

FAMILY CENTERS INC.
FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

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HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Family Centers Inc.
Greenwich, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Family Centers Inc., which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Directors
Family Centers Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Family Centers Inc., as of June 30, 2017 and 2016, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenditures of state financial assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations 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 reports dated September 6, 2017, on our consideration of Family Centers Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Family Centers Inc., internal control over financial reporting and compliance.

Haims, Buzzeeo + company, P.C.

Certified Public Accountants

Stamford, CT
September 6, 2017

FAMILY CENTERS INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS	JUNE 30,	
	2017	2016
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 427,804	\$ 341,161
Short Term Investments	647,476	786,894
Unconditional Promises to Give		
United Way Funding for the Next Fiscal Year	34,000	132,887
Accounts Receivable – Net of Allowance for Doubtful Accounts of \$59,045 and \$57,712	419,988	335,772
Contracts Receivable	614,225	864,279
Contributions Receivable	-	750,000
Pledges Receivable	-	15,000
Due From FCITC Partners – Note 2	111,009	101,565
Prepaid Expenses	134,306	152,259
<u>Total Current Assets</u>	<u>\$ 2,388,808</u>	<u>\$ 3,479,817</u>
FIXED ASSETS - Note 3	<u>\$ 4,227,418</u>	<u>\$ 5,199,675</u>
LONG-TERM INVESTMENTS - Note 4	<u>\$ 10,670,133</u>	<u>\$ 8,280,550</u>
<u>TOTAL ASSETS</u>	<u>\$ 17,286,359</u>	<u>\$ 16,960,042</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	\$ 460,721	\$ 573,886
Note Payable - Current Portion - Note 5	13,271	20,521
Deferred Income	319,858	294,340
Refundable Advances	181,792	144,069
Security Deposits	249,210	216,220
<u>Total Current Liabilities</u>	<u>\$ 1,224,852</u>	<u>\$ 1,249,036</u>
Long – Term Liabilities:		
Note Payable – Less Current Portion – Note 5	9,916	23,186
<u>Total Liabilities</u>	<u>1,234,768</u>	<u>1,272,222</u>
NET ASSETS:		
Unrestricted Net Assets		
Undesignated	\$ 4,747,070	\$ 5,705,156
Special Events Designated by the Board for the Future Fiscal Years - Note 7	538,386	513,421
Designated by the Board for Endowment Purposes	4,301,866	3,369,688
<u>Total Unrestricted Net Assets</u>	<u>\$ 9,587,322</u>	<u>\$ 9,588,265</u>
Temporarily Restricted Net Assets - Note 6	1,307,044	1,345,477
Permanently Restricted Net Assets - Note 6	5,157,225	4,754,078
<u>Total Net Assets</u>	<u>\$ 16,051,591</u>	<u>\$ 15,687,820</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 17,286,359</u>	<u>\$ 16,960,042</u>

See accompanying notes and
independent auditors' report.

FAMILY CENTERS INC.

STATEMENTS OF ACTIVITIES

UNRESTRICTED NET ASSETS	YEARS ENDED JUNE 30,	
	2017	2016
<u>Undesignated Support, Revenues and Reclassifications</u>		
Contributions	\$ 827,100	\$ 844,886
Grant Income	6,606,425	6,779,522
Program Services - Note 8	4,588,661	3,915,777
Gain on Sale of Building	168,055	-
Other Income	113,227	54,230
Investment Income	500,193	526,000
<u>Total Support and Revenues</u>	<u>\$ 12,803,661</u>	<u>\$ 12,120,415</u>
<u>Net Assets Released from Restrictions</u>		
United Way Funding for the Year	244,120	339,102
Board Designations Satisfied	859,101	861,655
Restrictions Satisfied By Time	349,165	209,291
Restrictions Satisfied By Payments	300	3,500
<u>Total Unrestricted Support, Revenues and Reclassifications</u>	<u>\$ 14,256,347</u>	<u>\$ 13,533,963</u>
<u>Expenses</u>		
Program Services:		
Health Care Connections	\$ 5,363,045	\$ 4,435,417
FC Healthcare	-	279,141
Early Education	3,803,138	3,655,093
Thriving Families and Communities	3,269,882	2,882,052
<u>Total Program Services</u>	<u>\$ 12,436,065</u>	<u>\$ 11,251,703</u>
Supporting Services:		
FCITC	393,676	374,628
General and Administrative	925,466	858,513
Fund Raising	643,021	721,631
<u>Total Expenses</u>	<u>\$ 14,398,228</u>	<u>\$ 13,206,475</u>
<u>Net (Decrease) Increase in Unrestricted Undesignated Net Assets</u>	<u>(141,881)</u>	<u>327,488</u>
<u>Board Designated</u>		
Special Events - Note 7	\$ 884,066	\$ 764,314
Realized and Unrealized Gains (Losses) on Investments	13,324	(317,341)
Contributions	102,649	-
Board Designations Satisfied	(859,101)	(861,655)
<u>Net Increase (Decrease) in Unrestricted Board Designated Net Assets</u>	<u>\$ 140,938</u>	<u>(\$ 414,682)</u>
<u>Net Decrease in Unrestricted Net Assets</u>	<u>(\$ 943)</u>	<u>(\$ 87,194)</u>
<u>TEMPORARILY RESTRICTED NET ASSETS:</u>		
United Way and Community Funds Funding	\$ 34,000	\$ 132,887
Contributions for Future Periods	520,620	1,202,230
Investment Income	532	1,569
Net Assets Released from Restrictions:		
United Way Funding for the Year	(244,120)	(339,102)
Restrictions Satisfied by Time	(349,165)	(209,291)
Restrictions Satisfied by Payments	(300)	(3,500)
<u>Net (Decrease) Increase in Temporarily Restricted Net Assets</u>	<u>(38,433)</u>	<u>784,793</u>
<u>PERMANENTLY RESTRICTED NET ASSETS:</u>		
Realized and Unrealized Gains (Losses) on Investments	\$ 403,147	(\$ 433,998)
<u>Net Increase (Decrease) in Permanently Restricted Net Assets</u>	<u>403,147</u>	<u>(\$ 433,998)</u>
<u>Increase in Net Assets</u>	<u>363,771</u>	<u>263,601</u>
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>15,687,820</u>	<u>15,424,219</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 16,051,591</u>	<u>\$ 15,687,820</u>

See accompanying notes and independent auditors' report.

FAMILY CENTERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Health Care Connections	Early Education	Thriving Families & Communities	Total Program Services	FCITC	General and Administrative	Fund Development	Total Support Services	Total Expenses
Salaries	\$ 3,083,139	\$ 2,432,709	\$ 1,891,620	\$ 7,407,468	\$ 38,466	\$ 379,858	\$ 432,866	\$ 851,190	\$ 8,258,658
Employee Benefits	370,070	299,171	227,459	896,700	5,795	51,302	55,740	112,837	1,009,537
Payroll Taxes	241,072	194,126	151,077	586,275	3,110	30,946	35,832	69,888	656,163
Total	\$ 3,694,281	\$ 2,926,006	\$ 2,270,156	\$ 8,890,443	\$ 47,371	\$ 462,106	\$ 524,438	\$ 1,033,915	\$ 9,924,358
Contract Service Fees	\$ 948,634	\$ 38,216	\$ 258,453	\$ 1,245,303	\$ -	\$ 7,983	\$ 11,673	\$ 19,656	\$ 1,264,959
Supplies	92,957	325,705	33,980	452,642	1,608	42,229	3,847	47,684	500,326
Professional Development	33,255	36,438	11,063	80,756	690	7,992	13,320	22,002	102,758
Student/Family/Client Activity	2,366	21,988	15,705	40,059	-	155	-	155	40,214
Travel & Auto Expenses	12,484	4,278	20,350	37,112	746	10,268	1,185	12,199	49,311
Client Assistance	91,232	36	375,607	466,875	-	430	-	430	467,305
Telecommunications	34,051	15,700	42,403	92,154	28,626	8,428	7,198	44,252	136,406
Postage/Delivery Service	1,329	641	763	2,733	8	8,617	1,365	9,990	12,723
Occupancy	91,155	182,341	52,739	326,235	-	32,352	11,801	44,153	370,388
Equipment Maintenance & Rental	22,469	26,280	15,421	64,170	-	8,940	17,784	26,724	90,894
Public Awareness	15,534	14,397	13,415	43,346	(69)	45,630	11,988	57,549	100,895
Professional Fees - Admin	25,911	-	-	25,911	6,903	138,295	-	145,198	171,109
Professional Fees - Computer	1,000	-	2,263	3,263	143,672	1,190	865	145,727	148,990
Hardware/Software Support	26,784	5,280	2,136	34,200	148,718	692	4,291	153,701	187,901
Membership Dues	17,424	6,352	4,795	28,571	199	1,844	1,387	3,430	32,001
Insurance	52,344	41,877	32,168	126,389	1,261	51,080	7,730	60,071	186,460
Bank Fees	-	-	10	10	-	53,311	25	53,336	53,346
Bad Debts	4,600	15,400	-	20,000	-	-	-	-	20,000
Miscellaneous Expense	6,858	8,618	3,600	19,076	115	11,417	1,538	13,070	32,146
Total Expenses Before Depreciation	\$ 5,174,668	\$ 3,669,553	\$ 3,155,027	\$ 11,999,248	\$ 379,848	\$ 892,959	\$ 620,435	\$ 1,893,242	\$ 13,892,490
Depreciation	188,377	133,585	114,855	436,817	13,828	32,507	22,586	68,921	505,738
Total Expenses	\$ 5,363,045	\$ 3,803,138	\$ 3,269,882	\$ 12,436,065	\$ 393,676	\$ 925,466	\$ 643,021	\$ 1,962,163	\$ 14,398,228

FAMILY CENTERS INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2016

	Health Care Connections	FC Healthcare	Early Education	Thriving Families and Communities	Total Program Services	FCITC	General and Administrative	Fund Development	Total Support Services	Total Expenses
Salaries	\$ 2,471,158	\$ 185,513	\$ 2,377,313	\$ 1,716,275	\$ 6,750,259	\$ 20,630	\$ 410,697	\$ 497,387	\$ 928,714	\$ 7,678,973
Employee Benefits	325,463	18,967	302,593	217,812	864,835	3,851	57,632	62,172	123,655	988,490
Payroll Taxes	202,914	14,564	193,657	140,133	551,268	1,837	33,621	40,688	76,146	627,414
Total	\$ 2,999,535	\$ 219,044	\$ 2,873,563	\$ 2,074,220	\$ 8,166,362	\$ 26,318	\$ 501,950	\$ 600,247	\$ 1,128,515	\$ 9,294,877
Contract Service Fees	\$ 873,534	\$ 350	\$ 33,540	\$ 53,687	\$ 961,111	\$ 298	\$ 150	\$ -	\$ 448	\$ 961,559
Supplies	40,786	10,920	281,751	32,636	366,093	3,279	37,902	3,649	44,830	410,923
Professional Development	23,408	3,825	14,163	9,867	51,263	1,782	20,949	24,086	46,817	98,080
Student/Family/Client Activity	1,631	-	14,931	3,833	20,395	-	-	-	-	20,395
Travel & Auto Expenses	8,127	939	3,213	20,615	32,894	707	11,415	1,143	13,265	46,159
Client Assistance	98,621	-	47	415,065	513,733	-	-	-	-	513,733
Telecommunications	23,607	4,613	18,670	35,609	82,499	31,074	7,104	6,365	44,543	127,042
Postage/Delivery Service	2,066	599	1,427	1,588	5,680	300	8,170	1,034	9,504	15,184
Occupancy	81,474	255	171,274	49,072	302,075	-	40,300	15,200	55,500	357,575
Equipment Maintenance & Rental	21,037	490	24,985	18,674	65,186	-	8,614	15,628	24,242	89,428
Public Awareness	18,140	2,763	20,596	17,843	59,342	268	23,666	11,344	35,278	94,620
Professional Fees - Admin	3,010	4,300	-	-	7,310	-	102,766	-	102,766	110,076
Professional Fees - Computer	16,735	-	-	701	17,436	182,041	999	250	183,290	200,726
Hardware/Software Support	-	10,577	3,720	1,635	15,932	114,408	(1,625)	5,243	118,026	133,958
Membership Dues	9,959	402	7,177	5,582	23,120	147	1,805	1,895	3,847	26,967
Insurance	47,740	2,935	42,468	31,031	124,174	578	7,688	8,738	17,004	141,178
Bank Fees	-	-	10	20	30	-	41,662	25	41,687	41,717
Bad Debts	2,300	-	7,700	-	10,000	-	-	-	-	10,000
Miscellaneous Expense	4,758	7,125	4,870	7,090	23,843	-	14,231	923	15,154	38,997
Total Expenses	\$ 4,276,468	\$ 269,137	\$ 3,524,105	\$ 2,778,768	\$ 10,848,478	\$ 361,200	\$ 827,746	\$ 695,770	\$ 1,884,716	\$ 12,733,194
Before Depreciation										
Depreciation	158,949	10,004	130,988	103,284	403,225	13,428	30,767	25,861	70,056	473,281
Total Expenses	\$ 4,435,417	\$ 279,141	\$ 3,655,093	\$ 2,882,052	\$ 11,251,703	\$ 374,628	\$ 858,513	\$ 721,631	\$ 1,954,772	\$ 13,206,475

See accompanying notes and independent auditors' report

FAMILY CENTERS INC.

STATEMENTS OF CASH FLOWS

	YEARS ENDED JUNE 30,	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 363,771	\$ 263,601
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By Operating Activities:		
Depreciation	505,738	473,281
Realized and Unrealized (Gain) Loss on Sale of Investments	(532,329)	751,339
Changes in Assets and Liabilities:		
Accounts Receivable	(84,216)	(78,035)
Unconditional Promises to Give	98,887	153,498
Contracts Receivable	250,054	(343,230)
Contributions Receivable	750,000	(750,000)
Pledges Receivable	15,000	98,500
Due From FCITC Partners	(9,444)	(4,243)
Project Development in Progress - FCITC	-	261,814
Prepaid Expenses	17,953	8,787
Accounts Payable and Accrued Expenses	(113,165)	48,278
Security Deposits	(187,010)	99,314
Deferred Income	25,518	33,788
Refundable Advances	37,723	11,186
<u>Total Adjustments</u>	<u>\$ 774,709</u>	<u>\$ 764,277</u>
<u>Net Cash Provided By Operating Activities</u>	<u>1,138,480</u>	<u>1,027,878</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds on Sale of Building	(855,021)	-
Short-Term Investments -- Net	139,418	(171,623)
Contribution to Endowment	(852,649)	-
Purchases of Investments	(468,716)	(626,611)
Sales of Investments	817,869	738,210
Capital Expenditures	(181,631)	(1,110,065)
Net Disposition of Fixed Assets	369,413	-
<u>Net Cash Used In Investing Activities</u>	<u>(\$ 1,031,317)</u>	<u>(\$ 1,170,089)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds Note Payable	-	47,779
Principal Payments on Note Payable	(20,520)	(17,611)
<u>Net Cash (Used In) Provided By Financing Activities</u>	<u>(20,520)</u>	<u>30,168</u>
<u>Net Increase (Decrease) in Cash</u>	<u>86,643</u>	<u>(\$ 112,043)</u>
Cash -- Beginning	341,161	453,204
<u>CASH - END OF YEAR</u>	<u>\$ 427,804</u>	<u>\$ 341,161</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS:		
Cash Paid During the Year for:		
Interest	\$ -	\$ -

See accompanying notes and
independent auditors' report.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 -- NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Family Centers Inc. is a not-for-profit corporation and is exempt from Federal taxes under section 501 (c) (3) and 509 (a) of the Internal Revenue Code. Family Centers Inc. (The Center) is the resulting organization of a merger on April 1, 1995, between The Family Center Inc. and Family & Children's Services, Inc., on November 1, 2005 between Family Centers Inc. and Center for HOPE, Inc., on July 1, 2008 between Family Centers Inc. and Healthcare Connection, Inc., and on July 1, 2013 between Family Centers Inc. and Literacy Volunteers Stamford/Greenwich Inc. Family Centers Inc.'s mission is to empower children, adults, families and communities to reach their potential.

Summary of Significant Accounting Policies

Accounting

The Center's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Accounts Receivable and Allowance for Uncollectible Accounts

Accounts Receivable consists of program service fees charged to clients for clinical, infant day care, childcare services, contracted services and employee assistance services.

The Center uses the allowance method to determine uncollectible accounts. The Center's allowance for doubtful accounts is based on management's estimates of the creditworthiness of its client's, current economic conditions and historical information.

Net Asset Classifications

The Center reports information regarding its financial position and activities according to three net assets classifications: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired. The unrestricted net assets include all funds over which the Board of Directors has full discretion as to use. The Board has designated a portion of the unrestricted net assets for Endowment Purposes and Special Events Designated for Future Years.

Temporarily restricted net assets include funds that are subject to time or purpose restrictions designated by the donor or grantor which cannot be changed by the Board. When the time or purpose restriction is satisfied, the temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Permanently restricted net assets include endowment funds established by donors. The permanently restricted net assets balance reflects the principal amounts of these endowments. Income generated by the endowment funds may be subject to time or purpose restrictions designated by the donor or by operation by law. Such income is reflected in the accompanying statement of activities as either temporarily restricted or unrestricted income.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Center considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents, except for those short-term investments managed by the Center's investment managers as part of their long-term investment strategies.

The Center maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts. The Center believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments are recorded at fair value based on published market value or net assets values as determined by the investment manager. Interest and dividends are recorded on the accrual basis. Realized gains or losses from investment transactions are recorded upon the sale or maturity of the related securities and are reflected in the statement of activities and changes in net assets. Interest, dividends and gains and losses on investments are reflected in the statement of activities and changes in net assets as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Distribution Policy

Annual endowment distributions to support the Center's operations shall be up to 5% of the value of the fund as measured by a rolling average of the quarter-end market values of the trailing 12 quarters.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fixed Assets and Depreciation

The Center follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$5,000 at cost; the fair market value of donated property is similarly capitalized. Fixed assets are depreciated over their estimated useful lives by the straight-line method.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a 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.

Early education fees are recognized as earned in the period services are provided. Charges for services not yet provided are recorded as deferred income.

Income from special events is recognized in the year designated through the budget approval process by the Board of Directors for use of the funds.

Grants from Government Agencies

Grants from government agencies are conditioned upon the Center incurring certain qualifying costs and are recognized as revenue as those costs are incurred.

Income Taxes

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended; thus no provision for federal income taxes has been made. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Organizations Income Tax Return (Form 990) has not been examined for the past three years.

NOTE 2 – DUE FROM FCITC PARTNERS

This represents amounts due Family Centers Inc. for expenses they paid on behalf of the Information System Collaboration with Family and Children's Agency and LifeBridge Community Services.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 3 – FIXED ASSETS

Fixed assets together with original cost, accumulated depreciation, book value and estimated lives, consist of the following:

	<u>Useful Life</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Land	-----	\$ 1,503,939	\$ 1,782,676
Buildings:			
Arch Street	----	25,695	25,695
Bridge Street	30 Years	1,254,648	1,254,648
St. Roch	39 Years	-	576,284
Gateway	39 Years	534,753	534,753
Stamford	30 Years	288,325	288,325
Center for Hope	39 Years	366,953	366,953
Buildings and Ground Improvements	10 and 30 Years	3,950,118	3,851,079
Equipment, Furniture and Fixtures	5, 7 and 10 Years	<u>2,301,526</u>	<u>2,218,935</u>
<u>Total</u>		<u>\$ 10,225,957</u>	<u>\$ 10,899,348</u>
Less Accumulated Depreciation		<u>5,998,539</u>	<u>5,699,673</u>
<u>Fixed Assets - Net</u>		<u>\$ 4,227,418</u>	<u>\$ 5,199,675</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

Accounting principles establish a framework for measuring fair value. That framework sets forth a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that Family Centers Inc. has the ability to access.

Level 2 – Inputs to the valuation methodology that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Inputs to the valuation methodology that are unobservable and supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

An asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

<u>June 30, 2017</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments are composed of the following:				
Exchange Traded & Closed End Funds	\$ 662,878	\$ 662,878	\$ -	\$ -
Corporate Stocks and Bonds	465,481	465,481	-	-
Cash and Cash Equivalents	1,594,965	1,594,965	-	-
TIFF Mutual Asset Fund	7,232,979	-	7,232,979	-
Mutual Funds	213,830	213,830	-	-
Note Receivable	500,000	-	-	500,000
<u>Total</u>	<u>\$10,670,133</u>	<u>\$ 2,937,154</u>	<u>\$ 7,232,979</u>	<u>\$ 500,000</u>

<u>June 30, 2016</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments are composed of the following:				
Exchange Traded & Closed End Funds	\$ 270,187	\$ 270,187	\$ -	\$ -
Corporate Stocks and Bonds	195,086	195,086	-	-
Cash and Cash Equivalents	44,177	44,177	-	-
TIFF Mutual Asset Fund	7,195,010	-	7,195,010	-
Mutual Funds	76,090	76,090	-	-
Note Receivable	500,000	-	-	500,000
<u>Total</u>	<u>\$ 8,280,550</u>	<u>\$ 585,540</u>	<u>\$ 7,195,010</u>	<u>\$ 500,000</u>

In September 2007 the Center made a Five Hundred Thousand (\$500,000) Dollar investment from its endowment in a shared appreciation loan secured by a mortgage on a residence in Greenwich, Connecticut which was being purchased by a key senior level employee. In approving this real estate related investment, the Board also considered the additional benefits of retaining this key employee and to having a senior level executive living in the community where the Center has 5 buildings out of which many of its programs operate so he would be available to handle emergency situations during off hours. The loan plus 50% of the appreciated value of the residence over its purchase price is payable upon the earlier of a sale of the residence, the termination of the executive's employment for any reason or the executive's ceasing to occupy the premises as his principal residence.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

In January 2016 the Board approved the following policy: the agency shall not make any loans to: (I) members of the Board of Directors, (II) members of the Senior Board, (III) members of the associate Board of Directors, (IV) officers of the agency, and (V) management employees of the agency (collectively, “related parties”). This policy shall not include the making of advances to agency employees for expenses to be incurred on behalf of the agency under the agency’s usual expense policy.

NOTE 5 – NOTE PAYABLE

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$18,885.50 for an energy efficient project at 20 Bridge Street. The term on the loan is 48 months commencing in October 2015. Monthly payments of \$250.86 consist of principal only. The balance due as of June 30, 2017 was \$6,774.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$11,688.95 for an energy efficient project at 2 Chapel Street. The term on the loan is 47 months commencing in October 2015. Monthly payments of \$158.13 consist of principal only. The balance due as of June 30, 2017 was \$4,111.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$12,438.23 for an energy efficient project at 22 Bridge Street. The term on the loan is 30 months commencing in October 2015. Monthly payments of \$261.01 consist of principal only. The balance due as of June 30, 2017 was \$2,349.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$15,522.21 for an energy efficient project at 40 Arch Street. The term on the loan is 35 months commencing in October 2015. Monthly payments of \$275.26 consist of principal only. The balance due as of June 30, 2017 was \$3,854.

Family Centers Inc. entered into an interest free loan agreement with Connecticut Light and Power in the amount of \$17,059.72 for an energy efficient project at 590 Post Road. The term on the loan is 48 months commencing in October 2015. Monthly payments of \$225.89 consist of principal only. The balance due as of June 30, 2017 was \$6,099.

Current Maturities of note payable over the next four years are as follows:

2018	\$	13,271
2019		8,170
2020		1,746

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 6 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods:

	June 30,	
	<u>2017</u>	<u>2016</u>
Alissa Manacher Fund	\$ 6,910	\$ 1,688
United Way Funding for Next Year	34,000	132,887
Contributions for Future Years	<u>1,266,134</u>	<u>1,210,902</u>
	<u>\$ 1,307,044</u>	<u>\$ 1,345,477</u>

Permanently restricted net assets consist of the following:

	June 30,	
	<u>2017</u>	<u>2016</u>
Endowment Fund	\$ 4,878,881	\$ 4,476,116
Lynn Laitman Fund	110,697	110,536
Alissa Manacher Fund	15,000	15,000
Schulman Enrichment Fund	97,356	97,215
Thomas Burnett Campership	<u>55,291</u>	<u>55,211</u>
	<u>\$ 5,157,225</u>	<u>\$ 4,754,078</u>

NOTE 7 – SPECIAL EVENTS

Periodically, the Center holds fund raising events. Net Income from special events is separated into Unrestricted Income and Board Designated. The Board of Directors designates in which year the proceeds will be used or for what purposes the funds are to be used for.

A summary of special events' revenues and expenses is as follows:

<u>Events During Year Ended June 30, 2017</u>	<u>Income</u>	<u>Expense</u>	<u>Net Income</u>
Friday Nite Fever	\$ 727,748	\$ 189,362	\$ 538,386
Hippies and Harleys	83,650	21,855	61,795
Center for HOPE Luncheon	159,391	13,095	146,296
Scrabble Tournament	85,590	25,377	60,213
Meg Whitman Breakfast	<u>93,732</u>	<u>16,356</u>	<u>77,376</u>
	<u>\$ 1,150,111</u>	<u>\$ 266,045</u>	<u>\$ 884,066</u>

<u>Events During Year Ended June 30, 2016</u>	<u>Income</u>	<u>Expense</u>	<u>Net Income</u>
South Pacific	\$ 33,100	\$ 15,375	\$ 17,725
Hippies and Harleys	660,759	147,338	513,421
Center for HOPE Luncheon	178,670	25,586	153,084
Scrabble Tournament	98,215	23,631	74,584
Roger Ailes Breakfast	<u>5,500</u>	<u>-</u>	<u>5,500</u>
	<u>\$ 976,244</u>	<u>\$ 211,930</u>	<u>\$ 764,314</u>

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 7 – SPECIAL EVENTS (Continued)

Changes in Board designated special events are as follows:

Balance - July 1, 2015	\$ 610,762
Income Year ended June 30, 2016	764,314
Board Designated for Operations - June 30, 2016	<u>(861,655)</u>
<u>Board Designated for Future Year - June 30, 2016</u>	\$ 513,421
Income Year ended June 30, 2017	884,066
Board Designated for Operations - June 30, 2017	<u>(859,101)</u>
<u>Balance - June 30, 2017</u>	<u>\$ 538,386</u>

NOTE 8 – PROGRAM SERVICES

Fees received by the Center for services provided are from the following services:

	June 30,	
	<u>2017</u>	<u>2016</u>
Health Care Connections	\$ 1,747,491	\$ 1,312,966
Early Education	1,937,052	1,753,806
Thriving Families and Communities	890,286	835,143
General and Administrative	<u>13,832</u>	<u>13,862</u>
	<u>\$ 4,588,661</u>	<u>\$ 3,915,777</u>

NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various program and supporting services has been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited. Overhead expenses including occupancy, telephone and insurance are allocated to functional areas based upon space used or actual usage if specifically identifiable. The allocations of salary and related expenses for management and supervision of program service functions are made by management based on the estimated time spent by executive on the various program service functions.

NOTE 10 – DONATED SERVICES AND FACILITIES

According to accounting principles generally accepted in the United States of America, contributed services should be recognized in the financial statements if the services create or enhance nonfinancial assets, or meet all of the following criteria: (1) require special skills; (2) providers possess the skills; (3) would be purchased if not donated. The Center receives a significant amount of donated services in connection with its program and management and general activities. Those services do not meet the criteria for recognition and, accordingly, are not reflected in the financial statements.

The Center received use of office space for the medical clinic valued at \$46,475 and also classroom space valued at \$88,830 from The Greenwich Housing Authority. The Center also received vaccines from the Department of Public Health valued at \$12,247.

FAMILY CENTERS INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

NOTE 11 – RETIREMENT PLAN

The Center maintains a 403(b) thrift plan covering all eligible employees. The Center's defined contribution is calculated at a 4% contribution rate plus an amount equal to the employee contribution up to 2% of compensation during the plan year.

The employer retirement expense as of June 30, 2017 was \$312,337.

NOTE 12 – CONTINGENCIES – GOVERNMENT AUDITS

The Center receives a substantial amount of its support from Federal and State grants. A significant reduction in the level of this support may have an effect on the Centers programs.

The Center's various grants and contracts are subject to audit by appropriate governmental agencies. Acceptance of final costs incurred under these grants and contracts resides with the grantors. As of the date of these statements, the adjustments to final costs are not material. There are no costs remaining as unresolved "questioned costs" as of June 30, 2017.

NOTE 13 – TRANSFER

The Board of Directors approved a transfer in the amount of \$816,205 from the Operating Fund to the Endowment Fund from the sale of the St. Roch's property.

NOTE 14 – SUBSEQUENT EVENTS

The Center has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through September 6, 2017, the date which the financial statements were available to be issued.

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

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*

Independent Auditor's Report

To the Board of Directors
Family Centers Inc.
Greenwich, CT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Family Centers Inc., which comprise the statement of financial position as of June 30, 2017 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Family Centers Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Family Centers Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Family Centers Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To the Board of Directors
Family Centers Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Family Centers Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Family Centers Inc. internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Family Centers Inc. internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haims, Buzzee + Company, P.C.
Certified Public Accountants

Stamford, CT
September 6, 2017

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

Report on Compliance for Each Major Federal Program;
Report On Internal Control over Compliance; and Report on Schedule
of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Family Centers Inc.
Greenwich, Connecticut

Report on Compliance for Each Major Federal Program

We have audited Family Centers Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Family Centers Inc.'s major federal programs for the year ended June 30, 2017. Family Centers Inc.'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Family Centers Inc.'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 the 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 Family Centers Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Family Centers 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 June 30, 2017.

To the Board of Directors
Family Centers Inc.

Report On Internal Control over Compliance

Management of Family Centers Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Centers Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each 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 the 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 Family Centers Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Family Centers Inc. as of and for the year ended June 30, 2017 and have issued our report thereon dated September 6, 2017, which contained an unmodified opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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.

Haims, Buzzeeo + Company, P.C.

Certified Public Accountants

Stamford, CT
September 6, 2017

FAMILY CENTERS INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS THROUGH AGENCY IDENTIFYING NUMBER</u>	<u>PASS THROUGH TO SUBRECIPIENTS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
Department of Health and Human Services				
Pass Through from State of Connecticut Office of Early Childhood Child Day Care Program	93.667			\$ 168,964
Pass Through from Childcare Learning Center Head Start	93.600			197,439
Pass Through from City of New Haven Department of Health Ryan White HIV/AIDS Treatment Extension Act Part A	93.914		<u>443,742</u>	<u>818,477</u>
Total Department of Health and Human Services				<u>1,184,880</u>
Federally Qualified Health Centers				
New Access Point	93.224			<u>676,628</u>
Pass Through from Southwest Connecticut Agency on Aging	93.044			<u>9,250</u>
Department of Homeland Security				
Pass Through from United Way of Western Connecticut Federal Emergency Management Agency Emergency Food and Shelter Program	97.024			<u>5,500</u>
U.S. Department of Justice				
Pass Through State of Connecticut Office of Victim Services Victims of Crime Act – Victim Assistance Grant	16.575			<u>7,380</u>
Department of Housing and Urban Development				
Pass Through from Stamford Housing Authority Family Self Sufficiency Program	14.871			60,805
Pass Through from The Town of Greenwich Community Development Block Grant	14.218			13,750
Pass Through from CCFSA Housing Mobility Counseling and Search Assistance	14.239			32,830
Pass Through from the Housing Authority of the Town of Greenwich Family Self Sufficiency Program	14.877			<u>69,000</u>
Total Department of Housing and Urban Development				<u>176,385</u>
Department of Agriculture				
Pass Through from the State of Connecticut Department of Education CACFP Nutrition	10.558			92,834
Pass Through from Community Health Centers Association of Connecticut SNAP Outreach	10.561			<u>14,310</u>
Total Department of Agriculture				<u>107,144</u>

FAMILY CENTERS INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

Department of Education

Pass Through from the State of Connecticut Department of Education

Program Improvement Project-- EL/Civics	84.0028		35,000
Program Improvement Project - Comprehensive	84.0028	12060-20784	<u>40,000</u>
Total Department of Education		12060-20784	<u>75,000</u>

TOTAL EXPENDITURES OF FEDERAL AWARDS

\$ 443,742 \$ 2,242,167

FAMILY CENTERS INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Family Centers Inc. under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Family Centers Inc., it is not intended to, and does not present the financial position, changes in net assets, or cash flows of Family Centers Inc.

NOTE 2 – 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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – INDIRECT COST RATE

Family Centers Inc. has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

FAMILY CENTERS INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal Control over compliance:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified Yes None Reported

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 2 CFR 200.516(a) of the Uniform Guidance

Yes No

- Identification of Major Federal Programs:

<u>Federal Grantor Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Ryan White HIV/AIDS Treatment Extension Act Part A	93.914		818,477

Programs with expenditures in excess of \$750,000 were deemed to be Type A Programs.
Programs with expenditures less than \$750,000 were deemed to be Type B Programs.

Auditor Qualified as Low Risk Auditee

Yes No

FAMILY CENTERS INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

SECTION II – FINANCIAL STATEMENT FINDING

- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- No findings or questions costs are reported relating to Federal Award Programs.

HAIMS, BUZZEO & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
STAMFORD, CONNECTICUT

Report on Compliance for each Major State Program
Report on Internal Control over Compliance:
and Report on the Schedule of Expenditures of State Financial
Assistance Required By the State Single Audit Act

Independent Auditor's Report

To the Board of Directors
Family Centers Inc.
Greenwich, Connecticut

Report on Compliance for Each Major State Program

We have audited Family Centers Inc.'s compliance with the types of compliance requirements described in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on each of Family Centers Inc.'s major state programs for the year ended June 30, 2017. Family Centers Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of finds and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Family Centers Inc.'s major state 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 State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Family Centers Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Family Centers Inc.'s compliance.

Opinion on Each Major State Program

In our opinion, Family Centers 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 state programs for the year ended June 30, 2017.

To the Board of Directors
Family Centers Inc.

Report on Internal Control over Compliance

Management of Family Centers Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Family Centers Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Family Centers Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Family Centers Inc. as of and for the year ended June 30, 2017, and have issued our report thereon dated September 6, 2017 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act 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 schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Haims, Buzzeeo+Company, P.C.

Certified Accountants

Stamford, CT
September 6, 2017

FAMILY CENTERS INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2017

<u>STATE GRANTOR /PASS THROUGH GRANTOR/ PROGRAM TITLE</u>	<u>STATE GRANT PROGRAM CORE - CT NUMBER</u>	<u>EXPENDITURES</u>
Department of Mental Health and Addiction Services		
Mental Health Services Grant	11000-MHA53000-16053	\$ 41,649
Housing Supports & Services	11000-MHA53000-12035	503,969
SUBTOTAL		<u>545,618</u>
Department of Children & Families		
Pass Through from Family & Children's Agency		
Intensive Family Preservation	11000-DCF91110-16111	53,442
Office of Early Childhood		
Nurturing Families Network	11000-OEC-64840-12042	413,540
Child Day Care	11000-OEC-64840-12520	174,901
Pass Through from Childcare Learning Center		
Head Start Enhancement	11000-OEC-64840-16106	93,445
Pass Through from Greenwich Public Schools		
School Readiness	11000- OEC-64840-12113	232,024
Pass Through From City of Stamford		
Quality Enhancement	11000- OEC-64840-17097	57,611
SUBTOTAL		<u>971,521</u>
Department of Education		
Pass Through From City of Stamford		
Adult Education (DOE)	11000-SDE64000-17030	30,205
Early Childhood Bond Fund (DOE)	12052-SDE43540-83004	66,634
SUBTOTAL		<u>96,839</u>
Department of Public Health		
School Based Health Clinics	11000-DPH48500-17019	792,289
HIV Care Formula	12060-DPH48500-30407	101,572
Ryan White II Rebate Rev 06-13	12060-DPH48500-30402	171,003
AIDS Services	12004-DPH48500-12236	16,673
SUBTOTAL		<u>1,081,537</u>
Department of Housing		
Pass Through from The Housing Authority of the Town of Greenwich		
Residential Services	11000-DOH-46920-12032	14,950
Department of Social Services		
Pass Through from Community Health Centers Association of Connecticut		
Medicaid Outreach	11000-DSS60000-10020	24,375
State of Connecticut Judicial Branch Office of Victim Services		
State Homicide Counseling Funds	11000-JUD95810-10020-011	2,525
Office of Policy Management		
NPG Grant	12052-OPM20830-43375	9,464
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 2,800,271</u>

FAMILY CENTERS INC.

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2017

The accompanying schedule of expenditures of state financial assistance includes state grant activity of Family Centers Inc. under programs of the State of Connecticut for the fiscal year ended June 30, 2017. Various departments and agencies of the State of Connecticut have provided financial assistance to Family Centers Inc. through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including Psychiatric and Mental Health Services, and Case Management Services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Family Centers Inc. conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit agencies.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

FAMILY CENTERS INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency (ies) identified? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? Yes No

- The following schedule reflects the major programs included in the audit:

FAMILY CENTERS INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2017

<u>STATE GRANTOR PASS/THROUGH GRANTOR/PROGRAM TITLE</u>	<u>STATE GRANT PROGRAM CORE- CT NUMBER</u>	<u>EXPENDITURES</u>
Office of Early Childhood		
Pass Through from Children's Learning Center Head Start Enhancement	11000-OEC-64840-16106	93,445
Pass Through from Greenwich Public Schools School Readiness	11000-OEC-64840-12113	232,024
Pass Through from City of Stamford Quality Enhancement	11000-ORC-6840-17097	57,611
Department of Public Health		
School Based Health Clinics	11000-DPH48500-17019	792,289
Ryan White Title 2 HIV Care	12060-DPH48500-30401	101,572
Ryan White II Rebate	12060-DPH48500-30402	171,003
• Dollar threshold used to distinguish between type A and type B programs.		\$300,000

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated September 6, 2017, 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No Findings or Questioned Costs are reported relating to State Financial Assistance Programs.