

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

**CONSOLIDATED FINANCIAL
STATEMENTS**

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Partners

W. Ed Moss, Jr.
Joe M. Krusick
Ric Perez
Cori G. Novinich
Renee C. Varga

To the Board of Directors of
Community Based Care of Brevard, Inc.
D/B/A Family Partnerships of Central Florida and Affiliates
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, 2024, 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, 2024, 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.

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

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

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

Miramar, FL 33025
11450 Interchange Circle
Phone: 954-435-4222

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 consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, 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*, and consolidating schedules, are 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 30, 2024, 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 30, 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	5,987,766
Grants and contracts receivable		7,063,246
Due from FDCF		1,141,994
Prepaid expenses and other current assets		235,345
		235,345

TOTAL CURRENT ASSETS 14,428,351

Investments		181,289
Property and equipment, net		349,919
Deposits		53,300
Restricted cash - client trust funds		264,087
Operating lease right-of-use asset		12,734,683
		12,734,683

TOTAL ASSETS \$ 28,011,629

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	10,829,407
Accrued expenses		2,380,768
Refundable advances		581,986
Operating lease liability		3,003,370
		3,003,370

TOTAL CURRENT LIABILITIES 16,795,531

Client trust funds		264,087
Non-current operating lease liability		9,886,166
		9,886,166

TOTAL LIABILITIES 26,945,784

NET ASSETS

Without donor restrictions		
Operating income		706,741
Invested in capital assets		349,919
		349,919

Total without donor restrictions 1,056,660

With donor restrictions		9,185
		9,185

TOTAL NET ASSETS 1,065,845

TOTAL LIABILITIES AND NET ASSETS \$ 28,011,629

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

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

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Contracts, grants and contributions from government agencies	\$ 65,029,422	\$ -	\$ 65,029,422
Contracts, grants and contributions from other agencies	3,839,291	4,850	3,844,141
Contributions - cash	27,090	-	27,090
Contributions of non-financial assets - gifts and incidental	678,447	-	678,447
Interest income	9,123	-	9,123
Miscellaneous income	827,850	-	827,850
Net assets released from restrictions	13,190	(13,190)	-
	70,424,413	(8,340)	70,416,073
EXPENSES			
Program services	68,556,769	-	68,556,769
Management and general	2,143,420	-	2,143,420
	70,700,189	-	70,700,189
Changes in net assets	(275,776)	(8,340)	(284,116)
NET ASSETS, BEGINNING OF YEAR	1,332,436	17,525	1,349,961
NET ASSETS, END OF YEAR	\$ 1,056,660	\$ 9,185	\$ 1,065,845

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

COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Out of home	\$ 18,300,530	\$ -	\$ 18,300,530
Purchased services	10,362,784	12,269	10,375,053
Salaries and benefits	21,002,347	1,645,505	22,647,852
Adoption	11,826,027	-	11,826,027
Occupancy	1,944,548	101,664	2,046,212
Independent living	860,775	-	860,775
IT expenses	338,806	21,275	360,081
Professional and consulting	136,267	20,183	156,450
Travel	536,010	41,287	577,297
Insurance	399,869	19,166	419,035
Community training/conference	119,216	5,707	124,923
Expendable furniture	41,450	3,632	45,082
Drug, fingerprinting and background	109,445	5,182	114,627
Non-financial expense and donations	678,447	-	678,447
Legal fees	8,020	13,000	21,020
Depreciation	83,633	-	83,633
Public relations	50,588	27,450	78,038
Supplies	171,685	25,590	197,275
Printing and reproduction	14,064	910	14,974
Staff training/conference	88,724	9,286	98,010
Licenses and accreditation	196,838	2,596	199,434
Membership and dues fees	2,430	21,631	24,061
Communication services	114,229	26,634	140,863
File retrieval/storage	71,564	3,533	75,097
Leased equipment	52,787	14,780	67,567
Accounting fees	47,269	29,479	76,748
Management fees	-	1,331	1,331
Equipment maintenance	4,544	347	4,891
Telephone	217,256	-	217,256
Paper	6,407	473	6,880
Business meetings	1,272	12,050	13,322
Postage and delivery	29,270	6,781	36,051
Employee activities	1,576	22,034	23,610
Publications and subscriptions	66,832	4,700	71,532
Bank charges	7,042	44,781	51,823
Agency fundraising	1,805	164	1,969
BFP support unit expense	662,413	-	662,413
TOTAL EXPENSES	<u><u>\$ 68,556,769</u></u>	<u><u>\$ 2,143,420</u></u>	<u><u>\$ 70,700,189</u></u>

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (284,116)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	83,633
Realized gain on sale of investments	(332)
Unrealized gain on investments	(8,661)
Realized gain on investments	(3,253)
Non-cash rent	94,079
Decrease in grants and contracts receivable	925,065
Decrease in due from DCF	1,396,843
Increase in prepaid expenses	(120,687)
Increase in accounts payable	3,515,881
Increase in accrued expenses	613,407
Decrease in refundable advances	(30,171)
Increase in restricted client trust funds	<u>264,087</u>
Cash provided by operating activities	<u>6,445,775</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments of interest	<u>(482)</u>
Cash used in investing activities	<u>(482)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on line of credit	<u>(650,000)</u>
Increase in cash and cash equivalents and restricted cash	5,795,293
Cash and cash equivalents and restricted cash, beginning of year (See Note A)	<u>456,560</u>
Cash and cash equivalents and restricted cash, end of year (See Note A)	<u>\$ 6,251,853</u>

SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE

Operating lease right-of-use asset	<u>\$ 12,027,447</u>
Operating lease liability	<u>\$ (12,027,447)</u>

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

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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 Family Partnerships of Central Florida and Affiliates (collectively, 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 Family Partnerships of Central Florida and its financially interrelated affiliates, Brevard C.A.R.E.S., Inc., The National Center for Innovation and Excellence, Inc., Family Allies, Inc., and the Brevard Family Partnership Foundation, 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. On March 18, 2024, Community Based Care of Brevard, changed its d/b/a to Family Partnerships of Central Florida. On May 1, 2024, the operations for Circuit 9 and Circuit 18 for Orange, Osceola, and Seminole county were acquired under contract GJ513.

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. In February 2024, Brevard C.A.R.E.S. Inc. ceased operation and was absorbed into Community Based Care of Brevard, Inc.

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.

Family Allies, Inc. was created in 2017 to provide case management operations for families going through adoption or providing foster care through Brevard Family Partnership (“BFP”). Family Allies, Inc. operates two locations in Brevard County, Florida. In February 2024, Family Allies, Inc. ceased operations and was absorbed into Community Based Care of Brevard, Inc.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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

2. General (continued)

Brevard Family Partnership Foundation, Inc. was created by Community Based Care of Brevard, Inc. d/b/a Brevard Family Partnership as an organization that creates opportunities that will transform the lives of foster children and youth so that they will develop into successful adults.

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, 2024 in the amount of \$320,008,372. The Organization also acquired an additional grant agreement with FDCF for the operation of Circuit 9 and 18 which was from the period of April 1, 2024 to June 30, 2024 in the amount of \$16,635,063. FDCF issued a new contract beginning on July 1, 2024 for the combined operations of Circuit 7, 9 and 18. 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.

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 of Directors (the "Board") and/or management for general operating purposes. From time to time, the Board may designate 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.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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

3. Basis of accounting and financial statement presentation (continued)

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.

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.

COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

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

9. Property and equipment

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

Furniture and equipment with a value greater than \$5,000 and an estimated useful life of at least one year are 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.

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

The Organization follows Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (ASC 606), which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, and 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, 2024, the Organization had grant receivables of \$7,063,246, relating to revenue earned during the year ended June 30, 2024.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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

11. Revenue recognition (continued)

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.

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. Statement of Cash Flows

Ending cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$6,251,853 includes cash and cash equivalents of \$5,987,766 and restricted cash of \$264,087. Beginning cash and cash equivalents, and restricted cash in the statement of cash flows totaling \$456,560 includes cash and cash equivalents of \$456,560 and restricted cash of \$0.

14. Accounting Pronouncements Implemented

Effective July 1, 2023, the Organization adopted FASB ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization’s financial statements.

**COMMUNITY BASED CARE OF BREVARD, INC.
D/B/A FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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

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 authorities for years before 2022. 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 30, 2024, the date the consolidated financial statements were available to be issued. No subsequent events have been recognized or disclosed in the consolidated financial statements.

NOTE B – CASH AND CASH EQUIVALENTS

The Organization has demand deposits with a national bank with aggregate bank balances amounting to \$12,301,595 and had \$12,051,595 in excess of federally insured limits as of June 30, 2024. 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 FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30, 2024:

Furniture and equipment	\$ 779,985
Less: accumulated depreciation	<u>(430,066)</u>
Net property and equipment	<u><u>\$ 349,919</u></u>

Depreciation expense was \$83,633 for the year ended June 30, 2024.

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 FAMILY PARTNERSHIPS OF CENTRAL FLORIDA AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024:

	Investment Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 181,289	\$ 181,289
Total assets at fair value	\$ -	\$ -	\$ 181,289	\$ 181,289

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, 2024:

Balance, beginning of year	\$ 169,043
Net realized and unrealized gain	10,324
Interest and dividend income	3,253
Fees and investment expense	(1,331)
	\$ 181,289
Balance, end of year	\$ 181,289

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NOTE E – LINES OF CREDIT

Community Based Care of Brevard, Inc. 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, 2025. As of June 30, 2024 there was no outstanding balance on the line of credit.

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, 2025. As of June 30, 2024 there was no outstanding balance on the line of credit and is in the process of transferring to Community Based Care of Brevard.

These lines of credit contain a requirement for financials to be submitted within 120 days of year end. A waiver was received from the bank regarding this requirement.

NOTE F – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2024, 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, 2024, are summarized as follows:

Ounce of Prevention	\$	7,666
WalMart Drug Court Grant		1,500
Youth Advisory Council		19
		9,185

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, 2024, are as follows:

Toy Drive	\$	13,190
		13,190

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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 grants required the match be obtained from the service providers the Organization 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 of Florida.

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, 2024, the Organization made retirement contributions totaling \$560,350.

NOTE K – COMMITMENTS

The Organization adopted ASC 842, *Leases*, effective July 1, 2022, using the optional transition method. The Organization leases office space and copiers under agreements classified as operating leases, which were required to be included on the statement of financial position under ASC 842, at July 1, 2022, at their net present value of \$3,731,142. The adoption of ASC 842 had no impact to the prior year statement of financial position, and because the leases are operating leases, they had no impact on the results of the operations.

As of June 30, 2024, the operating lease right of use (ROU) asset had a balance of \$12,734,683, as shown in noncurrent assets on the statement of financial position; the operating lease liability is included in current liabilities (\$3,003,370) and long-term liabilities (\$9,886,166). The operating lease asset and liability were calculated utilizing the weighted average risk-free discount rate (5.13%), according to the Organization's elected policy.

The Organization has elected to apply the short-term lease exemption to all leases with a term of one year or less. There were three leases that were not included in the ROU asset as they ended before June 30, 2024. There are also variable costs related to the leases for common area maintenance (CAM) which were not included in the calculation of net present value of future payments.

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NOTE K – COMMITMENTS (continued)

Lease Costs:

Operating lease cost	<u>\$ 2,207,679</u>
Total lease cost	<u>\$ 2,207,679</u>

Other Information:

Cash paid for amounts included in measuring operating lease liability:	
Operating cash flows from operating lease	<u>\$ 2,023,355</u>
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 2,023,355</u>

Future minimum lease payments at year end are as follows:

Year ending June 30:	
2025	\$ 3,580,877
2026	3,643,943
2027	3,047,643
2028	2,285,068
2029	<u>1,783,855</u>
Total lease payments	14,341,386
Less: interest	<u>(1,451,850)</u>
Present value of lease liability	<u>\$12,889,536</u>

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 and statement of functional expenses as contributions of non-financial assets and non-financial expenses, respectively. During the year ended June 30, 2024, contributed non-financial assets consisted of \$678,447 of gifts and materials.

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NOTE M – CONTRIBUTED NON-FINANCIAL ASSETS (continued)

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 consolidated 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.

NOTE O – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	\$ 5,987,766
Grants and contracts receivable	7,063,246
Due from FDCF	<u>1,141,994</u>
 Total financial assets available within one year	 <u>14,193,006</u>
 Less:	
Donor restricted net assets	<u>9,185</u>
 Total financial liabilities due within one year	 <u>9,185</u>
 Total financial assets available within one year	 <u>\$ 14,183,821</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, Community Based Care of Brevard, Inc. d/b/a Family Partnerships of Central Florida and Affiliates has a committed line of credit of \$500,000, which is available to be drawn upon in the current year as of June 30, 2024. In addition, an affiliate has a committed line of credit of \$150,000, which it available to be drawn upon in the current year as of June 30, 2024.

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 \$9,185. 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.