FAMILY CENTERS INC.

FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

INDEX

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. (the "Center"), which comprise the statements of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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 13, 2018, 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, Buzzeo & Company, P.C.

Certified Public Accountants

Stamford, CT
September 13, 2018

FAMILY CENTERS INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS	JUNE 30, 2018	2017
CURRENT ASSETS:		
Cash and Cash Equivalents	$ 270,289	$ 427,804
Short Term Investments	657,343	647,476
Unconditional Promises to Give		
United Way Funding for the Next Fiscal Year	-	34,000
Accounts Receivable – Net of Allowance for		
Doubtful Accounts of $55,150 and $59,045	644,920	419,988
Contracts Receivable	646,563	614,225
Contributions Receivable	250,000	-
Pledges Receivable	98,000	-
Due From FCITC Partners – Note 2	171,974	111,009
Prepaid Expenses	132,738	134,306
Total Current Assets	$ 2,871,827	$ 2,388,808
PROPERTY AND EQUIPMENT - Note 3	$ 3,888,523	$ 4,227,418
LONG-TERM INVESTMENTS - Note 4	$ 11,169,616	$ 10,670,133
TOTAL ASSETS	$ 17,929,966	$ 17,286,359
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 617,480	$ 460,721
Notes Payable - Current Portion - Note 5	12,686	13,271
Deferred Income	320,785	319,858
Refundable Advances	100,398	181,792
Security Deposits	250,322	249,210
Total Current Liabilities	$ 1,301,671	$ 1,224,852
Long – Term Liabilities:		
Notes Payable – Less Current Portion – Note 5	16,326	9,916
Total Liabilities	1,317,997	1,234,768
NET ASSETS:		
Unrestricted Net Assets		
Undesignated	$ 4,355,990	$ 4,747,070
Special Events Designated by the Board for the Future Fiscal Years - Note 7	690,679	538,386
Designated by the Board for Endowment Purposes	4,443,433	4,301,866
Total Unrestricted Net Assets	$ 9,490,102	$ 9,587,322
Temporarily Restricted Net Assets - Note 6	1,856,625	1,307,044
Permanently Restricted Net Assets - Note 6	5,265,242	5,157,225
Total Net Assets	$ 16,611,969	$ 16,051,591
TOTAL LIABILITIES AND NET ASSETS	$ 17,929,966	$ 17,286,359

See accompanying notes and
independent auditors' report.

EXHIBIT "B"

FAMILY CENTERS INC.

STATEMENTS OF ACTIVITIES

UNRESTRICTED NET ASSETS	YEARS ENDED JUNE 30, 2018	2017
Undesignated Support, Revenues and Reclassifications		
Contributions	$ 913,959	$ 827,100
Grant Income	6,937,378	6,606,425
Program Services - Note 8	4,839,869	4,588,661
Gain on Sale of Building	-	168,055
Other Income	35,734	113,227
Investment Income	793,285	500,193
Total Support and Revenues	$13,520,225	$12,803,661
Net Assets Released from Restrictions		
United Way Funding for the Year	252,517	244,120
Board Designations Satisfied	820,785	859,101
Restrictions Satisfied By Time	362,129	349,165
Restrictions Satisfied By Payments	-	300
Total Unrestricted Support, Revenues and Reclassifications	$14,955,656	$14,256,347
Expenses		
Program Services:		
Health Care Connections	$ 5,831,982	$ 5,363,045
Early Education	4,036,293	3,803,138
Thriving Families and Communities	3,214,353	3,269,882
Total Program Services	$13,082,628	$12,436,065
Supporting Services:		
FCITC	463,718	393,676
General and Administrative	1,050,328	925,466
Fund Raising	750,062	643,021
Total Expenses	$15,346,736	$14,398,228
Net Decrease in Unrestricted Undesignated Net Assets	(391,080)	(141,881)
Board Designated		
Special Events - Note 7	$ 973,078	$ 884,066
Realized and Unrealized Gains on Investments	120,817	13,324
Contributions	165,550	102,649
Distributions	(144,800)	-
Board Designations Satisfied	(820,785)	(859,101)
Net Increase in Unrestricted Board Designated Net Assets	$ 293,860	$ 140,938
Net Decrease in Unrestricted Net Assets	($ 97,220)	($ 943)
TEMPORARILY RESTRICTED NET ASSETS:		
United Way and Community Funds Funding	$ -	$ 34,000
Contributions for Future Periods	1,161,183	520,620
Investment Income	3,044	532
Net Assets Released from Restrictions:		
United Way Funding for the Year	(252,517)	(244,120)
Restrictions Satisfied by Time	(362,129)	(349,165)
Restrictions Satisfied by Payments	-	(300)
Net Increase (Decrease) in Temporarily Restricted Net Assets	549,581	(38,433)

See accompanying notes and
independent auditors' report.

PERMANENTLY RESTRICTED NET ASSETS:		
Contribution	$ 100,000	$ -
Distributions	(227,200)	-
Realized Gains on Investments	235,217	403,147
Net Increase in Permanently Restricted Net Assets	108,017	403,147
Increase in Net Assets	560,378	363,771
NET ASSETS AT BEGINNING OF YEAR	16,051,591	15,687,820
NET ASSETS AT END OF YEAR	$16,611,969	$16,051,591

See accompanying notes and
independent auditors' report.

FAMILY CENTERS INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Health Care Connections	Early Education	Thriving Families & Communities	Total Program Services	FCITC	General and Administrative	Fund Development	Total Support Services	Total
Compensation	$ 3,331,808	$ 2,602,054	$ 1,992,019	$ 7,925,881	$ 117,671	$ 467,787	$ 504,977	$ 1,090,435	$ 9,016,316
Employee Benefits	388,019	312,525	237,143	937,687	22,158	70,624	58,553	151,335	1,089,022
Payroll Taxes	260,839	202,818	155,576	619,233	9,020	36,824	39,868	85,712	704,945
Total	$ 3,980,666	$ 3,117,397	$ 2,384,738	$ 9,482,801	$ 148,849	$ 575,235	$ 603,398	$ 1,327,482	$ 10,810,283
Contract Service Fees	$ 1,017,182	$ 48,173	$ 229,913	$ 1,295,268	$ -	$ 2,354	$ -	$ 2,354	$ 1,297,622
Supplies	105,559	347,017	24,109	476,685	9,474	50,334	12,341	72,149	548,834
Professional Development	59,261	28,716	24,380	112,357	1,903	16,683	14,384	32,970	145,327
Student/Family/Client Activity	2,189	23,082	13,950	39,221	-	-	-	-	39,221
Travel & Auto Expenses	11,349	5,179	18,923	35,451	53	7,674	708	8,435	43,886
Client Assistance	88,570	-	252,312	340,882	-	-	-	-	340,882
Telecommunications	43,051	14,106	42,145	99,302	24,691	12,064	8,703	45,458	144,760
Postage/Delivery Service	1,566	-	145	1,711	21	6,272	4,199	10,492	12,203
Occupancy	105,116	206,278	52,351	363,745	3,246	22,988	13,497	39,731	403,476
Equipment Maintenance & Rental	28,659	27,168	15,647	71,474	-	9,660	18,312	27,972	99,446
Public Awareness	18,951	12,017	10,648	41,616	846	37,321	17,244	55,411	97,027
Professional Fees - Admin	72,872	-	2,900	75,772	-	183,114	21,108	204,222	279,994
Professional Fees - Computer	48	-	2,406	2,454	95,145	616	450	96,211	98,665
Hardware/Software Support	26,878	4,535	2,048	33,461	160,335	1,091	3,164	164,590	198,051
Membership Dues	23,585	4,870	4,044	32,499	429	1,433	870	2,732	35,231
Insurance	51,418	42,530	31,240	125,188	4,335	6,771	7,596	18,702	143,890
Bank Fees	12	-	35	47	-	54,476	-	54,476	54,523
Bad Debts	4,900	15,100	-	20,000	-	-	-	-	20,000
Miscellaneous Expense	8,047	14,092	2,051	24,190	(89)	29,446	667	30,024	54,214
Total Expenses Before Depreciation	$ 5,649,879	$ 3,910,260	$ 3,113,985	$ 12,674,124	$ 449,238	$ 1,017,532	$ 726,641	$ 2,193,411	$ 14,867,535
Depreciation	182,103	126,033	100,368	408,504	14,480	32,796	23,421	70,697	479,201
Total Expenses	$ 5,831,982	$ 4,036,293	$ 3,214,353	$ 13,082,628	$ 463,718	$ 1,050,328	$ 750,062	$ 2,264,108	$ 15,346,736

See accompanying notes and
independent auditor's 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
Compensation	$ 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

See accompanying notes and independent auditor's report

FAMILY CENTERS INC.

STATEMENTS OF CASH FLOWS

	YEARS ENDED JUNE 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 560,378	$ 363,771
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:		
Depreciation	479,201	505,738
Unrealized (Gain) Loss on Sale of Investments	271,671	(532,329)
Changes in Assets and Liabilities:		
Accounts Receivable	(224,932)	(84,216)
Unconditional Promises to Give	34,000	98,887
Contracts Receivable	(32,338)	250,054
Contributions Receivable	(250,000)	750,000
Pledges Receivable	(98,000)	15,000
Due From FCITC Partners	(60,965)	(9,444)
Prepaid Expenses	1,568	17,953
Accounts Payable and Accrued Expenses	156,759	(113,165)
Security Deposits	1,112	(187,010)
Deferred Income	927	25,518
Refundable Advances	(81,334)	37,723
Total Adjustments	$ 197,669	$ 774,709
Net Cash Provided By Operating Activities	758,047	1,138,480
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds on Sale of Building	-	(855,021)
Short-Term Investments – Net	(9,867)	139,418
Contribution to Endowment	-	(852,649)
Distributions	(372,000)	
Purchases of Investments	(4,167,336)	(468,716)
Sales of Investments	3,768,121	817,869
Capital Expenditures	(152,481)	(181,631)
Net Disposition of Fixed Assets	12,176	369,413
Net Cash Used In Investing Activities	($ 921,387)	($ 1,031,317)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds Note Payable	22,076	-
Principal Payments on Note Payable	(16,251)	(20,520)
Net Cash Provided By (Used In) Financing Activities	5,825	(20,520)
Net (Decrease) Increase in Cash	(157,515)	86,643
Cash – Beginning	427,804	341,161
CASH - END OF YEAR	$ 270,289	$ 427,804
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS:		
Cash Paid During the Year for:		
Interest	$ 720	$ -

See accompanying notes and
independent auditors' report.

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. is the resulting organization of the following mergers: 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. The Center'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 clients, 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.

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.

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 asset 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.

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 nets 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 Center's Income Tax Return (Form 990) has not been examined for the past three years.

NOTE 2 – DUE FROM FCITC PARTNERS

This represents amounts due the Center for expenses it paid on behalf of the Information Technology Collaboration with Family and Children's Agency and LifeBridge Community Services.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and Equipment as of June 30, 2018 and 2017, consist of the following:

	June 30, 2018	June 30, 2017
Land	$ 1,503,939	$ 1,503,939
Buildings and Improvements	6,477,785	6,420,492
Equipment, Furniture and Fixtures	2,336,116	2,301,526
Total	$ 10,317,840	$ 10,225,957
Less Accumulated Depreciation	6,429,317	5,998,539
Net Property and Equipment	$ 3,888,523	$ 4,227,418

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.

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

June 30, 2018	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments are composed of the following:				
Exchange Traded & Closed End Funds	$ 693,205	$ 693,205	$ -	$ -
Corporate Stocks and Bonds	393,352	393,352	-	-
Cash and Cash Equivalents	1,348,313	1,348,313	-	-
TIFF Mutual Asset Fund	7,288,677	-	7,288,677	-
Mutual Funds	946,069	946,069	-	-
Note Receivable	500,000	-	-	500,000
Total	$11,169,616	$ 3,380,939	$ 7,288,677	$ 500,000

June 30, 2017	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
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
Total	$10,670,133	$ 2,937,154	$ 7,232,979	$ 500,000

In September 2007 the Center made a Five Hundred Thousand Dollar ($500,000) 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 6 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.

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 - NOTES PAYABLE

Family Centers Inc. entered into a loan agreement with U.S. Bank in the amount of $22,076.00 for a 2018 Volvo XC60. The term of the loan is 60 months commencing in November 2017. Monthly payments of $410.25 consist of principal and interest at the rate of 4.37%. The balance as of June 30, 2018 was $19,192.

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, Greenwich, CT. 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, 2018 was $3,763.

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, Greenwich, CT. 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, 2018 was $2,092.

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, Greenwich, CT. 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, 2018 was $577.

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, Darien, CT. 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, 2018 was $3,388.

Current maturities of notes payable over the next five fiscal years are as follows:

2019	$	12,353
2020		5,965
2021		4,534
2022		4,736
2023		1,424
	$	29,012

NOTE 6 – RESTRICTIONS ON NET ASSETS

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

	June 30, 2018	June 30, 2017
Alissa Manacher Fund	$ 9,954	$ 6,910
United Way Funding for Next Year	-	34,000
Contributions for Future Years	1,846,671	1,266,134
	$ 1,856,625	$ 1,307,044

Permanently restricted net assets consist of the following:

	June 30, 2018	June 30, 2017
Endowment Fund	$ 4,983,242	$ 4,878,881
Lynn Laitman Fund	110,025	110,697
Alissa Manacher Fund	15,000	15,000
Schulman Enrichment Fund	101,683	97,356
Thomas Burnett Campership	55,292	55,291
	$ 5,265,242	$ 5,157,225

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.

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

	Income	Expense	Net Income
Events During Year Ended June 30, 2018	$ 1,253,094	$ 280,016	$ 973,078
Events During Year Ended June 30, 2017	$ 1,150,111	$ 266,045	$ 884,066

Changes in Board designated special events are as follows:

Balance - July 1, 2016	$ 513,421
Income Year ended June 30, 2017	884,066
Board Designated for Operations - June 30, 2017	(859,101)
Board Designated for Future Year - June 30, 2017	$ 538,386
Income Year ended June 30, 2018	973,078
Board Designated for Operations - June 30, 2018	(820,785)
Balance - June 30, 2018	$ 690,679

NOTE 8 – PROGRAM SERVICES

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

	June 30, 2018	June 30, 2017
Early Education	$ 1,937,741	$ 1,937,052
Health Care Connections	1,898,389	1,747,491
Thriving Families and Communities	989,837	890,286
General and Administrative	13,902	13,832
	$ 4,839,869	$ 4,588,661

NOTE 9 – FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various program and supporting services has been summarized on a functional basis in the statement of activities. 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 employees on the various program service functions.

NOTE 10 – DONATED SERVICES AND FACILITES

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.

In the year ended June 30, 2018 the Center received building space for its healthcare clinic valued at $51,675; classroom space valued at $88,830, and office space valued at $66,685. The Center also received vaccines from the Connecticut Department of Public Health valued at $12,267.

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 for the year ended June 30, 2018 was $321,781.

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 Center's 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, 2018.

NOTE 13 – SUBSEQUENT EVENTS

The Center has evaluated events subsequent to the balance sheet date for potential recognition or disclosure through September 13, 2018, 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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 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 13, 2018.

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, Buzzeo + Company, P.C.
Certified Public Accountants

Stamford, CT
September 13, 2018

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, 2018. 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 statues, 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, 2018.

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, 2018 and have issued our report thereon dated September 13, 2018, 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 generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Stamford, CT
September 13, 2018

FAMILY CENTERS INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS THROUGH AGENCY IDENTIFYING NUMBER	PASS THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Department of Health and Human Services				
Pass Through from State of Connecticut Office of Early Childhood				
Child Day Care Program	93.667			$ 38,685
Pass Through from Community Health Centers Association				
Of Connecticut/Practice Transformation Network	93.638			39,770
Pass Through from Childcare Learning Center				
Head Start	93.600			235,527
Pass Through from Family and Children's Agency				
Temporary Assistance for Needy Families	93.558	11000-DCF91110-16111		53,063
Pass Through from City of New Haven Department of Health				
Ryan White HIV/AIDS Treatment Extension Act Part A	93.914		468,567	865,546
Pass Through from State of Connecticut Department of Public Health				
HIV Surveillance and Prevention	93.940			13,305
Federally Qualified Health Centers				
New Access Point	93.224			878,500
Pass Through from Southwest Connecticut				
Agency on Aging	93.044			8,325
Total Department of Health and Human Services				2,119,416
Department of Homeland Security				
Pass Through from United Way of Western Connecticut				
Federal Emergency Management Agency				
Emergency Food and Shelter Program	97.024			5,500
Department of Housing and Urban Development				
Pass Through from Stamford Housing Authority				
Family Self Sufficiency Program	14.871			67,250
Pass Through from The Town of Greenwich				
Community Development Block Grant	14.218			13,510
Pass Through from CCFSA				
Housing Mobility Counseling and Search Assistance	14.239			56,095
Pass Through from the Housing Authority of the Town of Greenwich				
Family Self Sufficiency Program	14.877			69,000
Total Department of Housing and Urban Development				205,855
Department of Agriculture				
Pass Through from the State of Connecticut Department of Education				
CACFP Nutrition	10.558			103,704

FAMILY CENTERS INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS THROUGH AGENCY IDENTIFYING NUMBER	PASS THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
Pass Through from Community Health Centers Association of Connecticut SNAP Outreach	10.561			7,029
Total Department of Agriculture				110,733
Department of Education				
Pass Through from the State of Connecticut Department of Education				
Program Improvement Project – EL/Civics	84.0028	12060-20784		43,000
Program Improvement Project - Comprehensive	84.0028	12060-20784		40,000
Total Department of Education				83,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 468,567	$ 2,537,809

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, 2018. 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, 2018

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 __X__No
- Significant deficiency (ies) identified? ____Yes __X__None Reported

Noncompliance material to financial statements noted? ____Yes __X__No

Federal Awards

Internal Control over compliance:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency (ies) identified ____Yes __X__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 __X__No

- Identification of Major Federal Programs:

Federal Grantor Program	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
Ryan White HIV/AIDS Treatment Extension Act Part A	93.914		865,546
Federally Qualified Health Centers New Access Point	93.224		878,500

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 __X__Yes ____No

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, 2018. 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, 2018.

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, 2018, and have issued our report thereon dated September 13, 2018 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, Buzzeo + company, P.C.

Certified Accountants

Stamford, CT
September 13, 2018

FAMILY CENTERS INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

YEAR ENDED JUNE 30, 2018

STATE GRANTOR /PASS THROUGH GRANTOR/ PROGRAM TITLE	STATE GRANT PROGRAM CORE – CT NUMBER	EXPENDITURES
Department of Mental Health and Addiction Services		
Housing Supports & Services	11000-MHA53000-12035	$ 31,559
Mental Health Services Grant	11000-MHA53000-16053	380,219
Total Department of Mental Health and Addiction Services		411,778
Office of Early Childhood		
Nurturing Families Network	11000-OEC-64840-12042	413,540
Child Day Care	11000-OEC-64840-12520	305,180
Pass Through from Childcare Learning Center		
Head Start Enhancement	11000-OEC-64840-16101	89,850
Head Start Services	11000-OEC-64840-16101	6,485
Pass Through from Greenwich Public Schools		
School Readiness	11000- OEC-64840-16274	276,644
Pass Through From City of Stamford		
Quality Enhancement	11000- OEC-64840-17097	44,190
Total Office of Early Childhood		1,135,889
Department of Education		
Pass Through From City of Stamford		
Adult Education (DOE)	11000-SDE64000-17030	30,849
Priority School District	11000-SDE64370-17043	9,285
Total Department of Education		40,134
Department of Public Health		
School Based Health Clinics	11000-DPH48500-17019	792,289
Ryan White II Rebate Rev 06-13	12060-DPH48500-30401	273,869
AIDS Services	12004-DPH48500-12236	160,159
Total Department of Public Health		1,226,317
Department of Housing		
Pass Through from The Housing Authority of the Town of Greenwich		
Residential Services	11000-DOH-46920-12032	15,180
Department of Social Services		
Pass Through from Community Health Centers Association of Connecticut		
Medicaid Outreach	11000-DSS60000-10020	20,000
State of Connecticut Judicial Branch Office of Victim Services		
State Homicide Counseling Funds	11000-JUD95810-10020-011	19,375
Office of Policy Management		
NPG Grant	12052-OPM20830-43443	67,431
TOTAL STATE FINANCIAL ASSISTANCE		$ 2,936,104

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, 2018. 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

YEAR ENDED JUNE 30, 2018

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?	____Yes	X__None Reported
Noncompliance material to financial statements noted?	____Yes	X__No

State Financial Assistance

Internal control over major programs:		
• Material weakness(es) identified?	____Yes	X__No
• Significant deficiency (ies) identified?	____Yes	X__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	X__No

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

STATE GRANTOR PASS/THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE- CT NUMBER	EXPENDITURES
Department of Mental Health and Addiction Services		
Mental Health Services Grant	11000-MHA53000-12035	380,219
Office of Early Childhood		
Nurturing Families Network	11000-OEC-64840-12042	413,540
Child Day Care	11000-OEC-64840-12520	305,180
Department of Public Health		
Ryan White II Rebate REV 06-13	12060-DPH48500-30401	273,869
• Dollar threshold used to distinguish between type A and type B programs.		$200,000

II. FINANCIAL STATEMENT FINDINGS

- We issued reports, dated September 13, 2018, 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.