

**Community Coordinated
Care for Children, Inc. and
The 4C Foundation, Inc.**

**Combined Financial
Statements
and Supplemental
Information**

**Year Ended
December 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Community Coordinated Care for Children, Inc.
and The 4C Foundation, Inc.
Orlando, Florida

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. as of December 31, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2023, on our consideration of Community Coordinated Care for Children, Inc. and The 4C Foundation, 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 solely 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 the effectiveness of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s 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 Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
June 27, 2023

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

| | |
|---|----------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,761,857 |
| Receivables | 15,155,486 |
| Due from early learning providers | 110,945 |
| Unconditional promise to give | 90,000 |
| Prepaid expenses and other assets | 1,982,538 |
| Cash designated for capital expenditures | 114,000 |
| Property and equipment, net | 1,020,485 |
| Operating lease right-of-use asset | 2,885,720 |
| Investments | 1,132,158 |
| Beneficial interest in assets held by others | 141,846 |
| Assets held in trust for the deferred compensation plan | 202,424 |
| | <hr/> |
| Total assets | <u>\$ 24,597,459</u> |

LIABILITIES AND NET ASSETS

| | |
|---|----------------------|
| Liabilities | |
| Accounts payable and accrued expenses | \$ 2,796,781 |
| Due to early learning providers | 8,941,372 |
| Due to Early Learning Coalition of Orange County | 99,031 |
| Due to Early Learning Coalition of Osceola County | 11,914 |
| Refundable advances | 3,009,759 |
| Operating lease liability | 2,931,196 |
| Deferred compensation payable | 202,424 |
| | <hr/> |
| Total liabilities | <u>17,992,477</u> |
| Commitments and contingencies (Notes J and K) | <hr/> <u>-</u> |
| Net assets | |
| Without donor restrictions | |
| Undesignated | 5,238,651 |
| Net investment in property and equipment | 1,020,485 |
| Designated for capital expenditures | 114,000 |
| | <hr/> |
| Total net assets without donor restrictions | 6,373,136 |
| With donor restrictions | <hr/> <u>231,846</u> |
| Total net assets | <u>6,604,982</u> |
| Total liabilities and net assets | <u>\$ 24,597,459</u> |

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2022

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|-------------------------------|----------------------------|---------------------|
| REVENUES AND SUPPORT | | | |
| Early Learning Coalition of Orange County | \$ 152,220,185 | \$ - | \$ 152,220,185 |
| Early Learning Coalition of Osceola County | 35,318,316 | - | 35,318,316 |
| U.S. Department of Health and Human Services | 15,806,885 | - | 15,806,885 |
| State of Florida Department of Health - Food Program | 6,344,795 | - | 6,344,795 |
| Orange County Citizens' Commission for Children | 2,407,328 | - | 2,407,328 |
| ARPA - HCE | 2,102,367 | - | 2,102,367 |
| Other support and revenues, and contributions | 2,360,637 | - | 2,360,637 |
| Heart of Florida United Way, Inc. | 69,400 | 90,000 | 159,400 |
| City of Orlando | 317,000 | - | 317,000 |
| Orange County Commission | 235,526 | - | 235,526 |
| Catholic Charities of Central Florida, Inc. | 43,910 | - | 43,910 |
| Orange County Citizens' Review Panel | 204,603 | - | 204,603 |
| City of Orlando - Parramore project | 115,012 | - | 115,012 |
| State of Florida Department of Children and Families | 393,297 | - | 393,297 |
| Contribution of non-financial assets | 10,933 | - | 10,933 |
| Net unrealized investment loss (see Note E) | (173,530) | (30,194) | (203,724) |
| Net assets released from restrictions | 115,000 | (115,000) | - |
| | <u>217,891,664</u> | <u>(55,194)</u> | <u>217,836,470</u> |
| Total revenues and support | | | |
| EXPENSES | | | |
| Program services | | | |
| Early Care and Learning (School Readiness) | 84,847,285 | - | 84,847,285 |
| ARPA | 66,213,042 | - | 66,213,042 |
| Voluntary Pre-K | 40,675,160 | - | 40,675,160 |
| Food Program | 6,252,584 | - | 6,252,584 |
| Head Start | 4,777,541 | - | 4,777,541 |
| Early Head Start | 3,924,864 | - | 3,924,864 |
| Early Head Start Child Care Partnership | 4,582,634 | - | 4,582,634 |
| Early Head Start Expansion | 2,804,729 | - | 2,804,729 |
| Other program services | 2,174,211 | - | 2,174,211 |
| | <u>216,252,050</u> | <u>-</u> | <u>216,252,050</u> |
| Total program services | | | |
| Support services | | | |
| Management and general | 1,622,131 | - | 1,622,131 |
| | <u>1,622,131</u> | <u>-</u> | <u>1,622,131</u> |
| Total supporting services | | | |
| Total expenses | <u>217,874,181</u> | <u>-</u> | <u>217,874,181</u> |
| Change in net assets | 17,483 | (55,194) | (37,711) |
| NET ASSETS AT BEGINNING OF YEAR | <u>\$ 6,355,653</u> | <u>\$ 287,040</u> | <u>\$ 6,642,693</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 6,373,136</u> | <u>\$ 231,846</u> | <u>\$ 6,604,982</u> |

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

| | Program Services | | | | | | | | | | Management and General | Total Functional Expenses |
|---|--|----------------------|----------------------|---------------------|---------------------|---------------------|---|----------------------------|------------------------|------------------------|------------------------|---------------------------|
| | Early Care and Learning (School Readiness) | ARPA | Voluntary Pre-K | Food Program | Head Start | Early Head Start | Early Head Start Child Care Partnership | Early Head Start Expansion | Other Program Services | Total Program Services | | |
| Salaries | \$ 3,466,403 | \$ - | \$ 456,559 | \$ 419,019 | \$ 2,317,799 | \$ 1,625,784 | \$ 906,099 | \$ 1,736,270 | \$ 1,383,247 | \$ 12,311,180 | \$ 925,374 | \$ 13,236,554 |
| Payroll taxes and employee benefits | 775,882 | - | 101,806 | 92,207 | 426,889 | 350,085 | 217,598 | 385,974 | 277,597 | 2,628,038 | 203,744 | 2,831,782 |
| Total salaries and related expenses | 4,242,285 | - | 558,365 | 511,226 | 2,744,688 | 1,975,869 | 1,123,697 | 2,122,244 | 1,660,844 | 14,939,218 | 1,129,118 | 16,068,336 |
| Child care education services and meals | 80,036,863 | 66,213,042 | 40,043,842 | 5,620,095 | - | - | - | - | 49,594 | 191,963,436 | - | 191,963,436 |
| Educational training services and contractual | 30 | - | - | - | 832,275 | 1,238,468 | 2,922,413 | 4,762 | 35,353 | 5,033,301 | 6,534 | 5,039,835 |
| Rent | 30,290 | - | 7,117 | 2,496 | 299,894 | 148,627 | 51,129 | 262,601 | 167,440 | 969,594 | 50,728 | 1,020,322 |
| Telephone and utilities | 132,875 | - | 20,582 | 14,950 | 156,658 | 48,500 | 33,904 | 65,562 | 61,365 | 534,396 | 37,937 | 572,333 |
| Repairs and maintenance | 87,656 | - | 10,712 | 6,140 | 175,544 | 55,859 | 20,244 | 46,022 | 37,298 | 439,475 | 25,811 | 465,286 |
| Office expense | 75,691 | - | 10,038 | 10,363 | 37,723 | 18,855 | 16,820 | 16,005 | 69,219 | 254,714 | 32,847 | 287,561 |
| Food and classroom supplies | - | - | - | - | 293,557 | 70,613 | 228,953 | 78,964 | - | 672,087 | - | 672,087 |
| Professional services | 2,717 | - | 311 | - | 31,540 | 9,643 | 65,980 | 9,018 | 131 | 119,340 | 69,732 | 189,072 |
| Noncapital equipment costs | 38,691 | - | 106 | - | 15,940 | 7,634 | 4,539 | 1,025 | 5,857 | 73,792 | 591 | 74,383 |
| Temporary services | 142,363 | - | 13,358 | - | 8,710 | 8,705 | 5,845 | 16,511 | 31,158 | 226,650 | 16,454 | 243,104 |
| Insurance | 25,734 | - | 3,491 | 1,413 | 10,459 | 9,477 | 11,326 | 7,953 | 1,899 | 71,752 | 116,532 | 188,284 |
| Training and technical assistance | - | - | - | - | 52,061 | 61,305 | 69,856 | 29,433 | - | 212,655 | - | 212,655 |
| Meetings and conferences | 2,800 | - | 73 | 508 | 525 | 329 | 320 | 211 | 8,660 | 13,426 | 330 | 13,756 |
| Computer support | 4,646 | - | 620 | 81,364 | 28,700 | 17,122 | 14,841 | 14,267 | 4,491 | 166,051 | 67,845 | 233,896 |
| Non-financial expenses | - | - | - | - | 2,946 | 2,351 | 1,178 | 4,458 | - | 10,933 | - | 10,933 |
| Depreciation | 10,467 | - | 2,236 | 478 | 321 | 366 | 563 | 241 | 499 | 15,171 | 27,042 | 42,213 |
| Travel | 2,713 | - | 69 | 1,039 | 7,107 | 6,192 | 2,836 | 1,956 | 3,473 | 25,385 | 857 | 26,242 |
| Equipment rental | 5,334 | - | 1,733 | 2,372 | 3,389 | 1,569 | 1,166 | 1,430 | 12,898 | 29,891 | 2,271 | 32,162 |
| Miscellaneous | - | - | 25 | - | 53 | 21 | 29 | 15 | 109 | 252 | 20,734 | 20,986 |
| Program expense | - | - | - | - | 54,989 | 143,067 | 3,224 | 118,699 | 23,784 | 343,763 | - | 343,763 |
| Dues and publications | 1,879 | - | - | - | 9,773 | 1,675 | 1,471 | 1,399 | - | 16,197 | 9,869 | 26,066 |
| Directory/advertising | 2,999 | - | 2,400 | 140 | 1,367 | 95,971 | 476 | 1,090 | - | 104,443 | 6,578 | 111,021 |
| Vehicle expense | 682 | - | 82 | - | 9,322 | 2,646 | 1,824 | 863 | 51 | 15,470 | 321 | 15,791 |
| Educational materials | 570 | - | - | - | - | - | - | - | 88 | 658 | - | 658 |
| Total expenses | \$ 84,847,285 | \$ 66,213,042 | \$ 40,675,160 | \$ 6,252,584 | \$ 4,777,541 | \$ 3,924,864 | \$ 4,582,634 | \$ 2,804,729 | \$ 2,174,211 | \$ 216,252,050 | \$ 1,622,131 | \$ 217,874,181 |

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

COMBINED STATEMENT OF CASH FLOWS

Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Change in net assets | \$ (37,711) |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | |
| Depreciation | 42,213 |
| Net realized and unrealized loss | 173,530 |
| Change in beneficial interest in assets held by others | 30,194 |
| Non-cash rent | 45,476 |
| Decrease (increase) in assets: | |
| Receivables | (4,217,097) |
| Unconditional promise to give | 25,000 |
| Prepaid expenses and other assets | (552,004) |
| Due from early learning providers | 636,273 |
| Due from Early Learning Coalition of Osceola County | 13,240 |
| Assets held in trust for the deferred compensation plan | 28,957 |
| Increase (decrease) in liabilities: | |
| Accounts payable and accrued expenses | (588,516) |
| Due to early learning providers | 2,695,479 |
| Due to Early Learning Coalition of Orange County | (542,384) |
| Due to Early Learning Coalition of Osceola County | 11,914 |
| Refundable advances | 240,557 |
| Deferred compensation payable | <u>(28,957)</u> |
| Net cash used in operating activities | <u>(2,023,836)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|---------------------|
| Purchases of property and equipment | <u>(647)</u> |
| Net decrease in cash, cash equivalents and restricted cash | (2,024,483) |
| Cash, cash equivalents and restricted cash at beginning of year | <u>3,900,340</u> |
| Cash, cash equivalents and restricted cash at end of year | <u>\$ 1,875,857</u> |

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH BALANCES

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 1,761,857 |
| Cash designated for capital expenditures | <u>114,000</u> |
| | <u>\$ 1,875,857</u> |

SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE

| | |
|------------------------------------|-----------------------|
| Operating lease right-of-use asset | \$ 3,453,941 |
| Operating lease liability | <u>\$ (3,453,941)</u> |

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Organization and nature of activities

Community Coordinated Care for Children, Inc. (“4C”) is a not-for-profit corporation operating in Central Florida as a coordinative agency for child care activities and other support services for families with young children.

4C's major program services are as follows:

Early Care and Learning (School Readiness): 4C contracts with local Early Care and Learning Coalitions, local governments, and not-for-profit organizations to provide income eligible families child care financial assistance and other related activities. Local government contracts, United Way allocations, private foundations and other local funders are used to meet match requirements for certain contracts.

Voluntary Pre-K: 4C participates in a Florida Department of Education program designed to prepare four year olds for kindergarten and build the foundation for their educational success. The program allows a parent to enroll his or her eligible child in a free voluntary pre-kindergarten program. 4C currently contracts with local coalitions to provide such services.

Food Program: Accounts for resources received from the State of Florida Department of Health to subsidize meal costs for eligible children under the National School Lunch and the Child Nutrition Acts.

Head Start: Head Start is a federal program that promotes the school readiness of children ages three to five, enhancing their cognitive, physical, social, and emotional development. The learning environment supports children's growth in these areas, and emphasizes the role of parents as their child's first teacher. The program also helps build relationships with families in support of their well-being and achieving family goals.

Early Head Start: Early Head Start programs provide services to infants, toddlers, pregnant women, and their families through a variety of service models, depending on the needs of the local community. 4C directly operates Early Head Start sites and also subcontracts with child care centers.

Early Head Start Child Care Partnership: The EHS-CCP program brings together the strengths of private child care providers and Early Head Start programs through partnerships between 4C and local child care providers. These child care providers have experience providing care that is strongly grounded in the cultural, linguistic, and social needs of the families and their local communities.

Early Head Start Expansion: The Early Head Start Expansion program provides services to pregnant women and children by providing additional funding to operations and training and technical assistance for the Early Head Start Programs.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

1. Organization and nature of activities (continued)

Other Program Services: Consists primarily of four programs: 1) Early Childhood Education Training Programs - accounts for resources received from the State of Florida Department of Children and Families for state mandated training services and resources for other training programs, 2) Other Child Care - accounts for resources received from the Catholic Charities of Central Florida, Inc. for refugee child care and other contracts for child care services, 3) Community Services - accounts for various community services and other family related programs, and 4) Orange County Citizens' Commission for Children - funds family support resources of thirteen neighborhood centers.

The 4C Foundation, Inc. (Foundation) is a separate not-for-profit corporation that was formed for the purpose of acquiring property and leasing to, and fund-raising for 4C.

2. Principles of combination

The accompanying financial statements include the accounts of 4C and the Foundation (collectively, the Organization) on a combined basis. All significant intercompany accounts and transactions have been eliminated in the preparation of the combined financial statements. At December 31, 2022, total net assets of 4C and the Foundation were \$4,384,795 and \$2,220,187, respectively.

3. Basis of accounting and financial statement presentation

The accompanying financial statements and accompanying schedules have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. For example, the Board has designated a portion of net assets without donor restrictions as set aside for capital expenditures for the purpose of securing the Organization's long-term financial viability.

See Note L for more information on the composition of net assets without donor restrictions.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Basis of accounting and financial statement presentation (continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note M for more information on the composition of net assets with donor restrictions.

4. Use of 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 the 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 support and revenues, and expenses during the reporting period. Actual results could differ from those estimates.

5. Cash and cash equivalents

For purposes of the combined statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents. Cash excludes cash designated for capital expenditures.

6. Receivables

Receivables primarily consist of grant and contract receivables from federal, state and local governmental agencies, and not-for-profit organizations, and are stated at estimated net realizable value. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based upon management estimates of current economic factors and analysis of specific accounts. In the opinion of management, no allowance for uncollectible accounts was considered necessary at December 31, 2022.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

7. Property and equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the depreciable assets. Routine maintenance and repair costs are charged to expense as incurred, while major replacements and improvements are capitalized as additions to the related assets.

When assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts and gains or losses from dispositions are credited or charged to income.

The Foundation capitalized a donated art collection which is stated at the estimated fair value of the collection at the time of the donation. The Foundation has no purchased collectibles.

8. Impairment of long-lived assets

The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate such value may not be recoverable. Recoverability of assets or asset groups to be held and used is measured by a comparison of the carrying amount of an asset or asset group to future net cash flows expected to be generated by the asset or asset group. If such assets or asset groups are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets or asset group. Assets or asset groups to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. No impairment of the Organization's long-lived assets or asset groups have been recognized during the year ended December 31, 2022.

9. Investments

Investments in marketable securities with readily determinable fair values are reported at their fair values in the Combined Statement of Financial Position. Unrealized gains and losses are included in the Combined Statement of Activities and Changes in Net Assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Assets held in trust for the deferred compensation plan

Assets held in trust for the deferred compensation plan are investments and are reported at fair value (see Note D). These investments represent contributions to a 457(b) plan for the benefit of "key employees." See Note I for additional information about the terms of this plan.

11. Revenue recognition

The Organization follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

The Organization is principally funded by grants and contracts from federal, state and local governmental agencies, and not-for-profit organizations. Grants and contracts generally provide reimbursement for allowable costs incurred. Revenue from cost reimbursement grants and contracts is recognized as eligible costs are incurred.

Receivables are recorded to the extent costs have been incurred but not reimbursed by the granting agencies. Conversely, refundable advances are recorded when grant and contract advances exceed eligible costs incurred. Refundable advances will either be offset against subsequent allowable costs incurred or refunded to the granting agencies upon grant termination.

Contributions, including unconditional promises to give, are recognized as support and revenue in the period received at fair value as without donor restrictions or with donor restricted support depending on the existence or nature of any donor restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

11. Revenue recognition (continued)

The Organization uses the allowance method to determine uncollectible unconditional promises to give receivables. The allowance is based upon management estimates of current economic factors and analysis of specific unconditional promises to give. In the opinion of management, no allowance for uncollectible accounts was considered necessary at December 31, 2022.

12. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

13. Income taxes

4C and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying combined financial statements.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying combined financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. Generally, the Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before December 31, 2019.

14. Concentrations of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, cash designated for capital expenditures, and various unsecured receivables. The Organization placed its cash and cash designated for capital expenditures with federally insured financial institutions and limits its exposure to any potential loss in excess of federally insured limits; however, at times, the Organization is exposed to loss to the extent that these balances exceed the federally insured limits.

Concentrations of credit risk with respect to unsecured receivables are limited as the receivables are primarily grant and contract receivables from governmental agencies; other receivables are primarily due from entities located in Central Florida. The Early Learning Coalition of Orange County, Early Learning Coalition of Osceola County and the State of Florida Department of Health accounts for 47%, 11% and 7%, respectively, of total receivables at December 31, 2022.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE A – NATURE OF ORGANIZATION, PRINCIPLES OF COMBINATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

15. Recently adopted accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842), that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Organization adopted ASC 842 effective January 1, 2022. See Note K for a summary of the Organization's operating lease asset and liability.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Organization adopted ASU No. 2020-07 effective January 1, 2022. The adoption has no significant impact on the Organization's financial statements.

16. Statement of cash flows

Cash, cash equivalents, and restricted cash in the statement of cash flows includes cash and cash equivalents, and cash designated for capital expenditures.

17. Subsequent events

Management has assessed subsequent events through June 27, 2023, which is the date these combined financial statements were available to be issued.

NOTE B – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022, consisted of the following:

| | | |
|-------------------------------|----|------------------|
| Land | \$ | 720,000 |
| Buildings and improvements | | 1,792,325 |
| Equipment, vehicles and other | | 959,171 |
| Donated art collection | | 178,055 |
| | | <hr/> |
| | | 3,649,551 |
| Less accumulated depreciation | | 2,629,066 |
| | | <hr/> |
| | \$ | <u>1,020,485</u> |

During the year ended December 31, 2022, depreciation expense was \$42,213.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE C – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization has a beneficial interest in assets held by the Community Foundation of Central Florida, Inc. (the Community Foundation) in a permanent Agency Endowment Fund known as the "Caring for Kids Fund." The Community Foundation was granted no variance power to redirect the use of the assets to another beneficiary. On an annual basis, the Community Foundation distributes a percentage of the principal balance from this fund to the Organization as determined by the Community Foundation's spending policy. As of December 31, 2022, the endowment fund has a fair value of \$141,846, which is included in the accompanying combined statement of financial position as beneficial interest in assets held by others.

NOTE D – FAIR VALUE MEASUREMENTS

The Organization follows accounting standards relating to fair value measurements which defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America, and expand disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The accounting standards relating to fair value measurement establish a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

Level inputs, as defined by this guidance, are as follows:

- | | |
|---------|--|
| Level 1 | Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date. |
| Level 2 | Inputs other than quoted prices included in Level 1 that are observable for the asset or liability through corroboration with market data at the measurement date. |
| Level 3 | Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. |

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The following table summarizes fair value measurements by level at December 31, 2022, for financial assets measured at fair value on a recurring basis:

| | Fair Value Measurements Using | | | |
|--|-------------------------------|-------------------|-------------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Assets held in trust for the deferred compensation plan (investments): | | | | |
| Pooled separate accounts with Principal Life Insurance Co. | \$ - | \$ 202,424 | \$ - | \$ 202,424 |
| Mutual funds | 1,132,158 | - | - | 1,132,158 |
| Beneficial interest in assets held by others | - | - | 141,846 | 141,846 |
| | <u>\$ 1,132,158</u> | <u>\$ 202,424</u> | <u>\$ 141,846</u> | <u>\$ 1,476,428</u> |

The fair value of the Organization's beneficial interest in assets held by others is determined based on the Organization's allocated share of the Community Foundation's investment pool. Information is provided to the Organization by Community Foundation management in the form of an annual investment report and through the Community Foundation's annual audit.

The pooled separate accounts with Principal Life Insurance Co. are valued using the fair market value of the underlying assets.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The table below sets forth a summary of the changes in the fair value of the Organization's Level 3 financial assets during the year ended December 31, 2022:

| | |
|--|---|
| | <u>Beneficial Interest in Assets Held by Others</u> |
| Balance, beginning of year | \$ 172,040 |
| Net realized and unrealized loss | (26,067) |
| Interest and dividend income | 3,182 |
| Investment manager and administrative fees and distributions | <u>(7,309)</u> |
| Balance, end of year | <u>\$ 141,846</u> |

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE D – FAIR VALUE MEASUREMENTS (continued)

The Organization's investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment account balance.

NOTE E – INVESTMENTS

The fair value of the investments is reflected in the Combined Statement of Net Position at December 31, 2022. A summary of investments at December 31, 2022, is as follows:

| | <u>Original Cost</u> | <u>Level I Fair Value</u> | <u>Unrealized Gain</u> |
|--------------|----------------------|---------------------------|------------------------|
| Mutual Funds | <u>\$ 1,066,766</u> | <u>\$ 1,132,158</u> | <u>\$ 65,392</u> |

Investment income is reported in the Combined Statement of Activities and Changes in Net Assets for the year ended December 31, 2022 and is summarized as follows:

| | |
|--|---------------------|
| Interest and dividend income | \$ 43,711 |
| Change in beneficial interest in assets held by others | (30,194) |
| Unrealized loss | <u>(217,241)</u> |
| | <u>\$ (203,724)</u> |

NOTE F – RECONCILIATION OF CHANGES IN NET ASSETS TO NET OPERATING INCOME (LOSS) (NON-GAAP)

The following table presents a reconciliation of the change in net assets to the Organization's internal net operating income (loss) for the year ending December 31, 2022:

| | |
|--|-------------------|
| Change in net assets | \$ (37,711) |
| Plus: depreciation | 42,213 |
| Plus: unrealized loss on investments in 2022 | <u>217,241</u> |
| Adjusted net operating income | <u>\$ 221,743</u> |

NOTE G – LINE OF CREDIT

The Organization entered into a \$2,000,000 line of credit agreement with a bank that matures on October 15, 2023. The line of credit bears interest at a variable rate based on the Wall Street Journal Prime rate plus 1.00% with a minimum of 5.50%, and is collateralized by certain receivables. The line of credit requires monthly interest only payments and matures on demand. All advances on the line of credit are required to be repaid within six months of the advance. There was no balance outstanding at December 31, 2022.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE H – RETIREMENT PLAN

All employees are eligible to participate in a defined contribution 401(k) plan (the “401(k) Plan”) upon completion of 12 consecutive months of the required service and attainment of age 21. The annual contribution to the 401(k) Plan is determined on an annual basis by the Board of Directors (5% of eligible compensation for 2022) plus a match provision of 25% of voluntary contributions by the eligible employee up to a maximum of 1% of eligible compensation. Accordingly, the Organization's maximum contribution is 6% of eligible compensation up to the federal limit according to the Internal Revenue Code. Contributions to the 401(k) Plan for the year ended December 31, 2022, were \$540,931 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE I – DEFERRED COMPENSATION PLAN

The Organization has established a deferred compensation plan (the “Plan”) for the benefit of “key employees”, which provide that a certain percentage of the key employee's salary be accrued for the benefit of the participant. The Organization recognizes the related expense and liability under this Plan as benefits become vested. At December 31, 2022, the amounts due under the deferred compensation plan which totaled \$202,424, were accrued and included in deferred compensation payable and the related investments are included in assets held in trust for the deferred compensation plan in the accompanying combined statement of financial position. Contributions to the Plan for the year ended December 31, 2022, were \$5,753 and are included in payroll taxes and employee benefits in the accompanying combined statement of functional expenses.

NOTE J – CONTINGENCIES

By terms of the Organization's grants and contracts, certain funding agencies reserve the right to examine records relating to cost reimbursements. In the event there is a determination of non-qualifying expenditures for which a reimbursement has been made, the funding agency may demand a refund. Management of the Organization does not anticipate any material refunds will have to be made for grants or contracts terminated or in process as of December 31, 2022.

The Organization has Non Federal Share waivers for Head Start and Early Head Start for the grant year 20-21 in the amount of \$885,676 and grant year 21-22 in the amount of \$902,011 that are awaiting final approval and release as of December 31, 2022. Delays in getting Non Federal Share waivers approved by the Head Start central office is occurring nationwide. Management of the Organization is confident that they will be approved. Accordingly, no provision for liability has been made in the accompanying combined financial statements.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE K – OPERATING LEASES

Other than Short-term leases, The Organization is a party to five operating leases. Four of the leases are commercial leases, and one of the leases is an equipment lease.

As disclosed, in Note A-15, the Organization adopted ASC 842, *Leases*, effective January 1, 2022 using the optional transition method. The commercial leases and equipment lease are required to be included on the balance sheet under ASC 842. The adoption of ASC 842 had no impact to the prior year balance sheet, and because the leases are operating leases, it had no impact on the results of the operations.

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. The short-term lease costs do not reflect the ongoing short-term lease commitments as the Organization entered into several short-term lease commitments during 2022, which will increase short-term lease costs by approximately \$198,000 in 2023.

As of December 31, 2022, the operating lease right-of-use (ROU) asset had a balance of \$2,885,720, as shown in assets on the balance sheet; the operating lease liability had a balance of \$2,931,196 in the liabilities on the balance sheet. The operating lease asset and liability were calculated utilizing the weighted average discount rate (3.37%), according to the Organization's elected policy. The weighted average remaining lease term is 6 years as of December 31, 2022.

Lease Costs (included in rent and equipment rental):

| | |
|----------------------|-------------------|
| Operating lease cost | \$ 663,674 |
| Total lease cost | <u>\$ 663,674</u> |

Other information:

Cash paid for amounts included in measuring operating lease liability:

| | |
|---|-------------------|
| Operating cash flows from operating lease | \$ 618,198 |
| Total cash paid for amounts included in measuring operating lease liability | <u>\$ 618,198</u> |

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE K – OPERATING LEASES (continued)

Maturities of operating lease liabilities as of December 31, 2022:

| | | |
|----------------------------------|----|-------------------------|
| Year ending December 31: | | |
| 2023 | \$ | 643,698 |
| 2024 | | 643,428 |
| 2025 | | 498,139 |
| 2026 | | 403,360 |
| 2027 | | 413,141 |
| Thereafter | | <u>601,542</u> |
| Total lease payments | | 3,203,308 |
| Less: interest | | <u>(272,112)</u> |
| Present value of lease liability | \$ | <u><u>2,931,196</u></u> |

NOTE L – NET ASSETS WITHOUT DONOR RESTRICTIONS

The Organization’s net assets without donor restrictions are comprised of undesignated and Board designated amounts for the following purposes as follows:

| | | |
|---|----|-------------------------|
| Undesignated | \$ | 5,238,651 |
| Net investment in property and equipment | | 1,020,485 |
| Board designated for capital expenditures | | <u>114,000</u> |
| Total net assets without donor restrictions | \$ | <u><u>6,373,136</u></u> |

Board designated for capital expenditures

The Organization has designated funds to be set aside for capital expenditures for the purpose of the Organization’s mission for child care activities and other support services for families with young children. The amount set for the year is \$114,000 and no additional amounts were set aside during 2022.

The Organization has funds set aside related to the acquisition of capital assets in prior years which help Organization’s mission for child care activities and other support services for families with young children.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE M – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

| | |
|--|--------------------------|
| Subject to expenditure for specified purpose: | |
| School Readiness Program | \$ 90,000 |
| Endowments subject to the Organization's spending policy and appropriation: | |
| Investment in perpetuity, which once appropriated, is expendable to support: | |
| Any activities of the Organization | <u>141,846</u> |
| Total net assets with donor restrictions | <u><u>\$ 231,846</u></u> |

NOTE N – NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions are as follows:

| | |
|---------------------------------------|--------------------------|
| Purpose restrictions accomplished: | |
| School Readiness Program | <u>\$ 115,000</u> |
| Net assets released from restrictions | <u><u>\$ 115,000</u></u> |

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE O – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization’s financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

| | |
|--|---------------------|
| Cash and cash equivalents | \$ 1,761,857 |
| Cash designated for capital expenditures | 114,000 |
| Short-term investments | 1,132,158 |
| Receivables | 15,155,486 |
| Due from early learning providers | 110,945 |
| Unconditional promise to give | <u>90,000</u> |
| Total financial assets available within one year | 18,364,446 |
| Less: | |
| Liabilities | |
| Accounts payable and accrued expenses | 2,796,781 |
| Due to early learning providers | 8,941,372 |
| Due to Early Learning Coalition of Orange County | 99,031 |
| Due to Early Learning Coalition of Osceola County | 11,914 |
| Refundable advances | <u>3,009,759</u> |
| Total financial liabilities available within one year | <u>14,858,857</u> |
| Amounts unavailable for general expenditures within one year, due to: | |
| Restricted by donors with purpose restrictions | <u>231,846</u> |
| Total amounts unavailable for general expenditures within one year | <u>231,846</u> |
| Amounts unavailable to management without Board's approval: | |
| Board designated for capital expenditures | <u>114,000</u> |
| Total amounts unavailable to management without Board's approval | <u>114,000</u> |
| Total financial assets available within one year after board designations and restricted by donors | <u>\$ 3,159,743</u> |

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a committed line of credit of \$2,000,000, which it could draw upon. Additionally, the Organization has Board Designated net assets without donor restrictions that, while the Organization does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2022

NOTE P – FUNCTIONAL EXPENSES

The combined financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, and insurance, which are allocated on the basis of time and effort, children served and/or number of personnel.

NOTE Q – CONTRIBUTED NON-FINANCIAL ASSETS

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

Volunteer services of \$542,689, \$283,465, \$200,865, \$355,883 were provided to the Head Start, Early Head Start program, Early Head Start Child Care Partnership, and Early Head Start Expansion respectively, and are used to satisfy match requirements but are not included in the combined financial statements because they do not meet the criteria for recognition.

The estimated fair value of contributed materials, facilities, services and other program services are necessary to support the Head Start and Early Head Start program. These contributions are reflected as support and expenses in the accompanying combined statement of activities and combined statement of functional expenses in the period in which the materials, facilities, services and other program services are utilized. Contributed materials, facilities, services and other program services consist of the following:

| | <u>Head Start</u> | <u>Early Head Start</u> | <u>Early Head Start CCP</u> | <u>Early Head Start EXP</u> | <u>Total</u> |
|------------------|-------------------|-------------------------|-----------------------------|-----------------------------|------------------|
| Program Supplies | \$ 1,953 | \$ - | \$ - | \$ - | \$ 1,953 |
| Rent/Use of Land | 323 | 1,927 | 754 | 4,210 | 7,214 |
| Consultants | <u>671</u> | <u>424</u> | <u>424</u> | <u>247</u> | <u>1,766</u> |
| | <u>\$ 2,947</u> | <u>\$ 2,351</u> | <u>\$ 1,178</u> | <u>\$ 4,457</u> | <u>\$ 10,933</u> |

SUPPLEMENTAL INFORMATION

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended December 31, 2022

| Grantor/Program Title | CFDA CSFA | Award Number | Expenditures |
|--|--------------|-----------------|--------------------|
| Federal Awards | | | |
| U.S. Department of Agriculture | | | |
| <i>Passed through the State of Florida</i> | | | |
| <i>Department of Health:</i> | | | |
| Child and Adult Care Food Program - Centers | 10.558 | U51 | \$ 5,683,604 |
| Child and Adult Care Food Program - Homes | 10.558 | D-702 | 379,097 |
| Child and Adult Care Food Program - Head Start | 10.558 | S3 | <u>282,094</u> |
| Total U.S. Department of Agriculture | | | <u>6,344,795</u> |
| U.S. Department of Housing and Urban Development | | | |
| <i>Passed through Orange County, Florida:</i> | | | |
| Community Development Block Grants | 14.218 | 93-34 | <u>235,526</u> |
| U.S. Department of Health and Human Services | | | |
| <i>Passed through the Florida Office of Early Learning</i> | | | |
| <i>and the Early Learning Coalition of Orange County:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | 1217-21/22 | 5,863,718 |
| Temporary Assistance for Needy Families | 93.558 | 1217-22/23 | 6,752,274 |
| <i>Passed through the Office of Early Learning</i> | | | |
| <i>and the Early Learning Coalition of Osceola County:</i> | | | |
| Temporary Assistance for Needy Families | 93.558 | CA-21/22 | 1,095,804 |
| Temporary Assistance for Needy Families | 93.558 | CA-22/23 | <u>1,909,189</u> |
| Program Total | | | <u>15,620,985</u> |
| <i>Passed through the Florida Office of Early Learning</i> | | | |
| <i>and the Early Learning Coalition of Orange County:</i> | | | |
| Child Care and Development Block Grant | 93.575 | 1217-21/22 | 20,514,962 |
| Child Care and Development Block Grant | 93.575 | 1217-22/23 | 20,149,258 |
| CRRSA | 93.575 | 1217-21/22 | 929,126 |
| ARPA | 93.575 | 1217-21/22 | 15,545,204 |
| ARPA | 93.575 | 1217-22/23 | 37,469,827 |
| <i>Passed through the Office of Early Learning</i> | | | |
| <i>and the Early Learning Coalition of Osceola County:</i> | | | |
| Child Care and Development Block Grant | 93.575 | CA-21/22 | 4,190,701 |
| Child Care and Development Block Grant | 93.575 | CA-22/23 | 3,518,122 |
| CRRSA | 93.575 | CA-21/22 | 103,250 |
| ARPA | 93.575 | CA-21/22 | 2,845,256 |
| ARPA | 93.575 | CA-22/23 | 9,334,016 |
| <i>Passed through the State of Florida</i> | | | |
| <i>Department of Children and Families:</i> | | | |
| Child Care and Development Block Grant | 93.575 | LC929 | <u>393,297</u> |
| | | | <u>114,993,019</u> |

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended December 31, 2022

| Grantor/Program Title | CFDA CSFA | Award Number | Expenditures |
|--|--------------|------------------|--------------------|
| <i>Federal Awards (continued)</i> | | | |
| U.S. Department of Health and Human Services | | | |
| <i>Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:</i> | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 1217-21/22 | \$ 5,805,757 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | 1217-22/23 | 7,779,341 |
| <i>Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:</i> | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | CA-21/22 | 1,084,967 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | CA-22/23 | 1,890,881 |
| | | | <u>16,560,946</u> |
| Program Total (Child Care and Development Fund Cluster) | | | <u>131,553,965</u> |
| <i>Direct Program:</i> | | | |
| Head Start and Early Head Start | 93.600 | 04CH011019-02-00 | 7,995,963 |
| Early Head Start Child Care Partnership | 93.600 | 04HP000234-02-00 | 4,984,846 |
| Early Head Start - EXP | 93.600 | 04HP000129-02-00 | 2,826,076 |
| Program Total | | | <u>15,806,885</u> |
| <i>Passed-through the Catholic Charities of Central Florida, Inc.:</i> | | | |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 4C2021 | 28,485 |
| Refugee and Entrant Assistance - State Administered Programs | 93.566 | 4C2022 | 15,425 |
| Program Total | | | <u>43,910</u> |
| <i>Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:</i> | | | |
| Social Services Block Grant | 93.667 | 1217-21/22 | 16,100 |
| Social Services Block Grant | 93.667 | 1217-22/23 | 17,349 |
| <i>Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:</i> | | | |
| Social Services Block Grant | 93.667 | CA-21/22 | 3,188 |
| Social Services Block Grant | 93.667 | CA-22/23 | 5,126 |
| Program Total | | | <u>41,763</u> |
| Total U.S. Department of Health and Human Services | | | <u>163,067,508</u> |
| U.S. Department of Treasury | | | |
| <i>Passed through the Orange County, Florida and Orange County School Readiness Coalition, Inc.:</i> | | | |
| ARPA | 21.027 | Y22-2408 | 2,102,367 |
| Total Expenditures of Federal Awards | | | <u>171,750,196</u> |

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

Year Ended December 31, 2022

| Grantor/Program Title | CFDA CSFA | Award Number | Expenditures |
|--|--------------|-----------------|------------------------------|
| State Financial Assistance | | | |
| Florida Department of Education and Commissioner of Education: | | | |
| <i>Passed through the Florida Office of Early Learning and the Early Learning Coalition of Orange County:</i> | | | |
| Voluntary Pre-Kindergarten Education Program | 48.108 | 1217-21/22 | 14,738,300 |
| Voluntary Pre-Kindergarten Education Program | 48.108 | 1217-22/23 | 16,638,969 |
| <i>Passed through the Florida Office of Early Learning and the Early Learning Coalition of Osceola County:</i> | | | |
| Voluntary Pre-Kindergarten Education Program | 48.108 | CA-21/22 | 4,289,885 |
| Voluntary Pre-Kindergarten Education Program | 48.108 | CA-22/23 | <u>5,047,931</u> |
| Program Total | | | <u>40,715,085</u> |
| Total Expenditures of State Financial Assistance | | | <u>40,715,085</u> |
| Total Expenditures of Federal Awards and State Financial Assistance | | | <u><u>\$ 212,465,281</u></u> |

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

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

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

December 31, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal grant and state financial assistance project activity of the Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the “Organization”) under programs of the federal government and the State of Florida for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Florida Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and cost principles established by the State of Florida Department of Financial Services, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers (contract or grant number) are presented where available.

NOTE C – CONTRACT MATCHING CONTRIBUTIONS

The Organization has received support from government agencies, under grant contracts, which have match requirements. Management of the Organization has determined that the Organization has met the match requirement or received a waiver from the match requirement of their grant contracts as of December 31, 2022.

Volunteer services of \$542,689, \$283,465, \$200,865, \$355,883 were provided to the Head Start, Early Head Start program, Early Head Start Child Care Partnership, and Early Head Start Expansion respectively, and are used to satisfy match requirements but are not included in the combined financial statements because they do not meet the criteria for recognition.

NOTE D – INDIRECT COST RATES

The Organization has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended December 31, 2022. The indirect cost rates used on the Organization’s federal programs and state projects are determined by the relevant federal or state agency.



Partners

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American Institute of
Certified Public
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Florida Institute of
Certified Public
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**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 of
Community Coordinated Care for Children, Inc.
and The 4C Foundation, Inc.
Orlando, 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 combined financial statements of Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc. (collectively the "Organization") (a nonprofit organization), which comprise the combined statement of financial position as of December 31, 2022, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated June 27, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined 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 combined 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's combined 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 combined financial statements. 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida

June 27, 2023



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Community Coordinated Care for Children, Inc.
and The 4C Foundation, Inc.
Orlando, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.'s (collectively the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, and special audit guidance provided by the Office of Early Learning that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended December 31, 2022. 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.

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 December 31, 2022.

Basis for Opinion on Each Major Federal Program and State Project

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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General* (Uniform Guidance), and special audit guidance provided by the Office of Early Learning. Our responsibilities under those standards and the Uniform Guidance, are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs and state projects.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Report on Internal Control over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
June 27, 2023

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor’s report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 1. Type of auditor’s report issued on compliance for major programs: | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$3,000,000 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identification of major programs:

| <u>Name of Federal Program</u> | <u>CFDA Number</u> |
|---|--------------------|
| Child Care and Development Fund Cluster | 93.575 & 93.596 |
| Temporary Assistance for Needy Families | 93.558 |
| Coronavirus State and Local Fiscal Recovery Funds | 21.027 |

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

December 31, 2022

Section I – Summary of Auditor’s Results (continued)

State Financial Assistance

- | | |
|--|---------------|
| 1. Type of auditor’s report issued on compliance for major projects: | Unmodified |
| 2. Internal control over major projects: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, <i>Rules of the Auditor General</i> | No |
| 4. Dollar threshold used to distinguish between Type A and Type B projects | \$1,221,453 |

Identification of major projects:

| <u>Name of State Projects</u> | <u>CSFA Number</u> |
|--|--------------------|
| Voluntary Pre-Kindergarten Education Program | 48.108 |

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Award and State Projects Findings and Questioned Costs

None (there are no items related to Federal Awards and State financial assistance required to be reported in the management letter, therefore no management letter issued)

Section IV – Status of Prior Year Audit Findings

There were no prior year audit findings.

Community Coordinated Care for Children, Inc. and The 4C Foundation, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

December 31, 2022

Section V – Enhanced Fields System Modernization (EFS Mod) monthly reconciliation

- | | |
|---|-----|
| 1. EFS Mod reconciled monthly | Yes |
| 2. Processes in place to identify and correct errors during monthly reconciliations to EFS Mod | Yes |
| 3. Organization's financial records reconcile and agree to EFS Mod records as of program year ended December 31, 2022 | Yes |
| 4. Audit work papers documenting verification of reconciliations available to DEL staff | Yes |