

**Community Based Care  
of Central Florida, Inc.**

**FINANCIAL STATEMENTS**

**June 30, 2015**



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**Community Based Care of Central Florida, Inc.**  
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**June 30, 2015**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Community Based Care of Central Florida, Inc.  
Orlando, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Based Care of Central Florida, Inc. ("the Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based 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**

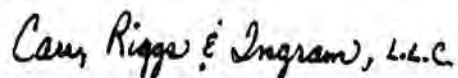
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of Federal awards and State financial assistance, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, and the accompanying statement of functional expense, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2015, on our consideration of the Organization'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 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.



CARR, RIGGS & INGRAM, LLC  
Orlando, Florida

December 9, 2015

Community Based Care of Central Florida, Inc.  
Statement of Financial Position

*June 30, 2015*

**ASSETS**

Current assets	
Cash and cash equivalents	\$ 3,082,763
Restricted cash	160,499
Accounts receivable	1,386,929
Prepaid expense and other assets	231,083
<b>Total current assets</b>	<b>4,861,274</b>
Noncurrent assets	
Investment in limited liability company	153,585
Due from affiliates	5,093,659
Property and equipment, net	845,058
<b>Total noncurrent assets</b>	<b>6,092,302</b>
<b>Total assets</b>	<b>\$ 10,953,576</b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Current liabilities	
Accounts payable and accrued expenses	\$ 8,520,817
Capital leases, short-term	109,716
Deferred revenue	973,834
Assets held for master trust	160,499
<b>Total current liabilities</b>	<b>9,764,866</b>
Long-term liabilities	
Custodial assets held for others	284,664
Capital leases, long-term	129,518
<b>Total long-term liabilities</b>	<b>414,182</b>
<b>Total liabilities</b>	<b>10,179,048</b>

**Net assets**

Unrestricted	749,469
Temporarily restricted	25,059
<b>Total net assets</b>	<b>774,528</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,953,576</b>

*See accompanying notes to financial statements.*

Community Based Care of Central Florida, Inc.  
Statement of Activities

*For the year ended June 30, 2015*

<b>UNRESTRICTED NET ASSETS</b>	
<b>Revenues</b>	
Grants and contracts	\$ 72,920,999
Other income	361,222
Net assets released from restrictions	10,000
<hr/>	
<b>Total revenues</b>	<b>73,292,221</b>
<hr/>	
<b>Expenses</b>	
Program services	
Foster care	12,836,274
Adoptions	17,151,440
Residential	10,993,501
Independent living	6,783,594
System of care contracts	13,219,622
Financial assistance	10,045,196
Other	1,630,423
<hr/>	
Total program services	72,660,050
<hr/>	
Support services	
General and administrative	1,434,767
<hr/>	
Total support services	1,434,767
<hr/>	
<b>Total expenses</b>	<b>74,094,817</b>
<hr/>	
<b>Change in unrestricted net assets</b>	<b>(802,596)</b>
<hr/>	
<b>Unrestricted net assets at beginning of year</b>	<b>1,552,065</b>
<hr/>	
<b>Unrestricted net assets at end of year</b>	<b>749,469</b>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>	
Contributions	
Contributions	25,059
Net assets released from restrictions	(10,000)
<hr/>	
<b>Change in temporarily restricted net assets</b>	<b>15,059</b>
<hr/>	
<b>Temporarily restricted net assets at beginning of year</b>	<b>10,000</b>
<hr/>	
<b>Temporarily restricted net assets at end of year</b>	<b>25,059</b>
<hr/>	
<b>Net assets at end of year</b>	<b>\$ 774,528</b>

*See accompanying notes to financial statements.*

Community Based Care of Central Florida, Inc.  
Statement of Cash Flows

*For the year ended June 30, 2015*

<b>Cash flows from operating activities</b>	
Change in net assets	\$ (787,537)
Adjustments to reconcile changes in net assets to net cash provided by operating activities	
Depreciation	314,625
Gain on investment in Limited Liability Company	(53,585)
Decrease (increase) in assets	
Accounts receivable	63,135
Prepaid expense and other assets	(51,849)
Restricted cash	874,187
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	4,461,971
Deferred revenue	(2,489,090)
Restricted cash held for others	(542,686)
Assets held for master trust	29,113
Total adjustments	2,605,821
Net cash provided by operating activities	1,818,284
<b>Cash flows from investing activities</b>	
Investment in limited liability company	(100,000)
Change in due from affiliates	(2,374,574)
Net cash used by investing activities	(2,474,574)
<b>Cash flows from financing activities</b>	
Capital lease payments	(251,839)
Net cash used by financing activities	(251,839)
<b>Net decrease in cash and cash equivalents</b>	<b>(908,129)</b>
<b>Balance, beginning of year</b>	<b>3,990,892</b>
<b>Balance, end of year</b>	<b>\$ 3,082,763</b>

*See accompanying notes to financial statements.*



**Community Based Care of Central Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Operations and Basis of Presentation***

Community Based Care of Central Florida, Inc., (“CBCCF” or the “Organization”) is a Florida not-for-profit corporate entity dedicated to developing community-based services and support for children and families served by the child welfare system in Orange, Osceola and Seminole Counties in the State of Florida.

Community Based Care of Central Florida, Inc. is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code and the laws of the State of Florida. Operations are directed by a voluntary board who receive no compensation for their services.

The Organization recognizes public support, revenues and expenses on the accrual basis. Support and revenues from grants and contracts are generally recognized as eligible costs are incurred and/or required services are performed.

The Organization’s programs are as follows:

- Foster care – provides recruitment, training, licensing, re-licensing and support for foster care parents.

- Adoptions – provide cost of adoption assistance, subsidy payments and other nonrecurring adoption expenses for adopting families.

- Residential – provides placement of children in relative care, family foster care, therapeutic foster care, medical foster care, residential group care, or emergency shelter.

- Independent living – provides pre-independent living assessments, independent life skills assessments, employment training, counseling, and after care support services, and provides payments to clients who participate in the program.

- System of care – provides case management, prevention and early intervention, and domestic violence support.

- Financial assistance – provides assistance for community, assessments, and preventative financial assistance.

- Other – includes background screenings, home licensing, and home health inspections.

**Community Based Care of Central Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

***Revenue Recognition***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When a restriction is accomplished or it 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."

As of June 30, 2015, there were no permanently restricted net assets. Temporarily restricted net assets held at June 30, 2015 consist of \$25,059 restricted for the purchase of computer equipment for students.

***Income Taxes***

The Organization has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements. As of June 30, 2015, the Organization had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

***Cash and Cash Equivalents***

The Organization considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

***Accounts Receivable***

Accounts receivable are stated at the amount management expects to realize from outstanding balances. Receivables as of June 30, 2015 are due in less than one year and are considered collectible. There was no allowance for doubtful accounts at June 30, 2015 as management believes that all amounts are collectible.

***Due from Affiliates***

Due from affiliates consist of short-term, unsecured, non-interest bearing advances due from its parent company and other entities controlled by the parent company.

**Community Based Care of Central Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

***Property and Equipment***

Property and equipment acquisitions are stated at cost when purchased, while donations are recorded at the estimated fair value when donated. Equipment is capitalized if it has a cost of \$1,000 or more and a useful life when acquired of more than a year. Property and equipment acquired by the Organization are considered owned by the Organization. However, State and Local funding sources may maintain an equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets. State and Local funding sources have a reversionary interest in those custodial assets purchased with its funds. Depreciation is computed using the straight-line method over the useful lives of the assets, 3 to 40 years.

***Deferred Revenue***

Deferred revenue consists of funds advanced on contracts that were not expended as of June 30, 2015. Funding agencies have approved these amounts to carry forward to subsequent years in their contracts.

***Assets Held for Master Trust***

The Organization is a representative payee for children in Licensed Foster Care that receive Social Security or other Trust benefits. Benefit payments and withdrawals are recorded as assets and liabilities and are not reflected in the statement of activities. Funds are maintained in separate bank accounts as required by funding sources and reflected on the statement of financial position as restricted cash.

***Donated Goods***


Donated goods consisting of new youth apparel with an estimated fair value of \$396,732 at June 30, 2015 are recognized net in other income on the accompanying statement of activities.

***Concentrations***

The Organization maintains its cash and cash equivalents in deposit accounts which may exceed federally insured limits, may not be federally insured, or may be insured by an entity other than an agency of the Federal government. The Organization believes it is not exposed to any significant credit risk on cash and equivalents and has not experienced any losses in such accounts.

Unsecured receivables are limited as the receivables are primarily contracts receivable from governmental entities.

The Organization received substantially all of its revenue from Federal and State funding awarded through two contracts during the year ended June 30, 2015.



**Community Based Care of Central Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(Continued)**

***Commitments and Contingencies***

CBCCF, as an authorized agent of the State in accordance with section 409.1671, F.S. has contracted with organizations to deliver quality child welfare services. The contracts have five-year terms, but often can be renewed for additional five-year terms.

The Organization is subject to State and Federal audit examination to determine compliance with grant requirements. In the event that expenditures would be disallowed, repayment could be required. Management is of the opinion that such expenditures, if any, would not have a material adverse impact on the Organization.

***Use of Estimates***

The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include those related to determining the functional expense allocation. Actual results could differ from those estimates.

**NOTE 2: INVESTMENT IN LIMITED LIABILITY COMPANY**

Investment in limited liability company consists of a 4% interest in Community Based Care Integrated Health, LLC ("Integrated Health"). Integrated Health is a Florida Limited Liability Company engaged in the child welfare managed care business throughout Florida. The investment is accounted for using the equity method as the Organization has significant influence, but not control over the entity. The initial investment in Integrated Health was \$100,000 during the year and the Organization's share of Integrated Health's profits is \$53,585 and is included on the accompanying statement of activities as other income.

**Community Based Care of Central Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

	CBCCF	Custodial Assets
Building	\$ -	\$ 237,622
Computer and equipment	32,787	1,408,621
Software	460,179	-
Furniture and fixtures	3,657	11,640
Land	-	69,700
	496,623	1,727,583
Less accumulated depreciation	(339,842)	(1,039,306)
Total	\$ 156,781	\$ 688,277

**NOTE 4: LINE OF CREDIT**

CBCCF has an unsecured bank credit line with a limit of \$2,500,000. Terms of the note provide that principal is due on demand and interest is payable monthly at LIBOR rate plus 4%. The line was not drawn on during the year and there was no outstanding balance as of June 30, 2015.

**NOTE 5: LEASES**

Obligations under capital leases consist of the following as of June 30, 2015:

Description	Cost	Accumulated Depreciation	Book Value	Monthly Principal and Interest Payments	Implicit Rate	Termination Date
Copiers	155,602	98,548	57,054	3,479	3.5%	11/29/2015
Copier	17,907	10,147	7,760	401	3.6%	1/30/2016
Fax kit	8,911	3,565	5,346	257	4.3%	5/31/2016
Copier	12,046	4,819	7,227	357	4.3%	6/13/2016
Copier	12,324	4,519	7,805	375	4.3%	6/17/2016
Phone system	149,352	90,234	59,118	3,112	7.6%	1/30/2017
Data storage unit	60,836	11,153	49,683	1,796	4.0%	8/1/2017
Phone system	134,031	26,806	107,225	2,468	4.0%	5/4/2019
	\$ 551,009	\$ 249,791	\$ 301,218	\$ 12,245		

Interest expense was \$25,088 for the year ended June 30, 2015.

**Community Based Care of Central Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 5: LEASES (Continued)**

Future minimum lease payments under capital lease with the present value of the net minimum lease payments for the years ending June 30 are as follows:


2016	\$ 120,329
2017	72,955
2018	31,417
2019	29,621
Total minimum lease payments	254,322
Less: amount representing interest	(15,088)
Present value of net minimum lease payments	239,234
Less: current maturities	(109,716)
Total	<u>\$ 129,518</u>

In addition, CBCCF leases facilities and equipment under various operating leases that expire through June 2028. Facilities leases include early termination clauses in the event the Organization's funding contracts are terminated. The aggregate rental expense paid under these leases totaled approximately \$2,667,000 for the year ended June 30, 2015. Future minimum lease payments under the non-cancelable operating leases in excess of one year for the years ending June 30 are as follows:

	Amount
2016	\$ 2,681,411
2017	1,987,681
2018	1,620,201
2019	1,486,297
2020	1,594,965
2021 - 2028	7,082,108
Total	<u>\$ 16,452,663</u>

**NOTE 6: RETIREMENT PLAN**

The Organization's employees are eligible to participate in a 401(k) profit sharing plan following the date on which the employee becomes eligible and has attained the age of twenty-one. The Organization matches up to 4% of each eligible employee's pre-tax contribution. The total expense for the year ended June 30, 2015 was approximately \$67,000.



**Community Based Care of Central Florida, Inc.**  
**Notes to Financial Statements**

**NOTE 7: RELATED PARTY TRANSACTIONS**

In July 2013, the Organization signed a 5-year agreement with its parent company, CBC of Central Florida – Holdings, Inc., to receive management and administrative services. Fees are charged based on a schedule of both direct and indirect costs incurred monthly. Expenses incurred by the Organization during the year ended June 30, 2015 for these services were approximately \$5,301,000. Amounts due to CBC of Central Florida – Holdings, Inc. at June 30, 2015 related to this agreement totaled \$1,293,608.

At June 30, 2015 the Organization has short-term, unsecured, non-interest bearing advances due from affiliates totaling \$5,093,659, which are in the accompanying statement of financial position.

Additionally, the Organization has accounts payable to affiliates of \$613,449 which is included in accounts payable and accrued expenses on the accompanying statement of financial position.

**NOTE 8: SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

No cash was paid for income taxes during the year ended June 30, 2015. Cash paid for interest during the year ended June 30, 2015 was \$25,088.

Non-cash investing and financing transactions include a capital lease entered into for the acquisition of equipment totaling \$60,836 during the year ended June 30, 2015.

**NOTE 9: SUBSEQUENT EVENTS**

Subsequent events were evaluated through the date the financial statements were available to be issued. The financial statements were approved and authorized for issue by management on December 9, 2015.

**SUPPLEMENTAL INFORMATION**

**Community Based Care of Central Florida, Inc.**  
**Statement of Functional Expense**

For the year ended June 30, 2015

	Program Services						Supporting Services		Total Expenses
	Foster Care	Adoptions	Residential	Independent Living	System of Care	Financial Assistance	Other	General and Administrative	
Salaries	\$ 675,907	\$ 478,240	\$ 478,240	\$ 691,967	\$ 478,240	\$ 362,372	\$ -	\$ 114,436	\$ 3,279,402
Taxes and benefits	170,435	120,592	120,592	174,485	120,592	91,375	-	28,856	826,927
Occupancy	500,740	354,300	354,300	512,638	354,300	268,460	-	84,776	2,429,514
Professional fees	746,040	530,267	534,179	701,524	580,000	1,037,778	1,613,796	147,000	5,890,584
Insurance	7,407	5,241	5,241	7,583	5,241	3,971	-	1,254	35,938
Supplies	30,896	21,861	21,861	31,629	21,861	16,563	-	5,235	149,906
Communication	59,904	42,385	42,385	61,327	42,385	32,116	-	10,191	290,693
Adoption	-	10,607,813	-	-	-	-	-	-	10,607,813
Conferences, travel, and training	39,553	27,986	27,986	40,493	27,986	21,205	-	6,696	191,905
Equipment rental	29,189	20,653	20,653	29,882	20,653	17,274	-	4,942	143,246
Memberships	154	109	109	158	109	83	-	25	747
Postage and shipping	4,992	3,532	3,532	5,111	3,532	2,676	-	845	24,220
Fees and bad debts	37,566	26,580	26,580	38,459	26,580	20,140	-	6,360	182,265
Community development	4,375	3,097	3,097	4,480	3,097	2,346	-	740	21,233
Independent living	-	-	-	2,776,781	-	-	-	-	2,776,781
Financial assistance	500,558	354,171	354,171	512,452	391,688	4,949,131	-	84,746	7,146,917
Client screening and certifications	-	-	-	-	-	-	16,627	-	16,627
Special events	2,105	1,489	1,489	2,155	1,489	1,128	-	356	10,211
Operations shared expenses	253,202	179,154	179,154	259,218	179,154	135,748	-	42,868	1,228,498
Out of home	3,705,261	-	4,654,293	-	3,141,568	-	-	-	11,501,122
Purchased services contracts	6,003,142	4,328,088	4,119,757	866,864	7,775,265	3,048,061	-	884,466	27,025,643
Depreciation	64,847	45,882	45,882	66,388	45,882	34,769	-	10,975	314,625
<b>Total</b>	<b>\$ 12,836,274</b>	<b>\$ 17,151,440</b>	<b>\$ 10,993,501</b>	<b>\$ 6,783,594</b>	<b>\$ 13,219,622</b>	<b>\$ 10,045,196</b>	<b>\$ 1,630,423</b>	<b>\$ 1,434,767</b>	<b>\$ 74,094,817</b>
Percentage of total expenses	17%	23%	15%	9%	18%	14%	2%	2%	100%

**Community Based Care of Central Florida, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance**

*For the year ended June 30, 2015*

Federal/State Agency/Pass-Through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Contract Period	Expenditures	Amount Provided to Sub-Recipients
<b>Federal Awards</b>					
<b>Department of Health and Human Services</b>					
Indirect programs					
Passed through the State of Florida					
Department of Children and Families					
Adoption Incentive	93.603	Note (4)	7/1/14 - 6/30/15	\$ 265,198	\$ -
Child Welfare Services - State Grants	93.645	Note (4)	7/1/14 - 6/30/15	934,724	497,854
Adoption Assistance, Title IV-E	93.659	Note (4)	7/1/14 - 6/30/15	6,804,998	1,129,671
Social Services Block Grant	93.667	Note (4)	7/1/14 - 6/30/15	4,095,181	2,960,194
Child Abuse and Neglect					
State Grants	93.669	Note (4)	7/1/14 - 6/30/15	81,475	40,569
Chafee Foster Care Independence Program	93.674	Note (4)	7/1/14 - 6/30/15	708,281	-
Chafee Education and Training Vouchers Program	93.599	Note (4)	7/1/14 - 6/30/15	38,968	-
Foster Care, Title IV-E	93.658*	Note (4)	7/1/14 - 6/30/15	13,714,317	7,807,486
Promoting Safe & Stable Families Grants to States for Access and Visitation Programs	93.556	Note (4)	7/1/14 - 6/30/15	1,497,532	1,228,622
Medical Assistance Program	93.597	Note (4)	7/1/14 - 6/30/15	54,986	46,485
Temporary Assistance for Needy Families	93.778	Note (4)	7/1/14 - 6/30/15	158,848	80,336
	93.558*	Note (4)	7/1/14 - 6/30/15	5,742,858	2,610,077
Total indirect programs				34,097,366	16,401,294
Passed through Seminole County					
Families and Communities Together in Seminole	93.243	5U79SM0 59935-05	7/1/14 - 6/30/15	2,373,440	-
<b>Total Department of Health and Human Services</b>				<b>36,470,806</b>	<b>16,401,294</b>
<b>Total Federal Awards</b>				<b>\$ 36,470,806</b>	<b>\$ 16,401,294</b>

\* Major federal program

**Community Based Care of Central Florida, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**and State Financial Assistance (Continued)**

*For the year ended June 30, 2015*

Federal/State Agency/Pass-Through Entity Federal Program/State Project	CFDA CSFA Number	Contract/ Grant Number	Contract Period	Expenditures	Amount Provided to Sub-Recipients
<b>State Financial Assistance</b>					
Indirect programs					
Department of Children and Families					
Independent Living	60.112	Note (4)	7/1/14 - 6/30/15	\$ 1,545,123	\$ -
Out of Home	60.074**	Note (4)	7/1/14 - 6/30/15	2,357,022	919,329
In Home	60.075**	Note (4)	7/1/14 - 6/30/15	1,964,526	8,242
Adoption Services	60.076**	Note (4)	7/1/14 - 6/30/15	336,123	-
Sexually Exploited Children	60.138**	Note (4)	7/1/14 - 6/30/15	329,491	326,343
Keys to Independence	60.123	LJ951	9/1/14 - 6/30/15	188,569	-
<b>Total Department of Children and Families</b>				<b>6,720,854</b>	<b>1,253,914</b>
<b>Total Federal Awards and State Financial Assistance</b>				<b>\$ 43,191,660</b>	<b>\$ 17,655,208</b>

\*\* Major state project

Notes:

- Note (1) The accompanying schedule of expenditures of federal awards and state financial assistance is prepared on the accrual basis of accounting.
- Note (2) Service provided contract revenues were earned in accordance with the contract terms and were reported as expenditures on the schedule of expenditures of federal awards and state financial assistance.
- Note (3) Expenses presented in the accompanying schedule of expenditures of federal awards and state financial assistance include federal awards and state financial assistance provided to sub-recipients.
- Note (4) The federal awards from the Department of Health and Human Services and the state financial assistance consists of the two following contracts: GJ501 and GJL57.



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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***

Board of Directors  
Community Based Care of Central Florida, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Based Care of Central Florida, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, 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 9, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's 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 the Organization's 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies:

2015-001 Reconciliation of bank accounts and preparation of capital asset and capital lease schedules

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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*.

### **Organization's Response to Findings**

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

### **Purpose of this Report**

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

*Cam, Riggs & Ingram, L.L.C.*

Orlando, Florida  
December 9, 2015



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

Board of Directors  
Community Based Care of Central Florida, Inc.

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

We have audited Community Based Care of Central Florida, Inc.'s ("the Organization") 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 Florida 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 June 30, 2015. The Organization's major Federal programs and State projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's 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 of the State of Florida. Those standards, OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program or State project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program and State project. However, our audit does not provide a legal determination of the Organization's compliance.

***Basis for Qualified Opinion on Department of Children and Families – In Home Supports***

As described in the accompanying schedule of findings and questioned costs, the Organization did not comply with requirements regarding CSFA 60.075 Department of Children and Families – In Home Supports as described in finding number 2015-002 for Eligibility. Compliance with such requirements is necessary, in our opinion, for the Organization to comply with the requirements applicable to that program.

***Qualified Opinion on Department of Children and Families – In Home Supports***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CSFA 60.075 Department of Children and Families – In Home Supports for the year ended June 30, 2015.

***Unmodified Opinion on Each of the Other Major Federal Programs and State Projects***

In our opinion, the Organization 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 other major federal programs and state projects identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

***Other Matters***

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control over Compliance***

Management of the Organization 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 and 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 test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed

below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program or State project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program or State project will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program or State project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 of the State of Florida*. Accordingly, this report is not suitable for any other purpose.

*Cam, Riggs & Ingram, L.L.C.*

Orlando, Florida  
December 9, 2015

**Community Based Care of Central Florida, Inc.  
Schedule of Findings and Questioned Costs**

Section A – Summary of Auditors’ Results

1. The Independent Auditors’ Report expresses an unmodified opinion on the financial statements of Community Based Care of Central Florida, Inc.
2. One significant deficiency relating to the audit of the financial statements is reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance which are considered material to the financial statements of Community Based Care of Central Florida, Inc. are disclosed during the audit.
4. One material weakness relating to the audit of the major Federal award programs and State projects is reported in the Independent Auditors’ Report on Compliance for Each Major Program and State Project and on Internal Control Over Compliance Required By OMB Circular A-133 and State of Florida Chapter 10.650, *Rules of the Auditor General*.
5. The auditors’ report on compliance for the major Federal award programs and State projects for Community Based Care of Central Florida, Inc. expresses an unmodified opinion except for CSFA 60.075 Department of Children and Families – In Home Supports, which we express a qualified opinion on.
6. Audit findings relative to the major Federal award programs and State projects for Community Based Care of Central Florida, Inc. are reported in Parts C and D of this schedule.
7. Identification of major programs and State projects:

<u>Name of Federal Program</u>	<u>Federal CFDA Number</u>
Foster Care, Title IV-E	93.658
Temporary Assistance for Needy Families	93.558

<u>Name of State Project</u>	<u>CSFA Number</u>
Department of Children and Families – Out of Home	60.074
Department of Children and Families – In Home	60.075
Department of Children and Families – Adoption Services	60.076
Department of Children and Families – Sexually Exploited Children	60.138

8. The threshold for distinguishing Type A and Type B programs was \$1,094,124 for major Federal programs and \$300,000 for major State projects.
9. Community Based Care of Central Florida, Inc. was determined to be a high-risk auditee pursuant to OMB Circular A-133 for the year ended June 30, 2015.



## Community Based Care of Central Florida, Inc. Schedule of Findings and Questioned Costs

### Section B – Findings – Financial Statement Audit

The results of our audit of the Organization disclosed a finding required to be reported in accordance with *Government Auditing Standards*. Finding 2015-001 is detailed on page 23.

### Section C – Findings and Questioned Costs – Major Federal Programs

No matters were reported.

### Section D – Findings and Questioned Costs – Major State Projects

The results of our audit of the Organization disclosed a finding required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Finding 2015-002 is detailed beginning on page 23.

### Section E – Other Issues

1. A management letter was issued on December 9, 2015, with a significant deficiency pertaining to finding 2015-001.
2. See planned corrective action on finding 2015-002 on page 24.
3. See summary schedule of prior year findings on page 25 for the current status of those findings.

**Community Based Care of Central Florida, Inc.**  
**Schedule of Findings and Questioned Costs**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

**2015-001 Reconciliation of bank accounts and preparation of capital asset and capital lease schedules**

*Conditions and Criteria:* Bank reconciliations were not completed and property and equipment and capital lease schedules were not updated throughout the year.

*Effect:* Cash balances could not be relied upon throughout the year and controls around the reconciliations were not operating effectively. Depreciation expense was not posted during the year and the corresponding asset and liability balances were not adjusted accordingly.

*Cause:* Personnel in charge of these duties did not complete them.

*Auditor Recommendation:* Reconciliation of bank accounts and preparation of property and equipment schedules and capital lease schedules should be completed timely and corresponding entries be posted monthly to agree the schedules to the general ledger.

*Planned Corrective Actions:* A CPA consultant was brought in to reconcile the cash accounts. Fixed asset and capital lease schedules were updated and entries posted at year-end to correct impacted balances. The Organization will continue to utilize the CPA consultant on a weekly basis and is in the process of hiring new personnel who will be responsible for these duties.

**FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS AUDIT**

**2015-002 Department of Children and Families – In Home Supports – CSFA No. 60.075**

Questioned  
Costs

*Conditions and Criteria:* A sample of 25 expenditures totaling \$23,983 was selected for audit from a population greater than 250 expenditures totaling \$1,964,526. The test found nine expenditures that were not in compliance with eligibility requirements with questioned costs totaling \$135,981. Our sample was a statistically valid sample.


\$1,660

*Effect:* The cost of the assistance should be adjusted to Out of Home Supports.

*Cause:* Clients were improperly identified as in-home clients as a result of utilizing residential placement as the primary factor for determining in/out-of-home status when completing authorization for services. Both residential and out of home placements with relative/nonrelative caregivers should have been considered in making the determination.

**Community Based Care of Central Florida, Inc.  
Schedule of Findings and Questioned Costs**

<b>2015-002</b>	<b>Department of Children and Families – In Home Supports – CSFA No. 60.075 (Continued)</b>	<u>Questioned Costs</u>
	<p><i>Planned Corrective Actions:</i> CBCCF staff have internally verified that \$1,660 was improperly coded as Client Services Other In-Home as well as identified improvements in the process to ensure accuracy of determining placement category by Utilization Management staff at time of service authorization. Additionally, CBCCF staff have verified that although the placement type for these clients were identified incorrectly, the questioned expenses were properly paid out of Florida Section A, general revenue funding. As such, any needed reclasses will occur between Client Services Other In-Home and Client Services Other Out-Home, both of which fall within Section A general revenue funding. The following actions have been/will be taken immediately to correct the issue:</p> <ol style="list-style-type: none"><li>1. A Payment Handbook was created in Fiscal Year 2015 for implementation in Fiscal Year 2016. This handbook provides an authorization to payment flowchart to guide staff in determining the appropriate placement category which determines the correct OCA upon service authorization. Utilization Management Staff were retrained on this Payment Handbook process on December 4, 2015.</li><li>2. A full 100% review of clients identified as In-Home from July 1, 2015 to present will be review to determine if In-Home placement type was correctly determined. For all instances where In-Home placement was incorrectly determined, client expenditures will be reclassified to the appropriate OCA. A complete list of clients and expenditures being reclassified will be provided to DCF upon completion of the review.</li><li>3. The Director of Fiscal Compliance will review a sample of expenditures monthly (to include In-Home clients) to verify the client placement type and OCA were correctly determined on the Service Authorization. Any issues identified through this internal audit process will result in corrective action necessitated by the issue identified.</li></ol>	
	<b>Total – Department of Children and Families</b>	<u><u>\$1,660</u></u>



**Community Based Care of Central Florida, Inc.  
Summary Schedule of Prior Audit Findings**

**2014-001 Preparation of Schedule of Expenditures of Federal Awards and State Financial Assistance**

*Conditions and Criteria:* During the single audit process, it was noted that funds passed through Orange County relevant to the Social Services Block Grant #93.667 were not included on the Schedule of Expenditures of Federal Awards and State Financial Assistance. Additionally, federal expenditures were overstated as they reflected awards in place of expenditures, and amounts provided to sub-recipients was overstated as it included non-sub-recipient expenditures. The Office of Management and Budget Circular A-133 and State of Florida Chapter 10.650, *Rules of the Auditor General of the State of Florida* require that all Federal Programs and State Projects be included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

*Auditor Recommendation:* A formal review process of the Schedule of Expenditures of Federal Awards and State Financial Assistance should be implemented. We also recommend annual continuing education training for personnel who prepare and review the Schedule of Expenditures of Federal Awards and State Financial Assistance.

*Current Status:* No such exceptions were identified in the current year testing. Finding is closed.

**2014-002 Accounting for Capital Leases**

*Conditions and Criteria:* During a search for unrecorded commitments on the Florida UCC website, a capital lease that was not reflected in the Organization's financial statements was identified.

*Auditor Recommendation:* A control be implemented so that all leases be reviewed by someone in accounting prior to execution to determine if they are capital or operating and then copies of executed leases be promptly forwarded to accounting for recording.

*Current Status:* Leases were not updated throughout the year, still a finding, see the Schedule of Findings and Questioned Costs.



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## The Board of Directors and Management of Community Based Care of Central Florida, Inc.

In planning and performing our audit of the financial statements of Community Based Care of Central Florida, Inc. (the "Organization") as of and for the year ended June 30, 2015, 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, we considered Community Based Care of Central Florida, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in the Organization's internal control to be significant deficiencies

### Reconciliation of bank accounts and preparation of capital asset and capital lease schedules

Bank reconciliations were not completed throughout the year. Additionally, capital asset and capital lease schedules were not updated throughout the year and corresponding entries to record depreciation and adjust these asset and liability accounts were not posted. The Organization did hire a consultant CPA to complete the reconciliations and schedules after year-end. Bank reconciliations should be prepared in a timely manner to ensure complete and accurate balances and to review transactions for appropriateness. We also recommend developing personnel and procedures so capital asset and capital lease schedules are updated timely and corresponding entries are posted regularly.

This communication is intended solely for the information and use of management, Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Orlando, Florida

December 9, 2015