

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

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2012

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
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JUNE 30, 2012**

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JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors,
Community Based Care of Brevard, Inc.
d/b/a Brevard Family Partnership and affiliate:

We have audited the accompanying consolidated statement of financial position of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership (a nonprofit organization) and affiliate as of June 30, 2012, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate as of June 30, 2012, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012 on our consideration of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate as a whole. The supplementary information included in the accompanying Schedules I, II, III and IV is presented only for supplementary analysis purposes. The accompanying Schedule of Expenditures of Federal Awards, State Financial Assistance, and State Matching of Federal Awards on pages 19 – 21 is 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 Non-Profit Organizations*, and Section 215.97, Florida Statutes, Florida Single Audit Act, and is not a required part of the basic 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 basic 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 basic financial statements as a whole.

James Moore + Co., P.L.

Gainesville, Florida
December 11, 2012

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012**

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,887,834
Grants and contracts receivable	230,438
Prepaid expenses and other current assets	647,618
Total current assets	<u>2,765,890</u>
Investments	436,351
Property and equipment, net	285,717
Deposits	4,309
Restricted cash and cash equivalents - Client trust funds	112,594
Other non-current assets	45,000
Total Assets	<u><u>\$ 3,649,861</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 1,144,212
Accrued expenses	336,974
Deferred revenue	699,666
Total current liabilities	<u>2,180,852</u>
Client trust funds	112,594
Total liabilities	<u>2,293,446</u>
Net assets	
Unrestricted	
Operating income	983,595
Invested in capital assets	285,717
Total unrestricted	<u>1,269,312</u>
Temporarily restricted	87,103
Total net assets	<u>1,356,415</u>
Total Liabilities and Net Assets	<u><u>\$ 3,649,861</u></u>

The accompanying notes to the consolidated financial statements
are an integral part of this statement.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue			
Government grants	\$ 21,275,423	\$ -	\$ 21,275,423
Contributions	113,557	855	114,412
Donated goods and services	272,277	-	272,277
Interest and dividends	17,204	-	17,204
Unrealized gain on investments	5,483	-	5,483
Gain on sale of investment	1,046	-	1,046
Other	75,942	-	75,942
Special events	5,044	-	5,044
Total support and revenue	<u>21,765,976</u>	<u>855</u>	<u>21,766,831</u>
Expenses			
Program Services	19,732,130	2,612	19,734,742
Management and general	1,813,778	-	1,813,778
Fundraising	19,314	-	19,314
Total expenses	<u>21,565,222</u>	<u>2,612</u>	<u>21,567,834</u>
Increase (decrease) in net assets	<u>200,754</u>	<u>(1,757)</u>	<u>198,997</u>
Net assets, beginning of year	1,068,558	88,860	1,157,418
Net assets, end of year	<u>\$ 1,269,312</u>	<u>\$ 87,103</u>	<u>\$ 1,356,415</u>

The accompanying notes to the consolidated financial statements
are an integral part of this statement.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

	Program Services	Fundraising Expenses	Management and General	Total
Adoption services	\$ 3,602,575	\$ -	\$ -	\$ 3,602,575
Case management	8,224,022	-	-	8,224,022
Community prevention initiative	1,955,859	-	-	1,955,859
Diagnostic and evaluation	253,340	-	-	253,340
Foster home management	716,089	-	-	716,089
In home and family support services	682,660	-	-	682,660
Independent living	1,292,072	-	-	1,292,072
In-service training	4,491	-	-	4,491
Out of home care	3,003,634	-	-	3,003,634
Building and grounds maintenance	-	-	1,373	1,373
Communications	-	-	11,393	11,393
Depreciation	-	-	146,484	146,484
Dues and subscriptions	-	-	35,415	35,415
Equipment rental and maintenance	-	-	8,167	8,167
Expendable furniture, equipment and software	-	-	10,349	10,349
Fundraising expenses	-	19,314	-	19,314
Insurance	-	-	22,468	22,468
Licenses and permits	-	-	3,511	3,511
Occupancy and utilities	-	-	78,063	78,063
Other expenses	-	-	30,642	30,642
Personnel services	-	-	1,172,579	1,172,579
Postage and shipping	-	-	2,607	2,607
Printing	-	-	2,597	2,597
Professional fees	-	-	250,255	250,255
Supplies	-	-	8,550	8,550
Travel	-	-	29,325	29,325
Total expenses	<u>\$ 19,734,742</u>	<u>\$ 19,314</u>	<u>\$ 1,813,778</u>	<u>\$ 21,567,834</u>

The accompanying notes to the consolidated financial statements
are an integral part of this statement.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

Cash flows from operating activities	
Net increase in net assets	\$ 198,997
Adjustments to reconcile net increase in net assets to net cash used in operating activities:	
Depreciation	146,484
Gain on sale of investments	(1,046)
Unrealized appreciation of investments	(5,483)
Decrease in deferred revenue	(86,023)
Increase in grants and contracts receivable	(204,618)
Increase in prepaid expenses and other current assets	(435,466)
Decrease in deposits	234
Increase in restricted cash - client trust funds	(112,594)
Increase in accounts payable	255,474
Decrease in accrued expenses	(46,024)
Increase in client trust funds	112,594
Net cash used in operating activities	<u>(177,471)</u>
 Cash flows from investing activities	
Proceeds from sale of investments	22,121
Purchases of investments	(29,037)
Purchases of property and equipment	<u>(144,213)</u>
Net cash used in investment activities	<u>(151,129)</u>
 Net decrease in cash and cash equivalents	 <u>(328,600)</u>
 Cash and cash equivalents, beginning of year	 2,216,434
 Cash and cash equivalents, end of year	 <u><u>\$ 1,887,834</u></u>

The accompanying notes to the consolidated financial statements
are an integral part of this statement.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012**

(1) **Summary of Significant Accounting Policies:**

The consolidated financial statements of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate (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.

(a) **Principles of consolidation**—The accompanying financial statements include the accounts of 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 and balances have been eliminated in consolidation.

(b) **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 which is for the period from July 1, 2009 through June 30, 2013 in the amount of \$86,464,688. 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.

(c) **Basis of financial reporting**—The Organization's financial statements have been prepared on the accrual basis. The Organization is required to report information regarding its financial position and activities in according to three classes of net assets:

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

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that will not be met by either actions of the Organization or the passage of time.

As of June 30, 2012, there were no permanently restricted net assets.

(d) **Contributions**—Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose retraction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the financial statements as net asset released from restrictions.

COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Cash and cash equivalents**—The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(f) **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.

(g) **Income taxes**—The Organization and its affiliate 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 financial statements.

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 2008. The Organization 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 financial statements of the Organization.

(i) **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.

(h) **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 recorded at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimate useful life of the assets, ranging from three to five years. Repairs and maintenance are expensed as incurred.

(i) **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.

(j) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012**

(1) **Summary of Significant Accounting Policies:** (Continued)

(k) **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. 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 financial statements.

(l) **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.

(m) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 11, 2012 the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed in the financial statements.

(n) **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. For information on how the Organization determines fair value, see Note 9.

Unrealized appreciation and depreciation is based on the market value of investments at year-end, and recognized in the Consolidated Statement of Activities.

(2) **Property and Equipment:**

Property and equipment consists of the following as of June 30, 2012:

	Community Based Care of Brevard, Inc.	Brevard C.A.R.E.S., Inc.	Consolidated
Furniture and equipment	\$ 1,001,345	\$ 70,994	\$ 1,072,339
Vehicles	9,320	8,135	17,455
	<u>1,010,665</u>	<u>79,129</u>	<u>1,089,794</u>
Less: Accumulated depreciation	756,555	47,522	804,077
Net property and equipment	<u>\$ 254,110</u>	<u>\$ 31,607</u>	<u>\$ 285,717</u>

Depreciation expense for the year ended June 30, 2012 was \$146,484.

(3) **Cash and Cash Equivalents:**

The Organization has demand deposits with a national bank with aggregate bank balances amounting to \$2,211,753 at June 30, 2012. 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 and sweep 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 AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012**

(4) **Commitments:**

The Organization leases certain office space under agreements classified as operating leases. Leases expire at various dates through June 30, 2014.

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:

Year Ending June 30,	Amount
2013	\$ 761,173
2014	297,565
2015	-
2016	-
2017	-
	\$ 1,058,738

Total rent expense for the year ended June 30, 2012 was \$764,058.

The Organization leases certain copiers under an agreement classified as an operating lease which expires on August 31, 2013.

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

Year Ending June 30,	Amount
2013	\$ 24,841
2014	3,818
2015	-
2016	-
2017	-
	\$ 28,659

Total copier lease expense for the year ended June 30, 2012 was \$26,221.

(5) **Line of Credit:**

The Organization has a line of credit, with a national bank, that allows borrowings up to \$500,000, with a stated interest rate of the LIBOR plus 2.5%, but not less than 3.0%. There were no advances from this line of credit during the year ended June 30, 2012 and as of June 30, 2012, no amounts were outstanding on the line of credit. The line of credit is collateralized by all inventory, accounts receivable, equipment and general intangibles. The line of credit will expire on April 1, 2013.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012**

(5) **Line of Credit:** (Continued)

The 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%. There were no advances from this line of credit during June 30, 2012 and as of June 30, 2012, no amounts were outstanding on the line of credit. The line of credit is collateralized by all inventory, accounts receivable, equipment and general intangibles. The line of credit will expire on February 20, 2013.

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

(6) **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.

(7) **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.

(8) **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, 2012, the Organization made retirement contributions totaling \$118,598.

(9) **Fair Value Measurement:**

Available-for-sale investments at June 30, 2012 consist of the follow:

Common stock, at cost	\$ 84,928
Gross unrealized gains	5,629
Common stock, at fair value	<u>\$ 90,557</u>
Mutual funds, at cost	\$ 338,733
Gross unrealized gains	7,061
Mutual funds, at fair value	<u>\$ 345,794</u>

COMMUNITY BASED CARE OF BREVARD, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012

(9) **Fair Value Measurement:** (Continued)

During 2012, the Organization sold securities available-for-sale for total proceeds of \$22,121, resulting in a gross realized gain of \$1,046.

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.

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

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.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2012**

(9) **Fair Value Measurement:** (Continued)

The following table summarizes the assets of the Organization for which fair values are determined on a recurring basis as of June 30, 2012:

	Investment Assets at Fair Value as of June 30, 2012			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 90,557	\$ -	\$ -	\$ 90,557
Mutual funds	345,794	-	-	345,794
Total assets at fair value	<u>\$ 436,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 436,351</u>

The Organization held no Level 2 or Level 3 assets at June 30, 2012.

(10) **Other Assets – Child Welfare Trust:**

In 2009, the limited partners of Community Based Care Partnership, Ltd., formed the Child Welfare Trust (the “Trust”) which is a risk pool formed to provide assets to meet the obligations of the prepaid mental health program. Each partner made an initial contribution to the Trust of \$45,000. The Organization shares in this risk pool based on their respective ownership percentage. The Organization may be required to fund the risk pool on an annual basis based on the medical loss ratio. Quarterly, the General Partner makes a determination whether the assets held in the risk pool are sufficient to meet the obligations of the prepaid mental health program in the Organization’s service areas. If funding of the risk pool is required, the Organization may be required to utilize unrestricted funds as it is not a chargeable expense under the grant agreement with the State of Florida, Department of Children and Families as discussed in Note 1 (a). During the year ended June 30, 2012, the Organization was not required to make any additional contributions to the Trust.

(11) **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.

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

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012**

	Community Based Care of Brevard,	Brevard C.A.R.E.S., Inc.	Consolidating Entries	Consolidated Total
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	\$ 1,783,254	\$ 104,580	\$ -	\$ 1,887,834
Grants and contracts receivable	230,327	111	-	230,438
Due from affiliate	137,308	-	(137,308)	-
Due from parent	-	157,843	(157,843)	-
Prepaid expenses and other current assets	525,850	121,768	-	647,618
Total current assets	<u>2,676,739</u>	<u>384,302</u>	<u>(295,151)</u>	<u>2,765,890</u>
Investments	436,351	-	-	436,351
Property and equipment, net	254,110	31,607	-	285,717
Deposits	3,200	1,109	-	4,309
Restricted cash and cash equivalents - Client trust funds	112,594	-	-	112,594
Other non-current assets	45,000	-	-	45,000
Total Assets	<u>\$ 3,527,994</u>	<u>\$ 417,018</u>	<u>\$ (295,151)</u>	<u>\$ 3,649,861</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$ 1,099,408	\$ 44,804	\$ -	\$ 1,144,212
Accrued expenses	297,990	38,984	-	336,974
Deferred revenue	699,666	-	-	699,666
Due to affiliate	157,843	-	(157,843)	-
Due to parent	-	137,308	(137,308)	-
Total current liabilities	<u>2,254,907</u>	<u>221,096</u>	<u>(295,151)</u>	<u>2,180,852</u>
Client trust funds	112,594	-	-	112,594
Total liabilities	<u>2,367,501</u>	<u>221,096</u>	<u>(295,151)</u>	<u>2,293,446</u>
Net assets:				
Unrestricted:				
Operating income	819,280	164,315	-	983,595
Invested in capital assets	254,110	31,607	-	285,717
Total unrestricted	<u>1,073,390</u>	<u>195,922</u>	<u>-</u>	<u>1,269,312</u>
Temporarily restricted	87,103	-	-	87,103
Total net assets	<u>1,160,493</u>	<u>195,922</u>	<u>-</u>	<u>1,356,415</u>
Total Liabilities and Net Assets	<u>\$ 3,527,994</u>	<u>\$ 417,018</u>	<u>\$ (295,151)</u>	<u>\$ 3,649,861</u>

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

	Community Based Care of Brevard, Inc. Unrestricted	Community Based Care of Brevard, Inc. Temporarily Restricted	Community Based Care of Brevard, Inc. Total	Brevard C.A.R.E.S., Inc. Total	Consolidating Entries	Total
Support and revenue						
Government grants	\$ 21,275,423	\$ -	\$ 21,275,423	\$ 1,724,969	\$ (1,724,969)	\$ 21,275,423
Contributions	107,860	855	108,715	5,697	-	114,412
Donated goods and services	202,872	-	202,872	69,405	-	272,277
Interest and dividends	17,120	-	17,120	84	-	17,204
Unrealized gain on investments	5,483	-	5,483	-	-	5,483
Gain on sale of investment	1,046	-	1,046	-	-	1,046
Other	433,854	-	433,854	-	(357,912)	75,942
Special events	4,918	-	4,918	126	-	5,044
Total support and revenue	<u>22,048,576</u>	<u>855</u>	<u>22,049,431</u>	<u>1,800,281</u>	<u>(2,082,881)</u>	<u>21,766,831</u>
Expenses						
Program Services	20,319,640	2,612	20,322,252	1,495,371	(2,082,881)	19,734,742
Management and general	1,436,493	-	1,436,493	377,285	-	1,813,778
Fundraising	18,999	-	18,999	315	-	19,314
Total expenses	<u>21,775,132</u>	<u>2,612</u>	<u>21,777,744</u>	<u>1,872,971</u>	<u>(2,082,881)</u>	<u>21,567,834</u>
Increase (decrease) in net assets	<u>273,444</u>	<u>(1,757)</u>	<u>271,687</u>	<u>(72,690)</u>	<u>-</u>	<u>198,997</u>
Net assets, beginning of year	799,946	88,860	888,806	268,612	-	1,157,418
Net assets, end of year	<u>\$ 1,073,390</u>	<u>\$ 87,103</u>	<u>\$ 1,160,493</u>	<u>\$ 195,922</u>	<u>\$ -</u>	<u>\$ 1,356,415</u>

- See accompanying notes to consolidated financial statements -

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2012**

	Community Based Care of Brevard Inc.				Brevard C.A.R.E.S., Inc.				Consolidating Entries	Total
	Program Services	Fundraising Expenses	Management and General	Total	Program Services	Fundraising Expenses	Management and General	Total		
Adoption services	\$ 3,602,575	\$ -	\$ -	\$ 3,602,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,602,575
Case management	8,224,022	-	-	8,224,022	-	-	-	-	-	8,224,022
Community prevention initiative	2,543,369	-	-	2,543,369	1,495,371	-	-	1,495,371	(2,082,881)	1,955,859
Diagnostic and evaluation	253,340	-	-	253,340	-	-	-	-	-	253,340
Foster home management	716,089	-	-	716,089	-	-	-	-	-	716,089
In home and family support services	682,660	-	-	682,660	-	-	-	-	-	682,660
Independent living	1,292,072	-	-	1,292,072	-	-	-	-	-	1,292,072
In-service training	4,491	-	-	4,491	-	-	-	-	-	4,491
Out of home care	3,003,634	-	-	3,003,634	-	-	-	-	-	3,003,634
Building and grounds maintenance	-	-	1,373	1,373	-	-	-	-	-	1,373
Communications	-	-	11,393	11,393	-	-	-	-	-	11,393
Depreciation	-	-	130,416	130,416	-	-	16,068	16,068	-	146,484
Dues and subscriptions	-	-	35,415	35,415	-	-	-	-	-	35,415
Equipment rental and maintenance	-	-	8,167	8,167	-	-	-	-	-	8,167
Expendable furniture, equipment and software	-	-	10,349	10,349	-	-	-	-	-	10,349
Fundraising expenses	-	18,999	-	18,999	-	315	-	315	-	19,314
Insurance	-	-	22,468	22,468	-	-	-	-	-	22,468
Licenses and permits	-	-	3,511	3,511	-	-	-	-	-	3,511
Occupancy and utilities	-	-	78,063	78,063	-	-	-	-	-	78,063
Other expenses	-	-	27,919	27,919	-	-	2,723	2,723	-	30,642
Personnel services	-	-	814,667	814,667	-	-	357,912	357,912	-	1,172,579
Postage and shipping	-	-	2,607	2,607	-	-	-	-	-	2,607
Printing	-	-	2,597	2,597	-	-	-	-	-	2,597
Professional fees	-	-	249,705	249,705	-	-	550	550	-	250,255
Supplies	-	-	8,550	8,550	-	-	-	-	-	8,550
Travel	-	-	29,293	29,293	-	-	32	32	-	29,325
Total expenses	<u>\$ 20,322,252</u>	<u>\$ 18,999</u>	<u>\$ 1,436,493</u>	<u>\$ 21,777,744</u>	<u>\$ 1,495,371</u>	<u>\$ 315</u>	<u>\$ 377,285</u>	<u>\$ 1,872,971</u>	<u>\$ (2,082,881)</u>	<u>\$ 21,567,834</u>

- See accompanying notes to consolidated financial statements -

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

	Community Based Care of Brevard,	Brevard C.A.R.E.S., Inc.	Consolidating Entries	Consolidated Total
Cash flows from operating activities				
Net increase (decrease) in net assets	\$ 271,687	\$ (72,690)	\$ -	\$ 198,997
Adjustments to reconcile net increase (decrease) in net assets to net cash provided by (used in) operating activities:				
Depreciation	130,416	16,068	-	146,484
Gain (loss) on transfer of fixed assets	2,654	(2,654)	-	-
Gain on sale of investments	(1,046)	-	-	(1,046)
Unrealized appreciation of investments	(5,483)	-	-	(5,483)
Decrease in deferred revenue	(15,019)	(71,004)	-	(86,023)
(Increase) decrease in grants and contracts receivable	(204,774)	156	-	(204,618)
Increase in prepaid expenses and other current assets	(350,480)	(84,986)	-	(435,466)
Decrease in deposits	-	234	-	234
Increase in restricted cash - Client trust funds	(112,594)	-	-	(112,594)
Increase in due from affiliate	(1,767)	-	1,767	-
Increase in due to affiliate	156,236	-	(156,236)	-
Increase in due to parent	-	1,767	(1,767)	-
Increase in due from parent	-	(156,236)	156,236	-
Increase (decrease) in accounts payable	295,610	(40,136)	-	255,474
Decrease in accrued expenses	(31,922)	(14,102)	-	(46,024)
Increase in client trust funds	112,594	-	-	112,594
Net cash provided by (used in) operating activities	<u>246,112</u>	<u>(423,583)</u>	<u>-</u>	<u>(177,471)</u>
Cash flows from investing activities				
Proceeds from sale of investments	22,121	-	-	22,121
Purchases of investments	(29,037)	-	-	(29,037)
Purchases of property and equipment	(144,213)	-	-	(144,213)
Net cash used in investment activities	<u>(151,129)</u>	<u>-</u>	<u>-</u>	<u>(151,129)</u>
Net increase (decrease) in cash and cash equivalents	<u>94,983</u>	<u>(423,583)</u>	<u>-</u>	<u>(328,600)</u>
Cash and cash equivalents, beginning of year	1,688,271	528,163	-	2,216,434
Cash and cash equivalents, end of year	<u>\$ 1,783,254</u>	<u>\$ 104,580</u>	<u>\$ -</u>	<u>\$ 1,887,834</u>

- See accompanying notes to consolidated financial statements -

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

ADDITIONAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2012

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

Federal/State Agency, Pass-Through Entity, State Project	CFDA/ CSFA Number	Grantor's Contract Number	Expenditures
FEDERAL AWARDS			
<u>U.S. Department of Health and Human Services</u>			
Passed through State of Florida			
Department of Children and Families:			
Promoting Safe and Stable Families	93.556	GJK46	\$ 566,481
Social Services Block Grant	93.667	GJK46	786,877
Temporary Assistance for Needy Families-TANF Cluster	93.558	GJK46	1,985,396
Foster Care Title IV-E	93.658	GJK46	3,783,234
Child Welfare Services-State Grants	93.645	GJK46	269,283
Adoption Assistance	93.659	GJK46	1,535,336
Medical Assistance Program	93.778	GJK46	40,863
Chafee Foster Care Independence Program	93.674	GJK46	109,752
Chafee Education and Training Vouchers Program	93.599	GJK46	45,963
Grants to States for Access and Visitation Programs	93.597	GJK46	11,478
Child Abuse and Neglect State Grants	93.669	GJK46	133,304
Adoption Incentive Payments	93.603	GJK46	99,189
Total Expenditures of Federal Awards			<u>\$ 9,367,156</u>
STATE FINANCIAL ASSISTANCE			
Department of Children and Families			
Community Based Care Supports	60.094	GJK46	\$ 10,056,713
Total Expenditures of State Financial Assistance			<u>\$ 10,056,713</u>
STATE MATCHING OF FEDERAL AWARDS			
Department of Children and Families			
Promoting Safe and Stable Families	93.556	GJK46	\$ 12,347
Chafee Education and Training Vouchers Program	93.599	GJK46	11,490
Child Welfare Services-State Grants	93.645	GJK46	89,761
Adoption Assistance	93.659	GJK46	1,411,991
Chafee Foster Care Independence Program	93.674	GJK46	27,437
Medical Assistance Program	93.778	GJK46	45,188
Block Grants for Community Mental Health Services	93.958	GJK46	253,340
Total Expenditures of State Matching of Federal Awards			<u>\$ 1,851,554</u>
Total Expenditures of Federal Awards, State Financial Assistance, and State Matching of Federal Awards			<u>\$ 21,275,423</u>

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012**

(Continued)

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 statement 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 Schedule of Expenditures of Federal Awards and State Financial Assistance.

Note (4): Sub-recipients

Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate have obtained and acted upon required sub-recipient audit reports and these reports meet the requirements of OMB Circular A-133 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/a Brevard Family Partnership provided federal and state awards under contract GJ246 to sub-recipients as follows:

Federal Awards:

U.S. Department of Health and Human Services		
Promoting Safe and Stable Families	93.556	\$ 314,917
Social Services Block Grant	93.667	412,225
Temporary Assistance for Needy Families	93.558	786,847
Foster Care Title IV-E	93.658	2,179,342
Child Welfare Services-State Grant	93.645	224,179
Adoption Assistance	93.659	746,049
Chafee Foster Care Independence Program	93.674	137,189
Chafee Education and Training Vouchers Program	93.599	1,256
Child Abuse and Neglect State Grants	93.669	113,468
State Access & Visitation Grant	93.597	11,478
Block Grants for Community Mental Health Services	93.958	145,689
Total Federal		<u>5,072,639</u>

State Financial Assistance:

State of Florida, Department of Children and Families		
Community Based Care Supports	60.094	5,306,692
Total Federal Awards and State Financial Assistance		<u><u>\$ 10,379,331</u></u>

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)**

Note (4): Sub-recipients (Continued)

Subrecipients are as follows:

Brevard Behavioral Consultants	\$ 72,653
Brevard C.A.R.E.S.	1,653,965
Brevard Co. Country Acres	358,340
Brevard Youth Transitional Center	343,439
Center for Drug Free Living	5,424
Change Academy Lake of the Ozarks	120,600
Children's Home Society	2,765,957
Coastal Behavioral Therapy	108,101
Crosswinds Youth Services	406,744
Crystal Lake Supportive Environments	71,546
Devereux	3,528,830
Eckerd Youth Alternative	162,440
Intervention Services	293,140
La Mirada Group Home	28,539
Links of Hope	23,514
National Mentor Healthcare	5,995
Quality Care Group Home	6,901
Royal Priesthood I	130,320
St. Augustine Youth Services	15,146
The Chrysalis Center	12,960
The Grove Counseling Center	4,750
The Haven for Children	154,900
Yellow Umbrella	105,127
	<u>\$ 10,379,331</u>

Of the expenses presented in the accompanying Consolidated Schedule of Federal Awards and State Financial Assistance, Affiliate, Brevard C.A.R.E.S., Inc. provided federal and state awards under contract PRE0901 to sub-recipients as follows:

Federal Awards:

U.S. Department of Health and Human Services		
Child Abuse and Neglect State Grants	93.669	\$ 14,899

State Financial Assistance:

State of Florida, Department of Children and Families		
Community Based Care Supports	60.094	226,808

Total Federal Awards and State Financial Assistance		<u>\$ 241,707</u>
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Subrecipients are as follows:

Brevard Behavioral Consultants	\$ 16,489
Coastal Behavioral Therapy	4,214
Devereux	16,412
Intervention Services	152,156
Links of Hope	16,351
Yellow Umbrella	36,086
	<u>\$ 241,708</u>

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**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,
Community Based Care of Brevard, Inc.
d/b/a Brevard Family Partnership and affiliate:

We have audited the consolidated financial statements of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership (a nonprofit organization) and affiliate as of and for the year ended June 30, 2012, and have issued our report thereon dated December 11, 2012. 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.

Internal Control over Financial Reporting

Management of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's internal control over financial reporting as a basis for designing our auditing procedures 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. d/b/a Brevard Family Partnership and affiliate's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's consolidated financial statements are free of 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*.

This report is intended solely for the information and use of board of directors, management, federal and state awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

James Moore + Co., P.L.

Gainesville, Florida
December 11, 2012

JAMES MOORE & CO., P.L.
CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL
AWARDS PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE
AUDITOR GENERAL, STATE OF FLORIDA**

To the Board of Directors,
Community Based Care of Brevard, Inc.
d/b/a Brevard Family Partnership and affiliate:

Compliance

We have audited Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership (a nonprofit organization) and affiliate's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the requirements described in the State of Florida, Executive Office of the Department of Financial Services Compliance Supplement that could have a direct and material effect on each of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's major federal programs and state financial assistance projects for the year ended June 30, 2012. Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's major federal programs and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and state financial assistance projects is the responsibility of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's management. Our responsibility is to express an opinion on Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards and OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, 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 financial assistance project occurred. An audit includes examining, on a test basis, evidence about Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate'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. Our audit does not provide a legal determination of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's compliance with those requirements.

In our opinion, Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state financial assistance projects for the year ended June 30, 2012.

Internal Control over Compliance

Management of Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs and state financial assistance projects. In planning and performing our audit, we considered Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's internal control over compliance with the requirements that could have a direct and material effect on a major federal program or state financial assistance project to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 financial assistance 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-01 to be a significant deficiency.

Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership and affiliate's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of board of directors, management, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

James Moore + Co., P.L.L.

Gainesville, Florida
December 11, 2012

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

• Material weakness(es) identified Yes None

• Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? Yes None

• Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes None

Type of auditors' 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

Identification of major programs: CFDA No. 93.556, Promoting Safe and Stable Families
CFDA No. 93.558, Temporary Assistance for Needy Families

Dollar threshold used to distinguish between the type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee? Yes No

COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATE
CONSOLIDATED SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARD PROGRAMS AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2012
(Continued)

State Financial Assistance

Internal control over major state financial assistance projects:

- Material weakness(es) identified? _____ Yes X None
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None

Type of auditors' report issued on compliance for major state financial assistance projects: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Rules of the Auditor General Chapter 10.650? No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes, is required since there are no items related to state financial assistance required to be reported in the management letter.

Identification of major state financial assistance CSFA No. 60.094, Community Based Care Supports

Dollar threshold used to distinguish between Type A and Type B programs: \$301,701

Section II. Findings relating to the Financial Statements Which are Required to be Reported in Accordance with Government Auditing Standards None.

Section III. Findings and Questioned Costs for Federal Awards:

2012-01: Grant reconciliation procedures

Condition: During the fiscal year ended June 30, 2012, the state information network system (FSFN) was upgraded and certain files within the system did not update correctly. The Organization was not notified of these issues until after the update had been completed and rolled out. During our testing, we noted one instance where the expenditure was charged to the wrong funding source as a result of this upgrade, which was not detected by the Organization in a timely manner.

Criteria: Expenditures should be properly and timely reconciled on a monthly basis between the accounting system and FSFN.

Cause: There was turnover in the Organization's finance department resulting in the reconciliation process not being performed.

Effect: The funding source was incorrectly coded and a reclassification is required.

Context: One expenditure was coded incorrectly. The Organization was subsequently notified of the issue occurring in the state system and a reclassification should be made in the state system.

Recommendation: The Organization should review and update, if necessary, its procedures for reconciling the accounting records on a monthly basis to FSFN and communicate those procedures to employees.

Management's Response: See page 27 attached.

Section IV. Findings and Questioned Costs for State Financial Assistance: None.

Section V. Prior Audit Findings and Corrective Action Plan for Federal Awards for the Year Ended June 30, 2011: None.

Section VI. Prior Audit Findings and Corrective Action Plan for State Financial Assistance for the Year Ended June 30, 2011: None.



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To the Board of Directors
Community Based Care of Brevard, Inc.,
d/b/a Brevard Family Partnership and Affiliate

RE: Response to Internal Control finding

Finding 2012-01 Grant Reconciliation Procedures

BFP has a Revenue Maximization unit that determines eligibility of clients. The reporting of these determinations are managed by the Accounting / Finance unit and reported to the Department of Children and Families. In July 2012 the State of Florida switched its payment system to become compliant with federal guidelines. During the testing and conversion process, internal controls were implemented between these two units to ensure that all eligibility determinations were accurate via a monthly reconciliation process.

In October 2011 the Accounting staff member who was responsible for reconciling with the Revenue Maximization unit departed from BFP and during the planned transition and training of his replacement, without my awareness failed to orient the new staff member of the reconciliation process. In October 2011 there was an update/fix made by DCF to the State payment system in which we were unaware. This update caused the eligibility funding source to fail to continue automatically switching the payment to the appropriate funding source as it had prior to the update/fix. If the controls that were initially put in place were transitioned as planned, this finding would not have occurred as our reconciling process would have identified this weakness.

Immediately upon notification of this finding, the original protocol was instituted. An additional layer of control was also put in place to ensure all eligibility changes are recorded and coded appropriate by those staff in both departments who report on a monthly basis any discrepancies, remedies and actions taken to two senior management executives.

Sincerely,

Gloria Hensler
Finance Director