, 2013

Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and State Financial Assistance Project and on Internal Control over Compliance in Accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida

The Board of Directors
Coordinated Child Care of Pinellas, Inc.

Compliance

We have audited Coordinated Child Care of Pinellas, Inc.'s compliance 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 Executive Office of the Governor's State Projects Compliance Supplement that could have a direct and material effect on each of its major federal programs and its state financial assistance project for the year ended September 30, 2012. Coordinated Child Care of Pinellas, Inc.'s major federal programs and state financial assistance project are identified in the summary of audit 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 its state financial assistance project is the responsibility of Coordinated Child Care of Pinellas, Inc.'s management. Our responsibility is to express an opinion on Coordinated Child Care of Pinellas, Inc.'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 of the State of Florida. Those standards, OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General of the State of Florida, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state financial assistance project occurred. An audit includes examining, on a test basis, evidence about Coordinated Child Care of Pinellas, Inc.'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 of Coordinated Child Care of Pinellas, Inc.'s compliance with those requirements.

In our opinion, Coordinated Child Care of Pinellas, Inc.'s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its state financial assistance project for the year ended September 30, 2012.

Internal Control over Compliance

Management of Coordinated Child Care of Pinellas, Inc. 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 financial assistance projects. In planning and performing our audit, we considered Coordinated Child Care of Pinellas, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, 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 Coordinated Child Care of Pinellas, Inc.'s internal control over compliance.

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

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 the board of directors, the audit committee, management and applicable governmental agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cherry Bekant LLP". The signature is written in a cursive, flowing style.

Tampa, Florida
January 18, 2013

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS

YEAR ENDED SEPTEMBER 30, 2012

Part I. Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes x none reported

Noncompliance material to financial statements noted yes x no

Federal Awards and State Projects Section

Internal control over major programs:

Material weakness(es) identified? yes x no

Significant deficiency(ies) identified not considered to be material weakness(es)? yes x none reported

Type of auditors' report on compliance for major federal programs and state projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 and/or Chapter 10.650 yes x no

Identification of major federal programs and state projects:

Federal Programs:

CFDA Numbers	Name of Program or Cluster
93.558	Temporary Assistance for Needy Families
84.287	21st Century Community Learning Centers

State Project:

CSFA Numbers	Name of Project
75.007/48.108	Voluntary Pre-Kindergarten Education Program

Federal Awards and State Projects Section

Dollar threshold used to determine Type A programs:

Federal programs \$ 300,000

State projects \$ 300,000

Auditee qualified as low-risk auditee for federal purposes? x yes no

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE PROJECTS (CONTINUED)

YEAR ENDED SEPTEMBER 30, 2012

Part II. Findings – Financial Statements Audit

No matters were reported.

Part III. Findings and Questioned Costs - Major Federal Award Programs and State Financial Assistance Project Audit

No matters were reported.

Part IV. Other Matters

No management letter is required because there were no matters noted that were required to be reported.

COORDINATED CHILD CARE OF PINELLAS, INC. AND AFFILIATES
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
AND CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2012

Coordinated Child Care of Pinellas, Inc. had no findings reported in the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance Projects for the period ended September 30, 2011, therefore, the entity has no findings in which to report on for the Summary Schedule of Prior Year's Audit Findings.

Coordinated Child Care of Pinellas, Inc. had no audit findings reported in the Schedule of Findings and Questioned Costs – Federal Awards and State Financial Assistance Project for the period ended September 30, 2012, therefore, the entity is not required to prepare a Corrective Action Plan.