

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.

FINANCIAL STATEMENTS
Years Ended June 30, 2014 and 2013

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
FINANCIAL STATEMENTS
June 30, 2014 and 2013

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SHINN & COMPANY_{LLC}

Certified Public Accountants and Consultants

1001 3rd Ave W., Suite 500 Bradenton, FL 34205
t (941) 747-0500 f (941) 746-0202
www.shinnandcompany.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Florida Center for Early Childhood, Inc.

We have audited the accompanying financial statements of The Florida Center for Early Childhood, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Member

Private Companies Practice Section
American Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Florida Center for Early Childhood, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Shinn & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2014
Bradenton, Florida

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2014 and 2013

<u>ASSETS</u>					
2014					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2013 Total (For Comparative Purposes Only)
Current assets					
Cash and cash equivalents	\$ 423,404	\$ -	\$ -	\$ 423,404	\$ 330,459
Investments	655,658	170,469	190,745	1,016,872	922,479
Receivables:					
Contracts/grants	402,608	-	-	402,608	455,124
Medicaid/private insurance and client fees, net	52,769	-	-	52,769	86,445
Other	-	-	-	-	14,750
Prepaid expenses	<u>26,440</u>	<u>-</u>	<u>-</u>	<u>26,440</u>	<u>22,953</u>
Total current assets	<u>1,560,879</u>	<u>170,469</u>	<u>190,745</u>	<u>1,922,093</u>	<u>1,832,210</u>
Property and equipment, net	<u>108,256</u>	<u>-</u>	<u>-</u>	<u>108,256</u>	<u>127,587</u>
Other assets					
Security deposit	<u>3,128</u>	<u>-</u>	<u>-</u>	<u>3,128</u>	<u>3,128</u>
Total assets	<u>\$ 1,672,263</u>	<u>\$ 170,469</u>	<u>\$ 190,745</u>	<u>\$ 2,033,477</u>	<u>\$ 1,962,925</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current liabilities					
Line of credit	\$ 200,000	\$ -	\$ -	\$ 200,000	\$ 200,000
Accounts payable	55,725	-	-	55,725	72,176
Deferred revenue	147,743	-	-	147,743	1,594
Accrued payroll and benefits	<u>166,803</u>	<u>-</u>	<u>-</u>	<u>166,803</u>	<u>153,554</u>
Total current liabilities	<u>570,271</u>	<u>-</u>	<u>-</u>	<u>570,271</u>	<u>427,324</u>
Net assets					
Unrestricted	1,101,992	-	-	1,101,992	1,174,387
Temporarily restricted	-	170,469	-	170,469	170,469
Permanently restricted	<u>-</u>	<u>-</u>	<u>190,745</u>	<u>190,745</u>	<u>190,745</u>
Total net assets	<u>1,101,992</u>	<u>170,469</u>	<u>190,745</u>	<u>1,463,206</u>	<u>1,535,601</u>
Total liabilities and net assets	<u>\$ 1,672,263</u>	<u>\$ 170,469</u>	<u>\$ 190,745</u>	<u>\$ 2,033,477</u>	<u>\$ 1,962,925</u>

The accompanying notes are an integral part of these financial statements.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2014 and 2013

	2014				2013 Total (For Comparative Purposes Only)
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenues, gains and support					
Governmental contracts/grants					
Federal	\$ 1,649,000	\$ -	\$ -	\$ 1,649,000	\$ 1,436,800
State	658,923	-	-	658,923	280,000
County and other	779,315	-	-	779,315	1,021,975
Private grants	240,685	-	-	240,685	158,017
Medicaid/private insurance/ client fees, net	418,404	-	-	418,404	440,656
In-kind donations	654,475	-	-	654,475	689,349
United Way	260,012	-	-	260,012	260,685
Contributions	32,170	-	-	32,170	-
Training Institute	44,819	-	-	44,819	152,708
Change in split interest agreement	-	-	-	-	(7,600)
Rental	100,146	-	-	100,146	103,513
Interest	764	-	-	764	35,601
Special events, income	94,037	-	-	94,037	65,591
Special events, expenses	(28,045)	-	-	(28,045)	(29,118)
Investment Income	125,657	-	-	125,657	96,871
Total revenues, gains and support	<u>5,030,362</u>	<u>-</u>	<u>-</u>	<u>5,030,362</u>	<u>4,705,048</u>
Expenses:					
Program services:					
Healthy families	2,010,898	-	-	2,010,898	-
Starfish academy	707,998	-	-	707,998	-
Prevention services	-	-	-	-	1,795,817
Early intervention services	1,179,689	-	-	1,179,689	2,291,106
Community outreach/training services	-	-	-	-	204,065
Fetal alcohol diagnosis clinic	734,476	-	-	734,476	-
Supporting services:					
Management and general	339,129	-	-	339,129	436,381
Fundraising	130,567	-	-	130,567	243,425
Total expenses	<u>5,102,757</u>	<u>-</u>	<u>-</u>	<u>5,102,757</u>	<u>4,970,794</u>
Changes in net assets	(72,395)	-	-	(72,395)	(265,746)
Net assets, beginning of year	<u>1,174,387</u>	<u>170,469</u>	<u>190,745</u>	<u>1,535,601</u>	<u>1,801,347</u>
Net assets, end of year	<u>\$ 1,101,992</u>	<u>\$ 170,469</u>	<u>\$ 190,745</u>	<u>\$ 1,463,206</u>	<u>\$ 1,535,601</u>

The accompanying notes are an integral part of these financial statements.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2014

	2014					2013				2013 Total (For Comparative Purposes Only)
	Program Services				Total Program Services	Supporting Services			Total Expenses	
	Healthy Families	Starfish Academy	Early Intervention Services	Fetal Alcohol Diagnosis Clinic			Management and General	Development and Fundraising		Total Supporting Services
Salaries	\$ 1,132,896	\$ 341,444	\$ 575,257	\$ 303,031	\$ 2,352,628	\$ 381,555	\$ 55,601	\$ 437,156	\$ 2,789,784	\$ 2,737,227
Fringe	129,775	35,964	44,798	19,464	230,001	36,734	1,633	38,367	268,368	267,260
Payroll taxes and fees	128,887	37,734	65,893	35,400	267,914	28,416	5,813	34,229	302,143	293,809
Total compensation and benefit	<u>1,391,558</u>	<u>415,142</u>	<u>685,948</u>	<u>357,895</u>	<u>2,850,543</u>	<u>446,705</u>	<u>63,047</u>	<u>509,752</u>	<u>3,360,295</u>	<u>3,298,296</u>
Equipment Rental & Maint	10,113	8,400	34,918	2,978	56,409	5,056	2,339	7,395	63,804	59,781
Insurance	25,794	11,634	15,209	6,185	58,822	8,035	-	8,035	66,857	67,700
Supplies	41,045	19,400	9,844	27,488	97,777	7,576	2,357	9,933	107,710	67,358
Facility	29,011	42,445	44,973	5,628	122,057	49,983	-	49,983	172,040	167,678
Professional services	6,701	4,972	16,176	59,441	87,290	4,926	30,900	35,826	123,116	104,037
Bank charges and fees	-	-	-	-	-	16,644	115	16,759	16,759	22,600
Bad Debt	-	-	57,098	-	57,098	-	-	-	57,098	95,072
Telephone	40,339	5,705	15,601	2,020	63,665	8,357	142	8,499	72,164	77,460
Postage and shipping	973	847	1,475	3,108	6,403	1,814	517	2,331	8,734	9,979
Travel	82,593	1,023	12,970	6,443	103,029	13,343	1,261	14,604	117,633	128,223
Training/Education	2,070	930	6,567	-	9,567	1,064	553	1,617	11,184	6,966
Client Assistance	23,271	-	-	126	23,397	-	-	-	23,397	14,700
Dues, licenses and fees	2,575	400	140	216	3,331	2,338	300	2,638	5,969	10,006
Marketing/Public Relations	412	15,567	2,223	151,130	169,332	2,763	2,575	5,338	174,670	50,257
Rent	136,488	126,600	134,300	22,320	419,708	184,560	-	184,560	604,268	603,559
In-kind donations	16,124	2,729	10,644	34,452	63,949	65	26,461	26,526	90,475	125,348
Administration Allocation	201,831	52,204	131,603	55,046	440,684	(440,684)	-	(440,684)	-	-
Depreciation	-	-	-	-	-	26,584	-	26,584	26,584	61,774
Total other expenses	<u>619,340</u>	<u>292,856</u>	<u>493,741</u>	<u>376,581</u>	<u>1,782,518</u>	<u>(107,576)</u>	<u>67,520</u>	<u>(40,056)</u>	<u>1,742,462</u>	<u>1,672,498</u>
Total expenses- 2014	<u>\$ 2,010,898</u>	<u>\$ 707,998</u>	<u>\$ 1,179,689</u>	<u>\$ 734,476</u>	<u>\$ 4,633,061</u>	<u>\$ 339,129</u>	<u>\$ 130,567</u>	<u>\$ 469,696</u>	<u>\$ 5,102,757</u>	<u>\$ 4,970,794</u>
Total expenses- 2013	<u>\$ 1,795,119</u>	<u>\$ 726,802</u>	<u>\$ 1,419,211</u>	<u>\$ 349,856</u>	<u>\$ 4,290,988</u>	<u>\$ 436,381</u>	<u>\$ 243,425</u>	<u>\$ 679,806</u>	<u>\$ 4,970,794</u>	

The accompanying notes are an integral part of these financial statements.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
STATEMENT OF CASH FLOWS
For The Year Ended June 30, 2014 and 2013

	2014				2013 Total (For Comparative Purposes Only)
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Cash flows from operating activities:					
Change in net assets	\$ (72,395)	\$ -	\$ -	\$ (72,395)	\$ (265,746)
Adjustment to reconcile change in net assets to net cash flows from operating activities:					
Depreciation	26,584	-	-	26,584	61,774
Change in split interest agreement	-	-	-	-	7,600
Unrealized gain in investment	(94,391)	-	-	(94,391)	(96,871)
(Increase) decrease in:					
Contracts/grants receivable	52,516	-	-	52,516	1,720
Medicaid, etc. receivable	33,676	-	-	33,676	(20,957)
Other receivable	14,750	-	-	14,750	7,397
Prepaid expense	(3,487)	-	-	(3,487)	6,734
Increase (decrease) in:					
Accounts payable	(16,451)	-	-	(16,451)	32,907
Accrued payroll and benefits	13,249	-	-	13,249	468
Deferred revenue	146,149	-	-	146,149	(840)
Total adjustments	<u>172,595</u>	<u>-</u>	<u>-</u>	<u>172,595</u>	<u>(68)</u>
Net cash flows from operating activities	<u>100,200</u>	<u>-</u>	<u>-</u>	<u>100,200</u>	<u>(265,814)</u>
Cash flows from investing activities:					
Purchase of property and equipment	(7,255)	-	-	(7,255)	-
Gain on sale of property and equipment	-	-	-	-	4,600
Purchases of investments	-	-	-	-	(403,672)
Proceeds from sales of investments	-	-	-	-	526,984
Redemption of certificates of deposit	-	-	-	-	89,565
Net cash flows from investing activities	<u>(7,255)</u>	<u>-</u>	<u>-</u>	<u>(7,255)</u>	<u>217,477</u>
Cash flows from financing activities:					
Proceeds from line of credit, net	-	-	-	-	100,000
Net cash flows from financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Increase in cash and cash equivalents	92,945	-	-	92,945	51,663
Cash and cash equivalents - beginning of year	<u>330,459</u>	<u>-</u>	<u>-</u>	<u>330,459</u>	<u>278,796</u>
Cash and cash equivalents - end of year	<u>\$ 423,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 423,404</u>	<u>\$ 330,459</u>
Cash paid for interest	<u>\$ 10,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,660</u>	<u>\$ 5,620</u>

The accompanying notes are an integral part of these financial statements.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization –

The Florida Center for Early Childhood, Inc. ("the Center") is a not-for-profit corporation located in Sarasota, Florida. It was incorporated on June 22, 1979 for the purpose of providing mental health and developmental therapy to at-risk infants and children from the age of zero to five.

On July 1, 2003, the Center merged with The Family Counseling Center of Sarasota County, Inc. The merged entity provides professional evaluation, therapy, counseling, education, diagnostic, advocacy, and consultation services for children, adolescents and adults.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as unrestricted revenues. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center.

Income Tax Status

The Center has been determined to be an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the effect of accounting standards relating to accounting for uncertainty in income taxes. Management has determined that the Center had no uncertain income tax positions that could have a significant effect on the financial statements for the years ended June 30, 2014. The Center's federal income tax returns for 2013, 2012, and 2011 are subject to examination the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

Donated Services

The Center recognizes donated services that create or enhance non-financial assets for require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the fair market value at the date of the donation. The Center capitalizes purchases over \$1,000 and depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Cash and Cash Equivalents

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocation

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities and in the statement of functional expenses.. Accordingly, certain costs have been allocated among the program and supporting services benefited.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE A – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

NOTE B – MEDICAID/PRIVATE INSURANCE/CLIENT FEES RECEIVABLE AND BAD DEBT

Medicaid, private insurance, and client fees receivable a June 30, 2014 was \$59,869 less an allowance of \$7,100 for a net receivable of \$52,769.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Furniture, fixtures, and equipment	\$ 1,016,522
Computers and software	130,345
Vehicles	18,000
Leasehold improvements	<u>166,476</u>
Total property and equipment	1,331,343
Less: accumulated depreciation	<u>(1,223,087)</u>
Net property and equipment	<u>\$ 108,256</u>

The estimated useful lives are as follows:

Furniture, fixtures, and equipment	3 - 15 years
Computer	3 years
Vehicles	3 years
Leasehold improvements	25 years

NOTE D – UNINSURED CASH BALANCES

The Center maintains its cash balances at financial institutions located in Sarasota, Florida. Accounts at each financial institution are secured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per customer. There were no amounts in excess of FDIC insurance as of June 30, 2014.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of the following:

Purpose restrictions:

Interest in The Fund for FCC	\$ <u>170,469</u>
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NOTE F – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of an interest in the net assets of The Fund for FCC. The income from the assets contained within The Fund may be used to support the Center's general activities.

NOTE G – IN-KIND DONATIONS

The Center has annually renewable leases of \$1 per year for its northeast Sarasota and Venice locations that provide for administrative for administrative and service facilities. During the year, the Venice facilities were closed and the lease terminated. In addition, the Sarasota County School Board provides space in two schools and is recorded at fair market value of the leased space. The value of the lease for the year ended June 30, 2014 is \$564,000 and is a portion of in-kind donations that is recognized in the statement of activities.

NOTE H – RETIREMENT PLAN

The Center provides a contributory tax-deferred annuity plan for its employees. After one year of employment, the Center will match up to 5% of the employee's contributions to their retirement plans. Retirement expense was \$59,328 for the year ended June 30, 2014.

NOTE I – INSURANCE CONTINGENCY

The Center's current windstorm insurance policy contains a 5% deductible clause for named hurricanes and other wind damage. Based on the \$5,067,600 insured valuation of the five buildings, approximately \$253,380 would be the responsibility of the Center for a named hurricane and other wind/hail damage.

NOTE J – LINE OF CREDIT

The Center has a revolving line of credit with a local financial institution. Terms call for interest only payable monthly with a maturity date of February 7, 2015. Interest accrues at one half percent above Prime Rate, 4.25% at June 30, 2014. Collateral for the line of credit is a deposit account with a balance of \$213,610 at June 30, 2014. As of June 30, 2014, \$200,000 was outstanding on the line of credit.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2014 and 2013

NOTE K – INVESTMENTS

The components of investments at June 30, 2014 are summarized as follows:

	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Money market account	\$ 134,256	\$ 134,951	\$ 695
Corporate bonds-fixed	164,386	166,825	2,439
Common stock	541,439	715,096	173,657
Total	<u>\$ 840,081</u>	<u>\$ 1,016,872</u>	<u>\$ 176,791</u>

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 8, 2014, which is the date the financial statements were available to be issued.

NOTE M – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Center adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about the Center's assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2014, and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publically traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Center's assumptions based on the best information available in the circumstance.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2014 and 2013

NOTE M – FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES - CONTINUED

Financial assets at fair value on a recurring basis at June 30, 2014:

Description	June 30, 2014	Value on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stock	\$ 715,096	\$ 715,096	\$ -	\$ -
Corporate bonds - fixed	166,825	166,825	-	-
Money market funds	<u>134,951</u>	<u>134,951</u>	-	-
Total financial assets at fair value	<u>\$ 1,016,872</u>	<u>\$ 1,016,872</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE N – RELATED PARTY TRANSACTIONS

A company owned by one of the Organization's Board of Directors provided marketing services which totaled \$50,329.

Another company owned by a different board member provided janitorial services to the Organization which totaled \$49,295.

SHINN & COMPANY^{LLC}

Certified Public Accountants and Consultants

1001 3rd Ave W., Suite 500 Bradenton, FL 34205
t (941) 747-0500 f (941) 746-0202
www.shinnandcompany.com

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

To the Board of Directors
The Florida Center for Early Childhood, Inc.

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 financial statements of The Florida Center for Early Childhood, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Florida Center for Early Childhood, Inc.'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Florida Center for Early Childhood, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Florida Center for Early Childhood, Inc.'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 Florida Center for Early Childhood, Inc.'s 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 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Shinn & Company LLC

CERTIFIED PUBLIC ACCOUNTANTS

Bradenton, Florida
December 8, 2014

SHINN & COMPANY LLC

Certified Public Accountants and Consultants

1001 3rd Ave W., Suite 500 Bradenton, FL 34205
t (941) 747-0500 f (941) 746-0202
www.shinnandcompany.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE FLORIDA SINGLE AUDIT ACT

To the Board of Directors
The Florida Center for Early Childhood, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited The Florida Center for Early Childhood, Inc.'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the requirements described in the State of Florida's *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of The Florida Center for Early Childhood, Inc.'s major federal programs and state projects for the year ended September 30, 2014. The Florida Center for Early Childhood, Inc.'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 Florida Center for Early Childhood, Inc.'s major federal programs and state projects based on our audit of the types of compliance requirements referred to 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, *Audits of States, Local Governments, and Non-Profit Organizations* and the *Department of Financial Services' State Projects Compliance Supplement*. Those standards, OMB Circular A-133 and the Florida Single Audit Act 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 Florida Center for Early Childhood, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of The Florida Center for Early Childhood, Inc.'s compliance.

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Opinion on Each Major Federal Program and State Project

In our opinion, The Florida Center for Early Childhood, Inc. 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 September 30, 2014.

Report on Internal Control Over Compliance

Management of The Florida Center for Early Childhood, Inc. 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 Florida Center for Early Childhood, Inc.'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 the Florida Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Florida Center for Early Childhood, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state 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 a combination of deficiencies, in internal control over compliance with a 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 any 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 the results of that testing based on the requirements of OMB Circular A-133 and the Florida Single Audit Act. Accordingly, this report is not suitable for any other purpose.

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Bradenton, Florida
December 8, 2014

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 Year Ended June 30, 2014

<i>Grantor</i>	Pass- through Entity	Federal	
<u>Pass-through Grantor/Program Title</u>	<u>Identifying</u>	<u>CFDA</u>	<u>Expenditures</u>
	Number	Number	
FEDERAL AWARDS			
U.S. Department of Health and Human Services:			
Pass-through from State of Florida, Department of Children and Families:			
Healthy Families Florida, Ounce of Prevention	HF 10-12-6	93.590	\$ 56,066
Healthy Families Florida, Ounce of Prevention Fund of Florida	HF 10-13-6	93.558	<u>1,592,934</u>
Total Expenditures of Federal Awards			<u>\$ 1,649,000</u>
STATE FINANCIAL ASSISTANCE			
State of Florida, Department of Health:			
Children's Medical Services:			
Fetal Alcohol Spectrum Disorder Program	COQRF	64.066	<u>\$ 660,000</u>
Total Expenditures of State Financial Assistance			<u>\$ 660,000</u>

This schedule includes the federal and state grant activity of The Florida Center for Early Childhood, Inc. 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" and Rules of the Auditor General Chapter 10.650. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statement.

THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
 FEDERAL AND STATE PROJECTS
 Year Ended June 30, 2014

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) indentified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 section 510 (a)	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
93.558	Healthy Families Florida, Ounce of Prevention Fund of Florida

Dollar threshold used to distinguish between Type A and Type B Federal programs	\$500,000
Auditee qualified as low-risk auditee?	Yes

State Financial Assistance Section

Internal control over major projects:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major projects:	Unmodified

Identification of major State projects:

CSFA Number	Name of State Project or Cluster
64.066	Florida Department of Health – Fetal Alcohol Spectrum Disorder Program

Dollar threshold used to distinguish between Type A and Type B State projects	\$300,000
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THE FLORIDA CENTER FOR EARLY CHILDHOOD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AND STATE PROJECTS
Year Ended June 30, 2014

PART II - SCHEDULE OF FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

There were no such findings required to be reported.

PART III - SCHEDULE OF FINDINGS AND QUESTIONS COSTS – FEDERAL PROGRAMS

This section identifies the audit findings required to be reported by Section 510(a) of Circular A-133 as well as any abuse findings involving federal awards that is material to a major program.

There were no such findings required to be reported.

PART IV - SCHEDULE OF FINDINGS AND QUESTIONS COSTS – STATE PROJECTS

This section identifies the audit findings required to be reported under Rule 10.554(1)(l)4, Rules of the Auditor General.

There were no such instances required to be reported.

PART V - OTHER MATTERS

No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.

**PRIOR YEAR FINDINGS AND QUESTIONED COSTS –
MAJOR FEDERAL PROGRAMS AND STATE PROJECTS**

There were no prior year findings.

SHINN & COMPANY_{LLC}

Certified Public Accountants and Consultants

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t (941) 747-0500 f (941) 746-0202
www.shinnandcompany.com

MANAGEMENT LETTER

To the Board of Directors
The Florida Center for Early Childhood, Inc.

Report on the Financial Statements

We have audited the financial statements of The Florida Center for Early Childhood, Inc., as of and for the fiscal year ended June 30, 2014, and have issued our report thereon dated December 8, 2014.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance in accordance with OMB Circular A-133, and Chapter 10.650, Rules of the Florida Auditor General; and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 8, 2014, should be considered in conjunction with this management letter.

Other Matter

Section 10.654(1)(e), Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements or State project amounts that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

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Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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CERTIFIED PUBLIC ACCOUNTANTS

December 8, 2014
Bradenton, Florida