

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

**CONSOLIDATED FINANCIAL
STATEMENTS**

June 30, 2022

	<u>Page (s)</u>
INDEPENDENT AUDITOR’S REPORT	1 - 3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 19
SUPPLEMENTAL INFORMATION	
Consolidating Statement of Financial Position	20
Consolidating Statement of Activities	21
Consolidating Statement of Functional Expenses	22
Consolidating Statement of Cash Flows	23
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24 - 25
Independent Auditor’s Report on Compliance for Each Major Federal Program and State Project and on Internal Control over Compliance Required by the Uniform Guidance and State of Florida Chapter 10.650, Rules of the Auditor General	26 - 28
Schedule of Findings and Questioned Costs - Federal Programs and State Projects	29 - 30
Consolidated Schedule of Expenditures of Federal Awards and State Financial Assistance	31 - 33



INDEPENDENT AUDITOR'S REPORT

Partners

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

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

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

Miami Lakes, FL 33016
7900 NW 155th Street
Suite 201
Phone: 305-445-7956

American Institute of
Certified Public
Accountants

Florida Institute of
Certified Public
Accountants

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Community Based Care of Brevard Inc. and affiliates (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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 projects, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State of Florida Chapter 10.650 Rules of the Auditor General*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and state financial assistance is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
December 28, 2022

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	1,591,645
Grants and contracts receivable		1,933,214
Due from DCF		957,415
Due from Foundation		10,746
Due from Family Allies		1,404,129
Prepaid expenses and other current assets		130,006

TOTAL CURRENT ASSETS		6,027,155
-----------------------------	--	-----------

Investments		161,327
Property and equipment, net		521,568
Deposits		53,300

TOTAL ASSETS	\$	6,763,350
---------------------	-----------	-----------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	2,906,486
Accrued expenses		1,161,587
Refundable advances		1,961,735

TOTAL CURRENT LIABILITIES		6,029,808
----------------------------------	--	-----------

NET ASSETS

Without donor restrictions		
Operating income		193,020
Invested in capital assets		521,568

Total without donor restrictions		714,588
----------------------------------	--	---------

With donor restrictions		18,954
-------------------------	--	--------

TOTAL NET ASSETS		733,542
-------------------------	--	---------

TOTAL LIABILITIES AND NET ASSETS	\$	6,763,350
---	-----------	-----------

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

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

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contracts, grants and contributions from government agencies	\$ 34,245,780	\$ -	\$ 34,245,780
Contracts, grants and contributions from other agencies	249,476	-	249,476
Contributions of non-financial assets- services	461,385	-	461,385
Contributions - cash	54,526	-	54,526
Contributions of non-financial assets- gifts and incidental	396,440	-	396,440
Interest income	2,952	-	2,952
Miscellaneous income	1,895,547	-	1,895,547
Net assets released from restrictions	1,909	(1,909)	-
Total revenues and support	37,308,015	(1,909)	37,306,106
EXPENSES			
Program services	35,737,345	-	35,737,345
Management and general	1,968,936	-	1,968,936
Total expenses	37,706,281	-	37,706,281
Change in net assets	(398,266)	(1,909)	(400,175)
NET ASSETS, BEGINNING OF YEAR	1,112,854	20,863	1,133,717
NET ASSETS, END OF YEAR	\$ 714,588	\$ 18,954	\$ 733,542

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

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

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	<u>Program Services</u>	<u>Mangement and General</u>	<u>Total</u>
Out of home	\$ 7,741,171	\$ -	\$ 7,741,171
Purchased services	8,366,455	-	8,366,455
Salaries and benefits	7,752,457	1,428,537	9,180,994
Adoption	6,903,910	-	6,903,910
Occupancy	1,018,289	138,299	1,156,588
Independent living	731,038	-	731,038
IT expenses	176,929	71,366	248,295
Professional and consulting	161,204	11,781	172,985
Travel	140,592	11,756	152,348
Insurance	209,046	66,565	275,611
Community training/conference	44,600	1,054	45,654
Expendable furniture	71,702	19,289	90,991
Drug, fingerprinting and background	93,239	11,394	104,633
Non-Financial expense and donations	857,825	-	857,825
Legal fees	3,320	16,718	20,038
Depreciation	106,207	-	106,207
Public relations	22,108	-	22,108
Supplies	56,227	10,953	67,180
Printing and reproduction	9,038	1,697	10,735
Staff training/conference	56,026	4,957	60,983
Licenses and accreditation	173,360	1,097	174,457
Membership and dues fees	48,219	550	48,769
Communication services	89,090	37,400	126,490
File retrieval/storage	48,645	5,308	53,953
Leased equipment	30,628	13,065	43,693
Accounting fees	1,703	30,642	32,345
Management fees	-	1,915	1,915
Equipment maintenance	12,522	1,750	14,272
Telephone	56,738	10,734	67,472
Paper	3,431	443	3,874
Business meetings	-	6,463	6,463
Postage and delivery	2,284	3,494	5,778
Employee activities	-	50,045	50,045
Publications and subscriptions	24,682	1,000	25,682
Bank charges	-	10,041	10,041
Employment advertising	521	-	521
Agency fundraising	-	623	623
BFP support unit expense	724,139	-	724,139
TOTAL EXPENSES	<u>\$ 35,737,345</u>	<u>\$ 1,968,936</u>	<u>\$ 37,706,281</u>

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (400,175)
Adjustments to reconcile change in net assets to net cash used in operations:	
Depreciation	106,207
Realized gain on sale of investments	(1,225)
Unrealized loss on investments	19,249
Increase in grants and contracts receivable	(555,620)
Increase in due from DCF	(957,415)
Increase in due from Family Allies	(189,510)
Increase in due from Foundation	(9,811)
Increase in prepaid expenses	(12,555)
Decrease in due to Family Allies	(277)
Increase in accounts payable	823,467
Increase in accrued expenses	155,350
Decrease in refundable advances	<u>551,490</u>
Cash used in operating activities	<u>(470,825)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	<u>(143,530)</u>
Cash used in investing activities	<u>(143,530)</u>
Decrease in cash and cash equivalents	(614,355)
Cash and cash equivalents, beginning of year	<u>2,206,000</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,591,645</u></u>

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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

1. Principles of consolidation

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

2. General

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

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

The Organization’s grant agreement is a multiple year contract with the Florida Department of Children and Families (“FDCF”) which was for the period from July 1, 2013 through June 30, 2023 in the amount of \$273,543,215. Each year’s funding of the contract is contingent upon appropriations by the Florida legislature and is therefore considered a conditional promise to give and is not recorded as a grant receivable.

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

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

3. Basis of accounting and financial statement presentation

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

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

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

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

4. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from those estimates.

5. Cash and cash equivalents

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

6. Restricted cash and cash equivalents

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

7. Grants and contracts receivable

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

8. Investments

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

9. Property and equipment

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

Furniture and equipment with a value greater than \$5,000 and an estimated useful life of at least one year is capitalized at cost when purchased or at estimated fair market value when contributed. Depreciation is computed using the straight-line method over the estimated useful life of the assets, ranging from three to seven years. Repairs and maintenance are expensed as incurred.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

10. Refundable advance

Refundable advance 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 refundable advance is reduced and revenue is recognized.

11. Revenue recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which prescribes a single, common revenue standard to replace most existing revenue recognition guidance, including most industry-specific requirements. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Organization adopted ASC 606 and all related amendments effective July 1, 2020. The adoption had no significant impact on the Organization's financial statements.

The Organization follows FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASC 958-605), which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional.

A significant portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as without donor restricted grant revenue when the Organization has met performance requirements and incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting other conditional performance requirement barriers are reported as refundable advances in the statement of financial position. At June 30, 2022, the Organization had grant receivables of \$1,933,214, relating to revenue earned during the year ended June 30, 2022.

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

11. Revenue recognition (continued)

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

12. Functional allocation of expenses

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

13. Accounting Pronouncements Implemented

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets, which requires the monitoring and tracking of gifts in kind by asset category, while also noting any donor-imposed restrictions. The Organization adopted ASU No. 2020-07 effective July 1, 2021. The adoption has no significant impact on the Organization's financial statements.

14. Recent accounting pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, that requires lessees to put most leases on their balance sheets and recognize expenses on their income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The new guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is evaluating the potential effects ASU 2016-02 will have on its financial statements.

15. Income taxes

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

The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. Federal income tax examinations by tax

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

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

15. Income taxes (continued)

authorities for years before 2020. Management has reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the consolidated financial statements of the Organization.

16. Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 28, 2022, the date the consolidated financial statements were available to be issued. No subsequent events have been recognized or disclosed in the consolidated financial statements.

17. Risks and uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global pandemic situation.

NOTE B – CASH AND CASH EQUIVALENTS

The Organization has demand deposits with a national bank with aggregate bank balances amounting to \$1,856,265 at June 30, 2022. At June 30, 2022, the Organization had \$1,606,265 in excess of federally insured limits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Organization’s deposits may not be returned.

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2022:

	Community Based Care of Brevard, Inc.	Brevard C.A.R.E.S., Inc.	Consolidated
Furniture and equipment	\$ 673,140	\$ 89,426	\$ 762,566
Less: accumulated depreciation	<u>151,572</u>	<u>89,426</u>	<u>240,998</u>
Net property and equipment	<u>\$ 521,568</u>	<u>\$ -</u>	<u>\$ 521,568</u>

Depreciation expense for the year ended was \$106,207.

NOTE D – FAIR VALUE MEASUREMENT

The fair value measurement accounting literature provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

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

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE D – FAIR VALUE MEASUREMENT (continued)

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

Cash – Valued at quoted market prices.

Common stock – Valued at quoted market prices.

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

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

The following table summarizes the assets of the Organization for which fair values are determined on a recurring basis as of June 30, 2022:

	Investment Assets at Fair Value as of June 30, 2022			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ -	\$ -	\$ 161,327	\$ 161,327
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,327</u>	<u>\$ 161,327</u>

The following table sets forth a summary of the changes in the fair value of the Organization's Level 3 financial assets during the year ended June 30, 2022:

Balance, beginning of year	\$ 179,351
Net realized and unrealized gain	(18,912)
Interest and dividend income	2,803
Foundation fee and investment expense	<u>(1,915)</u>
Balance, end of year	<u>\$ 161,327</u>

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE E – LINES OF CREDIT

The Organization has a line of credit, with a national bank, that allowed borrowings up to \$500,000, with a stated interest rate of the LIBOR plus 2.5%, but not less than 3.0%. The line of credit has been renewed and matures on February 28, 2023. As of June 30, 2022 there is an outstanding balance on the line of credit for \$500,000, this amount is included in accrued liabilities on the statement of financial position.

An Affiliate has a line of credit, with a national bank, that allows borrowings up to \$150,000, with an interest rate equal to LIBOR plus 2.5%, but not less than 3.0%. The line of credit has been renewed and matures on February 28, 2023.

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

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2022, relate to funds pledged for operations of the Organization and funds received for specific purposes. These restrictions are considered to expire when pledge payments are received, and the funds have been expended for the specified purpose. Net assets with donor restrictions as of June 30, 2022, are summarized as follows:

Toy Drive	\$ 8,340
Ounce of Prevention	7,666
WalMart Drug Court Grant	1,500
Foster Home Management	1,429
Youth Advisory Council	19
	<u>18,954</u>
	<u>\$ 18,954</u>

NOTE G – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The net assets released from restrictions for the year ended June 30, 2022, are as follows:

Toy Drive	\$ 1,841
Youth Advisory Council	68
	<u>1,909</u>
	<u>\$ 1,909</u>

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE H – SIGNIFICANT FUNDING SOURCE

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

NOTE I – MATCH REQUIREMENTS

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

NOTE J – EMPLOYEE LEASING COMPANY

The Organization utilizes the service of an employee leasing service for staffing purposes. The employee leasing service provides employee benefits, including health insurance and 401(k) plan participation. All expenses associated with the services provided by the employee leasing service are shown as personnel services. For the year ended June 30, 2022, the Organization made retirement contributions totaling \$203,038.

NOTE K – COMMITMENTS

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

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

Years Ending June 30,	Amount
2023	\$ 852,252
2024	846,475
2025	871,869
2026	898,025
2027	500,289
	\$ 3,968,910

Total rent expense for the year ended June 30, 2022 was \$814,789.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE L – CONTINGENCIES

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

NOTE M – CONTRIBUTED NON-FINANCIAL ASSETS

Contributed services that qualify as specialized services and donated items are recorded at their estimated fair value at the date of receipt. Donated materials and services are presented in the accompanying statement of activity as contributions of non-financial assets and non-financial expenses. During the year ended June 30, 2022 these amounted to \$461,385 of services and \$361,140 of gifts and materials. 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 accompanying financial statements.

NOTE N – FUNCTIONAL EXPENSES

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A BREVARD FAMILY PARTNERSHIP AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE O – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	\$ 1,591,645
Grants and contracts receivable	1,933,214
Due from DCF	957,415
Due from Foundation	10,746
Due from Family Allies	<u>1,404,129</u>
Total financial assets available within one year	<u>5,897,149</u>
Less:	
Accounts payable	2,906,486
Accrued expenses	1,161,587
Refundable advances	<u>1,961,735</u>
Total financial liabilities due within one year	<u>6,029,808</u>
Total financial assets available within one year	<u>\$ (132,659)</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs the Organization has a committed line of credit of \$500,000, which it has drawn upon in the current year and is outstanding as of June 30, 2022. In addition, an affiliate has a committed line of credit of \$150,000, which it could draw upon.

A portion of cash and cash equivalents and grants and contracts receivable are set aside per donor restrictions. The total amount restricted is in the amount of \$18,954. The remaining grants and contracts receivable not restricted are expected to be received within one year.

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