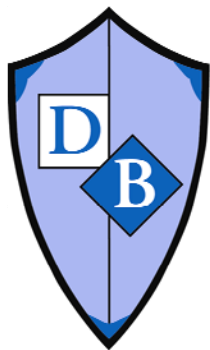


**FAMILY CENTRAL, INC. AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**



**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, 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year 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, 2012, and the changes in its net assets and its 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 October 26, 2012, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 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 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.

*Continued from previous page*

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.

*Daigal Balton LLP*

Boca Raton, Florida  
October 26, 2012

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2012 AND 2011**

**ASSETS**

	<u>2012</u>	<u>2011</u>
Current assets		
Cash	\$ 43,084	\$ 45,304
Receivable from funding sources	17,633,452	17,433,474
Prepaid expenses	<u>295,904</u>	<u>413,126</u>
Total current assets	17,972,440	17,891,904
Other assets	100,847	100,847
Property and equipment, net	<u>1,350,627</u>	<u>1,528,648</u>
Total assets	<u>\$ 19,423,914</u>	<u>\$ 19,521,399</u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Line of credit	\$ 2,210,600	\$ 1,277,708
Current maturities of capital leases	31,221	74,223
Accounts payable and accrued expenses	506,301	439,335
Accounts payable, child care providers	12,250,150	13,272,807
Accrued salaries and annual leave	797,204	796,188
Contract Advances	<u>592,305</u>	<u>618,776</u>
Total current liabilities	16,387,781	16,479,037
Capital Leases, less current maturities	<u>-</u>	<u>31,221</u>
Total liabilities	16,387,781	16,510,258
Commitments and contingencies		
Net assets		
Unrestricted	2,982,953	2,898,403
Temporarily restricted	<u>53,180</u>	<u>112,738</u>
Total net assets	<u>3,036,133</u>	<u>3,011,141</u>
Total liabilities and net assets	<u>\$ 19,423,914</u>	<u>\$ 19,521,399</u>

See accompanying notes to the consolidated financial statements.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Changes in unrestricted net assets:		
Support and other revenue:		
Federal, state and local grants	\$ 197,169,999	\$ 202,404,224
Fees	961,708	911,081
Fundraising and donations	362,318	176,992
Interest income	-	81
Other revenue	295,871	363,091
Net assets released from restriction	<u>59,558</u>	<u>55,543</u>
Total unrestricted support and other revenue	<u>198,849,454</u>	<u>203,911,012</u>
Expenses:		
Program services	<u>195,078,188</u>	<u>200,041,151</u>
Supporting services:		
General and administrative	3,214,255	3,212,712
Fundraising	291,678	202,637
Training expenses	180,783	193,722
Total supporting services	<u>3,686,716</u>	<u>3,609,071</u>
Total expenses	<u>198,764,904</u>	<u>203,650,222</u>
Increase in unrestricted net assets	<u>84,550</u>	<u>260,790</u>
Changes in temporarily restricted net assets:		
Net assets released from restriction	<u>(59,558)</u>	<u>(55,543)</u>
Decrease in temporarily restricted net assets	<u>(59,558)</u>	<u>(55,543)</u>
Increase in net assets	24,992	205,247
Net assets:		
Beginning of year	3,011,141	2,805,894
End of year	<u>\$ 3,036,133</u>	<u>\$ 3,011,141</u>

See accompanying notes to the consolidated financial statements.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

2012

	Supporting Services					Total Support Service	Total Expenses
	Program Services	General and Administrative	Fundraising	Training Expenses			
Salaries	\$ 14,870,153	\$ 1,907,773	\$ 71,751	\$ 131,837	\$ 2,111,361	\$ 16,981,514	
Payroll taxes and employee benefits	3,941,642	448,795	15,247	24,443	488,485	4,430,127	
Travel	254,349	15,719	1,855	847	18,421	272,770	
Leases / contracts	36,596	2,645	4	-	2,649	39,245	
Professional fees	5,000	234,826	346	-	235,172	240,172	
Building maintenance	154,639	21,614	32	-	21,646	176,285	
Educational supplies	164,800	526	2,621	4,478	7,625	172,425	
Food expense	6,507,188	-	13,308	22	13,330	6,520,518	
Consumable supplies	193,086	31,635	1,001	(3,473)	29,163	222,249	
Copier / printing costs	359,747	16,795	2,278	(62)	19,011	378,758	
Rents	889,874	10,969	33,616	-	44,585	934,459	
Utilities	94,901	7,353	11	-	7,364	102,265	
Telephone expense	341,237	58,205	209	710	59,124	400,361	
Postage	216,634	15,434	2,197	193	17,824	234,458	
Data processing	5,024	47,043	69	-	47,112	52,136	
Insurance	205,800	31,792	47	-	31,839	237,639	
Equipment maintenance and repair	57,224	8,490	716	58	9,264	66,488	
Non-capitalized equipment	51,452	43,420	64	800	44,284	95,736	
Seminars / meetings	56,429	4,523	445	423	5,391	61,820	
Direct assistance to participants	2,416,374	140	31,913	-	32,053	2,448,427	
Sub-contracts	188,434	48,173	22,121	17,523	87,817	276,251	
Training and development	58,679	(827)	(1)	-	(828)	57,851	
Memberships and subscriptions	4,868	8,615	368	840	9,823	14,691	
Employee recruitment	8,254	11,211	24	39	11,274	19,528	
Advertising	3,423	18,922	530	-	19,452	22,875	
Fundraising activities	-	-	89,888	-	89,888	89,888	
Interest expense	-	9,720	-	-	9,720	9,720	
Depreciation and amortization	113,581	128,120	189	-	128,309	241,890	
Days of care	163,763,694	-	-	-	-	163,763,694	
Temporary labor	67,344	19,572	29	-	19,601	86,945	
Vehicle operating expense	2,556	3,485	5	-	3,490	6,046	
Children food and activities expense	34,305	-	-	-	-	34,305	
Bank fees	3,660	46,295	68	-	46,363	50,023	
Miscellaneous	7,241	13,272	727	2,105	16,104	23,345	
<b>Total expenses</b>	<b>\$ 195,078,188</b>	<b>\$ 3,214,255</b>	<b>\$ 291,678</b>	<b>\$ 180,783</b>	<b>\$ 3,686,716</b>	<b>\$ 198,764,904</b>	

See accompanying notes to the consolidated financial statements.



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

	2011					Total Support Service	Total Expenses
	Program Services	General and Administrative	Fundraising	Training Expenses	Supporting Services		
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 the consolidated financial statements.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Changes in unrestricted net assets:		
Support and other revenue:		
Federal, state and local grants	\$ 197,169,999	\$ 202,404,224
Fees	961,708	911,081
Fundraising and donations	362,318	176,992
Interest income	-	81
Other revenue	295,871	363,091
Net assets released from restriction	<u>59,558</u>	<u>55,543</u>
Total unrestricted support and other revenue	<u>198,849,454</u>	<u>203,911,012</u>
Expenses:		
Program services	<u>195,078,188</u>	<u>200,041,151</u>
Supporting services:		
General and administrative	3,214,255	3,212,712
Fundraising	291,678	202,637
Training expenses	<u>180,783</u>	<u>193,722</u>
Total supporting services	<u>3,686,716</u>	<u>3,609,071</u>
Total expenses	<u>198,764,904</u>	<u>203,650,222</u>
Increase in unrestricted net assets	<u>84,550</u>	<u>260,790</u>
Changes in temporarily restricted net assets:		
Net assets released from restriction	<u>(59,558)</u>	<u>(55,543)</u>
Decrease in temporarily restricted net assets	<u>(59,558)</u>	<u>(55,543)</u>
Increase in net assets	24,992	205,247
Net assets:		
Beginning of year	<u>3,011,141</u>	<u>2,805,894</u>
End of year	<u>\$ 3,036,133</u>	<u>\$ 3,011,141</u>

See accompanying notes to the 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. 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.

Family Central, the Centers, the Holding Company and the Auxiliary, share common management and Board of Directors.

Family Central's support and revenue is received substantially from grants evidenced by contracts 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. Funding to provide these services have been 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 have been received from assessed fees and tuition from parents.

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

A summary of the Organization's significant accounting policies is as follows:

Basis of Accounting

The Organization follows standards of accounting and financial reporting prescribed for not-for-profit organizations. The Organization follows 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 concurrently with supporting services expenses as performance occurs under the terms of the grant agreement.

Basis of Presentation

The Organization reports information regarding its financial position and activities 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 ("GAAP") 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. There were no cash equivalents at June 30, 2012 and 2011.

*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 GAAP and reporting for activities and costs of inducing 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.

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

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

*Income Tax Status, continued*

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, 2012 and 2011, 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.

*Revenue Recognition*

The Organization receives various grants from federal, state and local and private agencies for program and support service expenses. These grants generally are 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 classified 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.

*Subsequent Events*

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through October 26, 2012, 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, 2012, amounts receivable from the Early Learning Coalition of Broward County and Palm Beach County was approximately 38% and 36%, respectively, of total amounts receivable from funding sources.

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

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**NOTE 2 – CONCENTRATIONS, CONTINUED**

*Concentration of Support, Revenue and Receivable, continued*

Of the Organization's total support and other revenue, 48% and 34% is from federal programs and state projects, respectively, for the year ended June 30, 2012.

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.

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment, net, consists of the following at June 30:

	<u>2012</u>	<u>2011</u>
Land	\$ 372,479	\$ 372,479
Building and improvements	2,890,096	2,881,964
Furniture, fixtures and equipment	1,782,243	1,751,197
Vehicles	99,474	74,782
	<u>5,144,292</u>	<u>5,080,422</u>
Less accumulated depreciation	(3,793,665)	(3,551,774)
	<u>\$ 1,350,627</u>	<u>\$ 1,528,648</u>

Depreciation expense amounted to \$241,890 and \$240,272 for the years ended June 30, 2012 and 2011, respectively.

**NOTE 4 – OBLIGATIONS UNDER CAPITAL LEASES**

Property held under capital leases is included in property and equipment on the consolidated statements of financial position at June 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Furniture, fixtures and equipment	\$ 326,202	\$ 326,202
Less: accumulated depreciation	(297,462)	(232,222)
	<u>\$ 28,740</u>	<u>\$ 93,980</u>

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

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

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

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

Future remaining lease payments under capital leases are \$32,080 in 2013, inclusive of interest in the amount of \$859.

For the years ended June 30, 2012 and 2011, interest expense totaled \$6,147 and \$8,839 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 amounts payable to child care providers at June 30, 2012 and 2011 was \$12,250,150 and \$13,272,802, 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 of the Organization, and is payable on demand. Advances bear interest at 30-day LIBOR plus 2.65% (2.89% and 2.84% at June 30, 2012 and 2011, respectively) with interest payable monthly. At June 30, 2012 and 2011, there was an outstanding balance on the line of credit of \$2,210,600 and \$1,277,708, respectively.

**NOTE 7 – PENSION PLANS**

Prior to January 2010, Family Central had a money purchase pension plan and a tax-sheltered plan covering all employees meeting the minimum eligibility requirements. On January 2010, the money purchase pension plan was terminated and the assets were transferred to the tax-sheltered plan (the "Plan"). Family Central is obligated to contribute 2% of compensation for all active participants and \$.50 for every \$1.00 of elective deferrals that employees make, up to 6% of compensation to the Plan. Family Central contributed \$546,243 and \$548,034 to the Plan for the years ended June 30, 2012 and 2011, respectively.

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

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**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30 consisted of the following:

	<u>2012</u>	<u>2011</u>
Early Learning Coalition of Broward County	\$ 18,708	\$ 58,465
Early Learning Coalition of Palm Beach County	23,713	54,273
Department of Health	10,759	-
	<u>\$ 53,180</u>	<u>\$ 112,738</u>

**NOTE 9 – 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 by the Organization to comply with the terms of the grants, including disallowance of costs, could result in a liability. The Organization expects the amounts of such liability, if any, to be immaterial.

Litigation

From time-to-time, the Organization is involved in litigation and threatened litigation incidental to the conduct of its activities. 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 located in Palm Beach and Miami-Dade County, Florida. The lease for the Palm Beach facility requires monthly payments of \$58,528 adjusted annually through March 31, 2016. The lease for the Miami-Dade facility requires monthly payments of \$11,498 adjusted annually through 2017.

Rent expenses for the years ended June 30, 2012 and 2011 was \$934,459 and \$788,300, respectively.

The minimum future rental commitments are as follows:

<u>Years Ending June 30,</u>	
2013	835,353
2014	848,121
2015	873,570
2016	702,155
2017	130,347
	<u>\$ 3,389,546</u>



## **SUPPLEMENTAL SCHEDULE**

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

Federal/State Grantor, Pass-Through Entity Federal Programs/States Project Title	CFDA/ CFSA Number	Contract Grant Number	Expenditures
U.S. Department of Health and Human Services			
Abandoned Infants Assistance	93.551	90CB0168-01	540,797
Family and Child Welfare Services Research, Demonstration	93.652	90CO1063-01	75,071
Total Department of Health			615,868
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-12-ELC	8,108,615
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FCI-12-ELC	13,122,761
Pass-through Early Learning Coalition of Palm Beach County:			
Child Care and Development Block Grant	93.575	ELCPBC 11/12-002	7,264,058
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	ELCPBC 11/12-002	11,755,953
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Child Care and Development Block Grant	93.575	C11-120	158,080
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	C11-120	255,832
Total Child Care and Development Fund Cluster			40,665,299
Pass-through Early Learning Coalition of Broward County:			
Temporary Assistance for Needy Families (TANF)	93.558	FCI-12-ELC	21,295,223
Social Services Block Grant	93.667	FCI-12-ELC	38,308
Pass-through Early Learning Coalition of Palm Beach County:			
Temporary Assistance for Needy Families (TANF)	93.558	ELCPBC 11/12-002	19,077,207
Social Services Block Grant	93.667	ELCPBC 11/12-002	34,318
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Temporary Assistance for Needy Families (TANF)	93.558	C11-120	415,157
Social Services Block Grant	93.667	C11-120	747
Pass-through Florida Department of Children and Families:			
Refugee and Entrant Assistance State Administered Programs	93.566	LK 104	17,014
Refugee and Entrant Assistance State Administered Programs	93.576	LK 104	98,559
Refugee and Entrant Assistance State Administered Programs	93.566	LK 103	30,481
Refugee and Entrant Assistance State Administered Programs	93.576	LK 103	176,577
Promoting Safe and Stable Families	93.556	FAM 11 PES	99,083
Pass-through Head Start of Palm Beach County:			
Head Start	93.600	R2011 1903	72,088
ARRA - Early Head Start	93.709	R2011 1882	234,128
Pass-through University of South Florida:			
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-D	78,734
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-E	74,447
Pass-through National Fatherhood Initiative			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	N/A	2,726
Total U.S. Department of Health and Human Services			83,025,964

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**  
**FOR THE YEAR ENDED JUNE 30, 2012**

<b>Federal/State Grantor, Pass-Through Entity</b>	<b>CFDA/ CFSA</b>	<b>Contract Grant</b>	<b>Expenditures</b>
<b>Federal Programs/States Project Title</b>	<b>Number</b>	<b>Number</b>	
U.S. Department of Agriculture			
Pass-through Florida Department of Health:			
Childcare Food Program	10.558	D 701	1,019,210
Childcare Food Program	10.558	U 1976	<u>9,952,416</u>
Total U.S. Department of Agriculture			10,971,626
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-9123	579,608
WIA Youth Activities	17.259	CR-WIA-9123	289,860
WIA Dislocated Workers	17.260	CR-WIA-9123	241,531
Pass-through Palm Beach County, Workforce Alliance			
WIA Adult Program	17.258	V11-001	49,415
WIA Youth Activities	17.259	V11-001	24,712
WIA Dislocated Workers	17.260	V11-001	<u>20,592</u>
Total U.S. Department of Labor			<u>1,205,718</u>
Total Expenditures of Federal Awards			<u>\$ 95,203,308</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-12-ELC	39,302,158
Pass-through Early Learning Coalition Of Palm Beach County:			
Voluntary Pre-Kindergarten Education Program	75.007	ELCPBC 11/12-002	<u>27,799,194</u>
Total Expenditures of State Financial Assistance			<u>\$ 67,101,352</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 Family Central, Inc. and Affiliates 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**  
**CONSOLIDATING SCHEDULES OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	2012						2011
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations	Total Consolidated	
<b>Assets</b>							
Current Assets							
Cash	\$ -	\$ 39,494	\$ -	\$ 3,590	\$ -	\$ 43,084	\$ 45,304
Receivable from funding sources	17,515,442	118,010	-	-	-	17,633,452	17,433,474
Prepaid expenses	294,774	1,130	-	-	-	295,904	413,126
Other assets	100,847	-	-	-	-	100,847	100,847
Due from affiliates	1,212,129	-	-	-	(1,212,129)	-	-
Total current assets	19,123,192	158,634	-	3,590	(1,212,129)	18,073,287	17,992,751
Property and equipment, net	135,716	-	842,432	-	-	978,148	1,156,168
Land	-	-	372,479	-	-	372,479	372,480
Total assets	\$ 19,258,908	\$ 158,634	\$ 1,214,911	\$ 3,590	\$ (1,212,129)	\$ 19,423,914	\$ 19,521,399
<b>Liabilities and Net Assets</b>							
Current liabilities							
Line of credit	\$ 2,210,600	\$ -	\$ -	\$ -	\$ -	\$ 2,210,600	\$ 1,277,708
Current maturities of capital lease	31,221	-	-	-	-	31,221	74,223
Accounts payable and accrued expenses	438,713	67,588	-	-	-	506,301	439,335
Accounts payable and child care providers	12,250,150	-	-	-	-	12,250,150	13,272,807
Accrued salaries and annual leave	781,061	16,143	-	-	-	797,204	796,188
Contract Advance	592,305	-	-	-	-	592,305	618,776
Due to affiliates	-	8,861	1,203,268	-	(1,212,129)	-	-
Total current liabilities	16,304,050	92,592	1,203,268	-	(1,212,129)	16,387,781	16,479,037
Capital lease, net of current maturities	-	-	-	-	-	-	31,221
Total liabilities	16,304,050	92,592	1,203,268	-	(1,212,129)	16,387,781	16,510,258
Net assets							
Unrestricted	2,901,678	66,042	11,643	3,590	-	2,982,953	2,898,403
Temporarily restricted	53,180	-	-	-	-	53,180	112,738
Total net assets	2,954,858	66,042	11,643	3,590	-	3,036,133	3,011,141
Total liabilities and net assets	\$ 19,258,908	\$ 158,634	\$ 1,214,911	\$ 3,590	\$ (1,212,129)	\$ 19,423,914	\$ 19,521,399

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATING SCHEDULES OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations	Total Consolidated 2012	Total Consolidated 2011
Changes in unrestricted net assets from continuing operations:							
Unrestricted support and revenues:							
Federal, state and local grants	\$ 197,169,999	\$ -	\$ -	\$ -	\$ -	\$ 197,169,999	\$ 202,404,224
Fees	60,000	961,708	-	-	(60,000)	961,708	911,081
Fundraising and donations	362,318	-	-	-	-	362,318	176,992
Interest income	-	-	-	-	-	-	81
Rental income	-	-	112,046	-	(112,046)	-	-
Other revenue	295,871	-	-	-	-	295,871	363,091
Total unrestricted support and other revenues	<u>197,888,188</u>	<u>961,708</u>	<u>112,046</u>	<u>-</u>	<u>(172,046)</u>	<u>198,789,896</u>	<u>203,855,469</u>
Unrestricted expenses							
Program services	194,176,610	961,708	111,916	-	(172,046)	195,078,188	200,041,151
Supporting services:							
General and administrative	3,214,255	-	-	-	-	3,214,255	3,212,712
Fundraising	291,678	-	-	-	-	291,678	202,637
Training expenses	180,783	-	-	-	-	180,783	193,722
Total unrestricted expenses	<u>197,863,326</u>	<u>961,708</u>	<u>111,916</u>	<u>-</u>	<u>(172,046)</u>	<u>198,764,904</u>	<u>203,650,222</u>
Net assets released from temporary restrictions (restricted)	<u>59,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,558</u>	<u>55,543</u>
Change in unrestricted net assets	<u>84,420</u>	<u>-</u>	<u>130</u>	<u>-</u>	<u>-</u>	<u>84,550</u>	<u>260,790</u>
Changes in temporarily restricted net assets:							
Temporarily restricted support and revenues							
Net assets (released from restriction) restricted	<u>(59,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,558)</u>	<u>(55,543)</u>
Change in temporarily restricted net assets	<u>(59,558)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,558)</u>	<u>(55,543)</u>
Change in net assets	24,862	-	130	-	-	24,992	205,247
Net assets - beginning 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>
Net assets - end of year	<u>\$ 2,954,858</u>	<u>\$ 66,042</u>	<u>\$ 11,643</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ 3,036,133</u>	<u>\$ 3,011,141</u>

## **OTHER SUPPLEMENTARY INFORMATION**



**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF SUPPORT AND OTHER REVENUE**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Support and Other Revenue:		
Federal, state and local grants:		
Grants and Program Support and Revenue:		
Early Learning Coalition of Broward County, Inc.		
Florida Subsidized Child Care	\$ 48,257,059	\$ 50,117,249
Voluntary Pre-Kindergarten	39,250,927	39,999,927
Early Learning Coalition of Palm Beach County, Inc.		
Florida Subsidized Child Care - Palm Beach	57,462,417	59,642,680
Voluntary Pre-Kindergarten	27,799,194	28,476,178
Early Learning Coalition of Miami-Dade/Monroe, Inc.		
Technical Assistance for Center-based Programs	829,816	791,416
U.S. Department of Health and Human Services		
Abandoned Infants Assistance	540,797	459,725
Bridges	75,071	-
Florida Department of Children and Families:		
Broward County Entrant/Refugee	115,573	172,944
Palm Beach County Entrant/refugee	207,059	358,908
Broward County:		
Children's Services Administration (CSA):		
Subsidized Child Care (02-8367-CSAD-7)	1,489,135	1,664,064
Homeless (02-8367-CSAD-7)	591,054	735,284
Children's Services Council of Broward County		
Family Strengthening (02-2130)	319,434	463,915
PBS	548,983	427,875
PAT	112,292	-
HIPPY	24,644	244,365
Florida Department of Health:		
Childcare Food Program (Homes)	1,019,210	973,400
Childcare Food Program (Centers)	9,952,416	9,382,633
The University of South Florida		
HIPPY 5830-1369-00-D	78,734	87,152
HIPPY 5830-1369-00-E	72,035	77,135
Children's Trust of Miami-Dade County		
HIPPY	268,324	290,698
Nurturing	464,154	476,806
PBS	375,253	261,074
TALK	313,606	317,692
Anchor	-	70,885
Our Kids of Miami-Dade/Monroe, Inc.		
Parents as Partners Program	628,071	507,713
Palm Beach County:		
Head Start	414,533	440,983
Subtotal, forward	<u>191,209,791</u>	<u>196,440,701</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF SUPPORT AND OTHER REVENUE**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

Subtotal, forwarded	\$ 191,209,791	\$ 196,440,701
Palm Beach Community College - Scholarships	104,160	128,096
Children's Services Council of Palm Beach County		
Quality Enhancement	2,977,793	3,388,187
Healthy Beginnings	251,083	220,062
Workforce One Employment Solutions		
Broward Workforce	1,111,000	806,325
ChildNet		
Parent Nurturing Program	99,083	101,370
Workforce Alliance - Palm Beach Workforce	94,719	117,628
United Way of Broward		
Childcare	425,000	424,996
PBS	66,995	-
Other:		
Broward Regional Health Planning Council	15,204	-
Municipalities	279,725	306,349
Community Foundation for Palm Beach & Martin Counties	7,721	-
Prime Time (School Age Assessment)	174,222	163,162
Jim Moran Foundation - C-Quell	350,777	289,002
National Fatherhood Initiative	2,726	18,346
Total federal, state and local grants	<u>197,169,999</u>	<u>202,404,224</u>
Fees	<u>961,708</u>	<u>911,081</u>
Fundraising and donations	<u>362,318</u>	<u>176,992</u>
Interest income	<u>-</u>	<u>81</u>
Other revenue:		
Training Revenue	174,533	237,068
Conference Revenue	84,290	-
Other income	37,048	126,022
Total other revenue	<u>295,871</u>	<u>363,090</u>
Total support and other revenue	<u>\$ 198,789,896</u>	<u>\$ 203,855,468</u>

**FAMILY CENTRAL, INC. AND AFFILIATES  
SCHEDULE OF MATCHING FUND REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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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	\$ 48,257,059	Fixed amount	\$ 3,387,214	\$ 3,387,214
Children's Services Council Nurturing Parents	319,434	5.0%	15,972	15,972
HIPPY	112,292	5.0%	5,615	5,615
Childnet Parent Nurturing	99,083	Fixed amount	<u>35,416</u>	<u>35,416</u>
			<u>\$ 3,444,217</u>	<u>\$ 3,444,217</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULES OF PROGRAM EXPENSES FOR FAMILY CENTRAL CHILD CARE CENTERS, INC.**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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	<u>2012</u>	<u>2011</u>
Salaries	\$ 614,292	\$ 598,504
Employee taxes and employee benefits	<u>196,568</u>	<u>173,442</u>
	810,860	771,946
Food costs	32,600	30,633
Equipment repairs and maintenance	876	610
Travel, seminars and meetings	1,789	676
Educational supplies	14,559	10,548
General insurance	15,933	14,624
Children's activities	1,705	305
Office, janitorial, supplies and postage	21,137	18,052
Memberships and subscriptions	634	705
Employee screening and testing	25	510
Taxes/licenses	<u>1,590</u>	<u>2,472</u>
Total functional expenses before management fees	901,708	851,081
Management fees - Family Central	<u>60,000</u>	<u>60,000</u>
Total functional expenses	<u>\$ 961,708</u>	<u>\$ 911,081</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2012**

**ASSETS**

	<b>2012</b>		
	<b><u>Agency</u></b>	<b><u>Pass-through</u></b>	<b><u>Total</u></b>
Current assets			
Cash	\$ 43,084	\$ -	\$ 43,084
Receivable from funding sources	3,605,904	14,027,548	17,633,452
Prepaid expenses	<u>295,904</u>	<u>-</u>	<u>295,904</u>
Total current assets	3,944,892	14,027,548	17,972,440
Other assets	100,847	-	100,847
Property and equipment, net	<u>1,350,627</u>	<u>-</u>	<u>1,350,627</u>
Total assets	<b><u>\$ 5,396,366</u></b>	<b><u>\$ 14,027,548</u></b>	<b><u>\$ 19,423,914</u></b>

**LIABILITIES AND NET ASSETS**

Current liabilities			
Line of credit	\$ 433,202	\$ 1,777,398	\$ 2,210,600
Current maturities of capital lease	31,221		31,221
Accounts payable and accrued expenses	506,301	-	506,301
Accounts payable, child care providers	-	12,250,150	12,250,150
Accrued salaries and annual leave	797,204	-	797,204
Contract Advance	<u>592,305</u>	<u>-</u>	<u>592,305</u>
Total current liabilities	2,360,233	14,027,548	16,387,781
Capital lease, less current maturities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	2,360,233	14,027,548	16,387,781
Commitments and contingencies			
Net assets			
Unrestricted	2,982,953	-	2,982,953
Temporarily restricted	<u>53,180</u>	<u>-</u>	<u>53,180</u>
Total net assets	<u>3,036,133</u>	<u>-</u>	<u>3,036,133</u>
Total liabilities and net assets	<b><u>\$ 5,396,366</u></b>	<b><u>\$ 14,027,548</u></b>	<b><u>\$ 19,423,914</u></b>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2011**

**ASSETS**

	<b>2011</b>		
	<b><u>Agency</u></b>	<b><u>Pass-Through</u></b>	<b><u>Total</u></b>
Current assets:			
Cash	\$ 45,304	\$ -	\$ 45,304
Receivable from funding sources	2,882,959	14,550,515	17,433,474
Prepaid expenses	<u>413,126</u>	<u>-</u>	<u>413,126</u>
Total current assets	3,341,389	14,550,515	17,891,904
Other assets	100,847	-	100,847
Property and equipment, net	<u>1,528,648</u>	<u>-</u>	<u>1,528,648</u>
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	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	<u>618,776</u>	<u>-</u>	<u>618,776</u>
Total current liabilities	1,928,522	14,550,515	16,479,037
Capital lease, less current maturities	<u>31,221</u>	<u>-</u>	<u>31,221</u>
Total liabilities	1,959,743	14,550,515	16,510,258
Commitments and contingencies			
Net assets:			
Unrestricted	2,898,403	-	2,898,403
Temporarily restricted	<u>112,738</u>	<u>-</u>	<u>112,738</u>
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 CONSOLIDATING SCHEDULES OF ACTIVITIES**  
**AS OF JUNE 30, 2012**

	<b>2012</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	\$ 24,437,360	\$ 172,732,639	\$ 197,169,999
Fees	961,708	-	961,708
Fundraising and donations	362,318	-	362,318
Interest income	-	-	-
Other revenue	295,871	-	295,871
Net assets released from restrictions	<u>59,558</u>	<u>-</u>	<u>59,558</u>
Total unrestricted support and other revenue	<u>26,116,815</u>	<u>172,732,639</u>	<u>198,849,454</u>
Expenses:			
Program services	<u>22,345,549</u>	<u>172,732,639</u>	<u>195,078,188</u>
Supporting services:			
General and administrative	3,214,255	-	3,214,255
Fundraising	291,678	-	291,678
Training expenses	<u>180,783</u>	<u>-</u>	<u>180,783</u>
Total expenses	<u>3,686,716</u>	<u>-</u>	<u>3,686,716</u>
Total expenses	<u>26,032,265</u>	<u>172,732,639</u>	<u>198,764,904</u>
Increase in unrestricted net assets	<u>84,550</u>	<u>-</u>	<u>84,550</u>
Changes in temporarily restricted net assets:			
Net assets released from restrictions	<u>(59,558)</u>	<u>-</u>	<u>(59,558)</u>
Decrease in temporarily restricted net assets	<u>(59,558)</u>	<u>-</u>	<u>(59,558)</u>
Increase in net assets	24,992	-	24,992
Net assets:			
Beginning of year	<u>3,011,141</u>	<u>-</u>	<u>3,011,141</u>
End of year	<u>\$ 3,036,133</u>	<u>\$ -</u>	<u>\$ 3,036,133</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATING SCHEDULES OF ACTIVITIES**  
**AS OF JUNE 30, 2011**

	2011		
	<u>Agency</u>	<u>Pass-Through</u>	<u>Total</u>
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	<u>55,543</u>	-	<u>55,543</u>
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	<u>193,722</u>	-	<u>193,722</u>
	<u>3,609,071</u>	-	<u>3,609,071</u>
Total expenses	<u>26,861,637</u>	<u>176,788,585</u>	<u>203,650,222</u>
Increase in unrestricted net assets	<u>260,790</u>	-	<u>260,790</u>
Changes in temporarily restricted net assets:			
Net assets released from restrictions	<u>(55,543)</u>	-	<u>(55,543)</u>
Decrease in temporarily restricted net assets	<u>(55,543)</u>	-	<u>(55,543)</u>
Increase in net assets	205,247	-	205,247
Net assets:			
Beginning of year	<u>2,805,894</u>	-	<u>2,805,894</u>
End of year	<u>\$ 3,011,141</u>	<u>\$ -</u>	<u>\$ 3,011,141</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, 2012, and have issued our report thereon dated October 26, 2012. 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*.

*Continued from previous page*

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.

*Deborah Galton LLP*

Boca Raton, Florida  
October 26, 2012



**DaszkalBolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON 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 could have a direct and material effect each of its major Federal programs and State projects for the year ended June 30, 2012. 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 of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2012.

Continued from previous page

Internal Control Over Compliance

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 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, 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 and correct noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis.

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 Galton LLP".

Boca Raton, Florida  
October 26, 2012

**FAMILY CENTRAL, INC. AND AFFILIATES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2012**

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I. SUMMARY OF AUDITORS' REPORT

Financial Statements

- A. Type of auditors' report issued: Unqualified Opinion
- B. Internal controls over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
  - Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   No
- C. Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

Federal Awards and State Projects

- D. Type of auditors' 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        X   No
  - Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes        X   No
- 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        X   No
- G. Identification of major programs:

Federal Programs

<u>CFDA Number</u>	<u>Name of Major Federal Program or Cluster</u>
93.575, 93.596	Child Care and Development Fund Cluster
93.600, 93.709	Early Head Start

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, 2012**

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I. SUMMARY OF AUDITORS' REPORT, continued

H. Dollar threshold used to distinguish between type A and type B federal programs	\$	<u>2,856,099</u>	
Dollar threshold used to distinguish between type A and type B state projects	\$	<u>2,013,041</u>	
I. Auditee qualified as low-risk auditee	<u>X</u>	Yes	<u>    </u> 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, 2012**

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