

COMMUNITY BASED CARE OF BREVARD, INC.

FINANCIAL STATEMENTS

JUNE 30, 2009 AND 2008

COMMUNITY BASED CARE OF BREVARD, INC.
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JUNE 30, 2009 AND 2008

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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.:

We have audited the accompanying statement of financial position of Community Based Care of Brevard, Inc. (a nonprofit organization) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Based Care of Brevard, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years 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, 2009, on our consideration of Community Based Care of Brevard, Inc.'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 important for assessing the results of our audits.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Community Based Care of Brevard, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance on pages 13-14 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

James Moore & Co., P.L.

Gainesville, Florida
December 11, 2009

COMMUNITY BASED CARE OF BREVARD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 AND 2008

	2009	2008
<u>ASSETS</u>		
Current assets		
Cash and cash equivalents	\$ 3,467,148	\$ 3,282,424
Grants and contracts receivable	97,147	161,944
Prepaid expenses and other current assets	261,320	169,037
Total current assets	3,825,615	3,613,405
Property and equipment, net	202,151	278,269
Deposits	2,478	11,759
Investment in limited partnership	45,000	46,084
Restricted cash and cash equivalents	236,019	-
Total Assets	\$ 4,311,263	\$ 3,949,517
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 776,628	\$ 833,713
Accrued expenses	394,182	932,931
Deferred revenue	1,996,543	1,507,343
Total current liabilities	3,167,353	3,273,987
Loans from participating members	236,019	252,139
Total Liabilities	3,403,372	3,526,126
Net assets:		
Unrestricted:		
Operating income	624,375	63,757
Invested in capital assets	202,151	278,269
Total unrestricted	826,526	342,026
Temporarily restricted	81,365	81,365
Total net assets	907,891	423,391
Total Liabilities and Net Assets	\$ 4,311,263	\$ 3,949,517

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

COMMUNITY BASED CARE OF BREVARD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue						
Government grants	\$ 21,159,401	\$ -	\$ 21,159,401	\$ 21,150,118	\$ -	\$ 21,150,118
Donations	87,198	29	87,227	114,049	2,945	116,994
Donated goods and services	164,314	-	164,314	61,845	-	61,845
Interest and dividends	4,801	-	4,801	6,528	-	6,528
Gain from investment in limited partnership	-	-	-	46,084	-	46,084
Other	164,054	-	164,054	64,068	-	64,068
Special events	7,377	-	7,377	80,196	-	80,196
Less: cost of direct benefits	(121)	-	(121)	(276)	-	(276)
Net revenues from special events	7,256	-	7,256	79,920	-	79,920
Net assets released from restrictions	29	(29)	-	3,025	(3,025)	-
Total support and revenue	<u>21,587,053</u>	<u>-</u>	<u>21,587,053</u>	<u>21,525,637</u>	<u>(80)</u>	<u>21,525,557</u>
Expenses						
Program Services	19,521,666	-	19,521,666	18,965,871	-	18,965,871
Management and general	1,540,193	-	1,540,193	2,337,337	-	2,337,337
Fundraising	40,694	-	40,694	96,117	-	96,117
Total expenses	<u>21,102,553</u>	<u>-</u>	<u>21,102,553</u>	<u>21,399,325</u>	<u>-</u>	<u>21,399,325</u>
Increase (decrease) in net assets	<u>484,500</u>	<u>-</u>	<u>484,500</u>	<u>126,312</u>	<u>(80)</u>	<u>126,232</u>
Net assets , beginning of year	342,026	81,365	423,391	215,714	81,445	297,159
Net assets, end of year	<u>\$ 826,526</u>	<u>\$ 81,365</u>	<u>\$ 907,891</u>	<u>\$ 342,026</u>	<u>\$ 81,365</u>	<u>\$ 423,391</u>

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

COMMUNITY BASED CARE OF BREVARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program Services</u>	<u>Fundraising Expenses</u>	<u>Management and General</u>	<u>Total</u>
Adoption services	\$ 3,333,339	\$ -	\$ -	\$ 3,333,339
Case management	8,466,463	-	-	8,466,463
Community prevention initiative	1,272,544	-	-	1,272,544
Diagnostic and evaluation	253,365	-	-	253,365
Foster home management	1,047,398	-	-	1,047,398
Foster/adoptive parent training	9,261	-	-	9,261
In home and family support services	496,969	-	-	496,969
Independent living	953,172	-	-	953,172
In-service training	7,141	-	-	7,141
Out of home care	3,568,034	-	-	3,568,034
Recruitment	113,980	-	-	113,980
Building and grounds maintenance	-	-	18,015	18,015
Communications	-	-	5,487	5,487
Depreciation	-	-	140,486	140,486
Dues and subscriptions	-	-	18,790	18,790
Equipment rental and maintenance	-	-	3,595	3,595
Expendable furniture, equipment and software	-	-	6,560	6,560
Fundraising expenses	-	40,694	-	40,694
Insurance	-	-	24,538	24,538
Licenses and permits	-	-	3,145	3,145
Occupancy and utilities	-	-	75,197	75,197
Other expenses	-	-	149,548	149,548
Personnel services	-	-	902,300	902,300
Postage and shipping	-	-	5,371	5,371
Printing	-	-	8,291	8,291
Professional fees	-	-	132,123	132,123
Supplies	-	-	10,991	10,991
Travel	-	-	35,756	35,756
Total expenses	<u>\$ 19,521,666</u>	<u>\$ 40,694</u>	<u>\$ 1,540,193</u>	<u>\$ 21,102,553</u>

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

COMMUNITY BASED CARE OF BREVARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Program Services</u>	<u>Fundraising Expenses</u>	<u>Management and General</u>	<u>Total</u>
Adoption services	\$ 2,915,913	\$ -	\$ -	\$ 2,915,913
Case management	7,909,395	-	-	7,909,395
Community prevention initiative	959,202	-	-	959,202
Diagnostic and evaluation	205,880	-	-	205,880
Foster home management	1,119,622	-	-	1,119,622
Foster/adoptive parent training	31,250	-	-	31,250
High risk newborn	24,421	-	-	24,421
In home and family support services	568,116	-	-	568,116
Independent living	805,312	-	-	805,312
In-service training	386	-	-	386
Out of home care	4,239,977	-	-	4,239,977
Recruitment	186,397	-	-	186,397
Building and grounds maintenance	-	-	27,128	27,128
Communications	-	-	26,596	26,596
Depreciation	-	-	144,009	144,009
Dues and subscriptions	-	-	19,918	19,918
Equipment rental and maintenance	-	-	19,896	19,896
Expendable furniture, equipment and software	-	-	82,257	82,257
Fundraising expenses	-	96,117	-	96,117
Insurance	-	-	17,736	17,736
Licenses and permits	-	-	15,837	15,837
Occupancy and utilities	-	-	161,324	161,324
Other expenses	-	-	61,858	61,858
Personnel services	-	-	1,479,579	1,479,579
Postage and shipping	-	-	6,850	6,850
Printing	-	-	853	853
Professional fees	-	-	170,444	170,444
Supplies	-	-	23,133	23,133
Travel	-	-	79,919	79,919
Total expenses	<u>\$ 18,965,871</u>	<u>\$ 96,117</u>	<u>\$ 2,337,337</u>	<u>\$ 21,399,325</u>

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

COMMUNITY BASED CARE OF BREVARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Cash flows from operating activities		
Net increase in net assets	\$ 484,500	\$ 126,232
Adjustments to reconcile net increase in net assets to net cash provided by operating activities:		
Depreciation	140,486	144,009
Loss on disposal of fixed assets	7,575	-
(Gain) loss on investment in limited partnership	1,084	(46,084)
Increase in deferred revenue	489,200	533,426
Decrease in grants and contracts receivable	64,797	312,419
Increase in prepaid expenses and other current assets	(92,283)	(114,521)
Decrease in deposits	9,281	6,665
Increase (decrease) in accounts payable	(57,085)	122,692
Decrease in accrued expenses	(538,749)	(180,723)
Net cash provided by operating activities	508,806	904,115
 Cash flows from investing activities		
Purchases of property and equipment	(71,943)	(141,208)
 Cash flows from financing activities		
Payments on loans from participating members	(16,120)	(23,452)
 Net increase in cash and cash equivalents	420,743	739,455
 Cash and cash equivalents, beginning of year	3,282,424	2,542,969
 Cash and cash equivalents, end of year	\$ 3,703,167	\$ 3,282,424
 Presented on the statement of financial position as:		
Cash and cash equivalents	\$ 3,467,148	\$ 3,282,424
Restricted cash and cash equivalents	236,019	-
Total cash and cash equivalents	\$ 3,703,167	\$ 3,282,424

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

COMMUNITY BASED CARE OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2009

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

(a) **General**—Community Based Care of Brevard, Inc. (the Organization), 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 was a multiple year contract with the Florida Department of Children and Families which ended on June 30, 2009, in the amounts of \$85,910,121. In June 2009, the Organization renewed the multiple year contract for the period from July 1, 2009 through June 30, 2013 in the amount of \$87,062,928. 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.

(b) **Basis of financial reporting**—The Organization's financial statements have been prepared on the accrual basis. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) Statement No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS Statement No. 117, 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, 2009 and 2008, there were no permanently restricted net assets.

(c) **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.

(d) **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.

(e) **Income taxes**—The Organization is a nonprofit organization 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.

COMMUNITY BASED CARE OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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

(f) **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.

(g) **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.

(h) **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.

(i) **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.

(j) **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.

(k) **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.

(l) **New accounting pronouncements**—The Financial Accounting Standards Board ("FASB") has issued Interpretation No. 48 ("FIN 48"), which clarifies generally acceptable accounting principles for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FIN 48 applies to business enterprise, not-for-profit entities, and pass-through entities, such as S corporations and limited liability companies. As permitted by FIN 48 (as amended), the Organization has elected to defer the application of FIN 48 until issuance of its June 30, 2010 financial statements. For financial statements covering periods prior to June 30, 2010, the Organization evaluates uncertain tax positions in accordance with existing generally accepted accounting principles and makes such accruals and disclosures as might be required there under. The Organization does not expect that the adoption of FIN 48 will have a material effect on its financial position, results of operations or cash flows.

COMMUNITY BASED CARE OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

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

(m) **Subsequent events**—The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 11, 2009, the date the financial statements were available to be issued. Subsequent to year end and prior the issuance of the financial statements the Organization entered into three new operating leases and renegotiated one operating lease with maturities through June 30, 2013 and month payments totaling \$35,912. No other subsequent events have been recognized or disclosed.

(n) **Reclassification**—Certain reclassifications have been made on the statement of functional expenses for the year ended June 30, 2008. These reclassification had no effect on changes in net assets or net assets as of June 30, 2008.

(2) **Property and Equipment:**

Property and equipment consists of the following as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Furniture and equipment	\$ 719,922	\$ 673,297
Vehicles	21,705	21,705
	<u>741,627</u>	<u>695,002</u>
Less: Accumulated depreciation	539,476	416,733
Net property and equipment	<u>\$ 202,151</u>	<u>\$ 278,269</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$140,486 and \$144,009, respectively.

(3) **Cash and cash equivalents:**

The Organization has demand deposits with a national bank with aggregate bank balances amounting to \$4,373,730 and \$3,374,974 at June 30, 2009 and 2008, respectively. 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 RBC Bank. The repurchase agreement allows the demand deposits in these accounts to be invested in the RBC Bank's U.S. government securities portfolio.

(4) **Commitments:**

The Organization leases certain office space under agreements classified as operating leases. Leases expire at various dates through December 31, 2013.

COMMUNITY BASED CARE OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(4) **Commitments:** (Continued)

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
2010	\$ 667,810
2011	392,086
2012	263,295
2013	260,697
2014	132,901
	\$ 1,716,789

Total rent expense for the year ended June 30, 2009 and 2008 was \$706,293 and \$702,710, respectively.

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
2010	\$ 22,909
2011	22,909
2012	22,909
2013	22,909
2014	3,818
	\$ 95,454

Total copier lease expense for the year ended June 30, 2009 and 2008 was \$31,227 and \$29,407, respectively.

(5) **Loans from Participating Members:**

The Organization has non interest-bearing notes payable to Children's Home Society of Florida, Inc., and Devereux Foundation in the amount of \$236,019 and \$252,139 as of June 30, 2009 and 2008, respectively. The participating entities agreed to provide capital through one or more cash loans and or lines of credit for the support of the Organization to become the lead agency in providing child welfare services in Brevard County. These notes are to be repaid when the Organization has surplus funds, which are not otherwise encumbered.

COMMUNITY BASED CARE OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(6) **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 LIBOR plus 3.50%. The line of credit is unsecured and is renewed annually. There were no advances on this line at June 30, 2009 and 2008.

(7) **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.

(8) **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.

(9) **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 years ended June 30, 2009 and 2008, the Organization made retirement contributions totaling \$127,310 and \$129,790, respectively.

(10) **Investment in Limited Partnership:**

The Prepaid Mental Health Program is a mechanism whereby the State of Florida provides allowable prepaid mental health services to Medicaid eligible children through outsourced third parties. The Community Based Care Partnership, Ltd. was created in 2007 and is contracted together with Magellan Behavioral Health Florida, Inc. to provide this service.

Under this contractual relationship, The Community Based Care Partnership, Ltd. is to provide administrative services for this contract through the various community based care organizations throughout the State. The Organization contracts with The Community Based Care Partnership, Ltd. to provide administrative services for the Prepaid Mental Health Program in Brevard County.

The Organization is considered a limited partner in the contractual relationship with The Community Based Care Partnership Ltd. As a limited partner, the Organization is an independent contractor, not an employee, agent, or joint venturer of The Community Based Care Partnership, Ltd.

COMMUNITY BASED CARE OF BREVARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009 AND 2008

(10) **Investment in Limited Partnership:** (Continued)

The Organization shares in a risk pool based on their respective ownership percentage. The Organization may be required to fund this risk pool on an annual basis based on the medical loss ratio. 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).

The Organization owns a 3.8462% interest in The Community Based Care Partnership, Ltd. Because The Community Based Care Partnership, Ltd. maintains a specific capital account for the Organization, the Organization accounts for its investment using the equity method, whereby the investment is carried at cost and adjusted for the Organization's proportionate share of earnings or losses

Summarized information of the assets, liabilities, equity and net income for The Community Based Care Partnership, Ltd. at December 31, 2008 and 2007 is as follows:

	December 31, 2008	December 31, 2007
Assets	\$ 8,500,094	\$ 4,652,950
Liabilities	8,500,094	3,454,765
Equity	-	1,198,184
Net income	-	1,198,184
Organization's share of:		
Equity	-	46,084
Net income	-	46,084

Subsequent to December 31, 2008 the Organization received a distribution from the Limited Partnership for \$46,084, of which \$45,000 was reinvested as an equity contribution to the risk pool for the year ending June 30, 2009.

(11) **Unrestricted Net Assets:**

The following is a summary of unrestricted net assets as of June 30, 2009 and 2008:

	2009	2008
Operating income	\$ 579,376	\$ 17,673
Investment in limited partnership	45,000	46,084
Operating income net assets	624,376	63,757
Invested in capital assets	202,151	278,269
Total unrestricted net assets	\$ 826,527	\$ 342,026

(12) **Restricted cash and cash equivalents:**

The Organization plans to pay off the participating entity loans once approval is received from the Department of Children and Families. Cash in the amount of \$236,019 has been placed in an ESCROW account for this purpose.

COMMUNITY BASED CARE OF BREVARD, INC.

ADDITIONAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2009

**COMMUNITY BASED CARE OF BREVARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2009**

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	GJ246	\$ 738,783
Social Services Block Grant	93.667	GJ246	1,361,388
Temporary Assistance for Needy Families	93.558	GJ246	1,759,788
Foster Care-Title IV-E	93.658	GJ246	4,039,013
Child Welfare Services-State Grants	93.645	GJ246	401,127
Adoption Assistance	93.659	GJ246	2,855,802
ARRA-Adoption Assistance	93.659	GJ246	138,082
Medical Assistance Program	93.778	GJ246	59,053
Chafee Foster Care Independence Program	93.674	GJ246	188,278
Chafee Education and Training Vouchers Program	93.599	GJ246	67,583
Grants to States for Access and Visitation Programs	93.597	GJ246	7,925
Child Abuse and Neglect State Grants	93.669	GJ246	75,623
Block Grants for Community Mental Health Services	93.958	GJ246	253,340
Total Expenditures of Federal Awards			\$ 11,945,785
STATE FINANCIAL ASSISTANCE			
State of Florida, Department of Children and Families:			
Community Based Care Supports	60.094	GJ246	\$ 9,213,616
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ 21,159,401

Note (1): Basis of Accounting

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

Note (2): 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.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

Note (3): Sub-recipients

Of the expenses presented in the accompanying Schedule of Federal Awards and State Financial Assistance, Community Based Care of Brevard, Inc. 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	\$ 710,302
Social Services Block Grant	93.667	745,500
Temporary Assistance for Needy Families	93.558	828,059
Foster Care-Title IV-E	93.658	2,363,364
Child Welfare Services-State Grant	93.645	241,656
Adoption Assistance	93.659	629,480
Chafee Foster Care Independence Program	93.674	53,959
Child Abuse and Neglect State Grants	93.669	21,018
Block Grants for Community Mental Health Services	93.958	<u>245,636</u>
Total Federal		<u>5,838,974</u>

State Financial Assistance:

State of Florida, Department of Children and Families		
Community Based Care Supports	60.094	3,401,743
Total Federal and State		<u><u>\$ 9,240,717</u></u>

Subrecipients are as follows:

211 Brevard	\$ 22,456
Alternate Family Care	126,100
Boystown Central Florida	8,040
Brevard Co. Country Acres	355,240
Center for Drug Free Living	2,014
Children's Home Society	3,025,967
Coastal Behavioral Therapy	271,919
Covenant Kids Manor	51,512
Crosswinds Youth Services	147,232
Devereux	3,270,384
Early Learning Coalition	16,896
Florida United Methodist	1,620
Intervention Services	437,914
KidsPeace Services	160
Links of Hope	208,732
My Refuge Children's Shelter	121,880
National Mentor Healthcare	262,975
New Life Generations	183,727
One Haven Home	186,133
Park Place Behavioral Healthcare	4,980
Royal Priesthood	153,000
Sanctuary/World Good News	12,210
St. Augustine Youth Services	21,900
Space Coast Advertising	31,303
The Grove	61,753
The Haven for Children	213,600
Yellow Umbrella	<u>41,070</u>
	<u><u>\$ 9,240,717</u></u>

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

**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.:

We have audited the financial statements of Community Based Care of Brevard, Inc. (a nonprofit organization) as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated December 11, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Community Based Care of Brevard, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures 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.'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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.'s 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*.

We noted certain matters that we reported to management of Community Based Care of Brevard, Inc. in a separate letter dated December 11, 2009.

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, 2009

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

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR FEDERAL AWARDS PROGRAM AND MAJOR STATE 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.:

Compliance

We have audited the compliance of Community Based Care of Brevard, Inc. (a nonprofit organization) 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 State of Florida, Executive Office of the Department of Financial Services Compliance Supplement that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2009.

Community Based Care of Brevard, Inc.'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.'s management. Our responsibility is to express an opinion on Community Based Care of Brevard, Inc.'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.'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 on Community Based Care of Brevard, Inc.'s compliance with those requirements.

In our opinion, Community Based Care of Brevard, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state financial assistance projects for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Community Based Care of Brevard, Inc. is responsible for establishing and maintaining effective internal control over compliance with 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.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program or state financial assistance project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operations of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program or state financial assistance project such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program or state financial assistance project that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program or state financial assistance project will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.C.

Gainesville, Florida
December 11, 2009

COMMUNITY BASED CARE OF BREVARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2009

Section I. Summary of Auditors' Results:

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes No

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

CFDA No. 93.645, Child Welfare Services-State Grants

CFDA No. 93.659, Adoption Assistance

CFDA No. 93.659, ARRA Adoption Assistance

CFDA No. 93.667, Social Services Block Grant

Dollar threshold used to distinguish between the type A and type B programs: \$358,374

Auditee qualified as a low-risk auditee? Yes No

COMMUNITY BASED CARE OF BREVARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL AWARDS PROGRAMS
AND STATE FINANCIAL ASSISTANCE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2009
(Continued)

State Financial Assistance

Internal control over major state financial assistance projects:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X No

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? X Yes _____ No

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: \$300,000

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: None.

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, 2008: None.

Section VI. Prior Audit Findings and Corrective Action Plan for State Financial Assistance for the Year Ended June 30, 2008: None

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

**MANAGEMENT LETTER OF INDEPENDENT AUDITORS'
REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL,
STATE OF FLORIDA**

To the Board of Directors
Community Based Care of Brevard, Inc.:

We have audited the financial statements of Community Based Care of Brevard, Inc., as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated December 11, 2009.

We conducted our audit 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*. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and State Project and on Internal Control over Compliance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated December 11, 2009, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.650, Rules of the Auditor General, which requires disclosure in the management letter of violations of provisions of contracts or grant agreements or abuse, that have an effect on the financial statements or State project amounts that is less than material but more than inconsequential. In addition, for matters that have an inconsequential effect on the financial statements or State project amounts, considering both quantitative and qualitative factors, the following may be reported based on professional judgment: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. If connection with our audit, the following matters are required to be disclosed:

Control Deficiencies:

Physical, Network and Application Security

It was noted that the purpose and login access to generic user accounts was not being monitored. The Organization should revisit generic user accounts and document their purpose and login access. If generic user accounts are unnecessary they should be made inactive. The Organization purchased the Solomon Auditing module and will be implementing it during 2009-2010. The Auditing module will allow the Organization to monitor users, assigned user groups and user activity within Solomon.

The new hire/change process is initiated with the New Hire Template – Personnel Action Form. This form must be signed off on by appropriate staff and details out which systems and network permissions are necessary for the employee to complete their job functions and is entered through TrackIt. There is a disconnect in this policy for checking the TrackIt request back to the Personnel Action Form. Additionally, detailed policies and procedures need to be created to document User Additions/Changes and Separations.

Backup and Disaster Recovery Processes

The Organization should devote time to documenting their servers as well identifying restore priorities. This documentation should identify primary mission or business functions, data restoration priorities, and operations. This should include supplementing the disaster preparedness plan with IT specific contingency plans. The IT elements should include instructions for restoring operations, identification of alternate processing facilities and computer and telecommunication hardware requirements.

Policies and Procedures

During 2008/2009 there was no way to monitor master file changes within the Solomon system. To remedy this problem the Organization purchased the Solomon Auditing module. In 2009-2010 the Organization plans to begin using this module to monitor master file changes.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

James Maru + Co., P.L.

Gainesville, Florida
December 11, 2009



Brevard Family Partnership – A Community Based Care Agency
760 North Drive, Suite E
Melbourne, Florida 32934
(321) 752-4650 – Office
(321) 752-3275 – Fax

Mrs. Donna Brown,
Audit Partner, CPA
James Moore & Company, P.L.
5931 Northwest 1st Place
Gainesville, FL 32607

RE: Management Letter Required by Chapter 10.650, Rules of the Auditor General

Dear Mrs. Brown,

This letter is being written to address the audit findings reported in the management letter required by Chapter 10.650, Rules of the Auditor General of the State of Florida for the fiscal year completed 2008/2009. Brevard Family Partnership (BFP) intends to implement corrective actions to respond to the cited issues as follows:

Physical, Network and Application Security –

The Microsoft Dynamics SL (Solomon) auditing tool was purchased and installed during the first quarter of the 2009/2010 fiscal year. This tool monitors and records all activities in every module of Solomon. Use of the tool will during the third quarter of the current fiscal year.

BFP's IT and HR departments will resolve the issue of new hire recordings, etc., by formulating procedures that will document User Additions/Changes & Separations to include reconciliation of the personnel action form to the TrackIt! IT work order system.

Backup and Disaster Recovery Processes –

Our backup process has been completely revamped from the audit period of 2008/2009. New procedures outlining the distributed file and disaster recovery system will be drafted and incorporated into the BFP published disaster preparedness plan.

Policies and Procedures –

The master file changes will be monitored with the module we have implemented as stated in the "Physical, Network and Application Security" section above.

Once in place, we believe these corrective measures will address the deficiencies identified in the management letter. If there are any additional concerns about these items, please do not hesitate to contact me at your earliest convenience.

Warm Regards,

Chad S. Carnell,
Chief Financial Officer

CBCBrevard.org

