

FAMILY CENTRAL, INC. AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

TABLE OF CONTENTS

Section I – Financial Statements and Schedule of Expenditures of Federal Awards and State Financial Assistance

Independent Auditors' Report..... 1 - 2

Financial Statements:

Consolidated Statements of Financial Position..... 3

Consolidated Statements of Activities..... 4

Consolidated Statements of Functional Expenses 5 - 6

Consolidated Statements of Cash Flows 7

Notes to Consolidated Financial Statements 8 - 12

Schedule of Expenditures of Federal Awards and State Financial Assistance:

Schedule of Expenditures of Federal Awards and State Financial Assistance 14 - 15

Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance..... 16

Section II – Supplementary Information

Consolidating Information:

Consolidating Schedules of Financial Position 18

Consolidating Schedules of Activities 19

Other Supplementary Information:

Schedules of Support and Other Revenue 21 - 22

Schedule of Matching Fund Requirements..... 23

Schedules of Program Expenses for Family Central Child Care Centers, Inc. 24

Pass-Through Consolidating Schedules of Financial Position 25 - 26

Pass-Through Consolidating Schedules of Activities 27 - 28

TABLE OF CONTENTS, CONTINUED

Section III – Internal Controls and Compliance Matters

Report required by *Government Auditing Standards*:

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*..... 30 - 31

Independent Auditors' 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 of the State of Florida 32 - 33

Schedule of Findings and Questioned Costs 34 - 35



DaszkalBolton LLP

ACCOUNTANTS & ADVISORS

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, 2014 and 2013, 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 auditors' 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, 2014 and 2013, 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.

Boca Raton
2401 NW Boca Raton Boulevard
Boca Raton, Florida 33431-6632
561-367-1040

Fort Lauderdale/Miami
490 Sawgrass Corporate Parkway, Suite 200
Sunrise, Florida 33325-6252
954-974-3544

Jupiter
4455 Military Trail, Suite 201
Jupiter, Florida 33458-4828
561-622-8920

PCAOB Registered

www.dblp.com

Member  Worldwide

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 to 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 November 5, 2014, 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.

Capital Balance LLP

Fort Lauderdale, Florida
November 5, 2014

FAMILY CENTRAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	<u>2014</u>	<u>2013</u>
Current assets		
Cash	\$ 236,912	\$ 189,852
Receivable from funding sources	17,767,073	15,263,581
Prepaid expenses	<u>359,551</u>	<u>354,371</u>
Total current assets	18,363,536	15,807,804
Other assets	100,847	100,847
Property and equipment, net	<u>1,159,500</u>	<u>1,225,089</u>
Total assets	<u>\$ 19,623,883</u>	<u>\$ 17,133,740</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Line of credit	\$ 2,326,888	\$ 700,038
Accounts payable and accrued expenses	503,400	336,709
Accounts payable, child care providers	12,834,805	11,753,534
Accrued salaries and annual leave	713,102	731,756
Contract advances	<u>422,453</u>	<u>509,026</u>
Total current liabilities	16,800,648	14,031,063
Commitments and contingencies		
Net assets		
Unrestricted	2,816,497	3,082,899
Temporarily restricted	<u>6,738</u>	<u>19,778</u>
Total net assets	<u>2,823,235</u>	<u>3,102,677</u>
Total liabilities and net assets	<u>\$ 19,623,883</u>	<u>\$ 17,133,740</u>

See accompanying notes to the consolidated financial statements.

FAMILY CENTRAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Changes in unrestricted net assets:		
Support and other revenue:		
Federal, state and local grants	\$ 204,597,336	\$ 198,201,107
Fees	902,623	929,509
Fundraising and donations	206,309	255,463
Other revenue	244,787	227,160
Net assets released from restrictions	<u>13,040</u>	<u>33,402</u>
Total unrestricted support and other revenue	<u>205,964,095</u>	<u>199,646,641</u>
Expenses:		
Program services	<u>203,176,598</u>	<u>196,268,623</u>
Supporting services:		
General and administrative	2,779,855	2,978,466
Fundraising	95,002	156,195
Training expenses	<u>179,042</u>	<u>143,411</u>
Total expenses	<u>3,053,899</u>	<u>3,278,072</u>
Total expenses	<u>206,230,497</u>	<u>199,546,695</u>
Change in unrestricted net assets	<u>(266,402)</u>	<u>99,946</u>
Change in temporarily restricted net assets:		
Net assets released from restrictions	<u>(13,040)</u>	<u>(33,402)</u>
Decrease in temporarily restricted net assets	<u>(13,040)</u>	<u>(33,402)</u>
Change in net assets	(279,442)	66,544
Net assets at beginning of year	<u>3,102,677</u>	<u>3,036,133</u>
Net assets and end of year	<u>\$ 2,823,235</u>	<u>\$ 3,102,677</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, 2014

2014

	<u>Supporting Services</u>				<u>Total Support Service</u>	<u>Total Expenses</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Training Expenses</u>		
Salaries	\$ 12,516,810	\$ 1,725,690	\$ 65,270	\$ 108,527	\$ 1,899,487	\$ 14,416,297
Payroll taxes and employee benefits	3,174,823	399,621	18,088	17,531	435,240	3,610,063
Travel	228,359	15,252	59	1,987	17,298	245,657
Leases / contracts	46,738	2,791	1	-	2,792	49,530
Professional fees	5,500	176,626	81	-	176,707	182,207
Building maintenance	135,605	14,488	7	-	14,495	150,100
Educational supplies	129,366	(12,738)	(6)	3,937	(8,807)	120,559
Food expense	6,812,709	566	-	265	831	6,813,540
Consumable supplies	159,935	24,769	11	1,449	26,229	186,164
Copier / printing costs	296,412	18,796	9	(29)	18,776	315,188
Rents	953,923	13,614	6	(5)	13,615	967,538
Utilities	88,776	7,636	4	14	7,654	96,430
Telephone expense	397,580	20,498	44	1,099	21,641	419,221
Postage	166,569	10,295	5	470	10,770	177,339
Data processing	200	56,129	26	-	56,155	56,355
Insurance	210,039	43,852	20	-	43,872	253,911
Equipment maintenance and repair	50,153	3,838	2	-	3,840	53,993
Non-capitalized equipment	21,547	10,868	2,420	-	13,288	34,835
Seminars / meetings	44,320	4,300	170	272	4,742	49,062
Direct assistance to participants	2,646,754	210	200	-	410	2,647,164
Sub-contracts	72,949	66,582	7,531	30,263	104,376	177,325
Training and development	34,197	25	-	8,616	8,641	42,838
Memberships and subscriptions	5,366	27,479	13	2,408	29,900	35,266
Employee recruitment	166	13,625	6	-	13,631	13,797
Advertising	10,360	5,776	204	-	5,980	16,340
Fundraising activities	-	-	771	-	771	771
Interest expense	-	4,208	-	-	4,208	4,208
Depreciation and amortization	117,157	59,128	27	-	59,155	176,312
Days of care	174,738,479	-	-	-	-	174,738,479
Temporary labor	73,257	7,722	4	-	7,726	80,983
Vehicle operating expense	1,470	3,145	1	-	3,146	4,616
Children food and activities expense	31,251	-	-	-	-	31,251
Bank fees	2,772	40,528	19	-	40,547	43,319
Miscellaneous	3,056	14,536	9	2,238	16,783	19,839
Total expenses	\$ 203,176,598	\$ 2,779,855	\$ 95,002	\$ 179,042	\$ 3,053,899	\$ 206,230,497

See accompanying notes to the consolidated financial statements.

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

	2013					
	Supporting Services				Total	Total
	Program Services	General and Administrative	Fundraising	Training Expenses	Support Service	Total 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
Total expenses	\$ 196,268,623	\$ 2,978,466	\$ 156,195	\$ 143,411	\$ 3,278,072	\$ 199,546,695

See accompanying notes to the consolidated financial statements.

FAMILY CENTRAL, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (279,442)	\$ 66,544
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	176,312	215,783
Changes in assets and liabilities:		
(Increase) decrease in operating assets:		
Receivable from funding sources	(2,503,492)	2,369,871
Prepaid expenses	(5,180)	(58,467)
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	166,691	(169,592)
Accounts payable, child care providers	1,081,271	(496,616)
Accrued salaries and annual leave	(18,654)	(65,448)
Contract advances	(86,573)	(83,279)
Net cash (used in) provided by operating activities	<u>(1,469,067)</u>	<u>1,778,796</u>
Cash flows used in investing activities		
Purchase of property and equipment	<u>(110,723)</u>	<u>(90,245)</u>
Net cash used in investing activities	<u>(110,723)</u>	<u>(90,245)</u>
Cash flows from financing activities		
Proceeds from draws on line of credit	28,326,888	17,626,336
Repayments on line of credit	(26,700,038)	(19,136,898)
Repayments on capital lease obligations	-	(31,221)
Net cash provided by (used in) financing activities	<u>1,626,850</u>	<u>(1,541,783)</u>
Net increase in cash	47,060	146,768
Cash at beginning of year	<u>189,852</u>	<u>43,084</u>
Cash at end of year	<u>236,912</u>	<u>189,852</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 4,208</u>	<u>\$ 3,699</u>

See accompanying notes to the consolidated financial statements.

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

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”), (collectively the “Organization”) 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, and the Florida Department of Health. The Center’s support and revenue have been received from assessed fees and tuition from parents.

Family Central is accredited as a provider of high quality services by The Council on Accreditation for Children and Family Services (“COA”). The current accreditation is effective through December 31, 2017.

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 in consideration. 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 (“US GAAP”).

Accounting standards require that resources be classified for accounting and reporting purposes into the following three separate classes of net assets:

Unrestricted – Net assets which are not subject to donor-imposed stipulations or restrictions; and include all revenue, gains and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted – Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire with the passage of time or that can be fulfilled or otherwise removed by actions of the Organization pursuant to those stipulations.

Permanently Restricted – Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization. The Organization presently does not have any permanently restricted net assets.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Use of Estimates

The preparation of the 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 at June 30, 2014 and 2013, 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, 2014 and 2013.

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 US GAAP and reporting for activities and costs of inducing contributions.

Income Taxes

Family Central and the Centers are 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 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 recognizes and measure tax positions taken or expected to be taken when it is probable that a loss has been incurred and the amount can be reasonably estimated. As of June 30, 2014 and 2013, 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 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 2011.

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

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 November 5, 2014, 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 40% of the Organization's fiscal 2014 support and other revenue were received from the Early Learning Coalition of Broward County and 47% from the Early Coalition of Palm Beach County. At June 30, 2014, amounts receivable from the Early Learning Coalition of Broward County and Palm Beach County were approximately 35% and 41%, respectively, of total amounts receivable from funding sources.

Of the Organization's total support and other revenue, 35% and 31% are from federal programs and state projects, respectively, for the year ended June 30, 2014.

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 were approximately 36% and 47%, respectively, of total amounts receivable from funding sources.

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

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

NOTE 4 – PROPERTY AND EQUIPMENT

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

	<u>2014</u>	<u>2013</u>
Land	\$ 372,479	\$ 372,479
Building and improvements	2,945,467	2,905,508
Furniture, fixtures and equipment	1,927,582	1,857,076
Vehicles	79,050	79,050
	<u>5,324,578</u>	<u>5,214,113</u>
Less accumulated depreciation	4,165,078	3,989,024
	<u>\$ 1,159,500</u>	<u>\$ 1,225,089</u>

Depreciation expense amounted to \$176,312 and \$215,783 for the years ended June 30, 2014 and 2013, 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, 2014 and 2013 were \$12,834,805 and \$11,753,534, 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% (2.80% and 2.83% at June 30, 2014 and 2013, respectively) with interest payable monthly. At June 30, 2014 and 2013, there were outstanding balances on the line of credit of \$2,326,888 and \$700,038, 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 \$477,517 and \$532,525 to the Plan for the years ended June 30, 2014 and 2013, respectively.

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

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2014</u>	<u>2013</u>
Early Learning Coalition of Broward County	\$ 261	\$ 5,178
Early Learning Coalition of Palm Beach County	4,047	8,005
Department of Health	2,430	6,595
	<u>\$ 6,738</u>	<u>\$ 19,778</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.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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, 2014 and 2013 were \$967,538 and \$912,335, respectively.

The minimum future rental commitments are as follows:

<u>Years Ending June 30,</u>	
2015	880,248
2016	706,355
2017	134,547
2018	91,644
	<u>\$ 1,812,794</u>

**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, 2014

<u>Federal/State Grantor, Pass-Through Entity</u> <u>Federal Programs/States Project Title</u>	<u>CFDA/CFSA</u> <u>Number</u>	<u>Contract/</u> <u>Grant</u> <u>Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services			
Abandoned Infants Assistance	93.551	90CB0168-01	\$ 120,535
Total Department of Health and Human Services Direct Projects			120,535
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-EDAP-14-ELC	14,690,605
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596	FCI-EDAP-14-ELC	8,294,370
Pass-through Early Learning Coalition of Palm Beach County:			
Child Care and Development Block Grant	93.575	C13-001/002	13,207,349
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596	C13-001/002	7,456,918
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Child Care and Development Block Grant	93.575	C13-109	291,283
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596	C13-109	164,459
Total Child Care and Development Fund Cluster			44,104,984
Pass-through Early Learning Coalition of Broward County:			
Temporary Assistance for Needy Families (TANF)	93.558	FCI-EDAP-14-ELC	6,970,461
Social Services Block Grant	93.667	FCI-EDAP-14-ELC	35,889
Pass-through Early Learning Coalition of Palm Beach County:			
Temporary Assistance for Needy Families (TANF)	93.558	C13-001/002	6,266,679
Social Services Block Grant	93.667	C13-001/002	32,266
Pass-through Early Learning Coalition of Miami Dade/Monroe:			
Temporary Assistance for Needy Families (TANF)	93.558	C13-109	138,209
Social Services Block Grant	93.667	C13-109	712
Pass-through Florida Department of Children and Families:			
Refugee and Entrant Assistance State Administered Programs	93.566	LK 104	14,340
Refugee and Entrant Assistance State Administered Programs	93.576	LK 104	83,071
Refugee and Entrant Assistance State Administered Programs	93.566	LK 103	62,823
Refugee and Entrant Assistance State Administered Programs	93.576	LK 103	363,927
Promoting Safe and Stable Families	93.556	FAM 10 PES	101,370
Pass-through Head Start of Palm Beach County:			
Head Start	93.600	R2009 2055	333,852
Pass-through University of South Florida:			
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-D	103,297
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-E	81,424
Pass-through Our Kids of Miami-Dade/Monroe, Inc.:			
Promoting Safe And Stable Families	93.556	IFPS 50-13	120,414
Temporary Assistance For Needy Families Block Grant	93.558	IFPS 50-13	371,473
Child Welfare Services-State Grants	93.645	IFPS 50-13	20,111
Child Abuse and Neglect State Grants	93.669	IFPS 50-13	19,577
Total U.S. Department of Health and Human Services			59,345,414

Continued on next page

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

FAMILY CENTRAL, INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal/State Grantor, Pass-Through Entity</u> <u>Federal Programs/States Project Title</u>	<u>CFDA/CFSA</u> <u>Number</u>	<u>Contract/</u> <u>Grant</u> <u>Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture			
Pass-through Florida Department of Health:			
Childcare Food Program	10.558	D 701	\$ 1,317,156
Childcare Food Program	10.558	U 1976	<u>10,937,451</u>
Total U.S. Department of Agriculture			12,254,607
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	V11-001	27,635
WIA Youth Activities	17.259	V11-001	13,820
WIA Dislocated Workers	17.260	V11-001	11,516
Pass-through Early Learning Coalition of Palm Beach County:			
WIA Adult Program	17.258	C-13-001/002	7,657
WIA Youth Activities	17.259	C-13-001/002	3,829
WIA Dislocated Workers	17.260	C-13-001/002	<u>3,191</u>
Total U.S. Department of Labor			<u>67,648</u>
Total Expenditures of Federal Awards			<u>\$ 71,667,669</u>
Florida's Office of Early Learning			
Pass-through Early Learning Coalition			
of Broward County:			
Voluntary Pre-Kindergarten Education Program	48.108	FCI-EDAP-14-ELC	36,933,493
Pass-through Early Learning Coalition			
Of Palm Beach County:			
Voluntary Pre-Kindergarten Education Program	48.108	C13-001/002	26,294,882
Pass-through Our Kids of Miami-Dade/Monroe, Inc.:			
State Financial Assistance:			
State Department of Children and Families in Home	60.074	IFPS 50-13	152,706
Total Expenditures of State Financial Assistance			<u>\$ 63,381,081</u>
Total Expenditures of Federal Awards			
and State Financial Assistance			<u>\$ 135,048,750</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

NOTE 1 – GENERAL

The schedule of expenditures of federal awards and state financial assistance included herein represents all of the Federal awards and State projects of the Organization during the year ended June 30, 2014.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards and state financial assistance includes is presented using the accrual basis of accounting and includes expenses incurred by the Organization during the year ended June 30, 2014.

NOTE 3 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the federal and state grant activity of the Organization during the fiscal year July 1, 2013 to June 30, 2014. 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 of the State of Florida. 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 4 – SUB-RECIPIENTS

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

NOTE 5 – MATCHING

Contracts FCI-EDAP-14-ELC, C13-001/002, and C13-109 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 \$18,968,816 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	\$ 4,717,423	\$ 5,168,031	\$ 9,885,454
Early Learning Coalition of Palm Beach County	4,241,122	4,646,233	8,887,355
Early Learning Coalition of Miami Dade/Monroe	93,536	102,471	196,007
	<u>\$ 9,052,081</u>	<u>\$ 9,916,735</u>	<u>\$ 18,968,816</u>

SUPPLEMENTARY INFORMATION

FAMILY CENTRAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014						Total Consolidated 2014	Total Consolidated 2013
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations	-		
Assets								
Current Assets								
Cash	\$ 4,325	\$ 228,997	\$ -	\$ 3,590	\$ -	\$ 236,912	\$ 189,852	
Receivable from funding sources	17,719,451	47,622	-	-	-	17,767,073	15,263,581	
Prepaid expenses	351,210	8,341	-	-	-	359,551	354,371	
Other assets	100,847	-	-	-	-	100,847	100,847	
Due from affiliates	1,193,867	-	-	-	(1,193,867)	-	-	
Total current assets	<u>19,369,700</u>	<u>284,960</u>	<u>-</u>	<u>3,590</u>	<u>(1,193,867)</u>	<u>18,464,383</u>	<u>15,908,651</u>	
Property and equipment, net	109,610	-	677,411	-	-	787,021	852,610	
Land	-	-	372,479	-	-	372,479	372,479	
Total assets	<u>\$ 19,479,310</u>	<u>\$ 284,960</u>	<u>\$ 1,049,890</u>	<u>\$ 3,590</u>	<u>\$ (1,193,867)</u>	<u>\$ 19,623,883</u>	<u>\$ 17,133,740</u>	
Liabilities and Net Assets								
Current liabilities								
Line of credit	\$ 2,326,888	\$ -	\$ -	\$ -	\$ -	\$ 2,326,888	\$ 700,038	
Accounts payable and accrued expenses	446,176	57,224	-	-	-	503,400	336,709	
Accounts payable and child care providers	12,834,805	-	-	-	-	12,834,805	11,753,534	
Accrued salaries and annual leave	707,028	6,074	-	-	-	713,102	731,756	
Contract advance	422,453	-	-	-	-	422,453	509,026	
Due to affiliates	-	155,620	1,038,247	-	(1,193,867)	-	-	
Total current liabilities	<u>16,737,350</u>	<u>218,918</u>	<u>1,038,247</u>	<u>-</u>	<u>(1,193,867)</u>	<u>16,800,648</u>	<u>14,031,063</u>	
Net assets								
Unrestricted	2,735,222	66,042	11,643	3,590	-	2,816,497	3,082,899	
Temporarily restricted	6,738	-	-	-	-	6,738	19,778	
Total net assets	<u>2,741,960</u>	<u>66,042</u>	<u>11,643</u>	<u>3,590</u>	<u>-</u>	<u>2,823,235</u>	<u>3,102,677</u>	
Total liabilities and net assets	<u>\$ 19,479,310</u>	<u>\$ 284,960</u>	<u>\$ 1,049,890</u>	<u>\$ 3,590</u>	<u>\$ (1,193,867)</u>	<u>\$ 19,623,883</u>	<u>\$ 17,133,740</u>	

FAMILY CENTRAL, INC. AND AFFILIATES
CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014					Total Consolidated 2014	Total Consolidated 2013
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations		
Changes in unrestricted net assets from continuing operations:							
Unrestricted support and revenues:							
Federal, state and local grants	\$ 204,597,336	\$ -	\$ -	\$ -	\$ -	\$ 204,597,336	\$ 198,201,107
Fees	60,000	902,623	-	-	(60,000)	902,623	929,509
Fundraising and donations	206,309	-	-	-	-	206,309	255,463
Rental income	-	-	107,846	-	(107,846)	-	-
Other revenue	244,787	-	-	-	-	244,787	227,160
Total unrestricted support and other revenues	<u>205,108,432</u>	<u>902,623</u>	<u>107,846</u>	<u>-</u>	<u>(167,846)</u>	<u>205,951,055</u>	<u>199,613,239</u>
Unrestricted expenses							
Program services	202,333,975	902,623	107,846	-	(167,846)	203,176,598	196,268,623
Supporting services:							
General and administrative	2,779,855	-	-	-	-	2,779,855	2,978,466
Fundraising	95,002	-	-	-	-	95,002	156,195
Training expenses	179,042	-	-	-	-	179,042	143,411
Total unrestricted expenses	<u>205,387,874</u>	<u>902,623</u>	<u>107,846</u>	<u>-</u>	<u>(167,846)</u>	<u>206,230,497</u>	<u>199,546,695</u>
Net assets released from temporary restrictions (restricted)	13,040	-	-	-	-	13,040	33,402
Change in unrestricted net assets	<u>(266,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(266,402)</u>	<u>99,946</u>
Changes in temporarily restricted net assets:							
Temporarily restricted support and revenues							
Net assets (released from restriction) restricted	(13,040)	-	-	-	-	(13,040)	(33,402)
Change in temporarily restricted net assets	<u>(13,040)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,040)</u>	<u>(33,402)</u>
Change in net assets	(279,442)	-	-	-	-	(279,442)	66,544
Net assets at beginning 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>
Net assets at end of year	<u>\$ 2,741,960</u>	<u>\$ 66,042</u>	<u>\$ 11,643</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ 2,823,235</u>	<u>\$ 3,102,677</u>

OTHER SUPPLEMENTARY INFORMATION

FAMILY CENTRAL, INC. AND AFFILIATES
SCHEDULES OF SUPPORT AND OTHER REVENUE
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</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	\$ 45,839,987	\$ 46,745,069
Voluntary Pre-Kindergarten	36,933,494	38,087,405
Early Learning Coalition of Palm Beach County, Inc.		
Florida Subsidized Child Care - Palm Beach	70,354,274	61,876,344
Voluntary Pre-Kindergarten	26,294,882	27,260,791
Early Learning Coalition of Miami-Dade/Monroe, Inc.		
Technical Assistance for Center-based Programs	790,670	779,390
U.S. Department of Health and Human Services		
Abandoned Infants Assistance	120,535	451,117
Bridges	-	175,770
Florida Department of Children and Families:		
Broward County Entrant/Refugee	97,411	112,327
Palm Beach County Entrant/refugee	426,750	274,374
Broward County:		
Children's Services Administration (CSA):		
Subsidized Child Care (09-CSAD-8367-01)	1,612,657	1,643,283
Homeless (09-CSAD-8367-02)	476,352	651,883
Focus on Solutions (13-CP-CSA-8367-01)	15,251	37,190
Children's Services Council of Broward County		
Family Strengthening (02-2130)	343,866	361,421
PBS	738,298	677,732
PAT	132,886	179,371
Vulnerable Populations	432,805	129,492
Florida Department of Health:		
Childcare Food Program (Homes)	1,317,156	1,047,787
Childcare Food Program (Centers)	10,937,451	10,243,670
The University of South Florida		
HIPPY 5830-1369-00-D	103,297	107,498
HIPPY 5830-1369-00-E	81,424	76,963
Children's Trust of Miami-Dade County		
HIPPY	274,826	263,631
Nurturing	460,156	464,520
PBS	344,462	365,115
TALK	301,946	314,030
Our Kids of Miami-Dade/Monroe, Inc.		
Parents as Partners Program	684,280	678,927
Palm Beach County:		
Head Start	493,425	413,196
Subtotal, forward	<u>199,608,541</u>	<u>193,418,296</u>

FAMILY CENTRAL, INC. AND AFFILIATES
SCHEDULES OF SUPPORT AND OTHER REVENUE
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Subtotal, forwarded	\$ 199,608,541	\$ 193,418,296
Palm Beach Community College - Scholarships	-	17,299
Children's Services Council of Palm Beach County		
Quality Enhancement	3,149,142	2,961,786
Healthy Beginnings	-	62,780
Workforce One Employment Solutions		
Broward Workforce	-	36,228
ChildNet		
Parent Nurturing Program	101,370	90,710
Workforce Alliance - Palm Beach Workforce	52,970	99,388
United Way of Broward		
Childcare	425,000	425,000
PBS	83,500	83,501
HIPPY	58,649	-
Other:		
Broward Regional Health Planning Council	67,311	95,613
Municipalities	334,420	287,932
Community Foundation for Palm Beach & Martin Counties	27,222	51,495
Prime Time (School Age Assessment)	173,852	175,807
Jim Moran Foundation - C-Quell	330,827	328,066
A.D. Henderson Foundation VPK	15,302	67,206
A.D. Henderson Foundation PBS	169,230	-
Total federal, state and local grants	<u>204,597,336</u>	<u>198,201,107</u>
Fees	<u>902,623</u>	<u>929,509</u>
Fundraising and donations	<u>206,309</u>	<u>255,463</u>
Other revenue:		
Training Revenue	108,157	98,815
Conference Revenue	78,248	104,138
Other income	58,382	24,207
Total other revenue	<u>244,787</u>	<u>227,160</u>
Total support and other revenue	<u>\$ 205,951,055</u>	<u>\$ 199,613,239</u>

**FAMILY CENTRAL, INC. AND AFFILIATES
SCHEDULE OF MATCHING FUND REQUIREMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

<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	\$45,839,987	Fixed	\$ 3,387,214	\$ 3,387,214
Children's Services Council				
Nurturing Parents	343,866	5.0%	17,193	17,193
PBS	738,298	5.0%	36,915	36,915
PAT	132,886	5.0%	6,644	6,644
Childnet Parent Nurturing	101,370	Fixed	<u>19,183</u>	<u>19,183</u>
			<u>\$ 3,467,149</u>	<u>\$ 3,467,149</u>

FAMILY CENTRAL, INC. AND AFFILIATES
SCHEDULES OF PROGRAM EXPENSES FOR FAMILY CENTRAL CHILD CARE CENTERS, INC.
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Salaries	\$ 590,611	\$ 609,048
Employee taxes and employee benefits	<u>167,674</u>	<u>176,725</u>
Subtotal	758,285	785,773
Food costs	29,546	33,082
Equipment repairs and maintenance	1,694	1,988
Travel, seminars and meetings	2,343	690
Educational supplies	3,508	1,188
General insurance	16,809	17,344
Children's activities	1,705	1,705
Office, janitorial, supplies and postage	25,199	25,502
Memberships and subscriptions	1,928	856
Employee screening and testing	-	45
Taxes/licenses	<u>1,606</u>	<u>1,336</u>
Total functional expenses before management fees	842,623	869,509
Management fees - Family Central	<u>60,000</u>	<u>60,000</u>
Total functional expenses	<u>\$ 902,623</u>	<u>\$ 929,509</u>

FAMILY CENTRAL, INC. AND AFFILIATES
PASS-THROUGH CONSOLIDATING SCHEDULES OF FINANCIAL POSITION
JUNE 30, 2014

ASSETS

	2014		
	Agency	Pass-through	Total
Current assets			
Cash	\$ 236,912	\$ -	\$ 236,912
Receivable from funding sources	2,605,380	15,161,693	17,767,073
Prepaid expenses	359,551	-	359,551
Total current assets	3,201,843	15,161,693	18,363,536
Other assets	100,847	-	100,847
Property and equipment, net	1,159,500	-	1,159,500
Total assets	<u>\$ 4,462,190</u>	<u>\$ 15,161,693</u>	<u>\$ 19,623,883</u>

LIABILITIES AND NET ASSETS

Current liabilities			
Line of credit	\$ -	\$ 2,326,888	\$ 2,326,888
Accounts payable and accrued expenses	503,400	-	503,400
Accounts payable, child care providers	-	12,834,805	12,834,805
Accrued salaries and annual leave	713,102	-	713,102
Contract advance	422,453	-	422,453
Total current liabilities	1,638,955	15,161,693	16,800,648
Commitments and contingencies			
Net assets			
Unrestricted	2,816,497	-	2,816,497
Temporarily restricted	6,738	-	6,738
Total net assets	<u>2,823,235</u>	<u>-</u>	<u>2,823,235</u>
Total liabilities and net assets	<u>\$ 4,462,190</u>	<u>\$ 15,161,693</u>	<u>\$ 19,623,883</u>

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

	2013		
	Agency	Pass-Through	Total
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
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 advance	509,026	-	509,026
Total current 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 SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	2014		
	Agency	Pass-through	Total
Changes in unrestricted net assets:			
Support and other revenue:			
Federal, state and local grants	\$ 20,398,153	\$ 184,199,183	\$ 204,597,336
Fees	902,623	-	902,623
Fundraising and donations	206,309	-	206,309
Other revenue	244,787	-	244,787
Net assets released from restrictions	13,040	-	13,040
Total unrestricted support and other revenue	<u>21,764,912</u>	<u>184,199,183</u>	<u>205,964,095</u>
Expenses:			
Program services	<u>18,977,415</u>	<u>184,199,183</u>	<u>203,176,598</u>
Supporting services:			
General and administrative	2,779,855	-	2,779,855
Fundraising	95,002	-	95,002
Training expenses	179,042	-	179,042
Total expenses	<u>3,053,899</u>	<u>-</u>	<u>3,053,899</u>
Total expenses	<u>22,031,314</u>	<u>184,199,183</u>	<u>206,230,497</u>
Change in unrestricted net assets	<u>(266,402)</u>	<u>-</u>	<u>(266,402)</u>
Changes in temporarily restricted net assets:			
Net assets released from restrictions	<u>(13,040)</u>	<u>-</u>	<u>(13,040)</u>
Decrease in temporarily restricted net assets	<u>(13,040)</u>	<u>-</u>	<u>(13,040)</u>
Change in net assets	<u>(279,442)</u>	<u>-</u>	<u>(279,442)</u>
Net assets at beginning of year	<u>3,102,677</u>	<u>-</u>	<u>3,102,677</u>
Net assests and end of year	<u>\$ 2,823,235</u>	<u>\$ -</u>	<u>\$ 2,823,235</u>

FAMILY CENTRAL, INC. AND AFFILIATES
PASS-THROUGH CONSOLIDATING SCHEDULES OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	2013		
	Agency	Pass-Through	Total
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
Total supporting services	<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>
Change 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>
Change in net assets	66,544	-	66,544
Net assets at beginning of year	<u>3,036,133</u>	<u>-</u>	<u>3,036,133</u>
Net assets at end of year	<u>\$ 3,102,677</u>	<u>\$ -</u>	<u>\$ 3,102,677</u>

**INTERNAL CONTROLS
AND
COMPLIANCE MATTERS**



DaszkalBolton LLP

ACCOUNTANTS & ADVISORS

**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, 2014 and 2013, 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 November 5, 2014.

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*.

Boca Raton

2401 NW Boca Raton Boulevard
Boca Raton, Florida 33431-6632
561-367-1040

PCAOB Registered

Fort Lauderdale/Miami

490 Sawgrass Corporate Parkway, Suite 200
Sunrise, Florida 33325-6252
954-974-3544

www.dblp.com

Jupiter

4455 Military Trail, Suite 201
Jupiter, Florida 33458-4828
561-622-8920

Member  Worldwide

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.

Crystal Calyon LLP

Fort Lauderdale, Florida
November 5, 2014



DaszkalBolton LLP

ACCOUNTANTS & ADVISORS

**INDEPENDENT AUDITORS' 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 OF THE STATE OF FLORIDA**

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, 2014. 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major Federal programs and State projects based on our audit of the types of compliance requirements referred 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, 2014.

Boca Raton
2401 NW Boca Raton Boulevard
Boca Raton, Florida 33431-6632
561-367-1040

PCAOB Registered

Fort Lauderdale/Miami
490 Sawgrass Corporate Parkway, Suite 200
Sunrise, Florida 33325-6252
954-974-3544

www.dblp.com

Jupiter
4455 Military Trail, Suite 201
Jupiter, Florida 33458-4828
561-622-8920

Member  Worldwide

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.



Fort Lauderdale, Florida
November 5, 2014

**FAMILY CENTRAL, INC. AND AFFILIATES
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal controls over financial reporting:

Material weakness(es) identified? ___ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X None reported

Noncompliance material to financial statements noted? ___ Yes X No

Management letter or report on other matters related to internal controls issued? ___ Yes X None reported

Federal Awards and State Financial Assistance

Internal control over major projects: Unmodified

Internal control over major programs/projects:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ Yes X No

Type of auditor's report issued on compliance for major programs Unmodified

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

Identification of major programs and projects:

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
93.566, 93.576	Refugee Services
10.558	Children and Adult Care Food Program
93.600	Head Start

State Projects

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

**FAMILY CENTRAL, INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2014**

SECTION I - SUMMARY of AUDIT RESULTS, continued

Dollar threshold used to distinguish between type A and type B programs:

\$ 2,134,083 Federal
\$ 213,408 State

Auditee qualified as low-risk auditee?

X Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAMS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

No management letter is required as there were no findings required to be reported in the management letter.