

**Child Care Council of Westchester, Inc.**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Report

June 30, 2016 and 2015

**Child Care Council of Westchester, Inc.**

Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Report

June 30, 2016 and 2015

<b>TABLE OF CONTENTS</b>	<b>Page</b>
Independent Auditors' Report	
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8-13
<b>UNIFORM GUIDANCE REPORTS AND SCHEDULES</b>	
Schedule of Expenditures of Federal Awards and Accompanying Notes	14
Notes to Schedule of Expenditures of Federal Awards	15
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	
Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	
Schedule of Findings and Questioned Costs	20

## **Independent Auditors' Report**

**Board of Directors**  
**Child Care Council of Westchester, Inc.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Child Care Council of Westchester, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 representation 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Care Council of Westchester, Inc. as of June 30, 2016 and 2015, 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**

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards on page 13 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2016 on our consideration of Child Care Council of Westchester, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Child Care Council of Westchester, Inc.'s internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*  
October 24, 2016

**Child Care Council of Westchester, Inc.**

Statements of Financial Position

	June 30,	
	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash	\$ 133,267	\$ 308,902
Investments	771,583	767,300
Accounts receivable	991,478	945,829
Prepaid expenses and other assets	<u>8,994</u>	<u>6,133</u>
	<u>\$ 1,905,322</u>	<u>\$ 2,028,164</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 455,431	\$ 513,143
Deferred rent	<u>126,322</u>	<u>155,777</u>
Total Liabilities	<u>581,753</u>	<u>668,920</u>
Net Assets		
Unrestricted	904,390	857,862
Temporarily restricted	<u>419,179</u>	<u>501,382</u>
Total Net Assets	<u>1,323,569</u>	<u>1,359,244</u>
	<u>\$ 1,905,322</u>	<u>\$ 2,028,164</u>

See notes to financial statements

**Child Care Council of Westchester, Inc.**

Statements of Activities

	Year Ended June 30,	
	2016	2015
<b>CHANGE IN UNRESTRICTED NET ASSETS</b>		
<b>OPERATING REVENUE</b>		
Program revenue	\$ 4,925,323	\$ 4,414,960
Contributions	62,754	78,328
Interest and dividends	4,857	4,966
Other income	48,569	45,935
Unrealized and realized gain (loss) on investments	637	(3,093)
Net assets released from restriction	135,256	156,702
Total Operating Revenue	5,177,396	4,697,798
<b>OPERATING EXPENSES</b>		
Program services	4,747,341	4,201,994
General and administrative	268,499	331,141
Fundraising	115,028	115,618
Total Operating Expenses	5,130,868	4,648,753
Change in Unrestricted Net Assets	46,528	49,045
<b>CHANGE IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	54,164	117,968
Interest income	8,392	8,927
Unrealized and realized loss on investments	(9,503)	(7,192)
Net assets released from restriction	(135,256)	(156,702)
Change in Temporarily Restricted Net Assets	(82,203)	(36,999)
Change in Net Assets	(35,675)	12,046
<b>NET ASSETS</b>		
Beginning of year	1,359,244	1,347,198
End of year	\$ 1,323,569	\$ 1,359,244

See notes to financial statements

Child Care Council of Westchester, Inc.

Statement of Functional Expenses  
 Year Ended June 30, 2016  
 (with summarized totals for year ended June 30, 2015)

	Program Services							Total Expenses 2016	Total Expenses 2015	
	Family and Employer Services	Provider Services	Professional Development	Health Services	Scholarships	Total Program Services	General and Administrative			
Salaries	\$ 225,342	\$ 657,150	\$ 516,786	\$ 110,121	\$ 5,469	\$ 1,514,868	\$ 289,658	\$ 59,565	\$ 1,864,091	\$ 1,614,639
Fringe benefits	44,354	155,579	103,977	19,431	878	324,219	48,396	12,509	385,124	339,051
Total Salaries and Fringes Benefits	269,696	812,729	620,763	129,552	6,347	1,839,087	338,054	72,074	2,249,215	1,953,690
Professional fees and services	4,468	13,019	146,822	2,378	-	166,687	11,128	-	177,815	156,032
Payments to individuals and groups	-	-	14,918	-	-	14,918	-	-	14,918	13,560
Provider grant expenditure	-	92	32,898	-	-	32,990	-	-	32,990	9,219
Supplies	2,311	7,674	3,808	1,025	27	14,845	397	-	15,242	17,506
Staff training and development	1,255	2,438	8,776	666	72	13,207	2,622	-	15,829	45,470
Postage	1,436	10,256	2,078	96	135	14,001	2,396	-	16,397	15,486
Publicity and promotion	3,956	4,013	5,418	1,896	1,190	16,473	4,680	-	21,153	27,587
Recruitment	7	4	176	17	-	204	80	-	284	460
Telephone	1,951	5,243	3,086	832	-	11,112	1,077	-	12,189	25,014
Rent and utilities	33,164	149,557	65,146	18,716	-	266,583	26,669	-	293,252	288,431
Child and adult care food meal expenses and other	-	2,036,321	-	-	-	2,036,321	-	-	2,036,321	1,823,559
Equipment and rentals	5,695	4,093	13,427	929	-	24,144	36	-	24,180	34,049
Travel	2,528	8,172	16,419	1,473	30	28,622	154	-	28,776	22,129
Printing	4,302	5,101	7,362	1,917	-	18,682	860	-	19,542	24,195
Insurance	1,690	6,880	2,243	931	-	11,744	2,793	-	14,537	14,412
Workshop and conferences	-	-	20,710	-	-	20,710	-	-	20,710	15,446
Special events	-	-	-	-	-	-	-	42,954	42,954	46,708
Dues, publications and subscriptions	3,038	1,894	3,553	1,825	-	10,310	841	-	11,151	7,524
Maintenance	1,364	5,309	2,706	781	1	10,161	1,184	-	11,345	14,450
Scholarships	-	-	-	-	60,938	60,938	2,220	-	63,158	87,183
Miscellaneous	-	512	4,747	254	225	5,738	3,172	-	8,910	6,643
Allocated administrative expenses	-	76,123	53,741	-	-	129,864	(129,864)	-	-	-
	<u>\$ 336,861</u>	<u>\$ 3,149,430</u>	<u>\$ 1,028,797</u>	<u>\$ 163,288</u>	<u>\$ 68,965</u>	<u>\$ 4,747,341</u>	<u>\$ 268,499</u>	<u>\$ 115,028</u>	<u>\$ 5,130,868</u>	<u>\$ 4,648,753</u>

Child Care Council of Westchester, Inc.

Statement of Functional Expenses  
Year Ended June 30, 2015

	Program Services					Total Program Services	General and Administrative	Fundraising	Total
	Family and Employer Services	Provider Services	Professional Development	Health Services	Scholarships				
Salaries	\$ 179,475	\$ 613,350	\$ 363,780	\$ 98,107	\$ 5,149	\$ 1,259,861	\$ 297,828	\$ 56,950	\$ 1,614,639
Fringe benefits	39,506	146,867	74,577	18,380	889	280,219	46,872	11,960	339,051
Total Salaries and Fringes Benefits	218,981	760,217	438,357	116,487	6,038	1,540,080	344,700	68,910	1,953,690
Professional fees and services	4,776	13,697	120,441	2,626	-	141,540	14,492	-	156,032
Payments to individuals and groups	-	-	13,560	-	-	13,560	-	-	13,560
Provider grant expenditure	-	109	9,110	-	-	9,219	-	-	9,219
Supplies	2,952	7,791	3,444	1,807	-	15,994	1,512	-	17,506
Staff training and development	962	3,920	6,698	422	1	12,003	33,467	-	45,470
Postage	1,025	9,912	1,438	87	208	12,670	2,816	-	15,486
Publicity and promotion	11,601	9,186	3,071	1,804	365	26,027	1,560	-	27,587
Recruitment	145	-	170	40	-	355	105	-	460
Telephone	3,171	8,531	3,963	1,464	-	17,129	7,885	-	25,014
Rent and utilities	35,588	144,956	59,368	19,050	818	259,780	28,651	-	288,431
Child and adult care food meal expenses and other	-	1,823,559	-	-	-	1,823,559	-	-	1,823,559
Equipment and rentals	7,544	5,864	16,267	1,344	-	31,019	3,030	-	34,049
Travel	1,651	7,721	9,764	1,969	-	21,105	1,024	-	22,129
Printing	7,634	6,633	7,763	1,570	595	24,195	-	-	24,195
Insurance	1,690	6,679	2,122	906	2	11,399	3,013	-	14,412
Workshop and conferences	-	-	15,446	-	-	15,446	-	-	15,446
Special events	-	-	-	-	-	-	-	46,708	46,708
Dues, publications and subscriptions	2,145	1,457	1,632	1,248	-	6,482	1,042	-	7,524
Maintenance	1,860	6,768	2,555	979	15	12,177	2,273	-	14,450
Scholarships	-	-	-	-	80,139	80,139	7,044	-	87,183
Miscellaneous	-	524	3,417	186	-	4,127	2,516	-	6,643
Allocated administrative expenses	900	85,926	37,163	-	-	123,989	(123,989)	-	-
	<u>\$ 302,625</u>	<u>\$ 2,903,450</u>	<u>\$ 755,749</u>	<u>\$ 151,989</u>	<u>\$ 88,181</u>	<u>\$ 4,201,994</u>	<u>\$ 331,141</u>	<u>\$ 115,618</u>	<u>\$ 4,648,753</u>

See notes to financial statements

**Child Care Council of Westchester, Inc.**

Statements of Cash Flows

	Year Ended June 30,	
	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (35,675)	\$ 12,046
Adjustments to reconcile change in net assets to net cash from operating activities		
Deferred rent	(29,455)	(16,747)
Unrealized and realized loss on investments	8,866	10,285
Change in operating assets and liabilities		
Accounts receivable	(45,649)	(35,084)
Prepaid expenses and other assets	(2,861)	1,442
Accounts payable and accrued expenses	<u>(57,712)</u>	<u>(37,630)</u>
Net Cash from Operating Activities	<u>(162,486)</u>	<u>(65,688)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(128,263)	(142,677)
Proceeds from sale of investments	<u>115,114</u>	<u>80,089</u>
Net Cash from Investing Activities	<u>(13,149)</u>	<u>(62,588)</u>
Net Change in Cash	(175,635)	(128,276)
<b>CASH</b>		
Beginning of year	<u>308,902</u>	<u>437,178</u>
End of year	<u>\$ 133,267</u>	<u>\$ 308,902</u>

See notes to financial statements

## **Child Care Council of Westchester, Inc.**

Notes to Financial Statements  
June 30, 2016 and 2015

### **1. Organization**

The Child Care Council of Westchester, Inc. (the "Council"), founded in 1968, is a private, nonprofit resource and referral organization dedicated to optimizing the quality of life for children and working parents in Westchester County, NY. The Council promotes childcare by offering training and support services for potential or established child care providers including family childcare providers, childcare centers and school age care programs.

The Council is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code.

### **2. Summary of Significant Accounting Policies**

#### ***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Classes of Net Assets***

The financial statements report amounts separately by class of net assets. Unrestricted amounts are those currently available for use by the Council. Temporarily restricted amounts are those which are stipulated by donors for specific operating purposes or time restrictions. When a donor restriction expires, that is, when a stipulated time restriction and/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. Permanently restricted net assets are those which contain donor-imposed restrictions that stipulate the resources be maintained permanently, but permit the Council to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. The Council has no permanently restricted net assets.

#### ***Fair Value Measurement***

The Council follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The value by input level of the Council's investments are included in Note 3 to the financial statements.

**Child Care Council of Westchester, Inc.**

Notes to Financial Statements  
June 30, 2016 and 2015

**2. Summary of Significant Accounting Policies (continued)**

***Investments and Investment Income***

Investments are carried at fair value, except for certificates of deposits and money market funds which are valued at cost. Purchases and sales of securities are recorded on a trade-date basis. Unrealized gains and losses are included in the change in net assets. Investment income or loss is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law, when earned.

***Accounting for Uncertainty in Income Taxes***

The Council recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Council had no uncertain tax positions that would require financial statement recognition or disclosure. The Council is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to fiscal year 2013.

***Contributions***

All contributions are considered available for unrestricted use, unless specifically restricted by the donor or subject to other legal restrictions. The Council's policy is to report as unrestricted support contributions with donor-imposed restrictions when those restrictions are met in the same year that the contributions are received.

***Allowance for Doubtful Accounts***

Allowances are recorded when appropriate. The determination of an allowance is an estimate based on the Council's historical experience, review of account balances and expectations relative to collections. At June 30, 2016 and 2015 the Council determined that an allowance was not necessary.

***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Revenue Recognition***

The Council receives substantially all of its program revenue including grants, contracts and program service fees from state and local government agencies. Revenue from contract and grants are recognized as related expenses are incurred. Fees for service revenue are recognized when services are provided.

**Child Care Council of Westchester, Inc.**

Notes to Financial Statements  
June 30, 2016 and 2015

**2. Summary of Significant Accounting Policies (continued)**

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 24, 2016.

**3. Investments**

Investments at June 30, 2016 and 2015, categorized according to the fair value hierarchy for those investments measured at fair value, are as follows:

	2016		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
	(Level 1)	(Level 2)	Total
Mutual funds	\$ 111,447	\$ -	\$ 111,447
Exchange-traded funds and closed-end funds	108,997	-	108,997
Corporate bonds	-	30,635	30,635
	\$ 220,444	\$ 30,635	251,079
Certificate of deposit			294,298
Money market funds			226,206
			\$ 771,583

**Child Care Council of Westchester, Inc.**

Notes to Financial Statements  
June 30, 2016 and 2015

**3. Investments (continued)**

	2015		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Total
Mutual funds	\$ 150,981	\$ -	\$ 150,981
Exchange-traded funds and closed-end funds	24,702	-	24,702
Corporate bonds	-	117,877	117,877
	<u>\$ 175,683</u>	<u>\$ 117,877</u>	293,560
Certificate of deposit			166,526
Money market funds			307,214
			<u>\$ 767,300</u>

**4. Commitments and Contingencies**

Under a financing arrangement with a bank the Council has secured a letter of credit for \$32,583 to guarantee the security deposit owed on the Council's leased property. No amount has been drawn on this letter of credit as of June 30, 2016 and 2015. As a result of the issuance of the letter of credit, the maximum amount available for borrowing under the Council's existing \$300,000 line of credit is \$267,417. The annual interest rate on the financing arrangement is the prime rate published in the Wall Street Journal plus 1%. There is no amount outstanding on the line of credit at June 30, 2016 and 2015.

On April 4, 2008, the Council entered into a noncancelable 10 year premises lease which commenced August 1, 2008 and expires in 2019. The minimum future base rentals on the noncancelable lease at June 30, 2016 are payable as follows for years ending June 30:

2017	\$ 283,112
2018	297,267
2019	126,369
Total minimum lease payments	\$ 706,748

The lease provides for certain operating and real estate tax escalations annually. Also, there are options to lease additional space and to extend the lease term. The Council accounts for rent expense on a straight line basis with the difference between straight-line and cash basis rentals reflected within deferred rent on the statement of financial position.

**Child Care Council of Westchester, Inc.**

Notes to Financial Statements  
June 30, 2016 and 2015

**4. Commitments and Contingencies (continued)**

The Council contracts with various governmentally funded programs that are subject to audit. Governmental funding is based upon allowable costs. The Council does not reflect any adjustment for potential disallowances of expenses since management believes that the expenses incurred in such programs should be treated as allowable costs.

**5. Pension Plan**

The Council maintains a 403(b) pension plan. For each plan year the Council makes a basic contribution according to the following schedule on behalf of eligible participants:

<u>Years of Service</u>	<u>Employer Nonelective Contribution Percentage</u>
0 to 2	0% of Participants' Compensation
3	2% of Participants' Compensation
4	2% of Participants' Compensation
5 or more	3% of Participants' Compensation

Total pension expense for the years ended June 30, 2016 and 2015 as \$32,676 and \$29,429. The Council's pension plan includes a Roth Elective Deferral Contribution clause, which allows employees to make after tax contributions to the plan.

**6. Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, are available for the following purposes:

	<u>2016</u>	<u>2015</u>
Scholarships	\$391,562	\$370,715
Program resource enhancements	<u>27,617</u>	<u>130,667</u>
	<u>\$419,179</u>	<u>\$501,382</u>

Net assets released from restrictions during fiscal years 2016 and 2015 for scholarships amounted to \$72,048 and \$96,849 and for program enhancements \$63,208 and \$59,853.

**7. Concentration of Credit Risk**

The Council receives a significant portion of its operating revenue from the New York State Office of Children and Family Services, New York State Department of Health and Westchester County. Program revenue from New York State and Westchester County aggregated \$4,079,946 and \$3,831,924 in 2016 and 2015. The Council is economically dependent on these funds to continue these programs.

**Child Care Council of Westchester, Inc.**

Notes to Financial Statements  
June 30, 2016 and 2015

**7. Concentration of Credit Risk (continued)**

Financial instruments that potentially subject the Council to concentrations of credit risk consist primarily of cash accounts deposited in financial institutions, which, from time to time, may exceed federal insurance limits, accounts receivable and investments. Accounts receivable are expected to be collected in the normal course of business. The investment portfolio is diversified by type of investment and industry concentration so that no individual investment or group of investments represents a significant concentration of market risk. Management believes that the Council does not face a significant risk of loss on these accounts and has not experienced any losses on its cash deposits.

The Council provides program services that are covered under various third party payer agreements. Receivables from such arrangements are included in accounts receivable balance at June 30, 2016 and 2015. Collections are expected in the normal course of business.

\* \* \* \* \*

**Child Care Council of Westchester, Inc.**

Uniform Guidance Reports and Schedules

June 30, 2016

**Child Care Council of Westchester, Inc.**

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>Department of Health and Human Services</u>				
Indirect Program - Passed through from New York State				
Office of Children and and Family Services				
Child Care and Development Block Grant	93.575	C026628	\$ -	\$ 846,013
Child Care and Development Block Grant	93.575	C026658	-	125,861
Indirect Program - Passed through from County of Westchester				
Department of Social Services				
Child Care and Development Block Grant	93.575	DSS-635A-16	-	826,148
Subtotal Child Care and Development Block Grant			-	1,798,022
Indirect Program - Passed through from Westchester County				
Community Opportunity Program, Inc.				
Head Start - Babies Step Forward	93.600	02HP0005/01	-	334,252
Total Department of Health and Human Services			-	2,132,274
<u>Department of Agriculture</u>				
Indirect Program - Passed through from New York State				
Department of Health				
Child and Adult Care Food Program	10.558	CACFP 3401	-	2,254,497
<u>Department of Labor</u>				
Indirect Program - Passed through from County of Westchester				
Department of Social Services, Office of Workforce Development				
Workforce Innovation Act/Workforce Innovation and Opportunity				
Act Adult Program	17.258	DSS-464-15	-	21,413
Total Expenditures of Federal Awards			\$ -	\$ 4,408,184

See independent auditors' report

## **Child Care Council of Westchester, Inc.**

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016 and 2015

#### **1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Child Care Council of Westchester, Inc., (the "Council") under programs of the federal government for the year ended June 30, 2016. 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 the Council, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Council.

#### **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.

#### **3. Indirect Cost Rate**

The Council has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

#### **4. Nonmonetary Assistance**

For the year ended June 30, 2016, the Council did not receive any nonmonetary assistance.



**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 Auditors' Report**

**Board of Directors  
Child Care Council of Westchester, Inc.**

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 Child Care Council of Westchester, Inc. (the "Council") which comprise the statement of financial position as of June 30, 2016, 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 October 24, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council'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 the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council'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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Daires, LLP*

October 24, 2016



**Report on Compliance for Each Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Directors  
Child Care Council of Westchester, Inc.**

**Report on Compliance for Each Major Federal Program**

We have audited Child Care Council of Westchester, Inc.'s (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2016. The Council's major federal programs are identified in the summary of auditors' 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 programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Council'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 the Council'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 the Council's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Council 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, 2016.

## **Report on Internal Control Over Compliance**

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council'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 the Council'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.

*PKF O'Connor Davies, LLP*

October 24, 2016

**Child Care Council of Westchester, Inc.**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2016

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

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 major federal programs:

Material weakness(es) identified?

yes  no

Significant deficiency(ies) identified?

yes  none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

yes  no

Identification of major federal programs:

CFDA Number(s)

93.575

Name of Federal Program or Cluster

Child Care and Development Block Grant

Dollar threshold used to distinguish between Type A and Type B programs

\$750,000

Auditee qualified as low-risk auditee?

yes  no

Section II – Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2016.

Section III – Federal Award Findings and Questioned Costs

During our audit, we noted no instance of noncompliance and none of the costs reported in the federal financially assisted programs are questioned costs or recommended to be disallowed.

Section IV – Prior Year Findings

There were no findings and questioned costs in the prior year.