

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

**CONSOLIDATED FINANCIAL
STATEMENTS**

June 30, 2013

Community Based Care of Brevard, Inc.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
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JUNE 30, 2013

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Partners

W. Ed Moss Jr., CPA
Joe M. Krusick, CPA
James R. Dexter, CPA

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"), nonprofit corporations, which comprise the consolidated statement of financial position as of June 30, 2013, and the related 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Accountants

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INDEPENDENT AUDITORS' REPORT
(CONTINUED)

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for the purpose 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 State of Florida Chapter 10.650, *Rules of the Auditor General*, 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2013, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

December 18, 2013
Winter Park, Florida

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,088,788
Grants and contracts receivable	120,004
Prepaid expenses and other current assets	<u>43,585</u>

TOTAL CURRENT ASSETS 2,252,377

Investments	279,774
Property and equipment, net	173,002
Deposits	3,200
Restricted cash and cash equivalents - Client trust funds	160,578
Other non-current assets	<u>61,785</u>

TOTAL ASSETS \$ 2,930,716

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 1,257,170
Accrued expenses	352,171
Deferred revenue	<u>350,459</u>

TOTAL CURRENT LIABILITIES 1,959,800

Client trust funds	<u>160,578</u>
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TOTAL LIABILITIES 2,120,378

Net assets

Unrestricted	
Operating income	571,148
Invested in capital assets	<u>173,002</u>

 Total unrestricted 744,150

Temporarily restricted	<u>66,188</u>
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TOTAL NET ASSETS 810,338

TOTAL LIABILITIES AND NET ASSETS \$ 2,930,716

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

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

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contracts grants and contributions from government agencies	\$ 22,058,151	\$ -	\$ 22,058,151
Contributions	71,653	1,447	73,100
Donated goods and services	218,981	-	218,981
Interest and dividends	20,188	-	20,188
Unrealized gain on investments	2,568	-	2,568
Gain on sale of investments	19,518	-	19,518
Other	87,681	-	87,681
Special events	16,639	-	16,639
Net assets released from restrictions	22,362	(22,362)	-
Total revenues and support	22,517,741	(20,915)	22,496,826
EXPENSES			
Program services	20,991,456	-	20,991,456
Management and general	2,004,925	-	2,004,925
Fundraising	46,522	-	46,522
Total expenses	23,042,903	-	23,042,903
Change in net assets	(525,162)	(20,915)	(546,077)
NET ASSETS, BEGINNING OF YEAR	1,269,312	87,103	1,356,415
NET ASSETS, END OF YEAR	\$ 744,150	\$ 66,188	\$ 810,338

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

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2013

	<u>Program Services</u>	<u>Fundraising Expense</u>	<u>Mangement and General</u>	<u>Total</u>
Adoption services	\$ 3,908,831	\$ -	\$ -	\$ 3,908,831
Case management	7,838,769	-	-	7,838,769
Community prevention initiative	2,212,301	-	-	2,212,301
Diagnostic and evaluation	253,340	-	-	253,340
Foster home management	718,303	-	-	718,303
In home and family support services	707,696	-	-	707,696
Independent living	1,562,726	-	-	1,562,726
In-service training	126,702	-	-	126,702
Out of home care	3,649,347	-	-	3,649,347
Recruitment	13,441	-	-	13,441
Building and grounds maintenance	-	-	12	12
Communications	-	-	9,702	9,702
Deprecation	-	-	128,823	128,823
Dues and subscriptions	-	-	30,227	30,227
Equipment rental and maintenance	-	-	39,491	39,491
Expendable furniture, equipment and software	-	-	1,580	1,580
Fundraising expenses	-	46,522	-	46,522
Insurance	-	-	26,895	26,895
Licenses and permits	-	-	3,316	3,316
Occupancy and utilities	-	-	79,666	79,666
Other expenses	-	-	27,878	27,878
Personnel services	-	-	1,385,261	1,385,261
Postage and shipping	-	-	1,875	1,875
Printing	-	-	1,492	1,492
Professional fees	-	-	210,681	210,681
Supplies	-	-	10,422	10,422
Travel	-	-	47,604	47,604
TOTAL EXPENSES	<u>\$ 20,991,456</u>	<u>\$ 46,522</u>	<u>\$ 2,004,925</u>	<u>\$ 23,042,903</u>

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Decrease in net assets	\$ (546,077)
Adjustments to reconcile decrease in net assets to net cash provided by operations:	
Depreciation	128,823
Loss on disposal of furniture and equipment	653
Realized gain on sale of investments	(19,518)
Unrealized gain on investments	(2,568)
Decrease in grants and contracts receivable	110,434
Decrease in prepaid expenses and other current assets	604,033
Decrease in deposits	1,109
Increase in restricted cash - client trust funds	(47,984)
Increase in other non-current assets	(16,785)
Increase in accounts payable	112,958
Increase in accrued expenses	15,197
Decrease in deferred revenue	(349,207)
Increase in client trust funds	47,984
	<hr/>
Cash provided by operating activities	39,052

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of investments	230,431
Purchases of investments	(51,768)
Purchases of property and equipment	(16,761)
	<hr/>
Cash provided by investing activities	161,902

Increase in cash and cash equivalents	200,954
Cash and cash equivalents, beginning of year	<hr/> 1,887,834
Cash and cash equivalents, end of year	<hr/> <u>\$ 2,088,788</u>

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE A – 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. Principle 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 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, 2009 through June 30, 2013 in the amount of \$86,244,012. 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. The Organization has signed another five-year grant agreement with FDCF for the period from July 1, 2013 through June 30, 2018.

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, 2013**

NOTE A – 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 three classes of net assets as follows:

Unrestricted - Net assets not subject to donor-imposed stipulations.

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

Permanently Restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

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.

6. Restricted cash and cash equivalents

Restricted cash and cash equivalents includes Social Security funds held by the Organization or 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.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 estimate useful life of the assets, ranging from three to seven years. Repairs and maintenance are expensed as incurred.

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 unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is not restricted is reported as an increase in unrestricted net assets. All other support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

12. 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 AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 financial statements.

14. 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 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 2011. 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.

15. Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 18, 2013, the date the financial statements were available to be issued. No subsequent events have been recognized or disclosed in the financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

The Organization has demand deposits with a national bank with aggregate bank balances amounting to \$2,084,815 at June 30, 2013. 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, 2013**

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2013:

	<u>Community Based Care of Brevard, Inc.</u>	<u>Brevard C.A.R.E.S., Inc.</u>	<u>Consolidated</u>
Furniture and equipment	\$ 980,899	\$ 89,426	\$ 1,070,325
Less: accumulated depreciation	<u>834,271</u>	<u>63,052</u>	<u>897,323</u>
Net property and equipment	<u>\$ 146,628</u>	<u>\$ 26,374</u>	<u>\$ 173,002</u>

NOTE D – OTHER NON-CURRENT ASSETS – CHILD WELFARE TRUST

In 2009, a group of limited partners including the Organization 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 A. During the year ended June 30, 2013, the Organization was not required to make any additional contributions to the Trust. During 2013, the Organization recognized investment income of \$11,785 which was reinvested into the trust.

NOTE E – 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.

COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE F – LINES OF CREDIT

The Organization had 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 expired on April 1, 2013. The Organization has renewed the line of credit with a new maturing date of April 1, 2014.

An Affiliate had 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 expired on February 20, 2013. The Organization has renewed the line of credit with a new maturing date of April 1, 2014.

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 G – 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 H – COMMITMENTS

The Organization leases certain office space 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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 614,235
2015	671,386
2016	684,622
2017	698,213
2018	<u>712,165</u>
	<u>\$ 3,380,621</u>

Total rent expense for the year ended June 30, 2013 was \$765,566.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE I – 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, 2013, the Organization made retirement contributions totaling \$81,298.

NOTE J – FAIR VALUE MEASUREMENT

Available-for-sale investments at June 30, 2013 consist of the follow:

Common stock, at cost	\$ 49,763
Gross unrealized gains	<u>7,564</u>
Common stock, at fair value	<u>\$ 57,327</u>
Mutual funds, at cost	\$ 214,754
Gross unrealized gains	<u>7,693</u>
Mutual funds, at fair value	<u>\$ 222,447</u>

During 2013, the Organization sold securities available-for-sale for total proceeds of \$230,431, resulting in a gross realized gain of \$19,518.

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.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE J – FAIR VALUE MEASUREMENT (continued)

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.

The following table summarizes the assets of the Organization for which fair values are determined on a recurring basis as of June 30, 2013:

	Investment Assets at Fair Value as of June 30, 2013			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 57,327	\$ -	\$ -	\$ 57,327
Mutual funds	222,447	-	-	222,447
Total assets at fair value	<u>\$ 279,774</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,774</u>

The Organization held no Level 2 or Level 3 assets at June 30, 2013.

NOTE K – 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.

SUPPLEMENTAL INFORMATION

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2013

	<u>Community Based Care of Brevard, Inc.</u>	<u>Brevard C.A.R.E.S., Inc.</u>	<u>The National Center for Innovation and Excellence, Inc.</u>	<u>Consolidating Entries</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,830,609	\$ 153,292	\$ 104,887	\$ -	\$ 2,088,788
Grants and contracts receivable	54,684	324,995	3,632	(263,307)	120,004
Due from affiliate	84,225	16	-	(84,241)	-
Due from parent	-	120	24	(144)	-
Prepaid expenses and other current assets	3,245	40,340	-	-	43,585
TOTAL CURRENT ASSETS	1,972,763	518,763	108,543	(347,692)	2,252,377
Investments	279,774	-	-	-	279,774
Property and equipment, net	146,629	26,373	-	-	173,002
Deposits	3,200	-	-	-	3,200
Restricted cash and cash equivalent - Client trust funds	160,578	-	-	-	160,578
Other non-current assets	61,785	-	-	-	61,785
TOTAL ASSETS	\$ 2,624,729	\$ 545,136	\$ 108,543	\$ (347,692)	\$ 2,930,716
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 1,078,582	\$ 178,588	\$ -	\$ -	\$ 1,257,170
Accrued expenses	523,615	79,966	11,897	(263,307)	352,171
Deferred revenue	332,852	-	17,607	-	350,459
Due to affiliate	144	-	18	(162)	-
Due to parent	-	5,221	79,002	(84,223)	-
TOTAL CURRENT LIABILITIES	1,935,193	263,775	108,524	(347,692)	1,959,800
Client trust funds	160,578	-	-	-	160,578
TOTAL LIABILITIES	2,095,771	263,775	108,524	(347,692)	2,120,378
Net assets					
Unrestricted					
Operating income	316,141	254,988	19	-	571,148
Invested in capital assets	146,629	26,373	-	-	173,002
Total unrestricted	462,770	281,361	19	-	744,150
Temporarily restricted	66,188	-	-	-	66,188
TOTAL NET ASSETS	528,958	281,361	19	-	810,338
TOTAL LIABILITIES AND NET ASSETS	\$ 2,624,729	\$ 545,136	\$ 108,543	\$ (347,692)	\$ 2,930,716

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

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

CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

	Community Based Care of Brevard, Inc. Unrestricted	Community Based Care of Brevard, Inc. Restricted	Community Based Care of Brevard, Inc. Total	Brevard C.A.R.E.S., Inc. Total	The National Center for Innovation and Excellence, Inc. Total	Consolidating Entries	Total
REVENUES AND SUPPORT							
Contracts grants and contributions from government agencies	\$ 21,701,997	\$ -	\$ 21,701,997	\$ 2,420,729	\$ 88,525	\$ (2,153,100)	\$ 22,058,151
Contributions	42,293	1,447	43,740	3,564	25,796	-	73,100
Donated goods and services	201,115	-	201,115	17,866	-	-	218,981
Interest and dividends	20,048	-	20,048	140	-	-	20,188
Unrealized gain on investments	2,568	-	2,568	-	-	-	2,568
Gain on sale of investment	19,518	-	19,518	-	-	-	19,518
Other	214,533	-	214,533	(2,611)	-	(124,241)	87,681
Special events	9,119	-	9,119	7,520	-	-	16,639
Net assets released from restrictions	22,362	(22,362)	-	-	-	-	-
Total revenues and support	22,233,553	(20,915)	22,212,638	2,447,208	114,321	(2,277,341)	22,496,826
EXPENSES							
Program Services	21,261,731	-	21,261,731	2,007,066	-	(2,277,341)	20,991,456
Fundraising	41,790	-	41,790	4,732	-	-	46,522
Management and general	1,540,652	-	1,540,652	349,971	114,302	-	2,004,925
Total expenses	22,844,173	-	22,844,173	2,361,769	114,302	(2,277,341)	23,042,903
Change in net assets	(610,620)	(20,915)	(631,535)	85,439	19	-	(546,077)
NET ASSETS, BEGINNING OF YEAR	1,073,390	87,103	1,160,493	195,922	-	-	1,356,415
NET ASSETS, END OF YEAR	\$ 462,770	\$ 66,188	\$ 528,958	\$ 281,361	\$ 19	\$ -	\$ 810,338

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

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

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2013

	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	Fundraising Expenses	Management and General	Total	Program Services	Fundraising Expenses	Management and General	Total	Program Services	Fundraising Expenses	Management and General	Total		
Adoption services	\$ 3,776,859	\$ -	\$ -	\$ 3,776,859	\$ 131,972	\$ -	\$ -	\$ 131,972	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,908,831
Case management	7,831,138	-	-	7,831,138	7,631	-	-	7,631	-	-	-	-	-	7,838,769
Community prevention initiative	2,622,179	-	-	2,622,179	1,867,463	-	-	1,867,463	-	-	-	-	(2,277,341)	2,212,301
Diagnostic and evaluation	253,340	-	-	253,340	-	-	-	-	-	-	-	-	-	253,340
Foster home management	718,303	-	-	718,303	-	-	-	-	-	-	-	-	-	718,303
In home and family support services	707,696	-	-	707,696	-	-	-	-	-	-	-	-	-	707,696
Independent living	1,562,726	-	-	1,562,726	-	-	-	-	-	-	-	-	-	1,562,726
In-service training	126,702	-	-	126,702	-	-	-	-	-	-	-	-	-	126,702
Out of home care	3,649,347	-	-	3,649,347	-	-	-	-	-	-	-	-	-	3,649,347
Recruitment	13,441	-	-	13,441	-	-	-	-	-	-	-	-	-	13,441
Building and grounds maintenance	-	-	(5)	(5)	-	-	-	-	-	-	17	17	-	12
Communications	-	-	9,319	9,319	-	-	-	-	-	-	383	383	-	9,702
Depreciation	-	-	113,293	113,293	-	-	15,530	15,530	-	-	-	-	-	128,823
Dues and subscriptions	-	-	26,256	26,256	-	-	3,096	3,096	-	-	875	875	-	30,227
Equipment rental and maintenance	-	-	38,971	38,971	-	-	-	-	-	-	520	520	-	39,491
Expendable furniture, equipment	-	-	1,338	1,338	-	-	242	242	-	-	-	-	-	1,580
Fundraising expenses	-	41,790	-	41,790	-	4,732	-	4,732	-	-	-	-	-	46,522
Insurance	-	-	26,895	26,895	-	-	-	-	-	-	-	-	-	26,895
Licenses and permits	-	-	2,405	2,405	-	-	-	-	-	-	911	911	-	3,316
Occupancy and utilities	-	-	76,880	76,880	-	-	-	-	-	-	2,786	2,786	-	79,666
Other expenses	-	-	24,343	24,343	-	-	3,454	3,454	-	-	81	81	-	27,878
Personnel services	-	-	1,000,622	1,000,622	-	-	292,043	292,043	-	-	92,596	92,596	-	1,385,261
Postage and shipping	-	-	1,813	1,813	-	-	36	36	-	-	26	26	-	1,875
Printing	-	-	174	174	-	-	514	514	-	-	804	804	-	1,492
Professional fees	-	-	183,464	183,464	-	-	22,523	22,523	-	-	4,694	4,694	-	210,681
Supplies	-	-	9,504	9,504	-	-	415	415	-	-	503	503	-	10,422
Travel	-	-	25,380	25,380	-	-	12,118	12,118	-	-	10,106	10,106	-	47,604
TOTAL EXPENSES	\$ 21,261,731	\$ 41,790	\$ 1,540,652	\$ 22,844,173	\$ 2,007,066	\$ 4,732	\$ 349,971	\$ 2,361,769	\$ -	\$ -	\$ 114,302	\$ 114,302	\$ (2,277,341)	\$ 23,042,903

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

**COMMUNITY BASED CARE OF BREVARD INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS**

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2013

	Community Based Care of Brevard, Inc.	Brevard C.A.R.E.S., Inc.	The National Center for Innovation and Excellence, Inc.	Consolidating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Decrease in net assets	\$ (631,535)	\$ 85,439	\$ 19	\$ -	\$ (546,077)
Adjustments to reconcile decrease in net assets to net cash provided by operations:					
Depreciation	113,293	15,530	-	-	128,823
Loss on disposal of furniture and equipment	653	-	-	-	653
Realized gain on sale of investments	(19,518)	-	-	-	(19,518)
Unrealized gain on investments	(2,568)	-	-	-	(2,568)
Decrease (increase) in grants and contracts receivables	175,643	(324,884)	(3,632)	263,307	110,434
Decrease (increase) in due from affiliate	53,083	157,827	18	(210,928)	-
(Decrease) increase in due to parent	(157,699)	(132,207)	78,978	210,928	-
Decrease in prepaid expenses	522,605	81,428	-	-	604,033
Decrease in deposits	-	1,109	-	-	1,109
Increase in restricted cash - client trust funds	(47,984)	-	-	-	(47,984)
Increase in other non current assets	(16,785)	-	-	-	(16,785)
(Decrease) increase in accounts payable	(20,826)	133,784	-	-	112,958
Increase (decrease) in accrued expenses	225,625	40,982	11,897	(263,307)	15,197
(Decrease) increase in deferred revenue	(366,814)	-	17,607	-	(349,207)
Increase in client trust funds	47,984	-	-	-	47,984
	<u>(124,843)</u>	<u>59,008</u>	<u>104,887</u>	<u>(0)</u>	<u>39,052</u>
Cash provided by (used in) operating activities					
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	230,431	-	-	-	230,431
Purchases of investments	(51,768)	-	-	-	(51,768)
Purchases of property and equipment	(6,465)	(10,296)	-	-	(16,761)
	<u>172,198</u>	<u>(10,296)</u>	<u>-</u>	<u>-</u>	<u>161,902</u>
Cash provided by (used in) investing activities					
Increase in cash and cash equivalents	47,355	48,712	104,887	-	200,954
Cash and cash equivalents, beginning of year	<u>1,783,254</u>	<u>104,580</u>	<u>-</u>	<u>-</u>	<u>1,887,834</u>
Cash and cash equivalents, end of year	<u>\$ 1,830,609</u>	<u>\$ 153,292</u>	<u>\$ 104,887</u>	<u>\$ -</u>	<u>\$ 2,088,788</u>

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

ADDITIONAL INFORMATION



Partners

W. Ed Moss Jr., CPA
Joe M. Krusick, CPA
James R. Dexter, CPA

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

501 S. New York Ave.
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We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Based Care of Brevard, Inc. and affiliates, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 the Organization's internal control.

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

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

Compliance and Other Matters

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



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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 (CONTINUED)

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

December 18, 2013
Winter Park, Florida



Partners

W. Ed Moss Jr., CPA
Joe M. Krusick, CPA
James R. Dexter, CPA

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND 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 U.S. Office of Management and Budget (OMB) *Circular A-133 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 the Organization's major Federal programs and State projects for the year ended Federal programs and State projects for the year ended June 30, 2013. The Organization's major Federal programs and State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.650, Rules of the Auditor General. Those standards, 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 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. However, our audit does not provide a legal determination of the Organization's compliance.

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, 2013.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
STATE PROJECT AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB
CIRCULAR A-133 AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL (CONTINUED)**

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 the Organization's 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 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 Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133, and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

December 18, 2013
Winter Park, Florida

**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, 2013

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? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. Noncompliance material to financial statements noted? | No |

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? | No |
| 3. Audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? | No |
| 4. Dollar threshold used to distinguish between Type A and Type B programs | \$300,000 |
| 5. Auditee qualified as low-risk auditee? | Yes |

Identifications of major program:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Foster Care-Title IV-E	93.658

**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, 2013

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? | No |
| 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 | \$300,000 |

Identification of major project:

<u>Name of State Project</u>	<u>CSFA Number</u>
Community Based Care Supports	60.094

Section II – Financial Statement Findings

None (no corrective action plan or management letter required)

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

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 testing there was one instance where the expenditure was charged to the wrong funding sources. As a result of this upgrade, the error was not detected by the Organization in a timely manner.

**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, 2013

Section I – Summary of Auditors’ Results (continued)

Section IV – Status of Prior Year Audit Findings (continued)

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: 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.

Status as of June 30, 2013: This issue has been corrected in the current year.

**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
FOR THE YEAR ENDED JUNE 30, 2013**

<u>Federal/State Agency, Pass-Through Entity, State Project</u>	<u>CFDA/ CSFA Number</u>	<u>Grantor's Contract Number</u>	<u>Expenditures</u>
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	\$ 563,417
Social Services Block Grant	93.667	GJK46	910,353
Temporary Assistance for Needy Families-TANF Cluster	93.558	GJK46	1,884,357
Foster Care Title IV-E	93.658	GJK46	4,044,678
Child Welfare Services-State Grants	93.645	GJK46	325,037
Adoption Assistance	93.659	GJK46	1,840,728
Medical Assistance Program	93.778	GJK46	39,270
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	10,753
Child Abuse and Neglect State Grants	93.669	GJK46	70,000
Adoption Incentive Payments	93.603	GJK46	<u>37,007</u>
Total Expenditures of Federal Awards			9,881,314
STATE FINANCIAL ASSISTANCE			
State of Florida, Department of Children and Families:			
Community Based Care Supports	60.094	GJK46	<u>9,815,405</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 19,696,719</u>

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 Schedule of Expenditures of Federal Awards and State Financial Assistance.

**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
FOR THE YEAR ENDED JUNE 30, 2013
(Continued)**

Note (4): 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 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	\$ 308,016
Social Services Block Grant	93.667	345,328
Temporary Assistance for Needy Families	93.558	1,173,501
Foster Care Title IV-E	93.658	2,246,537
Child Welfare Services-State Grant	93.645	289,149
Adoption Assistance	93.659	876,694
Chafee Foster Care Independence Program	93.674	137,188
Child Abuse and Neglect State Grants	93.669	57,728
State Access & Visitation Grant	93.597	10,753
Block Grants for Community Mental Health Services	93.958	<u>92,243</u>
 Total Federal		 5,537,137

State Financial Assistance:

State of Florida, Department of Children and Families		
Community Based Care Supports	60.094	<u>4,588,513</u>
 Total Federal Awards and State Financial Assistance		 <u>\$ 10,125,649</u>

Subrecipients are as follows:

Brevard Behavioral Consultants	\$ 51,615
Brevard C.A.R.E.S. (a related company)	1,732,812
Brevard Co. Country Acres	330,890
Brevard Youth Transitional Center	14,520
Change Academy Lake of the Ozarks	87,480
Children's Home Society	2,660,020
Coastal Behavioral Therapy	75,679
Crosswinds Youth Services	579,916
Crystal Lake Supportive Environments (Attain)	10,954
Devereux	3,419,139
Eckerd Youth Alternatives	162,440
Florida United Methodist Childrens Home	36,484
Images of Glory	9,800
Intervention Services	252,623
Links of Hope	13,008
National Mentor Healthcare	420
Royal Priesthood I	164,040
S.A.A Group Home	5,066
San Diego Center for Children	39,143
Socrum Village	1,437
The Chrysalis Center	520
The Grove Counseling Center	26,759
The Haven for Children	277,411
Yellow Umbrella	<u>173,473</u>
	<u>\$ 10,125,649</u>

**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
FOR THE YEAR ENDED JUNE 30, 2013**

(Continued)

Note (4): Sub-recipients (Continued)

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	\$ 11,279
Child Welfare Services State Grants	93.645	<u>10,590</u>
Total Federal		<u>21,869</u>

State Financial Assistance:

State of Florida, Department of Children and Families		
Community Based Care Supports	60.094	355,938

Total Federal Awards and State Financial Assistance		<u><u>\$ 377,808</u></u>
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Subrecipients are as follows:

Brevard Behavioral Consultants		\$ 8,507
Coastal Behavioral Therapy		29,737
Devereux		1,625
Intervention Services		189,700
Links of Hope		7,892
Yellow Umbrella		<u>140,347</u>
		<u><u>\$ 377,808</u></u>