

**FAMILY CENTRAL, INC. AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2013 AND 2012**



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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

### ***Report on the Financial Statements***

We have audited the accompanying consolidated financial statements of Family Central, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the 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, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Continued from previous page**

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by 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*, is presented for purposes of additional analysis 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.

In addition, the accompanying consolidated information and other Supplementary Information contained in the Table of Contents are presented for purposes of analysis and are not a required part of the consolidated financial statements of Family Central, Inc. and Affiliates. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, in our opinion, is fairly presented in all material respects in relation to the consolidated financial statement taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, on our consideration of Family Central, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Family Central, Inc. and Affiliate's internal control over financial reporting and compliance.



Fort Lauderdale, Florida  
October 29, 2013

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2013 AND 2012**

**ASSETS**

	<u>2013</u>	<u>2012</u>
Current assets		
Cash	\$ 189,852	\$ 43,084
Receivable from funding sources	15,263,581	17,633,452
Prepaid expenses	<u>354,371</u>	<u>295,904</u>
Total current assets	15,807,804	17,972,440
Other assets	100,847	100,847
Property and equipment, net	<u>1,225,089</u>	<u>1,350,627</u>
Total assets	<u>\$ 17,133,740</u>	<u>\$ 19,423,914</u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Line of credit	\$ 700,038	\$ 2,210,600
Current maturities of capital lease obligations	-	31,221
Accounts payable and accrued expenses	336,709	506,301
Accounts payable, child care providers	11,753,534	12,250,150
Accrued salaries and annual leave	731,756	797,204
Contract advances	<u>509,026</u>	<u>592,305</u>
Current and total liabilities	14,031,063	16,387,781
Commitments and contingencies		
Net assets		
Unrestricted	3,082,899	2,982,953
Temporarily restricted	<u>19,778</u>	<u>53,180</u>
Total net assets	<u>3,102,677</u>	<u>3,036,133</u>
Total liabilities and net assets	<u>\$ 17,133,740</u>	<u>\$ 19,423,914</u>

See accompanying notes to the consolidated financial statements.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Changes in unrestricted net assets:		
Support and other revenue:		
Federal, state and local grants	\$ 198,201,107	\$ 197,169,999
Fees	929,509	961,708
Fundraising and donations	255,463	362,318
Other revenue	227,160	295,871
Net assets released from restriction	<u>33,402</u>	<u>59,558</u>
Total unrestricted support and other revenue	<u>199,646,641</u>	<u>198,849,454</u>
Expenses:		
Program services	<u>196,268,623</u>	<u>195,078,188</u>
Supporting services:		
General and administrative	2,978,466	3,214,255
Fundraising	156,195	291,678
Training expenses	143,411	180,783
Total expenses	<u>3,278,072</u>	<u>3,686,716</u>
Total expenses	<u>199,546,695</u>	<u>198,764,904</u>
Increase in unrestricted net assets	<u>99,946</u>	<u>84,550</u>
Changes in temporarily restricted net assets:		
Net assets released from restriction	<u>(33,402)</u>	<u>(59,558)</u>
Decrease in temporarily restricted net assets	<u>(33,402)</u>	<u>(59,558)</u>
Increase in net assets	66,544	24,992
Net assets, beginning of year	<u>3,036,133</u>	<u>3,011,141</u>
Net assets, end of year	<u>\$ 3,102,677</u>	<u>\$ 3,036,133</u>

See accompanying notes to the consolidated financial statements.

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

2013

	Supporting Services					Total Supporting Service	Total Expenses
	Program Services	General and Administrative	Fundraising	Training Expenses			
Salaries	\$ 14,326,823	\$ 1,828,180	\$ 89,139	\$ 99,750	\$ 2,017,069	\$ 16,343,892	
Payroll taxes and employee benefits	3,701,872	463,079	23,609	19,269	505,957	4,207,829	
Travel	251,599	16,319	853	1,302	18,474	270,073	
Leases / contracts	41,948	2,938	2	-	2,940	44,888	
Professional fees	5,000	189,879	149	-	190,028	195,028	
Building maintenance	127,508	14,235	11	-	14,246	141,754	
Educational supplies	195,871	461	-	4,168	4,629	200,500	
Food expense	6,848,302	116	-	(68)	48	6,848,350	
Consumable supplies	204,907	27,822	28	(2,633)	25,217	230,124	
Copier / printing costs	316,463	15,227	297	(104)	15,420	331,883	
Rents	900,901	11,425	9	-	11,434	912,335	
Utilities	93,406	7,260	6	-	7,266	100,672	
Telephone expense	361,113	62,668	597	180	63,445	424,558	
Postage	177,028	12,208	261	412	12,881	189,909	
Data processing	4,378	49,534	39	-	49,573	53,951	
Insurance	209,350	31,361	25	-	31,386	240,736	
Equipment maintenance and repair	57,658	7,261	75	-	7,336	64,994	
Non-capitalized equipment	47,040	29,306	23	270	29,599	76,639	
Seminars / meetings	42,338	4,002	232	691	4,925	47,263	
Direct assistance to participants	2,457,793	210	7,822	-	8,032	2,465,825	
Sub-contracts	262,511	39,090	31	17,174	56,295	318,806	
Training and development	48,669	1,103	1	-	1,104	49,773	
Memberships and subscriptions	4,702	18,167	164	835	19,166	23,868	
Employee recruitment	310	14,127	11	-	14,138	14,448	
Advertising	12,759	5,427	4	-	5,431	18,190	
Fundraising activities	-	-	32,184	-	32,184	32,184	
Interest expense	-	3,699	-	-	3,699	3,699	
Depreciation and amortization	138,546	77,176	61	-	77,237	215,783	
Days of care	165,288,564	-	-	-	-	165,288,564	
Temporary labor	95,358	-	-	-	-	95,358	
Vehicle operating expense	1,700	3,185	3	-	3,188	4,888	
Children food and activities expense	34,787	-	-	-	-	34,787	
Bank fees	1,515	29,396	23	-	29,419	30,934	
Miscellaneous	7,904	13,605	536	2,165	16,306	24,210	
<b>Total expenses</b>	<b>\$ 196,268,623</b>	<b>\$ 2,978,466</b>	<b>\$ 156,195</b>	<b>\$ 143,411</b>	<b>\$ 3,278,072</b>	<b>\$ 199,546,695</b>	

See accompanying notes to the consolidated financial statements.



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

2012

	Supporting Services				Total Supporting 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 CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows from operating activities		
Increase in net assets	\$ 66,544	\$ 24,992
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	215,783	241,890
Changes in assets and liabilities:		
Decrease (increase) in:		
Receivable from funding services	2,369,871	(199,978)
Prepaid expenses	(58,467)	117,222
Increase (decrease) in:		
Accounts payable and accrued expenses	(169,592)	66,966
Accounts payable, child care providers	(496,616)	(1,022,657)
Accrued salaries and annual leave	(65,448)	1,016
Contract advances	(83,279)	(26,471)
Net cash provided by (used in) operating activities	<u>1,778,796</u>	<u>(797,020)</u>
Cash flows used in investing activities		
Purchase of property and equipment	<u>(90,245)</u>	<u>(63,869)</u>
Net cash used in investing activities	<u>(90,245)</u>	<u>(63,869)</u>
Cash flows from financing activities		
Proceeds from draws on line of credit	17,626,336	32,249,196
Repayments on line of credit	(19,136,898)	(31,316,304)
Repayments on capital lease obligations	<u>(31,221)</u>	<u>(74,223)</u>
Net cash (used in) provided by financing activities	<u>(1,541,783)</u>	<u>858,669</u>
Net increase (decrease) in cash	146,768	(2,220)
Cash, beginning of year	<u>43,084</u>	<u>45,304</u>
Cash, end of year	<u>\$ 189,852</u>	<u>\$ 43,084</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	<u>\$ 3,699</u>	<u>\$ 9,720</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 ORGANIZATION**

Family Central, Inc. (“Family Central”), Family Central Child Care Centers, Inc. (the “Centers”) and Family Central Auxiliary, Inc. (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. Family Central Holding Company, Inc. (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.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Principles of Consolidation*

The consolidated financial statements include the accounts of Family Central, the Centers, the Auxiliary, and 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.”

*Basis of Accounting*

The accompanying consolidated financial statements have been prepared on the accrual basis, and the accounts of the Organization are maintained in accordance with the standards of accounting and financial reporting prescribed for not-for-profit organizations generally accepted in the United States of America (“U.S. GAAP”).

Accounting standards require that net assets be classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Organization’s net assets and changes therein are classified and reported as follows:

**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.

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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. 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.

Fair Value of Financial Instruments

The carrying value of cash, receivables, indebtedness, payables, and contract advances approximates fair value as of June 30, 2013 and 2012, due to the relative short maturities of these instruments.

Cash and Cash Equivalents

For purposes of the consolidated 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, 2013 and 2012.

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 U.S. 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.

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, 2013 and 2012, 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.

The U.S. Federal jurisdiction and Florida are the major tax jurisdictions where the Organization files tax returns. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2010.

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

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

Revenue Recognition

The Organization receives various grants from federal, state and local and private agencies for program and support service expenses. These grants 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 29, 2013, the date the financial statements were available to be issued.

**NOTE 3 – 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 43% of the Organization's fiscal 2013 support and other revenue were received from the Early Learning Coalition of Broward County and 45% from the Early Coalition of Palm Beach County. At June 30, 2013, amounts receivable from the Early Learning Coalition of Broward County and Palm Beach County was approximately 36% and 47%, respectively, of total amounts receivable from funding sources.

Of the Organization's total support and other revenue, 43% and 33% is from federal programs and state projects, respectively, for the year ended June 30, 2013.

Approximately 44% of the Organization's fiscal 2012 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.

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.

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

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**NOTE 4 – PROPERTY AND EQUIPMENT**

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

	<u>2013</u>	<u>2012</u>
Land	\$ 372,479	\$ 372,479
Building and improvements	2,905,508	2,890,096
Furniture, fixtures and equipment	1,857,076	1,782,243
Vehicles	79,050	99,474
	<u>5,214,113</u>	<u>5,144,292</u>
Less: accumulated depreciation	<u>(3,989,024)</u>	<u>(3,793,665)</u>
	<u>\$ 1,225,089</u>	<u>\$ 1,350,627</u>

Depreciation expense amounted to \$215,783 and \$241,890 for the years ended June 30, 2013 and 2012, respectively.

**NOTE 5 – 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 consisted of the following:

	<u>2012</u>
Furniture, fixtures and equipment	\$ 326,202
Less: accumulated depreciation	<u>(297,462)</u>
Furniture, fixtures and equipment under capital leases, net	<u>\$ 28,740</u>

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, which matured 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, which matured 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, 2013 and 2012, interest expense totaled \$859 and \$6,147 on capitalized leases, respectively.

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

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**NOTE 6 – 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, 2013 and 2012 was \$11,753,534 and \$12,250,150, respectively.

**NOTE 7 – 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% (2.83% and 2.89% at June 30, 2013 and 2012, respectively) with interest payable monthly. At June 30, 2013 and 2012, there was an outstanding balance on the line of credit of \$700,038 and \$2,210,600, respectively.

**NOTE 8 – 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 \$532,525 and \$546,243 to the Plan for the years ended June 30, 2013 and 2012, respectively.

**NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2013</u>	<u>2012</u>
Early Learning Coalition of Broward County	\$ 5,178	\$ 18,708
Early Learning Coalition of Palm Beach County	8,005	23,713
Department of Health	6,595	10,759
	<u>\$ 19,778</u>	<u>\$ 53,180</u>

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

Grants

Grants require the fulfillment of certain conditions as set forth in the grant agreements and are subject to audit and adjustment by grantor agencies. Failure 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.

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

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**NOTE 10 – COMMITMENTS AND CONTINGENCIES, CONTINUED**

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 \$60,284 adjusted annually through March 31, 2016. The lease for the Miami-Dade facility requires monthly payments of \$9,794 adjusted annually through 2018.

Rent expenses for the years ended June 30, 2013 and 2012 was \$912,335 and \$934,459, respectively.

The minimum future rental commitments are as follows:

<u>Years Ending June 30,</u>	
2014	901,638
2015	880,248
2016	706,355
2017	134,547
2018	91,644
	<u>\$ 2,714,432</u>



## **SUPPLEMENTAL SCHEDULE**

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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	451,117
Family and Child Welfare Services Research, Demonstration	93.652	90CO1063-01	<u>175,770</u>
Total Department of Health and Human Services Direct Projects			626,887
Child Care and Development Fund Cluster			
Pass-through Florida's Office of Early Learning			
Pass-through Early Learning Coalition of Broward County:			
Child Care and Development Block Grant	93.575	FCI-13-ELC	14,650,435
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FCI-13-ELC	9,453,878
Pass-through Early Learning Coalition of Palm Beach County:			
Child Care and Development Block Grant	93.575	ELCPBC 12/13	12,635,469
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	ELCPBC 12/13	8,153,627
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Child Care and Development Block Grant	93.575	C12-111	278,398
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	C12-111	<u>179,649</u>
Total Child Care and Development Fund Cluster			45,351,456
Pass-through Early Learning Coalition of Broward County:			
Temporary Assistance for Needy Families (TANF)	93.558	FCI-13-ELC	6,894,563
Social Services Block Grant	93.667	FCI-13-ELC	36,913
Pass-through Early Learning Coalition of Palm Beach County:			
Temporary Assistance for Needy Families (TANF)	93.558	ELCPBC 12/13	5,946,311
Social Services Block Grant	93.667	ELCPBC 12/13	31,836
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Temporary Assistance for Needy Families (TANF)	93.558	C12-111	131,015
Social Services Block Grant	93.667	C12-111	701
Pass-through Florida Department of Children and Families:			
Refugee and Entrant Assistance State Administered Programs	93.566	LK 104	16,536
Refugee and Entrant Assistance State Administered Programs	93.576	LK 104	95,791
Refugee and Entrant Assistance State Administered Programs	93.566	LK 103	40,391
Refugee and Entrant Assistance State Administered Programs	93.576	LK 103	233,983
Promoting Safe and Stable Families	93.556	FAM 12 PES	90,710
Pass-through Head Start of Palm Beach County:			
Head Start	93.600	R2012 1639	279,568
Pass-through University of South Florida:			
Temporary Assistance for Needy Families (TANF)	93.558	5830-1397-00-D	107,498
Temporary Assistance for Needy Families (TANF)	93.558	5830-1397-00-E	<u>76,963</u>
Total U.S. Department of Health and Human Services			59,961,122

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, 2013**

Federal/State Grantor, Pass-Through Entity Federal Programs/States Project Title	CFDA/ CFSA Number	Contract Grant Number	Expenditures
U.S. Department of Agriculture			
Pass-through Florida Department of Health:			
Childcare Food Program	10.558	D 701	1,047,787
Childcare Food Program	10.558	U 1976	<u>10,243,670</u>
Total U.S. Department of Agriculture			11,291,457
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	18,899
WIA Youth Activities	17.259	CR-WIA-9123	9,452
WIA Dislocated Workers	17.260	CR-WIA-9123	7,876
Pass-through Palm Beach County, Workforce Alliance			
WIA Adult Program	17.258	V11-001	51,851
WIA Youth Activities	17.259	V11-001	25,930
WIA Dislocated Workers	17.260	V11-001	<u>21,607</u>
Total U.S. Department of Labor			<u>135,615</u>
Total Expenditures of Federal Awards			<u>\$ 71,388,194</u>
Florida's Office of Early Learning			
Pass-through Early Learning Coalition of Broward County:			
Voluntary Pre-Kindergarten Education Program	48.108	FCI-13-ELC	38,087,405
Pass-through Early Learning Coalition Of Palm Beach County:			
Voluntary Pre-Kindergarten Education Program	48.108	ELCPBC 12/13	<u>27,260,791</u>
Total Expenditures of State Financial Assistance			<u>\$ 65,348,196</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.

**NOTE 3 – MATCHING**

Contracts FCI-13-ELC, ELCPBC 12/13, and C12-111 with the Early Learning Coalition of Broward County, the Early Learning Coalition of Palm Beach County, and the Early Learning Coalition of Miami Dade/Monroe (ELCs) includes \$18,774,902 of State funding that is designated as matching funds for certain federal awards. The ELC matching funds are not reported as federal awards in the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance, nor are the ELC matching funds subject to the Florida Single Audit Act since they are not considered State Financial Assistance under the Florida Single Audit Act. For audit testing purposes, the funds are included with the federal award programs for which they are designated as matching. The amounts designated as matching funds for federal award programs are summarized as follows:

<u>Contracting Entity</u>	<u>CFDA Number</u>		<u>Total</u>
	<u>93.558</u>	<u>93.596</u>	
Early Learning Coalition of Broward County	\$ 6,816,636	\$ 3,162,230	\$ 9,978,866
Early Learning Coalition of Palm Beach County	5,879,101	2,727,309	8,606,410
Early Learning Coalition of Miami Dade/Monroe	129,535	60,091	189,626
	<u>\$ 12,825,272</u>	<u>\$ 5,949,630</u>	<u>\$ 18,774,902</u>

## **SUPPLEMENTARY INFORMATION**

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATING SCHEDULES OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	2013					Total Consolidated	2012 Consolidated
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations		
<b>Assets</b>							
Current Assets							
Cash	\$ -	\$ 186,262	\$ -	\$ 3,590	\$ -	\$ 189,852	\$ 43,084
Receivable from funding sources	15,245,595	17,986	-	-	-	15,263,581	17,633,452
Prepaid expenses	347,439	6,932	-	-	-	354,371	295,904
Other assets	100,847	-	-	-	-	100,847	100,847
Due from affiliates	1,160,839	-	-	-	(1,160,839)	-	-
Total current assets	16,854,720	211,180	-	3,590	(1,160,839)	15,908,651	18,073,287
Property and equipment, net	103,031	-	749,579	-	-	852,610	978,148
Land	-	-	372,479	-	-	372,479	372,479
Total assets	\$ 16,957,751	\$ 211,180	\$ 1,122,058	\$ 3,590	\$ (1,160,839)	\$ 17,133,740	\$ 19,423,914

	2013					Total Consolidated	2012 Consolidated
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations		
<b>Liabilities and Net Assets</b>							
Current liabilities							
Line of credit	\$ 700,038	\$ -	\$ -	\$ -	\$ -	\$ 700,038	\$ 2,210,600
Accounts payable and accrued expenses	255,182	81,527	-	-	-	336,709	506,301
Accounts payable and child care providers	11,753,534	-	-	-	-	11,753,534	12,250,150
Accrued salaries and annual leave	718,569	13,187	-	-	-	731,756	797,204
Contract advances	509,026	-	-	-	-	509,026	592,305
Due to affiliates	-	50,424	1,110,415	-	(1,160,839)	-	-
Current and total liabilities	13,936,349	145,138	1,110,415	-	(1,160,839)	14,031,063	16,356,560
Net assets							
Unrestricted	3,001,624	66,042	11,643	3,590	-	3,082,899	2,982,953
Temporarily restricted	19,778	-	-	-	-	19,778	53,180
Total net assets	3,021,402	66,042	11,643	3,590	-	3,102,677	3,036,133
Total liabilities and net assets	\$ 16,957,751	\$ 211,180	\$ 1,122,058	\$ 3,590	\$ (1,160,839)	\$ 17,133,740	\$ 19,392,693

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**CONSOLIDATING SCHEDULES OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations	Total Consolidated 2013	Total Consolidated 2012
Changes in unrestricted net assets from continuing operations:							
Unrestricted support and revenues:							
Federal, state and local grants	\$ 198,201,107	\$ -	\$ -	\$ -	\$ -	\$ 198,201,107	\$ 197,169,999
Fees	60,000	929,509	-	-	(60,000)	929,509	961,708
Fundraising and donations	255,463	-	-	-	-	255,463	362,318
Rental income	-	-	108,265	-	(108,265)	-	-
Other revenue	227,160	-	-	-	-	227,160	295,871
Total unrestricted support and other revenues	<u>198,743,730</u>	<u>929,509</u>	<u>108,265</u>	<u>-</u>	<u>(168,265)</u>	<u>199,613,239</u>	<u>198,789,896</u>
Unrestricted expenses							
Program services	195,399,114	929,509	108,265	-	(168,265)	196,268,623	195,078,188
Supporting services:							
General and administrative	2,978,466	-	-	-	-	2,978,466	3,214,255
Fundraising	156,195	-	-	-	-	156,195	291,678
Training expenses	143,411	-	-	-	-	143,411	180,783
Total unrestricted expenses	<u>198,677,186</u>	<u>929,509</u>	<u>108,265</u>	<u>-</u>	<u>(168,265)</u>	<u>199,546,695</u>	<u>198,764,904</u>
Net assets released from temporary restrictions	<u>33,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,402</u>	<u>59,558</u>
Change in unrestricted net assets	<u>99,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,946</u>	<u>84,550</u>
Changes in temporarily restricted net assets:							
Temporarily restricted support and revenues							
Net assets released from restriction	<u>(33,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,402)</u>	<u>(59,558)</u>
Change in temporarily restricted net assets	<u>(33,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(33,402)</u>	<u>(59,558)</u>
Change in net assets	66,544	-	-	-	-	66,544	24,992
Net assets, beginning 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>
Net assets, end of year	<u>\$ 3,021,402</u>	<u>\$ 66,042</u>	<u>\$ 11,643</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ 3,102,677</u>	<u>\$ 3,036,133</u>

## **OTHER SUPPLEMENTARY INFORMATION**



**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF SUPPORT AND OTHER REVENUE**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</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	\$ 46,745,069	\$ 48,257,059
Voluntary Pre-Kindergarten	38,087,405	39,250,927
Early Learning Coalition of Palm Beach County, Inc.		
Florida Subsidized Child Care - Palm Beach	61,876,344	57,462,417
Voluntary Pre-Kindergarten	27,260,791	27,799,194
Early Learning Coalition of Miami-Dade/Monroe, Inc.		
Technical Assistance for Center-based Programs	779,390	829,816
U.S. Department of Health and Human Services		
Abandoned Infants Assistance	451,117	540,797
Bridges	175,770	75,071
Florida Department of Children and Families:		
Broward County Entrant/Refugee	112,327	115,573
Palm Beach County Entrant/refugee	274,374	207,059
Broward County:		
Children's Services Administration (CSA):		
Subsidized Child Care (09-CSAD-8367-01)	1,643,283	1,489,135
Homeless (09-CSAD-8367-02)	651,883	591,054
Focus on Solutions (13-CP-CSA-8367-01)	37,190	-
Children's Services Council of Broward County		
Family Strengthening (02-2130)	361,421	319,434
PBS	677,732	548,983
PAT	179,371	112,292
Vulnerable Populations	129,492	-
HIPPY	-	24,644
Florida Department of Health:		
Childcare Food Program (Homes)	1,047,787	1,019,210
Childcare Food Program (Centers)	10,243,670	9,952,416
The University of South Florida		
HIPPY 5830-1369-00-D	107,498	78,734
HIPPY 5830-1369-00-E	76,963	72,035
Children's Trust of Miami-Dade County		
HIPPY	263,631	268,324
Nurturing	464,520	464,154
PBS	365,115	375,253
TALK	314,030	313,606
Our Kids of Miami-Dade/Monroe, Inc.		
Parents as Partners Program	678,927	628,071
Palm Beach County:		
Head Start	413,196	414,533
Subtotal, forward	<u>193,418,296</u>	<u>191,209,791</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF SUPPORT AND OTHER REVENUE**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

Subtotal, forwarded	\$ 193,418,296	\$ 191,209,791
Palm Beach Community College - Scholarships	17,299	104,160
Children's Services Council of Palm Beach County		
Quality Enhancement	2,961,786	2,977,793
Healthy Beginnings	62,780	251,083
Workforce One Employment Solutions		
Broward Workforce	36,228	1,111,000
ChildNet		
Parent Nurturing Program	90,710	99,083
Workforce Alliance - Palm Beach Workforce	99,388	94,719
United Way of Broward		
Childcare	425,000	425,000
PBS	83,501	66,995
Other:		
Broward Regional Health Planning Council	95,613	15,204
Municipalities	287,932	279,725
Community Foundation for Palm Beach & Martin Counties	51,495	7,721
Prime Time (School Age Assessment)	175,807	174,222
Jim Moran Foundation - C-Quell	328,066	350,777
A.D. Henderson Foundation	67,206	
National Fatherhood Initiative	-	2,726
Total federal, state and local grants	<u>198,201,107</u>	<u>197,169,999</u>
Fees	<u>929,509</u>	<u>961,708</u>
Fundraising and donations	<u>255,463</u>	<u>362,318</u>
Interest income	<u>-</u>	<u>-</u>
Other revenue:		
Training Revenue	98,815	174,533
Conference Revenue	104,138	84,290
Other income	24,207	37,048
Total other revenue	<u>227,160</u>	<u>295,871</u>
Total support and other revenue	<u>\$ 199,613,239</u>	<u>\$ 198,789,896</u>

**FAMILY CENTRAL, INC. AND AFFILIATES  
SCHEDULE OF MATCHING FUND REQUIREMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

<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	\$ 46,745,069	Fixed	\$ 3,387,214	\$ 3,387,214
Children's Services Council				
Nurturing Parents	361,421	5.0%	18,071	18,071
PBS	677,732	5.0%	33,887	33,887
PAT	179,371	5.0%	8,969	8,969
Childnet Parent Nurturing	90,710	Fixed	<u>19,183</u>	<u>19,183</u>
			<u>\$ 3,467,324</u>	<u>\$ 3,467,324</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULES OF PROGRAM EXPENSES FOR FAMILY CENTRAL CHILD CARE CENTERS, INC.**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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	<u>2013</u>	<u>2012</u>
Salaries	\$ 609,048	\$ 614,292
Employee taxes and employee benefits	<u>176,725</u>	<u>196,568</u>
	785,773	810,860
Food costs	33,082	32,600
Equipment repairs and maintenance	1,988	876
Travel, seminars and meetings	690	1,789
Educational supplies	1,188	14,559
General insurance	17,344	15,933
Children's activities	1,705	1,705
Office, janitorial, supplies and postage	25,502	21,137
Memberships and subscriptions	856	634
Employee screening and testing	45	25
Taxes/licenses	<u>1,336</u>	<u>1,590</u>
Total functional expenses before management fees	869,509	901,708
Management fees - Family Central, Inc.	<u>60,000</u>	<u>60,000</u>
Total functional expenses	<u>\$ 929,509</u>	<u>\$ 961,708</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2013**

**ASSETS**

	<b>2013</b>		
	<b><u>Agency</u></b>	<b><u>Pass-Through</u></b>	<b><u>Total</u></b>
Current assets			
Cash	\$ 189,852	\$ -	\$ 189,852
Receivable from funding sources	2,810,009	12,453,572	15,263,581
Prepaid expenses	354,371	-	354,371
Total current assets	<u>3,354,232</u>	<u>12,453,572</u>	<u>15,807,804</u>
Other assets	100,847	-	100,847
Property and equipment, net	1,225,089	-	1,225,089
Total assets	<u>\$ 4,680,168</u>	<u>\$ 12,453,572</u>	<u>\$ 17,133,740</u>

**LIABILITIES AND NET ASSETS**

Current liabilities			
Line of credit	\$ -	\$ 700,038	\$ 700,038
Current maturities of mortgage note payable	-	-	-
Accounts payable and accrued expenses	336,709	-	336,709
Accounts payable, child care providers	-	11,753,534	11,753,534
Accrued salaries and annual leave	731,756	-	731,756
Contract advances	509,026	-	509,026
Current and total liabilities	<u>1,577,491</u>	<u>12,453,572</u>	<u>14,031,063</u>
Commitments and contingencies			
Net assets			
Unrestricted	3,082,899	-	3,082,899
Temporarily restricted	19,778	-	19,778
Total net assets	<u>3,102,677</u>	<u>-</u>	<u>3,102,677</u>
Total liabilities and net assets	<u>\$ 4,680,168</u>	<u>\$ 12,453,572</u>	<u>\$ 17,133,740</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 advances	<u>592,305</u>	<u>-</u>	<u>592,305</u>
Total current and 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 SCHEDULES OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</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	\$ 23,598,368	\$ 174,602,739	\$ 198,201,107
Fees	929,509	-	929,509
Fundraising and donations	255,463	-	255,463
Other revenue	227,160	-	227,160
Net assets released from restrictions	33,402	-	33,402
Total unrestricted support and other revenue	<u>25,043,902</u>	<u>174,602,739</u>	<u>199,646,641</u>
Expenses:			
Program services	<u>21,665,884</u>	<u>174,602,739</u>	<u>196,268,623</u>
Supporting services:			
General and administrative	2,978,466	-	2,978,466
Fundraising	156,195	-	156,195
Training expenses	143,411	-	143,411
	<u>3,278,072</u>	<u>-</u>	<u>3,278,072</u>
Total expenses	<u>24,943,956</u>	<u>174,602,739</u>	<u>199,546,695</u>
Increase in unrestricted net assets	<u>99,946</u>	<u>-</u>	<u>99,946</u>
Changes in temporarily restricted net assets:			
Net assets released from restrictions	<u>(33,402)</u>	<u>-</u>	<u>(33,402)</u>
Decrease in temporarily restricted net assets	<u>(33,402)</u>	<u>-</u>	<u>(33,402)</u>
Increase in net assets	66,544	-	66,544
Net assets, beginning of year	<u>3,036,133</u>	<u>-</u>	<u>3,036,133</u>
Net assets, end of year	<u>\$ 3,102,677</u>	<u>\$ -</u>	<u>\$ 3,102,677</u>

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**PASS-THROUGH CONSOLIDATING SCHEDULES OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	2012		
	Agency	Pass-Through	Total
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>
	<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>
Net assets, end of year	<u>\$ 3,036,133</u>	<u>\$ -</u>	<u>\$ 3,036,133</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 STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Family Central, Inc. and Affiliates (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 29, 2013.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated 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*

**Purpose of this Report**

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

*Daughal Bolton LLP*

Fort Lauderdale, Florida  
October 29, 2013



**DaszkalBolton LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**  
**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**  
**AND STATE PROJECT AND REPORT ON INTERNAL CONTROL**  
**OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**  
**AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

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

***Report on Compliance for Each Major Federal Program and State Project***

We have audited Family Central, Inc. and Affiliates' (the "Organization") 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 *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major Federal programs and State projects for the year ended June 30, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs and State projects.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Organization's major Federal programs and State projects based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audit 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 consider necessary in the circumstances.

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

***Opinion on Each Major Federal Program and State Project***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs and State projects for the year ended June 30, 2013.

*Continued from previous page*

***Report on Internal Control Over Compliance***

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program and State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and State project and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

*Deagtal Balbon LLP*

Fort Lauderdale, Florida  
October 29, 2013

**FAMILY CENTRAL, INC. AND AFFILIATES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2013**

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I. SUMMARY OF AUDITORS' REPORT

Financial Statements

- A. Type of auditor's 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 auditor's report issued on compliance for major federal programs and state projects: Unqualified Opinion
- E. Internal control over major programs/projects:
- Material weakness(es) identified? \_\_\_\_\_ Yes        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>
93.558	Temporary Assistance for Needy Families (TANF)
93.566, 93.576	Refugee and Entrant Assistance State Administered Programs

State Projects

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

**FAMILY CENTRAL, INC. AND AFFILIATES**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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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>\$ 2,704,893</u>
Dollar threshold used to distinguish between type A and type B state projects	<u>\$ 1,960,446</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.