



 **Orange County Head Start, Inc.**
Empowering Children & Families

**AUDITED FINANCIAL STATEMENTS
AND REPORTS IN COMPLIANCE WITH OMB CIRCULAR A-133
AS OF AND FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

ORANGE COUNTY HEAD START, INC.
FINANCIAL STATEMENTS

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ROSSI DOSKOCIL & FINKELSTEIN

LLP

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Orange County Head Start, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Orange County Head Start, Inc. ("OCHS") (a nonprofit California corporation), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities 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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 OCHS as of June 30, 2013 and 2012, 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.

ROSSI DOSKOCIL & FINKELSTEIN

LLP

INDEPENDENT AUDITOR'S REPORT (*continued*)

Other Matters –

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules of activities by grant, of expenses by category, of expenses by Head Start Centers, of expenses compared to budget and of reported meals and earned reimbursement are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards for the year ended June 30, 2013 and of expenditures of federal and state awards for the year ended June 30, 2012 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Audits of States, Local Governments, and Nonprofit Organizations*, and is also 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 also have issued our report dated January 31, 2014, on our consideration of OCHS' 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 OCHS' internal control over financial reporting and compliance.

Rossi Doskocil & Finkelstein LLP

January 31, 2014
Long Beach, California

ORANGE COUNTY HEAD START, INC.
STATEMENT OF FINANCIAL POSITION

<i>As of June 30,</i>	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,126,681	\$ 2,107,018
Grants receivable	586,017	986,759
Other receivables	16,601	7,768
Prepaid expenses	-	67,524
Deposits	48,165	48,166
Total assets	\$ 2,777,464	\$ 3,217,235
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 1,232,738	\$ 1,107,898
Accrued expenses - other	528,588	1,062,854
Accrued vacation	373,605	420,164
Advances - other grants	84,896	9,102
Due to delegates	-	49,173
Total current liabilities	2,219,827	2,649,191
Commitments and contingencies		
Net assets:		
Unrestricted	490,069	568,044
Temporarily restricted	67,568	-
Total net assets	557,637	568,044
Total liabilities and net assets	\$ 2,777,464	\$ 3,217,235

The accompanying notes are an integral part of these financial statements

ORANGE COUNTY HEAD START, INC.
STATEMENT OF ACTIVITIES

<i>For the year ended June 30,</i>	2013		
Revenues:	Unrestricted	Temporarily restricted	Total
Head Start grants	\$ 34,931,820	\$ -	\$ 34,931,820
In-kind contributions	3,472,966	-	3,472,966
Child care food program	1,433,194	-	1,433,194
Other grants	150,829	67,568	218,397
Total revenue	39,988,809	67,568	40,056,377
Expenses:			
Personnel	20,437,110	-	20,437,110
Fringe benefits	8,937,599	-	8,937,599
Space	4,006,715	-	4,006,715
Supplies	2,467,005	-	2,467,005
Contractual	1,898,091	-	1,898,091
Other	1,448,116	-	1,448,116
Training and technical assistance	353,221	-	353,221
Equipment	301,427	-	301,427
Travel and transportation	217,500	-	217,500
Total expenses	40,066,784	-	40,066,784
Change in net assets	(77,975)	67,568	(10,407)
Net assets, beginning of year	568,044	-	568,044
Net assets, end of year	\$ 490,069	\$ 67,568	\$ 557,637

The accompanying notes are an integral part of these financial statements

ORANGE COUNTY HEAD START, INC.
STATEMENT OF ACTIVITIES

<i>For the year ended June 30,</i>	2012		
Revenues:	Unrestricted	Temporarily restricted	Total
Head Start grants	\$ 35,180,297	\$ -	\$ 35,180,297
In-kind contributions	3,446,864	-	3,446,864
Child care food program	1,510,035	-	1,510,035
Other grants	274,601	-	274,601
Total revenue	40,411,797	-	40,411,797
Expenses:			
Personnel	20,438,906	-	20,438,906
Fringe benefits	7,875,573	-	7,875,573
Space	4,521,927	-	4,521,927
Contractual	2,845,278	-	2,845,278
Supplies	2,665,060	-	2,665,060
Other	1,215,966	-	1,215,966
Training and technical assistance	340,417	-	340,417
Travel and transportation	200,990	-	200,990
Equipment	194,250	-	194,250
Total expenses	40,298,367	-	40,298,367
Change in net assets	113,430	-	113,430
Net assets, beginning of year	454,614	-	454,614
Net assets, end of year	\$ 568,044	\$ -	\$ 568,044

The accompanying notes are an integral part of these financial statements

ORANGE COUNTY HEAD START, INC.
STATEMENT OF CASH FLOWS

<i>For the years ended June 30,</i>	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ (10,407)	\$ 113,430
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in assets:		
Grants receivable	400,742	999,701
Other receivables	(8,833)	1,161
Prepaid expenses	67,525	138,541
Increase (decrease) in liabilities:		
Accounts payable	124,840	296,454
Accrued expenses - other	(534,266)	117,083
Accrued vacation	(46,559)	2,120
Advances - other grants	75,794	2,298
Due to delegates	(49,173)	(123,443)
Net cash provided by operating activities	19,663	1,547,345
Cash and cash equivalents, beginning of year	2,107,018	559,673
Cash and cash equivalents, end of year	\$ 2,126,681	\$ 2,107,018

The accompanying notes are an integral part of these financial statements

For the years ended June 30, 2013 and 2012

NOTE 1

ORGANIZATION AND PURPOSE

The Head Start Program, administered by Orange County Head Start, Inc. ("OCHS") in the Orange County area, is a comprehensive child development program designed to meet the educational, emotional, social, health, and nutritional needs of children and families. The program encompasses much more than what is generally thought of as a preschool program. The overall goal of Head Start is to bring about a greater degree of "social competence" to children and their families. Social competence refers to the everyday effectiveness in dealing with both present environment and later responsibilities in school and life. Children and families leave Head Start more confident in their own abilities and ready to succeed.

Nationally, Head Start began providing services in 1965 and is now available to children and families in counties throughout the country. Locally, OCHS has been in existence since 1979 and currently provides services to over 4,000 children. Head Start services are available to preschool children from low-income families at no cost. OCHS has centers located throughout the county.

Program services:

Early Childhood Development and Health Services—This program promotes school readiness by enhancing the social and cognitive development of low-income children including children with disabilities through the provision of comprehensive health, educational, nutritional, social and other services necessary for a child's learning.

Family and Community Partnership – The program encourages and promotes parent involvement in their children's learning and helps parents make progress toward their educational, literacy, and employment goals.

Every OCHS center elects parent representatives to serve a one year term on the Policy Council Board.

This board, along with a community member Board of Directors, provides governance oversight for OCHS.

Program Design and Management – The program also provides training and technical assistance to OCHS's program staff.

American Recovery and Reinvestment Act Funding ("ARRA") – During the years ended June 30, 2012, OCHS received additional ARRA funding namely ARRA Early Head Start Expansion program which provided for the expansion of Early Head Start program services. ARRA Early Head Start Expansion was extended up to September 29, 2011.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

The financial statements of OCHS are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support, revenue or expenses were received or paid as of the end of a fiscal period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement.

In preparing these financial statements, OCHS evaluated the period from July 1, 2013 through January 31, 2014, the date the financial statements were available for issuance for subsequent events requiring recognition and or disclosure in the accompanying financial statements.

Basis of presentation:

OCHS follows the provisions of *the Financial Accounting Standards Board* ("FASB") in its *Accounting Standards Codification* ("ASC") 958, *Not-for-Profit Entities*. Under these provisions, net asset and revenues, expenses, gains and losses are

For the years ended June 30, 2013 and 2012

classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of OCHS and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of OCHS and/or the passage of time. There were \$67,568 and \$0 in temporarily restricted net assets as of June 30, 2013 and 2012.

Permanently restricted net assets - Net assets subject to permanent donor-imposed stipulations that OCHS maintain them permanently. Generally, the donors of these assets permit OCHS to use all or part of the income earned on related investments for general or specific purposes. There were no permanently restricted net assets at June 30, 2013 and 2012.

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their uses are restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the classes of net assets as applicable.

Accounting for grant revenue:

A majority of OCHS's revenue is derived from governmental grant awards that are restricted to specific program or project support. Current grant revenue is recognized as expenditures are made or liabilities are incurred in connection with fulfilling the specific restricted purposes of the award. Cash received in excess of grant expenditures is accounted for as restricted advances. Expenses incurred, which

are not yet reimbursed, are accounted for as grants receivable.

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to the statement of activities and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants, contracts, or accounts receivable.

Fair value of financial instruments:

OCHS's financial instruments, including cash and cash equivalents, grants and other receivables, accounts payable, and other liabilities are carried at cost, which approximates their fair values because of the short-term maturity of these instruments.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the respective reporting period. Actual results could differ from those estimates.

Cash and cash equivalents:

For the purposes of the statement of cash flows, OCHS considers all highly liquid accounts available for current use with an initial maturity of three months or less to be cash and cash equivalents.

Property and equipment:

Assets acquired through grant resources are considered to be owned by the grantor while such assets are in use under the funded program, or while

ORANGE COUNTY HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2013 and 2012

they are being used for a similar program. Any dispositions of restricted assets or funds derived therein are subject to grant regulations. The total cost of fixed assets acquired through grant resources and on hand at June 30, 2013 and 2012 was \$6,240,010 and \$6,232,728, respectively. For the years ended June 30, 2013 and 2012, the property and equipment use allowance recognized was \$257,928 and \$268,535, respectively.

Commitments and contingencies:

OCHS participates in the federally assisted Head Start Grant Program. This Program is subject to compliance requirements established by the grantor. Failure to meet such compliance requirements could result in a liability for reimbursement of grant funds. Management believes there is no liability for such reimbursement as of June 30, 2013 and 2012, respectively.

Risk management:

OCHS is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which OCHS carries commercial insurance.

Donated services:

Donated services are recognized as contributions in accordance with FASB ASC 958, *Not-for-Profit Entities*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by OCHS. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under FASB ASC 958 were not met.

Income taxes:

OCHS is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code

and, therefore, has made no provision for Federal or California income taxes. In addition, OCHS has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Code.

OCHS follows the provisions of FASB ASC 740-10, *Income Taxes* and subsections thereof. Accordingly, OCHS accounts for uncertain tax positions by recording a liability for unrecognized tax benefits resulting from uncertain tax positions taken, or expected to be taken, in its tax returns. OCHS recognizes the effect of income tax positions only if those positions are more likely than not of being sustained by the appropriate taxing authorities. OCHS does not believe that its financial statements include any uncertain tax positions and accordingly, has not recognized any liability for unrecognized tax benefits in the accompanying financial statements.

As of June 30, 2013, information returns for fiscal years subsequent to June 30, 2009 and 2008 were subject to examination by Federal and California taxing authorities, respectively.

Risk concentration:

Approximately 87% and 88% of the funding for OCHS comes from the U.S. Department of Health and Human Services (“DHHS”) for the years ended June 30, 2013 and 2012, respectively. At June 30, 2013 and 2012, amounts due from DHHS in grants receivable were \$333,593 and \$581,710 which accounted for 57% and 59%, respectively, of total grants receivable.

In addition, amounts due from the State of California for the child care food program were \$252,424 and \$244,241 as of June 30, 2013 and 2012 which accounted for 43% and 25%, respectively, of total grants receivable.

Financial instruments and credit risk concentration:

OCHS cash funds are exposed to credit loss for the amount of funds held in financial institutions in

ORANGE COUNTY HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2013 and 2012

excess of the Federal Deposit Insurance Corporation (“FDIC”) insured limits of \$250,000. At various times, OCHS had cash in banks in excess of the FDIC limits during the years ended June 30, 2013 and 2012. The remaining balances are collateralized by the pledging financial institution. It is the opinion of management that the solvency of the financial institution is not of particular concern at this time. OCHS has not experienced and does not anticipate nonperformance by such institutions.

OCHS is required to maintain a separate bank account for the State Child Care Food Program.

NOTE 3

GRANTS RECEIVABLE

The balance of grants receivable represents amounts due from the following funding sources:

<i>As of June 30,</i>	2013	2012
Head Start	\$ 333,593	\$ 581,710
Child Care Program	252,424	244,241
E-rate grant	-	160,808
Total grants receivable	\$ 586,017	\$ 986,759

OCHS has not accrued a loss for allowances for uncollectible receivables since it is the opinion of management that it is highly probable that all receivables will be collected. Furthermore, OCHS has not experienced any significant write-offs in past years, as all grant receivables are owed by governmental agencies.

NOTE 4

COMMITMENTS

Leases:

OCHS has entered into several leases for classrooms and office space. The terms of the leases vary and are concurrent with the fiscal year. For the years ended June 30, 2013 and 2012, OCHS incurred

\$1,119,664 and \$1,130,574, respectively, in rent expense.

In addition, OCHS received a total of \$1,773,896 and \$1,474,766 of in-kind rent for the years ended June 30, 2013 and 2012, respectively.

OCHS also leases certain office equipment under leases classified as operating leases. For the years ended June 30, 2013 and 2012, OCHS incurred \$223,071 and \$136,091, respectively, in rent expense.

Future minimum lease payments required under operating leases having initial or remaining non-cancelable lease terms in excess of one year at June 30, 2013 are as follows:

<i>For the year ending June 30,</i>	Total
2014	\$ 1,204,142
2015	829,263
2016	306,766
2017	100,223
2018	101,393
Thereafter	479,090
	\$ 3,020,877

OCHS lease agreements include a clause that OCHS has the right to terminate lease agreements when federal funding issues occur except for the lease of its main office.

NOTE 5

EMPLOYEE RETIREMENT PLANS

Qualified administrative employees and employees of the sites operated by OCHS are covered under a retirement plan whereby OCHS contributes an amount up to 7 percent of gross salaries of OCHS staff members into a tax-sheltered annuity program.

For the years ending June 30, 2013 and 2012, the Organization’s retirement contributions totaled \$920,534 and \$947,126, respectively.

ORANGE COUNTY HEAD START, INC.
NOTES TO FINANCIAL STATEMENTS

For the years ended June 30, 2013 and 2012

Qualified employees of those delegate agencies electing to provide for employee retirement are covered by various contributory retirement plans. OCHS reimburses the delegate agencies for contributions made on behalf of qualifying employees.

NOTE 6

FUNCTIONAL EXPENSES

Directly identifiable expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of OCHS' programs.

Functional expenses for the fiscal years ended June 30 are as follows:

<i>For the years ended</i> <i>June 30,</i>	2013	2012
Program service	\$ 35,693,165	\$ 35,283,518
Management and general	\$4,373,619	5,014,849
Total expenses	\$ 40,066,784	\$ 40,298,367

NOTE 7

IN-KIND CONTRIBUTIONS

Values assigned to in-kind contributions and the related expenses are based on federal guidelines. In accordance with those guidelines, values are based upon estimated area-wide averages for purchased services, facilities, or supplies of a similar type. In-kind contributions recognized under generally accepted accounting principles ("GAAP") were \$3,472,966 and \$3,446,864 for the years ended June 30, 2013 and 2012, respectively.

In addition, donated parent and volunteer services with an estimated value of \$3,613,936 and \$4,076,274 for the years ended June 30, 2013 and

2012, respectively, were not recognized in the financial statements as they did not meet the criteria for recognition under FASB ASC 958.

A summary of in-kind contributions received and reported and in-kind contributions meeting criteria of FASB ASC 958 and included in the statement of activities under various expense categories for the years ended June 30, 2013 and 2012 is as follows:

<i>For the years ended</i> <i>June 30,</i>	2013	2012
Personnel	\$ -	\$ 37,872
Contractual	1,427,313	1,531,077
Space	1,773,896	1,484,811
Supplies	13,829	124,569
Use allowance of equipment purchased with federal funds	257,928	268,535
Total reported on schedule of activities by grant (page 12)	\$ 3,472,966	3,446,864
Additional in-kind meeting federal guidelines	3,613,939	4,076,274
Less use allowance of equipment purchased with federal funds not allowed as in-kind match toward federal award purchased	(257,928)	(268,535)
Total in-kind contributions reported on Head Start schedule of expenses compared to budget (page 16)	\$ 6,828,977	\$ 7,254,603

ORANGE COUNTY HEAD START, INC.
SUPPLEMENTAL SCHEDULE OF ACTIVITIES BY GRANT

<i>For the year ended June 30, 2013</i>	Head Start					Total
	Head Start	In-Kind	Total	CACFP	Others	
Revenue:						
Head Start grant	\$ 34,931,820	\$ -	\$ 34,931,820	\$ -	\$ -	\$ 34,931,820
In-kind contributions	-	3,472,966	3,472,966	-	-	3,472,966
Child care food program	-	-	-	1,433,194	-	1,433,194
Other grants	-	-	-	-	218,397	218,397
Total revenue	34,931,820	3,472,966	38,404,786	1,433,194	218,397	40,056,377
Expenses:						
Personnel	20,357,937	-	20,357,937	56,956	22,217	20,437,110
Fringe benefits	8,937,599	-	8,937,599	-	-	8,937,599
Space	2,168,302	1,773,896	3,942,198	-	64,517	4,006,715
Supplies	1,068,676	13,829	1,082,505	1,370,314	14,186	2,467,005
Other	1,143,631	257,928	1,401,559	5,924	40,633	1,448,116
Contractual	455,202	1,427,313	1,882,515	-	15,576	1,898,091
Training and technical assistance	353,221	-	353,221	-	-	353,221
Equipment	232,231	-	232,231	-	69,196	301,427
Travel and transportation	215,021	-	215,021	-	2,479	217,500
Total expenses	34,931,820	3,472,966	38,404,786	1,433,194	228,804	40,066,784
Change in net assets	\$ -	\$ -	\$ -	\$ -	\$ (10,407)	\$ (10,407)

See the independent auditor's report

Note:

In-kind contributions of volunteer services in the amount of \$3,613,939 were not recorded in the financial statements because they did not meet the criteria for recognition under FASB ASC 958.

ORANGE COUNTY HEAD START, INC.
SUPPLEMENTAL SCHEDULE OF EXPENSES BY CATEGORY

<i>For the year ended June 30, 2013</i>	Personnel	Fringe benefits	Space	Supplies	Other	Contractual	Training and technical assistance	Equipment	Travel and transportation	Total
Administration expenses:										
Executive	\$ 221,569	\$ 52,438	\$ 75,075	\$ 5,976	\$ 10,377	\$ 1,750	\$ -	\$ -	\$ 196	\$ 367,381
Quality systems	501,152	148,180	71,248	26,457	6,387	-	-	-	-	753,424
Human resources	183,296	60,571	-	7,425	18,979	25,062	-	-	-	295,333
Accounting/Procurement	471,426	132,107	85,505	29,333	144,157	68,933	-	6,674	309	938,444
Administrative - miscellaneous	347,791	260,822	340,755	62,456	75,375	19,791	-	131,300	82,225	1,320,515
Total administration expenses	1,725,234	654,118	572,583	131,647	255,275	115,536	-	137,974	82,730	3,675,097
Program expenses:										
Executive - program	94,958	22,474	32,175	2,561	4,447	750	-	-	-	157,365
Facilities	226,271	103,174	174,645	7,862	4,130	-	-	21,003	18,204	555,289
Governance	118,832	33,091	-	1,871	36,792	-	-	-	1,109	191,695
Education	486,609	176,003	74,831	7,860	13,221	82,093	-	-	1,494	842,111
Disabilities	252,167	103,911	-	501	1,827	-	-	-	3,213	361,619
Health	321,244	100,503	-	5,662	1,454	-	-	-	9,346	438,209
Social services	1,001,196	455,487	-	-	2,514	1,881	-	-	6,852	1,467,930
Program services	495,131	258,762	169,938	4,827	10,235	-	-	-	4,576	943,469
Food services/nutrition	314,248	290,584	108,745	7,729	21,835	-	-	570	43,122	786,833
Grantee Head Start T&TA	-	-	-	-	-	-	254,743	-	-	254,743
Early Head Start	1,433,786	585,774	148,318	34,187	25,307	-	-	10,676	23,616	2,261,664
EHS Expansion Program 2010-11	282,699	84,094	-	12,945	6,900	10,081	10,608	-	-	407,327
Total program expenses	5,027,141	2,213,857	708,652	86,005	128,662	94,805	265,351	32,249	111,532	8,668,254
Total centers' expenses	7,506,374	3,688,952	881,357	411,801	26,718	-	-	51,836	-	12,567,038
Grantee in-kind contributions	-	-	1,405,889	7	-	1,369,402	-	-	-	2,775,298
Total grantee	14,258,749	6,556,927	3,568,481	629,460	410,655	1,579,743	265,351	222,059	194,262	27,685,687
Delegate agency expenses:										
Orange Children & Parents Together	1,606,093	629,974	-	112,185	235,257	45,982	24,536	-	527	2,654,554
Anaheim City School District	1,265,215	567,905	-	59,049	165,311	40,322	18,724	-	551	2,117,077
City of La Habra	839,133	207,653	5,710	42,779	84,497	68,147	11,312	10,172	19,681	1,289,084
Santa Ana Unified School District	2,030,953	856,841	-	216,969	89,206	90,410	29,505	-	-	3,313,884
Irvine Head Start	357,794	118,299	-	8,241	158,705	-	3,793	-	-	646,832
Delegate in-kind contributions	-	-	368,007	13,822	257,928	57,911	-	-	-	697,668
Total delegate agency expenses	6,099,188	2,380,672	373,717	453,045	990,904	302,772	87,870	10,172	20,759	10,719,099
Total Head Start expenses	20,357,937	8,937,599	3,942,198	1,082,505	1,401,559	1,882,515	353,221	232,231	215,021	38,404,786
Total CCFP expenses	56,956	-	-	1,370,314	5,924	-	-	-	-	1,433,194
Moskowitz Foundation	-	-	-	11,596	27	-	-	-	2,479	14,102
E-Rate	-	-	64,517	-	16,356	-	-	69,196	-	150,069
Program income - Non-Federal	-	-	-	-	8,256	15,576	-	-	-	23,832
Fatherhood program	-	-	-	109	4,017	-	-	-	-	4,126
Miscellaneous donations	22,217	-	-	2,481	11,977	-	-	-	-	36,675
Total other grants	22,217	-	64,517	14,186	40,633	15,576	-	69,196	2,479	228,804
Total expenses	\$ 20,437,110	\$ 8,937,599	\$ 4,006,715	\$ 2,467,005	\$ 1,448,116	\$ 1,898,091	\$ 353,221	\$ 301,427	\$ 217,500	\$ 40,066,784

See the independent auditor's report

ORANGE COUNTY HEAD START, INC.
SUPPLEMENTAL SCHEDULE OF EXPENSES BY HEAD START CENTERS

<i>For the year ended June 30, 2013</i>	Personnel	Fringe benefits	Space	Supplies	Equipment	Other	Total
Expenses by Center:							
HS Home Base North	\$ 94,895	\$ 58,643	\$ -	\$ 11,167	\$ -	\$ 12,460	\$ 177,165
HS Home Base South	122,932	65,554	-	11,250	-	-	199,736
Placentia	515,891	256,415	74,431	18,328	-	555	865,620
Capo	300,051	161,068	31,001	19,903	-	2,764	514,787
D.L. Wood	373,194	189,664	53,258	21,383	-	150	637,649
Fullerton	396,393	199,771	70,542	21,095	-	490	688,291
Delhi	294,865	146,161	61,483	19,499	2,897	264	525,169
Brea	213,375	107,844	41,836	11,445	-	926	375,426
Ruby Drive	279,849	138,936	19,100	-	2,801	458	441,144
Hawaiian Gardens	279,643	135,928	41,482	6,745	1,740	428	465,966
Buena Park	327,589	161,126	21,501	24,376	2,597	684	537,873
Baden Powell	438,675	201,847	28,560	24,666	3,086	566	697,400
Walter	277,159	124,892	28,780	23,228	3,168	535	457,762
Jean Hardy	356,219	162,605	19,790	16,987	2,023	510	558,134
Evelyne Lobo Villegas	214,448	103,950	61,361	11,731	1,981	281	393,752
Centralia	308,533	141,188	52,598	25,782	2,479	1,549	532,129
Matt Kline	431,207	217,299	29,636	17,063	2,231	315	697,751
KIDS	380,960	182,941	30,175	28,550	4,794	51	627,471
Glenn L. Martin	350,987	175,762	16,295	19,388	3,595	453	566,480
Schweitzer	306,848	155,627	19,388	20,022	4,343	942	507,170
Topaz	361,944	171,350	7,976	22,878	4,625	824	569,597
Midway	232,750	107,271	51,870	10,383	2,597	967	405,838
Stanton	304,297	148,733	74,892	12,304	3,565	233	544,024
Hope Center	343,670	174,377	45,402	13,628	3,314	313	580,704
Total Centers' expenses	\$ 7,506,374	\$ 3,688,952	\$ 881,357	\$ 411,801	\$ 51,836	\$ 26,718	\$ 12,567,038

See the independent auditor's report

ORANGE COUNTY HEAD START, INC.
SUPPLEMENTAL SCHEDULE OF EXPENSES COMPARED TO BUDGET

<i>For the year ended June 30, 2013</i>	Budget	Actual	Actual over (under) budget
Expenses:			
Personnel	\$ 20,605,700	\$ 20,357,937	\$ (247,763)
Fringe benefits	8,882,725	8,937,599	54,874
Space	2,126,664	2,168,302	41,638
Supplies	1,176,025	1,068,676	(107,349)
Other	1,075,291	1,143,631	68,340
Contractual	266,180	455,202	189,022
Travel and transportation	193,872	215,021	21,149
Equipment	252,242	232,231	(20,011)
Total	34,578,699	34,578,599	(100)
Training and technical assistance:	353,121	353,221	100
Total federal funds	34,931,820	34,931,820	-
In-kind match-Head Start	6,543,565	7,086,905	543,340
Total expenses	\$ 41,475,385	\$ 42,018,725	\$ 543,340

See the independent auditor's report

Note:

In-kind contributions include contributions in the amount of \$3,613,939 that were not recorded in the financial statements because they did not meet the criteria for recognition under FASB ASC 958 but met federal guidelines of in-kinds contributions.

ORANGE COUNTY HEAD START, INC.
SCHEDULE OF REPORTED MEALS AND EARNED REIMBURSEMENT

For the Period July 1, 2012 through June 30, 2013

Month	Breakfast	Rate	Total	Lunch	Rate	Total	Supper	Rate	Total	Snacks	Rate	Total	Total Federal	Total Meals
JULY 2011	4,445	\$ 1.55	\$ 6,890	4,925	\$ 2.86	\$ 14,085	-	\$ -	\$ -	3,994	\$ 0.78	3,115	24,090	13,364
AUGUST 2011	3,050	1.55	4,728	3,403	2.86	9,733	-	-	-	2,805	0.78	2,188	16,649	9,258
SEPTEMBER 2011	13,123	1.55	20,341	20,988	2.86	60,026	235	2.86	672	10,817	0.78	8,437	89,476	45,163
OCTOBER 2011	24,278	1.55	37,631	40,421	2.86	115,604	649	2.86	1,856	21,810	0.78	17,012	172,103	87,158
NOVEMBER 2011	20,286	1.55	31,443	34,728	2.86	99,322	582	2.86	1,665	19,311	0.78	15,063	147,493	74,907
DECEMBER 2011	15,314	1.55	23,737	26,101	2.86	74,649	415	2.86	1,187	14,685	0.78	11,454	111,027	56,515
JANUARY 2012	18,415	1.55	28,543	31,505	2.86	90,104	449	2.86	1,284	17,624	0.78	13,747	133,678	67,993
FEBRUARY 2012	19,206	1.55	29,769	33,093	2.86	94,646	552	2.86	1,579	18,420	0.78	14,368	140,362	71,271
MARCH 2012	17,326	1.55	26,855	29,324	2.86	83,867	405	2.86	1,158	16,508	0.78	12,876	124,756	63,563
APRIL 2012	21,769	1.55	33,742	37,943	2.86	108,517	636	2.86	1,819	21,105	0.78	16,462	160,540	81,453
MAY 2012	22,103	1.55	34,260	37,961	2.86	108,568	644	2.86	1,842	20,522	0.78	16,007	160,677	81,230
JUNE 2012	11,392	1.55	17,658	18,142	2.86	51,886	278	2.86	795	10,814	0.78	8,435	78,774	40,626
Total Center meals	190,707			318,534			4,845			178,415				692,501
Total federal			\$ 295,597			\$ 911,007			\$ 13,857			\$ 139,164	\$ 1,359,625	

Federal Reimbursement \$ 1,359,625

Cash-in-lieu of Commodities (Lunch & Supper Meals) 0.2275 323,379 73,569

Total Federal Reimbursement: \$ 1,433,194

See the independent auditor's report

ORANGE COUNTY HEAD START, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<i>For the year ended June 30, 2013</i>	Federal CFDA number	Grant number	Grant amount	Revenue recognized	Expenditures
<u>Federal Program</u>					
<u>U.S. Department of Health and Human Services:</u>					
Head Start	93.600	09CH0007/31	\$ 34,931,820	\$ 34,931,820	\$ 34,931,820
Universal Discount for Schools and Libraries (E-Rate)	99.Unknown			171,619	150,069
<u>U.S. Department of Agriculture:</u>					
Pass through State of California					
<u>Department of Education</u>					
Child Care Food Program	10.558	30-1453-OJ	N/A	1,433,194	1,433,194
Total Federal Awards				\$ 36,536,633	\$ 36,515,083
Amount Provided to Sub-recipients:					
<u>U.S. Department of Health and Human Services:</u>					
Orange Children & Parents Together (OCPT)	93.600	09CH0007/31	N/A	\$ 2,832,629	\$ 2,832,629
Anaheim City School District	93.600	09CH0007/31	N/A	2,117,077	2,117,077
City of La Habra	93.600	09CH0007/31	N/A	1,518,336	1,518,336
Santa Ana Unified School District	93.600	09CH0007/31	N/A	3,313,884	3,313,884
Irvine Head Start	93.600	09CH0007/31	N/A	646,832	646,832
Total				\$ 10,428,758	\$ 10,428,758

See the independent auditor's report

Note A - Significant Accounting Policies:

The accompanying schedule of expenditures of federal awards includes the federal grant activities of OCHS and it is prepared on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

ORANGE COUNTY HEAD START, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

<i>For the year ended June 30, 2012</i>	Federal CFDA number	Grant number	Grant amount	Revenue recognized	Expenditures
<u>Federal Program</u>					
<u>U.S. Department of Health and Human Services:</u>					
Head Start	93.600	09CH0007/31	\$ 34,065,890	\$ 34,566,515	\$ 34,566,515
ARRA-Early Head Start Expansion Grant	93.709	09SA0007/02	2,051,341	613,782	613,782
Universal Discount for Schools and Libraries (E-Rate)	99.Unknown			210,854	107,512
Head Start Body Start Center-2011 Play Space Grant	93.600	C013,C090,C241,D127	13,961	13,961	13,961
<u>U.S. Department of Agriculture:</u>					
Pass through State of California					
<u>Department of Education</u>					
Child Care Food Program	10.558	30-1453-OJ	N/A	1,428,508	1,428,508
Total Federal Awards				\$ 36,833,620	\$ 36,730,278
<u>State Program</u>					
<u>State of California Department of Education:</u>					
Child Care Food Program	N/A	30-1453-OJ	N/A	\$ 81,527	\$ 81,527
Amount Provided to Sub-recipients:					
<u>U.S. Department of Health and Human Services:</u>					
Orange Children & Parents Together (OCPT)	93.600	09CH0007/31	N/A	\$ 2,620,972	\$ 2,620,972
Orange Children & Parents Together (OCPT)	93.600	09CH0007/31		132,626	132,626
Orange Children & Parents Together (OCPT)	93.709	09SA0007/02	N/A	64,478	64,478
Anaheim City School District	93.600	09CH0007/31	N/A	2,102,077	2,102,077
City of La Habra	93.600	09CH0007/31	N/A	1,289,652	1,289,652
City of La Habra	93.600	09CH0007/31		189,692	189,692
City of La Habra	93.709	09SA0007/02	N/A	68,377	68,377
Santa Ana Unified School District	93.600	09CH0007/31	N/A	3,224,475	3,224,475
Irvine Head Start	93.600	09CH0007/31	N/A	640,989	640,989
Total				\$ 10,333,338	\$ 10,333,338

See the independent auditor's report

Note A - Significant Accounting Policies:

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activities of OCHS and it is prepared on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

ROSSI DOSKOCIL & FINKELSTEIN

LLP

ORANGE COUNTY HEAD START, INC.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors

Orange County Head Start, 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 Orange County Head Start, Inc. ("OCHS") (a nonprofit California Corporation), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2014.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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 audits 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 OCHS' 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 audits, 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*.

ROSSI DOSKOCIL & FINKELSTEIN

LLP

ORANGE COUNTY HEAD START, INC.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS (Continued)*

Purpose of This Report

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

Rossi Doskocil & Finkelstein LLP

January 31, 2014
Long Beach, California

ROSSI DOSKOCIL & FINKELSTEIN

LLP

ORANGE COUNTY HEAD START, INC.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Directors

Orange County Head Start, Inc.

Report on Compliance for Each Major Federal Program

We have audited Orange County Head Start, Inc.'s ("OCHS") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of OCHS' major federal programs for the years ended June 30, 2013 and 2012. OCHS' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of OCHS' major federal programs based on our audits of the types of compliance requirements referred to above. We conducted our audits 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 OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards and OMB Circular A-133 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 OCHS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinion on compliance for each major federal program. However, our audits do not provide a legal determination of OCHS' compliance.

Opinion on Each Major Federal Program

In our opinion, OCHS' 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 years ended June 30, 2013 and 2012.

Report on Internal Control Over Compliance

Management of OCHS 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,

ROSSI DOSKOCIL & FINKELSTEIN

LLP

ORANGE COUNTY HEAD START, INC.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (*Continued*)

we considered OCHS' 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 OMB Circular A-133, 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 OCHS' 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Rossi Doskocil & Finkelstein LLP

January 31, 2014
Long Beach, California

ORANGE COUNTY HEAD START, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the year ended June 30, 2013

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Audited as Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
93.600	Head Start	\$ 34,931,820
Dollar threshold used to distinguish between Type A and Type B programs		\$ 1,095,452

Auditee qualified as low-risk auditee? Yes No

FINANCIAL STATEMENT FINDINGS

There are no financial statement findings.

There are no federal award findings and questioned costs.

ORANGE COUNTY HEAD START, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

As of and for the year ended June 30, 2012

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Audited as Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
93.600	Head Start Cluster – Head Start	\$ 34,580,476
93.709	Head Start Cluster – ARRA Early Head Start	\$ 613,782
10.558	Child and Adult Care Food Program	\$ 1,428,508
	Dollar threshold used to distinguish between Type A and Type B programs	\$ 1,101,908

Auditee qualified as low-risk auditee? Yes No

FINANCIAL STATEMENT FINDINGS

There are no financial statement findings.

There are no federal award findings and questioned costs.

ORANGE COUNTY HEAD START, INC.
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

As of and for the years ended June 30, 2013 and 2012

There were no prior years audit findings or recommendations.