

Family Central, Inc.

Consolidated Financial Statements

June 30, 2015 and 2014

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 – 13
Schedule of Expenditures of Federal Awards and State Financial Assistance:	
Schedule of Expenditures of Federal Awards and State Financial Assistance	15 – 16
Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance	17 – 18

Section II – Supplementary Information

Consolidating Information:

Consolidating Schedules of Financial Position.....	20
Consolidating Schedules of Activities.....	21

Other Supplementary Information:

Schedules of Support and Other Revenue	23 – 24
Schedule of Matching Fund Requirements.....	25
Schedules of Program Expenses for Family Central Child Care Centers, Inc.....	26
Pass-Through Consolidated Schedules of Financial Position.....	27 – 28
Pass-Through Consolidated Schedules of Activities.....	29 – 30

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*..... 32 – 33

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..... 34 – 35

Schedule of Findings and Questioned Costs..... 36 – 38

Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Family Central, Inc. (a nonprofit organization), which comprise the consolidated statement of financial position at June 30, 2015 and 2014, 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 Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Continued from previous page

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Family Central, Inc. at June 30, 2015 and 2014, 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.

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 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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. 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 also have issued our report dated December 29, 2015, on our consideration of Family Central, Inc.'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.'s internal control over financial reporting and compliance.

 Crystal Balyon LLP

Fort Lauderdale Florida
December 29, 2015

Family Central, Inc.
Consolidated Statements of Financial Position
June 30, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash	\$ 342,089	\$ 236,912
Receivables from funding sources, net	9,648,179	17,767,073
Prepaid expenses	490,979	359,551
Total current assets	<u>10,481,247</u>	<u>18,363,536</u>
Other assets	102,597	100,847
Property and equipment, net	1,006,371	1,159,500
Total assets	<u>\$ 11,590,215</u>	<u>\$ 19,623,883</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Line of credit	\$ 931,460	\$ 2,326,888
Accounts payable and accrued expenses	72,864	503,400
Accounts payable, child care providers	6,836,072	12,834,805
Accrued salaries and annual leave	682,038	713,102
Contract advances	654,197	422,453
Total current liabilities	<u>9,176,631</u>	<u>16,800,648</u>
Commitments and contingencies		
Net assets:		
Unrestricted	2,407,113	2,816,497
Temporarily restricted	6,471	6,738
Total net assets	<u>2,413,584</u>	<u>2,823,235</u>
Total liabilities and net assets	<u>\$ 11,590,215</u>	<u>\$ 19,623,883</u>

See accompanying notes to the consolidated financial statements.

Family Central, Inc.
Consolidated Statements of Activities
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Changes in unrestricted net assets:		
Support and other revenue:		
Federal, state and local grants	\$ 191,518,246	\$ 204,597,336
Fees	965,504	902,623
Fundraising and donations	348,664	206,309
Other revenue	393,783	244,787
Net assets released from restrictions	267	13,040
Total unrestricted support and other revenue	<u>193,226,464</u>	<u>205,964,095</u>
Expenses:		
Program services	190,246,909	203,176,598
Supporting services:		
General and administrative	3,125,731	2,779,855
Fundraising	73,623	95,002
Training expenses	189,585	179,042
Total expenses	<u>3,388,939</u>	<u>3,053,899</u>
Total expenses	<u>193,635,848</u>	<u>206,230,497</u>
Change in unrestricted net assets	<u>(409,384)</u>	<u>(266,402)</u>
Change in temporarily restricted net assets:		
Net assets released from restrictions	(267)	(13,040)
Decrease in temporarily restricted net assets	<u>(267)</u>	<u>(13,040)</u>
Change in net assets	(409,651)	(279,442)
Net assets at beginning of year	<u>2,823,235</u>	<u>3,102,677</u>
Net assets at end of year	<u>\$ 2,413,584</u>	<u>\$ 2,823,235</u>

See accompanying notes to the consolidated financial statements.

Family Central, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2015

2015

	Supporting Services				Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Fundraising	Training Expenses		
Salaries	\$ 11,574,364	\$ 1,624,506	\$ 16,719	\$ 89,651	\$ 1,730,876	\$ 13,305,240
Payroll taxes and employee benefits	3,075,857	376,894	5,359	17,088	399,341	3,475,198
Travel	239,925	9,998	8	2,174	12,180	252,105
Leases / contracts	47,180	10,801	5,359	578	16,738	63,918
Professional fees	5,999	385,608	146	-	385,754	391,753
Building maintenance	136,830	16,765	6	1,455	18,226	155,056
Educational supplies	188,746	574	-	227	801	189,547
Food expense	6,869,911	133	-	297	430	6,870,341
Consumable supplies	103,999	29,475	612	4,526	34,613	138,612
Copier / printing costs	254,034	14,349	775	790	15,914	269,948
Rents	953,562	12,876	5	1,751	14,632	968,194
Utilities	95,731	9,137	3	1,259	10,399	106,130
Telephone expense	455,217	60,654	23	3,046	63,723	518,940
Postage	96,285	51,267	24	376	51,667	147,952
Data processing	37,532	51,890	20	234	52,144	89,676
Insurance	203,019	52,599	20	2,187	54,806	257,825
Equipment maintenance and repair	38,789	1,367	1	55	1,423	40,212
Non-capitalized equipment	23,865	4,274	2	10	4,286	28,151
Seminars / meetings	24,597	4,212	4	494	4,710	29,307
Direct assistance to participants	1,384,607	228	(1,880)	-	(1,652)	1,382,955
Sub-contracts	44,663	52,330	35,151	58,851	146,332	190,995
Training and development	57,399	169	-	1,060	1,229	58,628
Memberships and subscriptions	2,505	18,161	7	3,476	21,644	24,149
Employee recruitment	1,326	10,780	4	-	10,784	12,110
Advertising	3,071	71	-	-	71	3,142
Fundraising activities	-	-	11,131	-	11,131	11,131
Interest expense	-	11,356	-	-	11,356	11,356
Bad debt	-	223,119	85	-	223,204	223,204
Depreciation and amortization	116,905	51,784	20	-	51,804	168,709
Days of care	164,099,958	-	-	-	-	164,099,958
Temporary labor	69,348	-	-	-	-	69,348
Vehicle operating expense	201	3,266	1	-	3,267	3,468
Children food and activities expense	33,952	-	-	-	-	33,952
Bank fees	2,772	24,219	9	-	24,228	27,000
Miscellaneous	4,760	12,869	9	-	12,878	17,638
Total expenses	\$ 190,246,909	\$ 3,125,731	\$ 73,623	\$ 189,585	\$ 3,388,939	\$ 193,635,848

See accompanying notes to the consolidated financial statements.

Family Central, Inc.
Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2014

2014

	Supporting Services				Total Supporting Services	Total Expenses
	Program Services	General and Administrative	Fundraising	Training Expenses		
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.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (409,651)	\$ (279,442)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	168,709	176,312
Changes in assets and liabilities:		
Decrease (increase) in operating assets:		
Receivables from funding sources	8,118,894	(2,503,492)
Prepaid expenses	(131,428)	(5,180)
Other assets	(1,750)	-
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	(430,536)	166,691
Accounts payable, child care providers	(5,998,733)	1,081,271
Accrued salaries and annual leave	(31,064)	(18,654)
Contract advances	231,744	(86,573)
Net cash provided by (used in) operating activities	<u>1,516,185</u>	<u>(1,469,067)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(15,580)	(110,723)
Net cash used in investing activities	<u>(15,580)</u>	<u>(110,723)</u>
Cash flows from financing activities:		
Proceeds from draws on line of credit	29,398,784	28,326,888
Repayments on line of credit	(30,794,212)	(26,700,038)
Net cash (used in) provided by financing activities	<u>(1,395,428)</u>	<u>1,626,850</u>
Net increase in cash	105,177	47,060
Cash at beginning of year	<u>236,912</u>	<u>189,852</u>
Cash at end of year	<u>342,089</u>	<u>236,912</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 11,356</u>	<u>\$ 4,208</u>

See accompanying notes to the 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:

Basis of Accounting

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.

Note 2 – Summary of Significant Accounting Policies, continued

Basis of Accounting, continued

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.

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, 2015 and 2014, 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, 2015 and 2014.

Amounts Receivable from Funding Sources

Amounts receivable from funding sources represents reimbursement of funds paid for program expenses under the federal and state grant contracts. Management believes the entire receivables balance is collectible based on amounts collected to date and prior collection history. Therefore, no allowance has been provided for potentially uncollectible receivable amounts.

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

Note 2 – Summary of Significant Accounting Policies, continued

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, 2015 and 2014, 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 2012.

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 December 29, 2015, the date the financial statements were available to be issued.

Note 3 – Concentrations

Cash

The Organization maintains its cash in bank deposit accounts with a financial institution which, at times, may exceed federally-insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Concentration of Support, Revenue and Receivable

Approximately 43% of the Organization's fiscal 2015 support and other revenue were received from the Early Learning Coalition of Broward County and 44% from the Early Coalition of Palm Beach County. At June 30, 2015, amounts receivable from the Early Learning Coalition of Broward County and Palm Beach County were approximately 66% and 5%, respectively, of total amounts receivable from funding sources.

Of the Organization's total support and other revenue, 39% and 33% are from federal programs and state projects, respectively, for the year ended June 30, 2015.

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.

During May 2015, the Organization received notification from the Early Learning Coalitions of Broward and Palm Beach Counties ("ELC") of their decisions to award its existing contracts to a different agency.

Note 4 – Property and Equipment

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

	<u>2015</u>	<u>2014</u>
Land	\$ 372,479	\$ 372,479
Building and improvements	2,961,547	2,945,467
Furniture, fixtures and equipment	1,927,082	1,927,582
Vehicles	64,050	79,050
	<u>5,325,158</u>	<u>5,324,578</u>
Less: accumulated depreciation	4,318,787	4,165,078
	<u>\$ 1,006,371</u>	<u>\$ 1,159,500</u>

Depreciation expense amounted to \$168,709 and \$176,312 for the years ended June 30, 2015 and 2014, 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, 2015 and 2014 were \$6,836,072 and \$12,834,805, 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. The Line was amended for the third time effective July 2014. Under the third amendment, the line remained at borrowings of up to \$5,000,000, due and payable on demand, and the interest rate was modified to LIBOR plus 2.75% per annum. Advances bear interest at 30-day LIBOR plus 2.75% (2.93% and 2.80% at June 30, 2015 and 2014, respectively) with interest payable monthly. At June 30, 2015 and 2014, there were outstanding balances on the line of credit of \$931,460 and \$2,326,888, 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 \$437,148 and \$477,517 to the Plan for the years ended June 30, 2015 and 2014, respectively.

Note 8 – Temporarily Restricted Net Assets

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

	<u>2015</u>	<u>2014</u>
Early Learning Coalition of Broward County	\$ 261	\$ 261
Early Learning Coalition of Palm Beach County	3,780	4,047
Department of Health	2,430	2,430
	<u>\$ 6,471</u>	<u>\$ 6,738</u>

Note 9 – Commitments and Contingencies

Grants

Grants require the fulfillment of certain conditions as set forth in the grant agreements and are subject to audit and adjustment by grantor agencies. Failure by the Organization to comply with the terms of the grants, including disallowance of costs, could result in a liability. The Organization expects the amounts of such liability, if any, to be immaterial.

Note 9 – Commitments and Contingencies, continued

Litigation

From time to time, the Organization is involved in litigation and threatened litigation incidental to the conduct of its activities. The actions are considered to be routine and in the opinion of management, disposition of these actions are not expected to have a material adverse effect on the Organization's financial position or changes in net assets.

Leases

Family Central is obligated under two (2) operating leases for premises located in Palm Beach and Miami-Dade County, Florida. The lease for the Palm Beach facility requires monthly payments of \$63,956 adjusted annually through March 31, 2016. The lease for the Miami-Dade facility requires monthly payments of \$10,390 adjusted annually through 2018.

Rent expenses for the years ended June 30, 2015 and 2014 were \$968,194 and \$967,538, respectively.

The minimum future rental commitments are as follows:

<u>Years Ending June 30,</u>	
2016	\$ 706,355
2017	134,547
2018	91,644
	<u>\$ 932,546</u>

Due to the loss of significant programs with the ELC, the Organization has taken steps to restructure its operations in Broward County and exit its operations in Palm Beach County. However, the Organization remains obligated for its Palm Beach lease commitments through March 2016.

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE**

Family Central, Inc.
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2015

Federal/State Grantor, Pass-Through Entity Federal Programs/States Project Title	CFDA/CFSA Number	Contract/ Grant Number	Expenditures
U.S. Department of Health and Human Services			
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-15-ELC	15,080,205
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	FCI-EDAP-15-ELC	8,328,478
Pass-through Early Learning Coalition of Palm Beach County:			
Child Care and Development Block Grant	93.575	C13-001/002	12,051,486
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	C13-001/002	3,518,517
Total Child Care and Development Fund Cluster			<u>38,978,686</u>
Pass-through Early Learning Coalition of Broward County:			
Temporary Assistance for Needy Families (TANF)	93.558	FCI-EDAP-15-ELC	11,926,703
Social Services Block Grant	93.667	FCI-EDAP-15-ELC	40,430
Pass-through Early Learning Coalition of Palm Beach County:			
Temporary Assistance for Needy Families (TANF)	93.558	C13-001/002	9,534,567
Social Services Block Grant	93.667	C13-001/002	32,310
Pass-through Florida Department of Children and Families:			
Refugee and Entrant Assistance State Administered Programs	93.566	LK 104	12,100
Refugee and Entrant Assistance State Administered Programs	93.576	LK 104	70,094
Refugee and Entrant Assistance State Administered Programs	93.566	LK 103	16,784
Refugee and Entrant Assistance State Administered Programs	93.576	LK 103	97,228
Promoting Safe and Stable Families	93.556	FAM 10 PES	98,664
Pass-through Head Start of Palm Beach County:			
Head Start	93.600	LSF-PSA-FC-FY14	437,535
Pass-through University of South Florida:			
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-D	199,922
Temporary Assistance for Needy Families (TANF)	93.558	5830-1349-00-E	196,029
Pass-through Our Kids of Miami-Dade/Monroe, Inc.			
Promoting Safe And Stable Families	93.556	IFPS 50-13	466,807
Temporary Assistance For Needy Families Block Grant	93.558	IFPS 50-13	133,064
Child Welfare Services-State Grants	93.645	IFPS 50-13	11,627
Child Abuse and Neglect State Grants	93.669	IFPS 50-13	82,825
Foster Care - Title IV - E	93.658	IFPS 50-13	56,918
Total U.S. Department of Health and Human Services			<u>62,392,293</u>

Continued on next page

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

Family Central, Inc.
 Schedule of Expenditures of Federal Awards and State Financial Assistance, continued
 For the Year Ended June 30, 2015

Federal/State Grantor, Pass-Through Entity Federal Programs/States Project Title	CFDA/CFSA Number	Contract/ Grant Number	Expenditures
U.S. Department of Agriculture			
Pass-through Florida Department of Health:			
Childcare Food Program	10.558	D 701	\$ 1,380,990
Childcare Food Program	10.558	U 1976	10,934,709
Total U.S. Department of Agriculture			<u>12,315,699</u>
U.S. Department of Labor:			
Workforce Investment Act (WIA) Cluster:			
Pass-through Florida Agency for Workforce Innovations (AWI)			
Pass-through Palm Beach County, Workforce Alliance			
WIA Adult Program	17.258	V09-032 & V09-001	64,587
WIA Youth Activities	17.259	V09-032 & V09-001	32,299
WIA Dislocated Workers	17.260	V09-032 & V09-001	26,914
Total U.S. Department of Labor			<u>123,800</u>
Total Expenditures of Federal Awards			\$ 74,831,792
Florida's Office of Early Learning			
Pass-through Early Learning Coalition			
of Broward County:			
Voluntary Pre-Kindergarten Education Program	48.108	FCI-EDAP-15-ELC	37,881,708
Pass-through Early Learning Coalition			
Of Palm Beach County:			
Voluntary Pre-Kindergarten Education Program	48.108	C13-001/002	26,168,386
Total Expenditures of State Financial Assistance			<u>\$ 64,050,094</u>
Total Expenditures of Federal Awards and State Financial Assistance			<u>\$ 138,881,886</u>

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

Family Central, Inc.
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, 2015.

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, 2015.

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, 2014 to June 30, 2015. 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 – Subrecipients

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

Family Central, Inc.
 Notes to the Schedule of Expenditures of Federal Awards and State Financial Assistance

Note 5 – Matching

Contracts FCI–EDAP–15–ELC and C13–001/002 with the Early Learning Coalition of Broward County and the Early Learning Coalition of Palm Beach County (ELCs) includes \$12,226,422 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>93.596</u>	<u>Total</u>
Early Learning Coalition of Broward County	\$ 5,053,688	\$ 5,053,688
Early Learning Coalition of Palm Beach County	7,172,734	7,172,734
	<u>\$ 12,226,422</u>	<u>\$ 12,226,422</u>

SUPPLEMENTARY INFORMATION

Family Central, Inc.
Consolidating Schedules of Financial Position
For the Years Ended June 30, 2015 and 2014

Assets	2015					Total Consolidated 2015	Total Consolidated 2014
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations		
Current assets:							
Cash	\$ 4,325	\$ 334,174	\$ -	\$ 3,590	\$ -	\$ 342,089	\$ 236,912
Receivables from funding sources	9,600,346	47,833	-	-	-	9,648,179	17,767,073
Prepaid expenses	482,638	8,341	-	-	-	490,979	359,551
Other assets	102,597	-	-	-	-	102,597	100,847
Due from affiliates	1,230,542	-	-	-	(1,230,542)	-	-
Total current assets	<u>11,420,448</u>	<u>390,348</u>	<u>-</u>	<u>3,590</u>	<u>(1,230,542)</u>	<u>10,583,844</u>	<u>18,464,383</u>
Property and equipment, net	50,202	-	956,169	-	-	1,006,371	1,159,500
Total assets	<u>\$ 11,470,650</u>	<u>\$ 390,348</u>	<u>\$ 956,169</u>	<u>\$ 3,590</u>	<u>\$ (1,230,542)</u>	<u>\$ 11,590,215</u>	<u>\$ 19,623,883</u>

Liabilities and Net Assets	2015					Total Consolidated 2015	Total Consolidated 2014
	Family Central, Inc.	Family Central Child Care Centers, Inc.	Family Central Holding Co. Inc.	Family Central Auxiliary	Eliminations		
Current liabilities:							
Line of credit	\$ 931,460	\$ -	\$ -	\$ -	\$ -	\$ 931,460	\$ 2,326,888
Accounts payable and accrued expenses	54,907	17,957	-	-	-	72,864	503,400
Accounts payable, child care providers	6,836,072	-	-	-	-	6,836,072	12,834,805
Accrued salaries and annual leave	661,705	20,333	-	-	-	682,038	713,102
Contract advance	654,197	-	-	-	-	654,197	422,453
Due to affiliates	-	286,016	944,526	-	(1,230,542)	-	-
Total current liabilities	<u>9,138,341</u>	<u>324,306</u>	<u>944,526</u>	<u>-</u>	<u>(1,230,542)</u>	<u>9,176,631</u>	<u>16,800,648</u>
Net assets:							
Unrestricted	2,325,838	66,042	11,643	3,590	-	2,407,113	2,816,497
Temporarily restricted	6,471	-	-	-	-	6,471	6,738
Total net assets	<u>2,332,309</u>	<u>66,042</u>	<u>11,643</u>	<u>3,590</u>	<u>-</u>	<u>2,413,584</u>	<u>2,823,235</u>
Total liabilities and net assets	<u>\$ 11,470,650</u>	<u>\$ 390,348</u>	<u>\$ 956,169</u>	<u>\$ 3,590</u>	<u>\$ (1,230,542)</u>	<u>\$ 11,590,215</u>	<u>\$ 19,623,883</u>

Family Central, Inc.
Consolidating Schedules of Activities
For the Years Ended June 30, 2015 and 2014

	2015					Total Consolidated 2015	Total Consolidated 2014
	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	\$ 191,518,246	\$ -	\$ -	\$ -	\$ -	\$ 191,518,246	\$ 204,597,336
Fees	60,000	965,504	-	-	(60,000)	965,504	902,623
Fundraising and donations	348,664	-	-	-	-	348,664	206,309
Rental income	-	-	109,801	-	(109,801)	-	-
Other revenue	393,783	-	-	-	-	393,783	244,787
Total unrestricted support and other revenues	<u>192,320,693</u>	<u>965,504</u>	<u>109,801</u>	<u>-</u>	<u>(169,801)</u>	<u>193,226,197</u>	<u>205,951,055</u>
Unrestricted expenses:							
Program services	189,341,405	965,504	109,801	-	(169,801)	190,246,909	203,176,598
Supporting services:							
General and administrative	3,125,731	-	-	-	-	3,125,731	2,779,855
Fundraising	73,623	-	-	-	-	73,623	95,002
Training expenses	189,585	-	-	-	-	189,585	179,042
Total unrestricted expenses	<u>192,730,344</u>	<u>965,504</u>	<u>109,801</u>	<u>-</u>	<u>(169,801)</u>	<u>193,635,848</u>	<u>206,230,497</u>
Net assets released from temporary restriction	267	-	-	-	-	267	13,040
Change in unrestricted net assets	<u>(409,384)</u>	<u>-</u>	<u>--</u>	<u>-</u>	<u>-</u>	<u>(409,384)</u>	<u>(266,402)</u>
Changes in temporarily restricted net assets:							
Temporarily restricted support and revenues							
Net assets released from restriction	<u>(267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267)</u>	<u>(13,040)</u>
Change in temporarily restricted net assets	<u>(267)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267)</u>	<u>(13,040)</u>
Change in net assets	<u>(409,651)</u>	<u>-</u>	<u>--</u>	<u>-</u>	<u>-</u>	<u>(409,651)</u>	<u>(279,442)</u>
Net assets at beginning 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>
Net assets at end of year	<u>\$ 2,332,309</u>	<u>\$ 66,042</u>	<u>\$ 11,643</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ 2,413,584</u>	<u>\$ 2,823,235</u>

OTHER SUPPLEMENTARY INFORMATION

Family Central, Inc.
Schedules of Support and Other Revenue
For the Years Ended June 30, 2015 and 2014

	2015	2014
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	\$ 44,697,122	\$ 45,839,987
Voluntary Pre-Kindergarten	37,881,707	36,933,494
Early Learning Coalition of Palm Beach County, Inc.:		
Florida Subsidized Child Care - Palm Beach	58,354,957	70,354,274
Voluntary Pre-Kindergarten	26,168,387	26,294,882
Early Learning Coalition of Miami-Dade/Monroe, Inc.:		
Technical Assistance for Center-based Programs	791,401	790,670
U.S. Department of Health and Human Services:		
Abandoned Infants Assistance	-	120,535
Florida Department of Children and Families:		
Broward County Entrant/Refugee	82,194	97,411
Palm Beach County Entrant/refugee	114,012	426,750
Broward County:		
Children's Services Administration (CSA):		
Subsidized Child Care (09-CSAD-8367-01)	2,470,147	1,612,657
Homeless (09-CSAD-8367-02)	557,727	476,352
Focus on Solutions (13-CP-CSA-8367-01)	(72)	15,251
Children's Services Council of Broward County:		
Family Strengthening (02-2130)	318,923	343,866
PBS	761,518	738,298
PBS Expansion	77,277	-
PAT	91,616	132,886
Vulnerable Populations	561,013	432,805
Florida Department of Health:		
Childcare Food Program (Homes)	1,380,990	1,317,156
Childcare Food Program (Centers)	10,934,709	10,937,451
The University of South Florida:		
HIPPY 5830-1369-00-D	199,922	103,297
HIPPY 5830-1369-00-E	196,029	81,424
Children's Trust of Miami-Dade County:		
HIPPY	278,338	274,826
Nurturing	476,067	460,156
PBS	379,950	344,462
TALK	310,586	301,946
Our Kids of Miami-Dade/Monroe, Inc.:		
Parents as Partners Program	798,784	684,280
Palm Beach County:		
Head Start	646,668	493,425
Subtotal, forward	188,529,972	199,608,541

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

Family Central, Inc.
Schedules of Support and Other Revenue
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Subtotal, forwarded	\$ 188,529,972	\$ 199,608,541
Children's Services Council of Palm Beach County:		
Quality Enhancement	1,799,662	3,149,142
ChildNet:		
Parent Nurturing Program	98,664	101,370
Workforce Alliance - Palm Beach Workforce	123,800	52,970
United Way of Broward:		
Childcare	425,004	425,000
PBS	25,229	83,500
HIPPPY	57,849	58,649
Other:		
Broward Regional Health Planning Council	10,168	67,311
Municipalities	397,585	334,420
Community Foundation for Palm Beach & Martin Counties	20,540	27,222
Prime Time (School Age Assessment)	29,773	173,852
Jim Moran Foundation - C-Quell	-	330,827
A.D. Henderson Foundation VPK	-	15,302
A.D. Henderson Foundation PBS	-	169,230
Total federal, state and local grants	<u>191,518,246</u>	<u>204,597,336</u>
Fees	<u>965,504</u>	<u>902,623</u>
Fundraising and donations	<u>348,664</u>	<u>206,309</u>
Other revenue:		
Training Revenue	221,399	108,157
Conference Revenue	27,155	78,248
In-Kind Revenue	143,485	-
Other income	1,744	58,382
Total other revenue	<u>393,783</u>	<u>244,787</u>
Total support and other revenue	<u>\$ 193,226,197</u>	<u>\$ 205,951,055</u>

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

Family Central, Inc.
 Schedule of Matching Fund Requirements
 For the Year Ended June 30, 2015

Grant	Funding Amount	Matching Fund Requirements (%)	Matching Fund Requirements (\$)	Matching Fund Allocated to Programs
Early Learning Coalition of Broward County Broward Subsidized	\$ 44,697,122	Fixed	\$ 3,111,200	\$ 3,111,200
Children's Services Council				
Nurturing Parents	318,923	5.0%	15,946	15,946
PBS	761,518	5.0%	38,076	38,076
PAT	91,616	5.0%	4,581	4,581
Childnet Parent Nurturing	98,664	Fixed	<u>33,971</u>	<u>33,971</u>
			<u>\$ 3,203,774</u>	<u>\$ 3,203,774</u>

Family Central, Inc.
Schedules of Program Expenses for Family Central Child Care Centers, Inc.
For the Years Ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Salaries	\$ 630,192	\$ 590,611
Employee taxes and employee benefits	195,063	167,674
Subtotal	<u>825,255</u>	<u>758,285</u>
Food costs	32,247	29,546
Equipment repairs and maintenance	527	1,694
Travel, seminars and meetings	813	2,343
Educational supplies	12,287	3,508
General insurance	16,908	16,809
Children's activities	1,705	1,705
Office, janitorial, supplies and postage	14,454	25,199
Memberships and subscriptions	157	1,928
Taxes/licenses	1,151	1,606
Total functional expenses before management fees	905,504	842,623
Management fees - Family Central	60,000	60,000
Total functional expenses	<u>\$ 965,504</u>	<u>\$ 902,623</u>

Family Central, Inc.
Pass-Through Consolidated Schedule of Financial Position
June 30, 2015

ASSETS

	2015		
	Agency	Pass-Through	Total
Current assets:			
Cash	\$ 342,089	\$ -	\$ 342,089
Receivables from funding sources	1,880,647	7,767,532	9,648,179
Prepaid expenses	490,979	-	490,979
Total current assets	<u>2,713,715</u>	<u>7,767,532</u>	<u>10,481,247</u>
Other assets	102,597	-	102,597
Property and equipment, net	1,006,371	-	1,006,371
Total assets	<u>\$ 3,822,683</u>	<u>\$ 7,767,532</u>	<u>\$ 11,590,215</u>

LIABILITIES AND NET ASSETS

Current liabilities:			
Line of credit	\$ -	\$ 931,460	\$ 931,460
Accounts payable and accrued expenses	72,864	-	72,864
Accounts payable, child care providers	-	6,836,072	6,836,072
Accrued salaries and annual leave	682,038	-	682,038
Contract advance	654,197	-	654,197
Total current liabilities	<u>1,409,099</u>	<u>7,767,532</u>	<u>9,176,631</u>
Commitments and contingencies			
Net assets:			
Unrestricted	2,407,113	-	2,407,113
Temporarily restricted	6,471	-	6,471
Total net assets	<u>2,413,584</u>	<u>-</u>	<u>2,413,584</u>
Total liabilities and net assets	<u>\$ 3,822,683</u>	<u>\$ 7,767,532</u>	<u>\$ 11,590,215</u>

ASSETS

	2014		
	Agency	Pass-Through	Total
Current assets:			
Cash	\$ 236,912	\$ -	\$ 236,912
Receivables from funding sources	2,605,380	15,161,693	17,767,073
Prepaid expenses	359,551	-	359,551
Total current assets	<u>3,201,843</u>	<u>15,161,693</u>	<u>18,363,536</u>
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	<u>1,638,955</u>	<u>15,161,693</u>	<u>16,800,648</u>
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.
Pass-Through Consolidated Schedule of Activities
For the Year Ended June 30, 2015

	2015		
	Agency	Pass-Through	Total
Changes in unrestricted net assets:			
Support and other revenue:			
Federal, state and local grants	\$ 19,164,992	\$ 172,353,254	\$ 191,518,246
Fees	965,504	-	965,504
Fundraising and donations	348,664	-	348,664
Other revenue	393,783	-	393,783
Net assets released from restrictions	267	-	267
Total unrestricted support and other revenue	<u>20,873,210</u>	<u>172,353,254</u>	<u>193,226,464</u>
Expenses:			
Program services	<u>17,893,655</u>	<u>172,353,254</u>	<u>190,246,909</u>
Supporting services:			
General and administrative	3,125,731	-	3,125,731
Fundraising	73,623	-	73,623
Training expenses	189,585	-	189,585
	<u>3,388,939</u>	<u>-</u>	<u>3,388,939</u>
Total expenses	<u>21,282,594</u>	<u>172,353,254</u>	<u>193,635,848</u>
Change in unrestricted net assets	<u>(409,384)</u>	<u>-</u>	<u>(409,384)</u>
Changes in temporarily restricted net assets:			
Net assets released from restrictions	<u>(267)</u>	<u>-</u>	<u>(267)</u>
Decrease in temporarily restricted net assets	<u>(267)</u>	<u>-</u>	<u>(267)</u>
Change in net assets	<u>(409,651)</u>	<u>-</u>	<u>(409,651)</u>
Net assets at beginning of year	<u>2,823,235</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 2,413,584</u>	<u>\$ -</u>	<u>\$ (409,651)</u>

Family Central, Inc.
Pass-Through Consolidated Schedule 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 supporting services	<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 assets and end of year	<u>\$ 2,823,235</u>	<u>\$ -</u>	<u>\$ 2,823,235</u>

**INTERNAL CONTROLS
AND
COMPLIANCE MATTERS**

**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.
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. (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2015 and 2014, 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 December 29, 2015.

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

Continued from previous page

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*.

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.

Wangal Bolton LLP

Fort Lauderdale, Florida
December 29, 2015

**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.
North Lauderdale, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Family Central, Inc.'s (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, 2015. 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.

Continued from previous page

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, 2015.

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
December 29, 2015

Family Central, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2015

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	___ No
Noncompliance material to financial statements noted?	___ Yes	___ X	___ No
Management letter or report on other matters related to internal controls issued?	___ Yes	___ X	___ No

Federal Awards and State Financial Assistance

Internal control over major programs/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?

	___ X	___ Yes	___ No
--	-------	---------	--------

Identification of major programs and projects:

Federal Programs

<u>CFDA Number</u>	<u>Name of Major Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
93.556	Promoting Safe and Stable Families

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.
Summary Schedule of Prior Audit Findings, continued
For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

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

\$ 2,241,032 Federal

\$ 1,926,851 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

2015-01

U.S Department of Health and Human Services:

Pass-through Florida Department of Children and Families

Promoting Safe and Stable Families

CFDA No. 93.556

Criteria:

The grant agreement specifically requires the Organization budget to be submitted by April 30th of each year.

Condition:

During our testing of the grant we noted that the Organization did not provide their budget as required by the grant agreement.

Questioned Cost:

N/A

Cause/Effect:

The Organization does not have adequate monitoring procedures to ensure that the budget is submitted in a timely manner. As a result, the Organization was not in compliance with provisions of the grant agreement.

Recommendation:

The Organization should ensure that the requirements of the grant agreement are complied with in a timely manner.

Family Central, Inc.
Summary Schedule of Prior Audit Findings, continued
For the Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

Views of Management and Planned Corrective Action:

Family Central, Inc. will update its monitoring procedures to include timely submission of the Organization's annual budget to ensure compliance with the grant agreement.

PRIOR YEAR FINDINGS

None Reported