

Comprehensive Community Child Care Organization, Inc. (4C for Children)

**Financial Statements with Supplementary Information
December 31, 2015 and 2014 and
Independent Auditors' Report**

COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)
December 31, 2015 and 2014

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4 - 5
Statements of Cash Flows	6
Statements of Functional Expenses	7 - 8
Notes to Financial Statements	9 - 14
Supplementary Information:	
Schedule of Expenditures of Federal Awards	15
Notes to Schedule of Expenditures of Federal Awards	16
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	17 - 18
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	19 - 20
Schedule of Findings and Questioned Costs	21
Summary Schedule of Prior Audit Findings	22

Independent Auditors' Report

The Board of Trustees
Comprehensive Community Child Care Organization, Inc.
Cincinnati, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the Comprehensive Community Child Care Organization, Inc. (4C for Children) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 financial statements based on our audits. We conducted our audits 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 4C for Children's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Comprehensive Community Child Care Organization, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report
(Continued)**

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2016 on our consideration of Comprehensive Community Child Care Organization, 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 Comprehensive Community Child Care Organization, Inc.'s internal control over financial reporting and compliance.

Burner, Demmig & Co., Ltd.

June 1, 2016
Cincinnati, Ohio

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Statements of Financial Position
December 31, 2015 and 2014**

	2015	2014
Assets		
Cash	\$ 881,040	\$ 1,747,194
Investments	1,564,643	1,079,845
Grants receivable	1,704,288	754,488
Contributions receivable, net	1,652,564	1,484,816
Other receivable	429,000	-
Prepaid expenses	83,041	59,337
Property and equipment, net	358,988	110,259
Total assets	\$ 6,673,564	\$ 5,235,939
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 709,141	\$ 567,909
Obligations under capital leases	41,914	16,860
Total liabilities	751,055	584,769
Net Assets		
Unrestricted:		
Board designated investment reserve	1,023,353	1,079,845
Board designated operating reserve	1,006,729	990,389
Board designated Bright Futures reserve	891,087	-
Property and equipment	358,988	110,259
Total unrestricted	3,280,157	2,180,493
Temporarily restricted	2,642,352	2,470,677
Total net assets	5,922,509	4,651,170
Total liabilities and net assets	\$ 6,673,564	\$ 5,235,939

(Continued)

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Statement of Activities
Year Ended December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating revenues, gains and other support			
Grants from government agencies	\$ 6,964,638	\$ -	\$ 6,964,638
United Way	50,335	942,529	992,864
Legacies, bequests and contributions	767,645	999,002	1,766,647
Program service fees	917,426	-	917,426
Gala revenue	111,372	-	111,372
Other	11,606	-	11,606
Net assets released from restrictions	1,769,856	(1,769,856)	-
	<u>10,592,878</u>	<u>171,675</u>	<u>10,764,553</u>
Expenses			
Program services:			
Professional development and community services	3,864,323	-	3,864,323
Child Nutrition Program	3,417,413	-	3,417,413
Parent services	1,345,978	-	1,345,978
	<u>8,627,714</u>	<u>-</u>	<u>8,627,714</u>
Management and general	595,929	-	595,929
Fundraising	231,393	-	231,393
	<u>9,455,036</u>	<u>-</u>	<u>9,455,036</u>
Change in net assets from operations	1,137,842	171,675	1,309,517
Nonoperating - Investment return	<u>(38,178)</u>	<u>-</u>	<u>(38,178)</u>
Change in net assets	1,099,664	171,675	1,271,339
Net assets, beginning of year	<u>2,180,493</u>	<u>2,470,677</u>	<u>4,651,170</u>
Net assets, end of year	<u>\$ 3,280,157</u>	<u>\$ 2,642,352</u>	<u>\$ 5,922,509</u>

See accompanying notes to financial statements

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Statement of Activities
Year Ended December 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Operating revenues, gains and other support			
Grants from government agencies	\$ 6,612,972	\$ -	\$ 6,612,972
United Way	20,595	1,050,807	1,071,402
Legacies, bequests and contributions	21,967	1,193,723	1,215,690
Program service fees	928,783	-	928,783
Gala revenue	150,048	-	150,048
Other	30,412	-	30,412
Net assets released from restrictions	<u>1,160,226</u>	<u>(1,160,226)</u>	<u>-</u>
Total revenues, gains and other support	<u>8,925,003</u>	<u>1,084,304</u>	<u>10,009,307</u>
Expenses			
Program services:			
Professional development and community services	3,460,680	-	3,460,680
Child Nutrition Program	3,240,534	-	3,240,534
Parent services	<u>1,334,316</u>	<u>-</u>	<u>1,334,316</u>
Total program services	8,035,530	-	8,035,530
Management and general	591,719	-	591,719
Fundraising	<u>195,813</u>	<u>-</u>	<u>195,813</u>
Total expenses	<u>8,823,062</u>	<u>-</u>	<u>8,823,062</u>
Change in net assets from operations	101,941	1,084,304	1,186,245
Nonoperating - Investment return	<u>66,043</u>	<u>-</u>	<u>66,043</u>
Change in net assets	167,984	1,084,304	1,252,288
Net assets, beginning of year	<u>2,012,509</u>	<u>1,386,373</u>	<u>3,398,882</u>
Net assets, end of year	<u>\$ 2,180,493</u>	<u>\$ 2,470,677</u>	<u>\$ 4,651,170</u>

See accompanying notes to financial statements

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Statements of Cash Flows
Years Ended December 31, 2015 and 2014**

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 1,271,339	\$ 1,252,288
Adjustments to reconcile net assets to net cash		
Depreciation	73,443	77,519
Realized and unrealized investment (gains) losses	63,440	(33,995)
Loss on disposal of property and equipment	2,011	-
Changes in:		
Grants receivable	(949,800)	(26,017)
Contributions receivable, net	(167,748)	(770,574)
Other receivable	(429,000)	-
Prepaid expenses	(23,704)	(27,018)
Accounts payable and accrued expenses	141,232	57,336
	<u>(18,787)</u>	<u>529,539</u>
Net cash provided (used) by operating activities		
Cash flows from investing activities		
Purchases of investments	(1,068,246)	(311,239)
Proceeds from sale of investments	520,008	298,509
Purchase of property and equipment	(275,411)	(38,075)
	<u>(823,649)</u>	<u>(50,805)</u>
Net cash used by investing activities		
Cash flows from financing activities		
Payments on capital lease obligations	(23,718)	(32,299)
	<u>(23,718)</u>	<u>(32,299)</u>
Net change in cash	(866,154)	446,435
Cash, beginning of year	<u>1,747,194</u>	<u>1,300,759</u>
Cash, end of year	<u>\$ 881,040</u>	<u>\$ 1,747,194</u>
Supplemental cash flows information		
Interest paid	\$ 1,120	\$ 598
Property and equipment purchases financed through capital leases	\$ 48,772	\$ -
Property and equipment purchases included in accounts payable	\$ 20,012	\$ -

See accompanying notes to financial statements

COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC. (4C FOR CHILDREN)

**Statement of Functional Expenses
Year Ended December 31, 2015**

	<u>Professional Development</u>	<u>Child Nutrition Program</u>	<u>Parent Services</u>	<u>Total Program Services</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and temporary help	\$ 2,339,078	\$ 285,783	\$ 742,411	\$ 3,367,272	\$ 280,733	\$ 145,280	\$ 3,793,285
Fringe benefits	320,509	53,547	117,985	492,041	24,557	16,551	533,149
Payroll taxes	195,364	22,974	67,259	285,597	6,488	11,627	303,712
Professional fees	298,749	35,032	184,772	518,553	75,683	7,149	601,385
Occupancy	231,451	19,873	32,046	283,370	21,932	-	305,302
Printing and advertising	32,377	2,929	21,583	56,889	7,068	6,109	70,066
Travel	97,401	7,208	25,425	130,034	5,051	139	135,224
Conferences and training	109,167	2,346	22,685	134,198	25,471	3,638	163,307
Depreciation	35,278	7,968	14,469	57,715	15,728	-	73,443
Equipment	27,078	3,799	7,279	38,156	526	89	38,771
Supplies	84,285	3,438	11,517	99,240	4,979	326	104,545
Postage	8,754	1,099	4,368	14,221	3,536	1,568	19,325
Telephone	28,070	2,550	6,749	37,369	5,581	38	42,988
Interest	-	-	-	-	1,120	-	1,120
Membership dues	2,748	255	85	3,088	9,295	295	12,678
Miscellaneous	16,281	1,825	4,594	22,700	108,181	1,560	132,441
Other individual assistance	37,733	-	82,751	120,484	-	-	120,484
Gala	-	-	-	-	-	37,024	37,024
Total expenses	3,864,323	450,626	1,345,978	5,660,927	595,929	231,393	6,488,249
Payments to providers - food program	-	2,966,787	-	2,966,787	-	-	2,966,787
Total expenses	\$ 3,864,323	\$ 3,417,413	\$ 1,345,978	\$ 8,627,714	\$ 595,929	\$ 231,393	\$ 9,455,036

See accompanying notes to financial statements

COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC. (4C FOR CHILDREN)

**Statement of Functional Expenses
Year Ended December 31, 2014**

	<u>Professional Development</u>	<u>Child Nutrition Program</u>	<u>Parent Services</u>	<u>Total Program Services</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and temporary help	\$ 2,127,695	\$ 259,088	\$ 679,939	\$ 3,066,722	\$ 302,291	\$ 112,254	\$ 3,481,267
Fringe benefits	282,241	37,237	97,754	417,232	49,886	19,983	487,101
Payroll taxes	179,906	21,484	54,551	255,941	24,906	9,156	290,003
Professional fees	316,028	32,494	167,002	515,524	84,116	6,456	606,096
Occupancy	166,689	20,384	42,965	230,038	61,291	-	291,329
Printing and advertising	21,468	1,300	36,716	59,484	3,972	10,104	73,560
Travel	98,716	12,312	28,368	139,396	5,941	336	145,673
Conferences and training	95,687	909	20,864	117,460	16,451	738	134,649
Depreciation	34,582	9,143	15,118	58,843	18,676	-	77,519
Equipment	16,584	2,541	6,808	25,933	-	112	26,045
Supplies	40,696	2,113	13,217	56,026	4,295	643	60,964
Postage	6,762	1,598	5,112	13,472	2,290	3,917	19,679
Telephone	22,348	2,987	4,980	30,315	5,181	-	35,496
Interest	-	-	-	-	598	-	598
Membership dues	5,448	290	1,537	7,275	6,973	361	14,609
Miscellaneous	16,150	2,298	5,711	24,159	4,741	16	28,916
Other individual assistance	29,680	-	153,674	183,354	111	-	183,465
Gala	-	-	-	-	-	31,737	31,737
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	3,460,680	406,178	1,334,316	5,201,174	591,719	195,813	5,988,706
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Payments to providers - food program	-	2,834,356	-	2,834,356	-	-	2,834,356
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 3,460,680</u>	<u>\$ 3,240,534</u>	<u>\$ 1,334,316</u>	<u>\$ 8,035,530</u>	<u>\$ 591,719</u>	<u>\$ 195,813</u>	<u>\$ 8,823,062</u>

See accompanying notes to financial statements

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Comprehensive Community Child Care Organization, Inc. (4C for Children) is incorporated as a not-for-profit organization under the laws of the State of Ohio. 4C for Children educates and supports the adults who care for young children and advocates for public support for quality early education and care for all children. 4C for Children's revenue and support are derived principally from contributions, federal and state grants and program service fees.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restriction which do not expire.

Cash

4C for Children maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. 4C for Children performs an ongoing evaluation of the commercial bank to limit its concentration of credit risk exposure. 4C for Children has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Investments and Fair Value Measurements

Investments are reported at fair value in accordance with current accounting and reporting standards. These standards established a three-level hierarchy for fair value measurements: Level 1 – inputs are unadjusted quoted prices for identical assets in active markets; Level 2 – inputs are observable quoted prices for similar assets in active markets; Level 3 – inputs are unobservable and reflect management's best estimates of what market participants would use as fair value. Because Level 3 investments are not readily marketable, the estimated fair value is subject to additional uncertainty and the fair value realized upon disposition may vary significantly from the currently reported fair values.

Where quoted market prices are available in an active market securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, equity securities and mutual funds (including equity and bond funds). If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. There were no valuations using level 2 or 3 inputs.

Investments are managed by the Finance Committee with advice and assistance from investment professionals.

Property and Equipment

Property and equipment are recorded at cost or fair value at the time of the gift in the case of donated items. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Notes to Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants

Public funding by governmental agencies is recognized as 4C for Children performs the contracted services or incurs outlays eligible for reimbursement under the support agreements. Activities and outlays may be subject to audit and acceptance by the supporting agency and, as a result of such audit, adjustments could be required.

Contributions

4C for Children records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same calendar year are recorded as temporarily restricted and then released from restriction.

Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses have been classified based upon the actual direct expenditures and cost allocations based upon estimates of time spent by 4C for Children personnel.

Income Taxes

4C for Children is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income. 4C for Children is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

4C for Children's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Notes to Financial Statements
(Continued)**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing the financial statements, 4C for Children has evaluated events and transactions for potential recognition or disclosure through June 1, 2016, the date the financial statements were available to be issued.

NOTE 2 GRANTS RECEIVABLE

Grants receivable as of December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Ohio Department of Education	\$ 885,070	\$ 227,258
Ohio Department of Job and Family Services	717,682	397,125
University of Kentucky (Kentucky Cabinet for Health and Family Services)	57,048	34,406
Other	44,488	54,101
Hamilton County Department of Job and Family Services	-	41,598
	<u>\$ 1,704,288</u>	<u>\$ 754,488</u>

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable as of December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Due within one year	\$ 1,346,102	\$ 1,160,586
Due in one to five years	313,310	324,230
	1,659,412	1,484,816
Less allowance for uncollectible contributions	<u>(6,848)</u>	<u>-</u>
	<u>\$ 1,652,564</u>	<u>\$ 1,484,816</u>

NOTE 4 FUNDS HELD AT GREATER CINCINNATI FOUNDATION

A donor transferred assets to the Greater Cincinnati Foundation (GCF) for the purpose of providing scholarships for professional development for early childhood education professionals. 4C for Children will use these funds to provide scholarships for courses to develop the management and leadership skills of administrators. Since GCF retains variance power over these funds they are not recorded on 4C for Children's financial statements. At December 31, 2015 and 2014, the fair value of these funds was approximately \$53,020 and \$62,282, respectively.

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Notes to Financial Statements
(Continued)**

NOTE 5 INVESTMENTS AT FAIR VALUE

Investments as of December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Level 1:		
Money market funds	\$ 73,829	\$ 14,968
Equities	547	401,260
Equity mutual funds	893,537	300,087
Fixed income mutual funds	596,730	363,530
	<u>\$ 1,564,643</u>	<u>\$ 1,079,845</u>

Investment return as of December 31 is comprised of the following:

	<u>2015</u>	<u>2014</u>
Realized and unrealized gains (losses)	\$ (63,440)	\$ 33,995
Interest and dividends	25,262	32,048
	<u>\$ (38,178)</u>	<u>\$ 66,043</u>

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consisted of the following:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 517,766	\$ 633,617
Leasehold improvements	106,420	188,051
	624,186	821,668
Less accumulated depreciation	<u>(265,198)</u>	<u>(711,409)</u>
	<u>\$ 358,988</u>	<u>\$ 110,259</u>

NOTE 7 LINE OF CREDIT

4C for Children has a \$300,000 line of credit with a commercial bank that is collateralized by substantially all assets of 4C for Children. The line bears interest at the daily LIBOR rate plus 3.00%. At December 31, 2015 and 2014, there was no balance outstanding on the line. Effective May 1, 2016, the note was renewed as a continuation to expire on April 30, 2017.

NOTE 8 CAPITAL LEASE OBLIGATION

4C for Children leases copier equipment under capital leases expiring in various years through 2020. The economic substance of the leases is that 4C for Children is financing the acquisition of the assets through the leases and accordingly, it is recorded in 4C for Children's assets and liabilities.

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Notes to Financial Statements
(Continued)**

NOTE 8 CAPITAL LEASE OBLIGATION (CONTINUED)

Annual payments on the capital lease at December 31, 2015 are:

2016	\$ 10,516
2017	10,516
2018	10,516
2019	10,516
2020	<u>2,629</u>
Less amount representing interest	<u>(2,779)</u>
Present value of future lease payments	<u><u>\$ 41,914</u></u>

Property and equipment included the following property held under capital lease at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 48,772	\$ 125,223
Less accumulated depreciation	<u>(4,877)</u>	<u>(94,611)</u>
	<u><u>\$ 43,895</u></u>	<u><u>\$ 30,612</u></u>

NOTE 9 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31 are available for the following purposes or periods:

	<u>2015</u>	<u>2014</u>
Professional development	\$ 1,241,920	\$ 1,166,502
Restricted for future years	720,774	712,038
Parent services	571,806	475,557
Develop leaders project	105,500	105,500
Child nutrition program	<u>2,352</u>	<u>11,080</u>
	<u><u>\$ 2,642,352</u></u>	<u><u>\$ 2,470,677</u></u>

NOTE 10 SIGNIFICANT CONCENTRATIONS

Accounting principles generally accepted in the United States of America require disclosure of current vulnerabilities due to certain concentrations. For 2015 and 2014, approximately 26% and 25%, respectively, of all revenue was received from the Ohio Department of Job and Family Services. For 2015 and 2014, approximately 32% and 32%, respectively, of all revenue was received from the Ohio Department of Education.

NOTE 11 RETIREMENT PLAN

4C for Children has a defined contribution retirement plan with a deferred arrangement (403(b) plan) for employees who meet certain length of service requirements. The Board of Trustees annually determines the amount, if any, of 4C for Children's contributions to the plan. Contribution expense was \$52,957 and \$50,317 in 2015 and 2014, respectively.

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Notes to Financial Statements
(Continued)**

NOTE 12 GRANTS FROM GOVERNMENTAL AGENCIES

The following is a summary of the top five grants from governmental agencies for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Ohio Department of Education	\$ 3,395,465	\$ 3,254,172
Ohio Department of Job and Family Services	2,793,630	2,556,127
University of Kentucky (Kentucky Cabinet for Health and Family Services)	408,770	448,432
Hamilton County Department of Job and Family Services	256,654	264,116
Butler County Family & Children First Council	44,824	20,833

Under the grant from the Ohio Department of Education, 4C for Children administered a Child Care Food Program. This program provided food to children being cared for by home child care providers and a pilot project of limited number of child care centers. Funds received under this contract were restricted to making reimbursement to child care providers for meals served to eligible children under their care and to cover certain costs in administering the program.

Under the grants from the Ohio Department of Jobs and Family Services and the University of Kentucky (Kentucky Cabinet for Health and Families Services), 4C for Children administered a child care resources and referral service which sought to improve the quality of child care and related child care resources.

Under the grant from Hamilton County Department of Job and Family Services and Butler County Family & Children First Council, 4C for Children operates "Strengthening Families" program. The services are focused on supporting parents and ensuring the wellness of children by building the resiliency and capacity of parents to meet the needs of their family.

NOTE 13 OPERATING LEASES

4C for Children leases office space under noncancelable operating leases that expire in various years through 2026, one of which has the option to renew for two additional periods of five years each. 4C for Children records rent expense on a straight-line basis over the term of the lease. The difference between the rent expense recorded and paid to the lessor is classified as accrued expenses on the statement of financial position. Rent expense for office space included in the statement of activities for the years ended December 31, 2015 and 2014 was \$252,897 and \$209,750, respectively.

Future annual minimum lease payments at December 31, 2015 are:

2016	\$ 137,660
2017	226,977
2018	224,352
2019	218,550
2020	224,067
Thereafter	<u>1,260,652</u>
	<u>\$ 2,292,258</u>

SUPPLEMENTARY INFORMATION

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through State of Ohio Department of Education:</i>			
Child and Adult Care Food Program	10.558	77867	<u>\$ 3,417,784</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Ohio Children's Trust Fund via Hamilton County:</i>			
Strengthening Families Initiative	93.590	G-1201OHFRPG	272,779
<i>Passed through State of Ohio Department of Job and Family Services:</i>			
Strengthening Families Initiative	93.590	MOU 129793	<u>4,266</u>
Total for CFDA 93.590			<u>277,045</u>
<i>Passed through State of Ohio Department of Job and Family Services:</i>			
Child Care and Development Block Grant	93.575	G-1415-17-0372	1,928,422
<i>Passed through University of Kentucky Research Foundation:</i>			
Child Care and Development Block Grant	93.575	3200000110-16-020	<u>183,650</u>
Total for CFDA 93.575			<u>2,112,072</u>
<i>Passed through University of Kentucky Research Foundation:</i>			
Temporary Assistance for Needy Families	93.558	3048111816-15-044	219,592
<i>Passed through State of Ohio Department of Job and Family Services:</i>			
Early Learning Challenge	84.412A	G-1415-17-0372	<u>811,823</u>
Total U.S. Department of Health and Human Services			<u>3,420,532</u>
Total expenditures of federal awards			<u><u>\$ 6,838,316</u></u>

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Comprehensive Community Child Care Organization, Inc. (4C for Children) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 SUBRECIPIENTS

4C for Children provided no federal awards to subrecipients.

**INDEPENDENT AUDITORS' 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**

The Board of Trustees
Comprehensive Community Child Care Organization, Inc.
Cincinnati, Ohio

We have audited, 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, the financial statements of Comprehensive Community Child Care Organization, Inc. (4C for Children) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statement of activity, and cash flows for the year then ended, and the related notes to the financial statement, and have issued our report thereon dated June 1, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 4C for Children'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of 4C for Children's internal control. Accordingly, we do not express an opinion on the effectiveness of 4C for Children'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 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 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 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 4C for Children's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' 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
(Continued)**

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 4C for Children's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Burns, Denning & Co., Ltd.

June 1, 2016
Cincinnati, Ohio

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Trustees
Comprehensive Community Child Care Organization, Inc.
Cincinnati, Ohio

Report on Compliance for Each Major Federal Program

We have audited Comprehensive Community Child Care Organization, Inc.'s (4C for Children) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of 4C for Children's major federal programs for the year ended December 31, 2015. 4C for Children's major federal programs 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 4C for Children's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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* (Uniform Guidance). Those standards and Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about 4C for Children's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of 4C for Children's compliance.

Opinion on Each Major Federal Program

In our opinion, Comprehensive Community Child Care Organization, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Report on Internal Control Over Compliance

Management of 4C for Children 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 4C for Children's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program 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 to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 4C for Children's internal control over compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
(Continued)**

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 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Burns, Donig & Co., Ltd.

June 1, 2016
Cincinnati, Ohio

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2015**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- 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 *Title 2 U.S. CFR Section 200.516(a)*? _____ Yes X No

Identification of major programs

<u>CFDA Numbers</u>	<u>Name of Federal Programs or Clusters</u>
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

**COMPREHENSIVE COMMUNITY CHILD CARE ORGANIZATION, INC.
(4C FOR CHILDREN)**

**Summary Schedule of Prior Audit Findings
Year Ended December 31, 2015**

Reference Number	Summary of Finding	Status
	No matters are reportable.	