

**COMMUNITY BASED CARE OF  
BREVARD, INC.  
D/B/A BREVARD FAMILY  
PARTNERSHIP  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL  
STATEMENTS**

**June 30, 2019**

	<u>Page (s)</u>
<b>INDEPENDENT AUDITORS' REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 18
<b>SUPPLEMENTAL INFORMATION</b>	
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20
Consolidating Statement of Functional Expenses	21
Consolidating Statement of Cash Flows	22
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 - 24
Independent Auditors' Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and State of Florida Chapter 10.650, Rules of the Auditor General	25 - 26
Schedule of Findings and Questioned Costs - Federal Programs and State Projects	27 - 29
Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance	30 - 31
Corrective Action Plan	32



**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
Thomas F. Regan  
Ernie R. Janvrin  
Jennifer K. Aros  
Richard F. Hayes  
Renee C. Varga

501 S. New York Ave  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 405  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Community Based Care of Brevard, Inc.  
D/B/A Brevard Family Partnership  
Melbourne, Florida

**Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Community Based Care of Brevard, Inc. and affiliates (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Based Care of Brevard, Inc. and affiliates as of June 30, 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Also, the accompanying consolidated schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and State of Florida Chapter 10.650, *Rules of the Auditor General*, is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 March 13, 2020, on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
March 13, 2020

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

June 30, 2019

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 804,683
Grants and contracts receivable	886,231
Due from Family Allies	143,427
Prepaid expenses and other current assets	<u>59,276</u>

**TOTAL CURRENT ASSETS** 1,893,617

Investments	148,983
Property and equipment, net	<u>174,122</u>

**TOTAL ASSETS** \$ 2,216,722

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 947,505
Accrued expenses	567,301
Deferred revenue	379,912
Due to Family Allies	<u>222</u>

**TOTAL CURRENT LIABILITIES** 1,894,940

**NET ASSETS**

Without donor restrictions	
Operating income	70,622
Invested in capital assets	<u>174,122</u>

Total without donor restrictions 244,744

With donor restrictions	<u>77,038</u>
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**TOTAL NET ASSETS** 321,782

**TOTAL LIABILITIES AND NET ASSETS** \$ 2,216,722

The accompanying notes are an integral part of these consolidated financial statements.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**CONSOLIDATED STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND SUPPORT</b>			
Contracts, grants and contributions from government agencies	\$ 26,499,296	\$ -	\$ 26,499,296
Contracts, grants and contributions from other agencies	403,544	12,722	416,266
Contributions - In-kind services	6,494	-	6,494
Contributions - cash	147,323	-	147,323
Contributions - In-kind gifts and incidental	136,123	-	136,123
Interest income	7,247	-	7,247
Miscellaneous income	30,771	-	30,771
Net assets released from restrictions	9,689	(9,689)	-
	<u>27,240,487</u>	<u>3,033</u>	<u>27,243,520</u>
<b>EXPENSES</b>			
Program services	25,192,965	-	25,192,965
Management and general	1,805,643	-	1,805,643
	<u>26,998,608</u>	<u>-</u>	<u>26,998,608</u>
Total expenses	26,998,608	-	26,998,608
Change in net assets	241,879	3,033	244,912
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,865</u>	<u>74,005</u>	<u>76,870</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 244,744</u>	<u>\$ 77,038</u>	<u>\$ 321,782</u>

The accompanying notes are an integral part of these consolidated financial statements.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2019**

	<u>Program Services</u>	<u>Mangement and General</u>	<u>Total</u>
Out of home	\$ 5,346,519	\$ 417	\$ 5,346,936
Purchased services	7,159,944	444,599	7,604,543
Salaries and benefits	4,967,292	951,359	5,918,651
Adoption	4,975,052	-	4,975,052
Occupancy	750,445	47,423	797,868
Independent living	379,811	-	379,811
IT expenses	322,473	29,631	352,104
Professional and consulting	148,847	9,174	158,021
Travel	244,311	24,486	268,797
Insurance	199,104	56,818	255,922
Community training/conference	54,288	1,419	55,707
Expendable furniture	5,576	23,964	29,540
Drug, fingerprinting and background	72,097	19,225	91,322
In-kind and donations	122,249	20,368	142,617
Legal fees	-	6,656	6,656
Depreciation	-	39,101	39,101
Public relations	14,717	305	15,022
Supplies	64,699	10,563	75,262
Printing and reproduction	21,898	305	22,203
Staff training/conference	83,272	6,792	90,064
Licenses and accreditation	72,105	5,889	77,994
Membership and dues fees	16,028	23,607	39,635
Communication services	22,226	1,769	23,995
File retrieval/storage	34,139	2,959	37,098
Leased equipment	27,184	3,528	30,712
Accounting fees	5,284	58,942	64,226
Management fees	-	1,077	1,077
Equipment maintenance	21,133	1,657	22,790
Telephone	20,787	2,255	23,042
Paper	7,970	532	8,502
Business meetings	9,733	2,232	11,965
Postage and delivery	3,467	3,464	6,931
Employee activities	9,549	40	9,589
Publications and subscriptions	2,948	2,891	5,839
Bank charges	4,435	1,800	6,235
Employment advertising	-	361	361
Agency fundraising	3,383	35	3,418
<b>TOTAL EXPENSES</b>	<u>\$ 25,192,965</u>	<u>\$ 1,805,643</u>	<u>\$ 26,998,608</u>

The accompanying notes are an integral part of these consolidated financial statements.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2019**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 244,912
Adjustments to reconcile change in net assets to net cash used in operations:	
Depreciation	39,101
Realized loss on sale of investments	(1,584)
Unrealized loss on investments	(2,787)
Increase in grants and contracts receivable	(678,380)
Increase in due from Family Allies	(143,426)
Decrease in due to Family Allies	(28,548)
Increase in prepaid expenses and other current assets	(18,806)
Increase in accounts payable	730,682
Increase in accrued expenses	137,856
Decrease in deferred revenue	<u>(378,927)</u>
Cash used in operating activities	<u>(99,907)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of property and equipment	<u>(146,210)</u>
Cash used in investing activities	<u>(146,210)</u>
Decrease in cash and cash equivalents	(246,117)
Cash and cash equivalents, beginning of year	<u>1,050,800</u>
Cash and cash equivalents, end of year	<u>\$ 804,683</u>

The accompanying notes are an integral part of these consolidated financial statements.



**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliates (the “Organization”) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

1. Principles of consolidation

The accompanying consolidated financial statements include the accounts of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and its financially interrelated affiliates, Brevard C.A.R.E.S., Inc. and The National Center for Innovation and Excellence, Inc. which are under common control. Intercompany transactions and balances have been eliminated in consolidation.

2. General

Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership, is a private, non-profit organization established by a group of community providers for the purpose of providing child welfare services on behalf of the State of Florida, Department of Children and Families, District 7 in Brevard County, Florida.

The Organization receives a majority of its program support from contracts with the Department of Children and Families and remaining funds from various state and local sources.

The Organization’s grant agreement is a multiple year contract with the Florida Department of Children and Families (“FDCF”) which was for the period from July 1, 2013 through June 30, 2023 in the amount of \$251,942,393. Each year’s funding of the contract is contingent upon appropriations by the Florida legislature and is therefore considered a conditional promise to give, and is not recorded as a grant receivable.

Brevard C.A.R.E.S., Inc. is a non-profit organization established by Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership on November 1, 2009 for the purpose of providing prevention services to Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership.

The National Center for Innovation and Excellence, Inc. has been created by Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership as an organization that generates new knowledge and thought leadership to strengthen and advance youth, family and community development initiatives.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3. Basis of accounting and financial statement presentation

The accompanying financial statements and schedules have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions are available for use at the discretion of the Board and/or management for general operating purposes. From time to time the Board designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

*Net Assets With Donor Restrictions*

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed restrictions, time and/or purpose restrictions.

The Organization reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Some net assets with donor restrictions may include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.

See Note F for more information on the composition of net assets with donor restrictions.

4. 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 amounts could differ from those estimates.

5. Cash and cash equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

6. Restricted cash and cash equivalents

Restricted cash and cash equivalents includes Social Security funds held by the Organization for dedicated and current needs for children receiving protection, shelter and supervision services. These funds are required to be maintained in a separate bank account.

7. Grants and contracts receivable

Grants and contracts receivable are stated at the amount management expects to collect from balances at year-end. Based on management's assessment of the current relationship and credit worthiness of entities having balances with the Organization, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

8. Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reflected in the accounts of the Organization at fair value. Unrealized appreciation and depreciation is based on the market value of investments at year-end, and recognized in the Consolidated Statement of Activities.

9. Property and equipment

Property and equipment acquired by the Organization is considered to be owned by the Organization. However, funding sources may maintain an equitable interest in the assets purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. The State of Florida has a reversionary interest in those assets purchased with its funds that have a cost of \$1,000 or more and an estimated useful life of at least one year. The Federal Government has a reversionary interest in those assets purchased with its funds that have a cost of \$5,000 or more and an estimated useful life of at least one year.

Furniture and equipment with a value greater than \$1,000 and an estimated useful life of at least one year is capitalized at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to seven years. Repairs and maintenance are expensed as incurred.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

10. Deferred revenue

Deferred revenue is comprised of amounts received from grantor agencies by the Organization prior to meeting the revenue recognition criteria. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. In subsequent periods, when the revenue recognition criteria have been met, the liability for deferred revenue is reduced and revenue is recognized.

11. Contributions

Contributions received are recorded as without donor or with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is not restricted is reported as an increase in net assets without donor restrictions. All other support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statement of Activities as net assets released from restrictions.

12. Functional allocation of expenses

The cost of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

13. Donated services and materials

Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. A corresponding amount is recorded as expense. Volunteer services provided to the Organization to carry out its mission do not meet the criterion used to record donated services; therefore, they have not been recorded in the consolidated financial statements.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

14. Recent accounting pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The new guidance was effective beginning in 2018 and the Organization changed its presentation of net assets classes, and expanded the footnote disclosures in these financial statements as required by ASU 2016-14.

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when contract performance obligations are met. The standard is effective for fiscal years beginning after December 15, 2018. The Organization is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

15. Income taxes

The Organization and its affiliates are nonprofit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE A – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

15. Income taxes (continued)

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. Federal income tax examinations by tax authorities for years before 2017. Management has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the consolidated financial statements of the Organization.

16. Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through March 13, 2020, the date the consolidated financial statements were available to be issued. No subsequent events have been recognized or disclosed in the consolidated financial statements.

**NOTE B – CASH AND CASH EQUIVALENTS**

The Organization has demand deposits with a national bank with aggregate bank balances amounting to \$909,135 at June 30, 2019. At June 30, 2019, the Organization had \$659,135 in excess of federally insured limits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization's deposits may not be returned.

The Organization does have a deposit policy for custodial credit risk, which mandates that at a minimum all demand deposits be made at banks that are federally insured up to FDIC limits. Further, the Organization has enrolled its main operational bank accounts into a repurchase agreement with PNC Bank. The repurchase agreement allows the demand deposits in these accounts to be invested in PNC Bank's U.S. government securities portfolio.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE C – PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of June 30, 2019:

	<b>Community Based Care of Brevard, Inc.</b>	<b>Brevard C.A.R.E.S., Inc.</b>	<b>Consolidated</b>
Furniture and equipment	\$ 1,220,327	\$ 89,426	\$ 1,309,753
Less: accumulated depreciation	1,046,205	89,426	1,135,631
Net property and equipment	<u>\$ 174,122</u>	<u>\$ -</u>	<u>\$ 174,122</u>

Depreciation expense for the year ended was \$39,101.

**NOTE D – FAIR VALUE MEASUREMENT**

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure 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 the Organization has the ability to access as of the measurement date.

Level 2 – Inputs to the valuation methodology include: (1) quoted market prices for similar assets or liabilities in active markets, (2) quoted prices for identical or similar assets or liabilities in inactive markets, (3) inputs other than quoted prices that are observable for the asset or liability, and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset'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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE D – FAIR VALUE MEASUREMENT (continued)**

The following is a description of the valuation methodologies used for assets measured at fair value.

*Cash* – Valued at quoted market prices.

*Common stock* – Valued at quoted market prices.

*Mutual funds* – Valued at the net asset value of shares held by the Organization at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table summarizes the assets of the Organization for which fair values are determined on a recurring basis as of June 30, 2019:

	<b>Investment Assets at Fair Value as of June 30, 2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ -	\$ -	\$ 148,983	\$ 148,983
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,983</u>	<u>\$ 148,983</u>

The following table sets forth a summary of the changes in the fair value of the Organization's Level 3 financial assets during the year ended June 30, 2019.

Balance, beginning of year	\$ 144,612
Net realized and unrealized gain	3,295
Interest and dividend income	2,150
Foundation fee and investment expense	<u>(1,074)</u>
Balance, end of year	<u>\$ 148,983</u>

**NOTE E – LINES OF CREDIT**

The Organization has a line of credit, with a national bank, that allowed borrowings up to \$500,000, with a stated interest rate of the LIBOR plus 2.5%, but not less than 3.0%. The line of credit has been renewed and matures on February 28, 2021.



**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE E – LINES OF CREDIT (continued)**

An Affiliate has a line of credit, with a national bank, that allows borrowings up to \$150,000, with an interest rate equal to LIBOR plus 2.5%, but not less than 3.0%. The line of credit has been renewed and matures on February 28, 2021.

These lines of credit contain a requirement for financials to be submitted within 120 days of year end. The Organization and an Affiliate received a waiver from the bank regarding this requirement.

**NOTE F – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2019, relate to funds pledged for operations of the Organization and funds received for specific purposes. These restrictions are considered to expire when pledge payments are received and the funds have been expended for the specified purpose. Net assets with donor restrictions as of June 30, 2019, are summarized as follows:

Eckerd Grant	\$ 56,238
Ounce of prevention	7,666
Toy drive	7,267
Foster Home Management	4,280
Adoption	-
WalMart Drug Court Grant	1,500
Youth Advisory Council	87
	<u>87</u>
	<u>\$ 77,038</u>

**NOTE G – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions for the year ended June 30, 2019 are as follows:

Toy drive	5,658
Foster Home Management	1,439
Adoption	2,592
	<u>2,592</u>
	<u>\$ 9,689</u>

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE H – SIGNIFICANT FUNDING SOURCE**

The Organization receives substantially all of its funding from the U.S. Department of Health and Human Services that is passed through the State of Florida and the Department of Children and Families. A significant reduction in the level of this funding, if this were to occur, could have an adverse effect on the Organization’s programs and activities.

**NOTE I – MATCH REQUIREMENTS**

The grants entitled Promoting Safe and Stable Families and Grants to States for Access and Visitation Programs required a local match of 25% and 10%, respectively. The Organization required the match be obtained from the service providers they contracted with. The amount was not recorded on the Organization’s books. The Organization did, however, report the match amounts obtained by the service providers to the State.

**NOTE J – EMPLOYEE LEASING COMPANY**

The Organization utilizes the service of an employee leasing service for staffing purposes. The employee leasing service provides employee benefits, including health insurance and 401(k) plan participation. All expenses associated with the services provided by the employee leasing service are shown as personnel services. For the year ended June 30, 2019, the Organization made retirement contributions totaling \$124,583.

**NOTE K – COMMITMENTS**

The Organization leases certain office space and copiers under agreements classified as operating leases.

Future minimum lease payments under all such leases having initial non-cancelable terms in excess of one year for each of the next five years and in the aggregate are as follows:

Years Ending June 30,	Amount
2020	\$ 749,670
2021	766,330
2022	373,767
2023	383,873
	\$ 2,273,640

Total rent expense for the year ended June 30, 2019 was \$735,621.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE L – CONTINGENCIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government and the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

**NOTE M – FUNCTIONAL EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and others, which are allocated on the basis of estimates of time and effort.

**NOTE N – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization’s financial assets available within one year of the statements of financial position date for general expenditures are as follows:

Cash and cash equivalents	\$ 804,683
Grants and contracts receivable	886,231
Due from Family Allies	<u>143,427</u>
Total financial assets available within one year	<u>1,834,341</u>
Less:	
Accounts payable	947,505
Accrued expenses	567,301
Deferred revenue	379,912
Due to Family Allies	<u>222</u>
Total financial liabilities due within one year	<u>1,894,940</u>
Total financial assets available within one year	<u>\$ (60,599)</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs the Organization has a committed line of credit of \$500,000, which it could draw upon. In addition, an affiliate has a committed line of credit of \$150,000, which it could draw upon.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE N – LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)**

A portion of cash and cash equivalents and grants and contracts receivable are set aside per donor restrictions. The total amount restricted is in the amount of \$77,038. The remaining grants and contracts receivable not restricted are expected to be received within one year.

Prepaid, property and equipment, and other asset amounts are amounts not available for spending amounts.

**SUPPLEMENTAL INFORMATION**

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

June 30, 2019

	Community Based Care of Brevard, Inc.	Brevard C.A.R.E.S., Inc.	The National Center for Innovation and Excellence, Inc.	Consolidating Entries	Total
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 428,964	\$ 294,360	\$ 81,359	\$ -	\$ 804,683
Grants and contracts receivable	806,263	79,968	-	-	886,231
Due from affiliate	223,312	-	-	(223,312)	-
Due from parent	-	154,972	-	(154,972)	-
Due from Family Allies	142,449	978	-	-	143,427
Prepaid expenses and other current assets	40,855	13,696	4,725	-	59,276
<b>TOTAL CURRENT ASSETS</b>	<b>1,641,843</b>	<b>543,974</b>	<b>86,084</b>	<b>(378,284)</b>	<b>1,893,617</b>
Investments	148,983	-	-	-	148,983
Property and equipment, net	174,122	-	-	-	174,122
<b>TOTAL ASSETS</b>	<b>\$ 1,964,948</b>	<b>\$ 543,974</b>	<b>\$ 86,084</b>	<b>\$ (378,284)</b>	<b>\$ 2,216,722</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 946,205	\$ 1,300	\$ -	\$ -	\$ 947,505
Accrued expenses	385,414	181,887	-	-	567,301
Deferred revenue	379,912	-	-	-	379,912
Due to affiliate	167,955	-	3,514	(171,469)	-
Due to parent	-	-	206,815	(206,815)	-
Due to Family Allies	-	-	222	-	222
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,879,486</b>	<b>183,187</b>	<b>210,551</b>	<b>(378,284)</b>	<b>1,894,940</b>
<b>NET ASSETS</b>					
Without donor restrictions					
Operating income	(165,698)	360,787	(124,467)	-	70,622
Invested in capital assets	174,122	-	-	-	174,122
Total without donor restrictions	8,424	360,787	(124,467)	-	244,744
With donor restrictions	77,038	-	-	-	77,038
<b>TOTAL NET ASSETS</b>	<b>85,462</b>	<b>360,787</b>	<b>(124,467)</b>	<b>-</b>	<b>321,782</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,964,948</b>	<b>\$ 543,974</b>	<b>\$ 86,084</b>	<b>\$ (378,284)</b>	<b>\$ 2,216,722</b>

See independent auditors' report.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

Year Ended June 30, 2019

	<b>Community Based Care of Brevard, Inc. Without Donor Restrictions</b>	<b>Community Based Care of Brevard, Inc. With Donor Restrictions</b>	<b>Community Based Care of Brevard, Inc. Total</b>	<b>Brevard C.A.R.E.S., Inc. Total</b>	<b>The National Center for Innovation and Excellence, Inc. Total</b>	<b>Consolidating Entries</b>	<b>Total</b>
<b>REVENUES AND SUPPORT</b>							
Contracts, grants and contributions from government agencies	\$ 26,499,296	\$ -	\$ 26,499,296	\$ 2,242,585	\$ -	\$ (2,242,585)	\$ 26,499,296
Contracts, grants and contributions from other agencies	207,966	12,722	220,688	195,578	-	-	416,266
Contributions - In-kind services	-	-	-	6,494	-	-	6,494
Contributions - cash	48,821	-	48,821	2,730	95,772	-	147,323
Contributions - In-kind gifts and incidental	111,675	-	111,675	24,448	-	-	136,123
Interest income	5,511	-	5,511	1,736	-	-	7,247
Miscellaneous income	21,099	-	21,099	9,672	-	-	30,771
Net assets released from restrictions	9,689	(9,689)	-	-	-	-	-
<b>Total revenues and support</b>	<b>26,904,057</b>	<b>3,033</b>	<b>26,907,090</b>	<b>2,483,243</b>	<b>95,772</b>	<b>(2,242,585)</b>	<b>27,243,520</b>
<b>EXPENSES</b>							
Program services	25,040,403	-	25,040,403	2,251,742	136,427	(2,235,607)	25,192,965
Management and general	1,616,318	-	1,616,318	177,467	18,836	(6,978)	1,805,643
<b>Total expenses</b>	<b>26,656,721</b>	<b>-</b>	<b>26,656,721</b>	<b>2,429,209</b>	<b>155,263</b>	<b>(2,242,585)</b>	<b>26,998,608</b>
Change in net assets	247,336	3,033	250,369	54,034	(59,491)	-	244,912
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>(238,912)</b>	<b>74,005</b>	<b>(164,907)</b>	<b>306,753</b>	<b>(64,976)</b>	<b>-</b>	<b>76,870</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 8,424</b>	<b>\$ 77,038</b>	<b>\$ 85,462</b>	<b>\$ 360,787</b>	<b>\$ (124,467)</b>	<b>\$ -</b>	<b>\$ 321,782</b>

See independent auditors' report.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2019

	Community Based Care of Brevard, Inc.			Brevard C.A.R.E.S., Inc.			The National Center for Innovation and Excellence, Inc.			Consolidating Entries	Total
	Program Services	Management and General	Total	Program Services	Management and General	Total	Program Services	Management and General	Total		
Out of home	5,346,519	417	\$ 5,346,936	-	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,346,936
Purchased services	9,320,146	444,560	9,764,706	68,342	39	68,381	-	-	-	(2,228,544)	7,604,543
Salaries and benefits	3,156,000	816,424	3,972,424	1,811,292	134,935	1,946,227	-	-	-	-	5,918,651
Adoption	4,975,052	-	4,975,052	-	-	-	-	-	-	-	4,975,052
Occupancy	684,388	42,477	726,865	66,057	4,946	71,003	-	-	-	-	797,868
Independent living	379,811	-	379,811	-	-	-	-	-	-	-	379,811
IT expenses	322,233	28,586	350,819	240	-	240	-	1,045	1,045	-	352,104
Professional and consulting	61,981	8,717	70,698	6,344	337	6,681	80,522	120	80,642	-	158,021
Travel	111,714	21,636	133,350	118,900	2,674	121,574	13,697	176	13,873	-	268,797
Insurance	196,329	54,731	251,060	2,775	250	3,025	-	1,837	1,837	-	255,922
Community training/conference	21,712	881	22,593	5,819	538	6,357	26,757	-	26,757	-	55,707
Expendable furniture	2,380	23,554	25,934	3,196	410	3,606	-	-	-	-	29,540
Drug, fingerprinting and background	71,101	14,582	85,683	996	4,643	5,639	-	-	-	-	91,322
In-kind and donations	111,675	-	111,675	10,574	20,368	30,942	-	-	-	-	142,617
Legal fees	-	880	880	-	-	-	-	5,776	5,776	-	6,656
Depreciation	-	39,101	39,101	-	-	-	-	-	-	-	39,101
Public relations	14,717	-	14,717	-	305	305	-	-	-	-	15,022
Supplies	50,767	8,202	58,969	12,413	1,786	14,199	1,519	575	2,094	-	75,262
Printing and reproduction	12,551	125	12,676	4,654	133	4,787	4,693	47	4,740	-	22,203
Staff training/conference	27,512	6,279	33,791	54,860	513	55,373	900	-	900	-	90,064
Licenses and accreditation	20,786	4,114	24,900	51,319	201	51,520	-	1,574	1,574	-	77,994
Membership and dues fees	8,970	22,755	31,725	7,058	852	7,910	-	-	-	-	39,635
Communication services	21,005	1,672	22,677	1,221	97	1,318	-	-	-	-	23,995
File retrieval/storage	31,354	2,724	34,078	2,785	235	3,020	-	-	-	-	37,098
Leased equipment	23,517	3,220	26,737	3,667	308	3,975	-	-	-	-	30,712
Accounting fees	5,284	58,942	64,226	-	-	-	-	-	-	-	64,226
Management fees - ML	-	1,077	1,077	-	-	-	-	-	-	-	1,077
Equipment maintenance	18,909	1,473	20,382	2,224	184	2,408	-	-	-	-	22,790
Telephone	9,573	1,005	10,578	11,214	1,250	12,464	-	-	-	-	23,042
Paper	7,253	478	7,731	662	54	716	55	-	55	-	8,502
Business meetings	8,010	-	8,010	1,614	2,232	3,846	109	-	109	-	11,965
Postage & delivery	2,640	3,373	6,013	302	10	312	525	81	606	-	6,931
Employee activities	6,992	-	6,992	2,557	40	2,597	-	-	-	-	9,589
Publications and subscriptions	2,311	2,244	4,555	637	127	764	-	520	520	-	5,839
Bank charges	3,848	1,728	5,576	-	-	-	587	72	659	-	6,235
Employment advertising	-	361	361	-	-	-	-	-	-	-	361
Agency fundraising	3,363	-	3,363	20	-	20	-	35	35	-	3,418
NCIE support unit expense	-	-	-	-	-	-	7,063	6,978	14,041	(14,041)	-
<b>TOTAL EXPENSES</b>	<b>\$ 25,040,403</b>	<b>\$ 1,616,318</b>	<b>\$ 26,656,721</b>	<b>\$ 2,251,742</b>	<b>\$ 177,467</b>	<b>\$ 2,429,209</b>	<b>\$ 136,427</b>	<b>\$ 18,836</b>	<b>\$ 155,263</b>	<b>\$ (2,242,585)</b>	<b>\$ 26,998,608</b>

See independent auditors' report.



**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**CONSOLIDATING STATEMENT OF CASH FLOWS**

Year Ended June 30, 2019

	<b>Community Based Care of Brevard, Inc.</b>	<b>Brevard C.A.R.E.S., Inc.</b>	<b>The National Center for Innovation and Excellence, Inc.</b>	<b>Consolidating Entries</b>	<b>Consolidated Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 250,369	\$ 54,034	\$ (59,491)	\$ -	\$ 244,912
Adjustments to reconcile change in net assets to net cash provided by (used in) operations:					
Depreciation	39,101	-	-	-	39,101
Realized loss on sale of investments	(1,584)	-	-	-	(1,584)
Unrealized loss on investments	(2,787)	-	-	-	(2,787)
Decrease (increase) in grants and contracts receivables	(766,356)	39,645	48,331	-	(678,380)
Decrease (increase) in due from affiliate	(79,584)	(101,732)	3,293	178,023	-
Increase in due from Family Allies	(142,448)	(978)	-	-	(143,426)
Increase (decrease) in due to Family Allies	(28,769)	-	221	-	(28,548)
Increase (decrease) in due to parent	114,714	-	63,309	(178,023)	-
Increase in prepaid expenses	(8,189)	(5,892)	(4,725)	-	(18,806)
Decrease in accounts payable	734,105	(3,328)	(95)	-	730,682
Increase (decrease) in accrued expenses	82,464	60,954	(5,562)	-	137,856
Increase in deferred revenue	(164,752)	(214,175)	-	-	(378,927)
	<u>26,284</u>	<u>(171,472)</u>	<u>45,281</u>	<u>-</u>	<u>(99,907)</u>
Cash provided by (used in) operating activities					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of property and equipment	(146,210)	-	-	-	(146,210)
	<u>(146,210)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,210)</u>
Cash used in investing activities					
Increase (decrease) in cash and cash equivalents	(119,926)	(171,472)	45,281	-	(246,117)
Cash and cash equivalents, beginning of year	548,890	465,832	36,078	-	1,050,800
Cash and cash equivalents, end of year	<u>\$ 428,964</u>	<u>\$ 294,360</u>	<u>\$ 81,359</u>	<u>\$ -</u>	<u>\$ 804,683</u>

See independent auditors' report.



**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
Thomas F. Regan  
Ernie R. Janvrin  
Jennifer K. Aros  
Richard F. Hayes  
Renee C. Varga

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

To the Board of Directors of  
Community Based Care of Brevard, Inc.  
D/B/A Brevard Family Partnership  
Melbourne, Florida

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 consolidated financial statements of Community Based Care of Brevard, Inc. and affiliates (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 13, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered Community Based Care of Brevard, Inc. and affiliates' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Based Care of Brevard, Inc. and affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Based Care of Brevard, Inc. and affiliates' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001 to be material weakness.

*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.

501 S. New York Ave  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 405  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Based Care of Brevard, Inc. and affiliates' consolidated 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*.

## **Community Based Care of Brevard, Inc. and Affiliate's Response to Findings**

Community Based Care of Brevard, Inc. and affiliate's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Based Care, Inc. and affiliate's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Based Care of Brevard, Inc. and affiliates' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
March 13, 2020



**Partners**

W. Ed Moss, Jr.  
Joe M. Krusick  
Cori G. Cameron  
Bob P. Marchewka  
Ric Perez  
Thomas F. Regan  
Ernie R. Janvrin  
Jennifer K. Aros  
Richard F. Hayes  
Renee C. Varga

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND STATE OF FLORIDA CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors of  
Community Based Care of Brevard, Inc.  
D/B/A Brevard Family Partnership  
Melbourne, Florida

**Report on Compliance for Each Major Federal Program and State Project**

We have audited Community Based Care of Brevard, Inc. and affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of Community Based Care of Brevard, Inc. and affiliates' major federal programs and state projects for the year ended June 30, 2019. Community Based Care of Brevard, Inc. and affiliates' major federal programs and state projects 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Community Based Care of Brevard, Inc. and affiliates' major federal programs and state projects 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, *Rules of the Auditor General*. Those standards, the Uniform Guidance, and Chapter 10.650 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 or state project occurred. An audit includes examining, on a test basis, evidence about the Organization'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 and state project. However, our audit does not provide a legal determination of Community Based Care of Brevard, Inc. and affiliates' compliance.

501 S. New York Ave  
Suite 100  
Winter Park, FL 32789  
Phone: 407-644-5811  
Fax: 407-644-6022  
www.mosskrusick.com

631 US Highway 1  
Suite 405  
N. Palm Beach, FL 33408  
Phone: 561-848-9300  
Fax: 561-848-9332

American Institute of  
Certified Public  
Accountants

Florida Institute of  
Certified Public  
Accountants

### ***Opinion on Each Major Federal Program and State Project***

In our opinion, Community Based Care of Brevard, Inc. and affiliates 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 and state projects for the year ended June 30, 2019.

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

Management of Community Based Care of Brevard, Inc. and affiliates 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 Community Based Care of Brevard, Inc. and affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project 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 state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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 Community Based Care of Brevard, Inc. and affiliates' 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 or state project 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 or state project 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 or state project 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, and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
March 13, 2020

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS**

**June 30, 2019**

**Section I – Summary of Auditors’ Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditors’ report issued:   | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | Yes           |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No            |
| 3. Noncompliance material to financial statements noted?                                  | None reported |

**Federal Awards**

- |   |               |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major programs:                              | Unmodified    |
| 2. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?         | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B programs                        | \$750,000     |
| 5. Auditee qualified as low-risk auditee?   | No            |

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Foster Care Title IV-E	93.658
Promoting Safe and Stable Families	93.556

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL PROGRAMS AND STATE PROJECTS**

June 30, 2019

**Section I – Summary of Auditors’ Results (continued)**

**State Financial Assistance**

- |   |               |
|---|---------------|
| 1. Type of auditors’ report issued on compliance for major projects:  | Unmodified    |
| 2. Internal control over major projects:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses?   | None reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Florida Single Audit Act and Chapter 10.650, Rules of the Auditor General | No            |
| 4. Dollar threshold used to distinguish between Type A and Type B projects  | \$750,000     |

Identification of major projects:

<u>Name of State Project</u>	<u>CSFA Number</u>
Out-of-Home Support	60.074
Purchase of Therapeutic Services for Children	60.183

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**FEDERAL PROGRAMS AND STATE PROJECTS**

**June 30, 2019**

**Section II – Financial Statement Findings**

**Material Weakness: 2019-001 Monthly account closing and bank reconciliations**

Criteria: General ledger accounts should be closed and bank accounts reconciled and reviewed on a monthly basis.

Condition: Accounts were not properly closed and bank reconciliations were not prepared on a timely basis. Fiscal 2019 account reconciliations were not completed until February 2020.

Cause: The Organization did not follow its accounting policy of completing account closing and reconciliations at month end.

Effect: The lack of timely account closing and bank reconciliations resulted in a material audit adjustment.

Recommendation: The Organization should follow its accounting policy to complete account closing and bank reconciliations within 20 days of the receipt of the bank statement.

Management Response: The prior accountant took maternity leave, returned briefly, and then left permanently. It took the Organization a few months to properly transition to a new accountant and begin timely account closing and reconciliations. The Organization is following its accounting policy to properly close its books and prepare bank reconciliations on a monthly basis and expects to be fully caught up by year end.

**Section III – Federal Award Findings and Questioned Costs**

None (no corrective action plan or management letter required)

**Section IV – Status of Prior Year Audit Findings**

None (no corrective action plan or management letter required)



**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
YEAR ENDED JUNE 30, 2019**

<u>Federal/State Agency, Pass-Through Entity, State Project</u>	<u>CFDA/ CSFA Number</u>	<u>Grantor's Contract Number</u>	<u>Expenditures</u>
<b>FEDERAL AWARDS</b>			
<b><u>U.S. Department of Health and Human Services</u></b>			
Passed through State of Florida			
Department of Children and Families:			
Promoting Safe and Stable Families	93.556	GJ401	\$ 523,976
Social Services Block Grant	93.667	GJ401	1,115,283
Temporary Assistance for Needy Families-TANF Cluster	93.558	GJ401	2,546,560
Foster Care Title IV-E	93.658	GJ401	5,247,943
Child Welfare Services-State Grants	93.645	GJ401	498,059
Adoption Assistance	93.659	GJ401	3,183,084
Medical Assistance Program	93.778	GJ401	31,865
Chafee Foster Care Independence Program	93.674	GJ401	180,230
Chafee Education and Training Vouchers Program	93.599	GJ401	70,234
Grants to States for Access and Visitation Programs	93.597	GJ401	7,919
Child Abuse and Neglect State Grants	93.669	GJ401	<u>76,582</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 13,481,735</u></b>
<b>STATE FINANCIAL ASSISTANCE</b>			
<b>State of Florida, Department of Children and Families:</b>			
Out of Home Supports	60.074	GJ401	\$ 470,181
In Home Supports	60.075	GJ401	63,799
Extended Foster Care Program	60.141	GJ401	461,108
CBC-Purchase of Therapeutic Services for Children	60.183	GJ401	253,340
Independent Living Program	60.112	GJ401	25,156
CBC-Sexually Exploited Children	60.138	GJ401	<u>131,500</u>
<b>Total Expenditures of State Financial Assistance</b>			<b><u>\$ 1,405,084</u></b>
<b>STATE MATCHING OF FEDERAL AWARDS</b>			
<b>Department of Children and Families</b>			
Promoting Safe and Stable Families	93.556	GJ401	\$ 55,489
Chafee Education and Training Vouchers Program	93.599	GJ401	18,236
Child Welfare Services-State Grants	93.645	GJ401	163,831
Adoption Assistance	93.659	GJ401	2,374,891
Chafee Foster Care Independence Program	93.674	GJ401	175,948
Medical Assistance Program	93.778	GJ401	31,865
Grants to States for Access and Visitation Programs	93.958	GJ401	880
Temporary Assistance for Needy Families-TANF Cluster	93.558	GJ401	1,578,436
Foster Care Title IV-E	93.658	GJ401	<u>7,212,901</u>
<b>Total Expenditures of State Matching of Federal Awards</b>			<b><u>\$ 11,612,477</u></b>
<b>TOTAL FEDERAL AWARDS, STATE FINANCIAL ASSISTANCE, AND STATE MATCHING OF FEDERAL AWARDS</b>			<b><u>\$ 26,499,296</u></b>

**Note (1): Basis of Accounting**

The Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance is prepared on the accrual basis of accounting.

**Note (2): Basis of Consolidation**

The Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal awards and state financial assistance received by Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and its financially interrelated affiliate, Brevard C.A.R.E.S., Inc., which are under common control. Intercompany transactions have been eliminated in consolidation.

**Note (3): Service Provided Contracts**

Only revenues earned in accordance with the contract terms are reported as expenditures on the Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance.

**Note (4): Indirect Cost Rates**

The Organization has elected to not use the 10% de minimis indirect cost rate for its federal programs and state projects for the year ended June 30, 2019. The indirect cost rates used on the Organization's federal programs and state projects are determined by the relevant federal or state agency.

**COMMUNITY BASED CARE OF BREVARD, INC.  
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES  
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE (Continued)  
YEAR ENDED JUNE 30, 2019**

**Note (5): Sub-recipients**

Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliates have obtained and acted upon required sub-recipient audit reports and these reports meet the requirements of Title 2 *U.S.Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, Rules of the Auditor General, State of Florida. The audit reports have been submitted within the required time frames and audit findings have been addressed within six months. Of the expenses presented in the accompanying Consolidated Schedule of Federal Awards and State Financial Assistance, Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership provided federal and state awards under contract GJ401 to sub-recipients as follows:

Federal Awards:

U.S. Department of Health and Human Services		
Promoting Safe and Stable Families	93.556	\$ 148,044
Social Services Block Grant	93.667	587,916
Temporary Assistance for Needy Families	93.558	1,266,514
Foster Care Title IV-E	93.658	2,827,270
Child Welfare Services-State Grant	93.645	294,430
Adoption Assistance	93.659	464,825
Child Abuse and Neglect State Grants	93.669	49,797
State Access & Visitation Grant	93.597	<u>21,583</u>
 Total Federal		 <u>5,660,379</u>

State Financial Assistance:

State of Florida, Department of Children and Families		
Out-of-Home Supports	60.074	35,584
CBC - Purchase Therapeutic Services for Children	60.183	91,575
CBC - Extended Foster Care Program	60.141	<u>283,616</u>
 Total State		 <u>410,775</u>
 Total Federal Awards and State Financial Assistance		 <u><u>\$ 6,071,154</u></u>

Subrecipients are as follows:

Attain		\$ 47,242
Brevard Behavioral Consultants		42,507
Brevard C.A.R.E.S.		1,399,086
Children's Home Society		109,555
Center for Drug-Free Living		19,992
Coastal Behavioral Therapy		83,414
Crosswinds Youth Services		441,708
Devereux		83,444
Eckerd Youth Alternatives		118,770
Family Allies		2,708,565
FI United Methodist		28,725
Friends of Children and Families		433,095
Home Safe		1,945
Pediatric Pavillion		2,100
Reyna Group Home		18,256
Royal Priesthood I		69,541
The Grove		28,725
The Haven for Children		398,900
Yellow Umbrella		<u>35,584</u>
		<u><u>\$ 6,071,154</u></u>

See independent auditors' report.

## MANAGEMENT'S CORRECTIVE ACTION PLAN

**Finding Number:** 2019-001

**Planned Corrective Action:** We concur with the finding. The prior accountant took maternity leave, returned briefly, and then left permanently. It took the Organization a few months to properly transition to a new accountant and begin timely account closing and reconciliations. The Organization is following its accounting policy to properly close its books and prepare bank reconciliations on a monthly basis and expects to be fully caught up by year end.

**Anticipated Completion Date:** June 30, 2020

**Responsible Contact Person:** Donald P. Johnson, CFO

Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*Donald P. Johnson*  
CFO  
14 APR 13, 2020