



**State of Florida
Department of Children and Families**

Ron DeSantis
Governor

Shevaun L. Harris
Secretary

August 22, 2023

Phil Scarpelli, Chief Executive Officer
389 Commerce Parkway Ste 120
Rockledge, FL 32955

RE: GJ401- FY 2023-20204, Notice of Forensic Audit Findings and Corrective Action Plan Request

Dear Mr. Scarpelli,

Carr Riggs, & Ingram (CRI), LLC. was engaged by the Department to perform a forensic audit concerning the financial records of Brevard Family Partnership., based on findings identified by the Office of the Inspector General in an audit of *Contractor Related Parties*. The records reviewed were for a time period of July 1, 2019, through June 30, 2021, and included interviews with key Brevard Family Partnership and Department personnel. A summary of the findings is contained below, please see the attached document for the full report:

- **Noncompliance with Competitive Procurement Requirements for Non-Related Entities**
Based on sample selections, Brevard Family Partnerships entered into four contracts above the Simplified Acquisition threshold of \$250,000 where no competitive solicitation was conducted as required. Brevard Family Partnership incorrectly considered the Simple Acquisition threshold to apply on an annual value basis instead of a contract value basis. Thus, these contracts were not procured in compliance with Brevard Family Partnership's policies and procedures as well as federal/state procurement laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.320. The costs associated with these contracts may be considered unallowable expenditures. Refer to Finding 4.
- **Noncompliance with Competitive Procurement Requirements for Related Entities**
Brevard Family Partnership did not engage in a competitive procurement process for its related party contracts including with Family Allies, Inc. and Brevard C.A.R.E.S., Inc. No competitive procurement waivers were obtained from the Department for these contracts. Thus, Brevard Family Partnership did not comply with its policies and procedures as well as federal/state procurement laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.318/319/320 for its related party contracts. The costs associated with these contracts may be considered unallowable expenditures. Refer to Finding 4.
- **Inadequate Financial Statement Disclosures**
Brevard Family Partnership's audited financial statements did not include a related party note disclosure, which is a required element. This lack of disclosure limits the reader's insights into Brevard Family Partnership's operations and its related party transactions. Family Allies, Inc. was not consolidated with the Brevard Family Partnership's audited financial statements as required. Refer to Finding 5.

- **Potential Consideration of Integrated Health Funds as Contract Related Funds**

Brevard Family Partnership's ownership interests in Integrated Health appear to have arisen directly due to the Contract and may be considered as intellectual property (Contract Section 14) and/or program income (2 CFR 80.120). As the ownership interests arose outside of the review period and other contracts were in effect, CRI was not provided with all relevant contracts, documents, minutes, etc. related to the generation of the ownership interests in Integrated Health. As such, the ownership interests and related generated revenue/distributions may be considered intellectual property and/or program income directly related to performance under the Contract. Refer to Finding 6.

A Corrective Action Plan (CAP) is required to address these deficiencies. This CAP must include immediate remedies to address the findings of the forensic audit. Brevard Family Partnership's response is due within 10 days of this issuance notice. The department will require the submission of documentation to evidence satisfactory progress and completion of the CAP. In response to the audit, the following actions must be taken by Brevard Family Partnership:

- **Noncompliance with Competitive Procurement Requirements for Non-Related Entities**
Action: Brevard Family Partnership must competitively procure all contracts that were not competitively procured that are above the simplified acquisition threshold of \$250,000, within 60 days (release solicitation) of notice.
- **Noncompliance with Competitive Procurement Requirements for Related Entities**
Action: Brevard Family Partnership must competitively procure all contracts that were not competitively procured, regardless of the contract amount, within 60 days (release solicitation) of notice.
- **Inadequate Financial Statement Disclosures**
Action: Brevard Family Partnership must submit revised financial statements that include information about their related parties within 60 days of notice.
- **Potential Consideration of Integrated Health Funds as Contract Related Funds**
Action: Brevard Family Partnership's annual spending plan must include CBC IH distributions as additional revenue for the budget. This will require documentation of CBC-IH distributions received.

Brevard Family Partnership's failure to comply with the timely development and implementation of a satisfactory CAP may result in increasing penalties, including but not limited to, contract termination.

If you have any questions regarding the content of this letter, please contact your assigned Contract Manager, Jessica Walker, via email at Jessica.Walker@myflfamilies.com.

Sincerely,



Kathryn Williams
Assistant Secretary, Office of Child & Family Well-Being

CC: Casey Penn, Deputy Secretary
Daniel May, Deputy Assistant Secretary

Ralph Silverstein, Chief of Contracts
Kristi Gray, Community Director



Carr, Riggs & Ingram, LLC
500 Grand Boulevard
Suite 210
Miramar Beach, FL 32550

850.837.3141
850.654.4619 (fax)
CRIcpa.com

August 10, 2023

Mr. Barney Ray
Director of Revenue Management and Partner Compliance
Office of the Assistant Secretary for Administration
Florida Department of Children and Families
2415 North Monroe Street, Suite 400
Tallahassee, FL 32303

Re: Forensic Examination of Community Based Care of Brevard, Inc.

Dear Mr. Ray:

Our firm was engaged to perform an inquiry concerning the financial records of Community Based Care of Brevard, Inc. dba Brevard Family Partnership (Brevard Family Partnership), which is a community-based care lead agency contracted by the Florida Department of Children and Families. This inquiry was predicated upon findings identified by the Office of the Chief Inspector General. Attached is Carr, Riggs & Ingram, LLC's Forensic Examination Report detailing the procedures performed and the resulting findings.

We have performed this engagement in accordance with the Statement on Standards for Forensic Services No. 1 as promulgated by the American Institute of Certified Public Accountants (AICPA) and the Code of Professional Standards of the Association of Certified Fraud Examiners (ACFE). While our work involved analysis of accounting records, our engagement did not constitute an audit in accordance with generally accepted auditing standards, an examination of internal controls, or any other attestation or review service in accordance with standards established by the AICPA. Had other procedures been performed, other matters may have come to our attention that may have affected the findings reported herein.

This report is intended solely for the use of the Florida Department of Children and Families and should not be used for any other purpose without prior permission from CRI. We have no obligation, but reserve the right, to update this report for information that comes to our attention after the date of this report.

Sincerely,

Carr, Riggs & Ingram, LLC

Carr, Riggs & Ingram, LLC
Certified Public Accountants



Community Based Care of Brevard, Inc.

**Forensic Examination Report and
Supplementary Information**

August 10, 2023



Community Based Care of Brevard, Inc. Table of Contents

Executive Summary	1
Forensic Examination Report	
Background	3
Scope	3
Approach	4
Expert Qualifications	5
Summary of Procedures Performed	6
Source Documentation	7
Finding 1 – Contract Understanding	7
Finding 2 – Understanding of the Department’s Operations and Policies and Procedures	8
Finding 3 – Understanding of Brevard Family of Agencies	9
Finding 4 – Review of General Ledgers and Financial Records	12
Finding 5 – Analysis of Financial Reports	17
Finding 6 – Analysis of Administrative, Intercompany and Related Company Costs	19
Finding 7 – Analysis of Officer Compensation	23
Finding 8 – Invoice Analysis	24
Finding 9 – Reporting Analysis	24
Finding 10 – Analysis of Expenditure Reports	25
Finding 11 – Deferred Revenue Analysis	25
Summarized Findings and Effects	26
Conclusion	27



Community Based Care of Brevard, Inc.
Table of Contents

Supplementary Information

Schedule A – Historical Statements of Financial Position for Brevard Family Partnership	28
Schedule B – Historical Statements of Activities for Brevard Family Partnership	29
Schedule C – Historical Statements of Financial Position for Brevard C.A.R.E.S., Inc.	30
Schedule D – Historical Statements of Activities for Brevard C.A.R.E.S., Inc.	31
Schedule E – Historical Statements of Financial Position for NCIE	32
Schedule F – Historical Statements of Activities for NCIE	33
Schedule G – Historical Statements of Financial Position for Family Allies, Inc.	34
Schedule H – Historical Statements of Activities for Family Allies, Inc.	35
Appendix A – Expert Qualifications	
Appendix B – Source Documentation	

Executive Summary

Carr, Riggs & Ingram, LLC (CRI) was engaged to perform an inquiry concerning the financial records of certain community-based care lead agencies contracted by the Florida Department of Children and Families (Department or DCF). This specific inquiry concerned the financial records of Community Based Care of Brevard, Inc. dba Brevard Family Partnership (Brevard Family Partnership). This inquiry was based upon findings identified by the Office of the Chief Inspector General.

CRI performed certain procedures on Brevard Family Partnership's books and records for July 1, 2019 through June 30, 2021. These procedures included, but were not limited to, interviews with key Brevard Family Partnership personnel, interviews with key Department personnel, analysis of financial records, analysis of related party transactions and examination of compensation payments. Summaries of the major findings, based on the investigative procedures performed, are listed below.

- **Noncompliance with Competitive Procurement Requirements for Non-Related Entities**
Based on sample selections, Brevard Family Partnership entered into four contracts above the Simplified Acquisition threshold of \$250,000 where no competitive solicitation was conducted as required. Brevard Family Partnership incorrectly considered the Simple Acquisition threshold to apply on an annual value basis instead of a contract value basis. Thus, these contracts were not procured in compliance with Brevard Family Partnership's policies and procedures as well as federal and state procurement laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.320. The costs associated with these contracts may be considered unallowable expenditures. Refer to Finding 4.
- **Noncompliance with Competitive Procurement Requirements for Related Entities**
Brevard Family Partnership did not engage in a competitive procurement process for its related party contracts including with Family Allies, Inc. and Brevard C.A.R.E.S., Inc. No competitive procurement waivers were obtained from the Department for these contracts. Thus, Brevard Family Partnership did not comply with its policies and procedures as well as federal and state procurement laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.318/319/320 for its related party contracts. The costs associated with these contracts may be considered unallowable expenditures. Refer to Finding 4.
- **Inadequate Financial Statement Disclosures**
Brevard Family Partnership's audited financial statements did not include a related party note disclosure, which is a required element. This lack of disclosure limits the reader's insights into Brevard Family Partnership's operations and its related party transactions. Family Allies, Inc. was not consolidated with the Brevard Family Partnership's audited financial statements as required. Refer to Finding 5.
- **Potential Consideration of Integrated Health Funds as Contract Related Funds**
Brevard Family Partnership's ownership interest in Integrated Health appear to have arisen directly due to the Contract and may be considered as intellectual property (Contract Section 14) and/or program income (2 CFR 80.120). As the ownership interest arose outside of the review period and other contracts were in effect, CRI was not provided with all relevant contracts, documents, minutes, etc. related to the generation of the ownership interest in Integrated Health. As such, the ownership interests and related generated revenue/distributions may be considered intellectual property and/or program income directly related to performance under the Contract. Refer to Finding 6.



Community Based Care of Brevard, Inc. Executive Summary

Based upon the investigative procedures performed and the corresponding findings, Brevard Family Partnership had substantial related party transactions. These related party transactions were related to cost reimbursement contracts and did not result in substantial net assets accruing to the related entities. The Department should consider further investigating to determine whether the Integrated Health revenues/distributions are Contract related, subject to federal and state requirements and offset Contract funds. The procedures performed by CRI and the resulting findings are discussed in greater detail within the Forensic Examination Report. This executive summary is not intended to stand alone without the additional context included within the Forensic Examination Report.

Background

The Florida Department of Children and Families (the Department or DCF) was created by Florida Statutes to “work in partnership with local communities to protect the vulnerable, promote strong and economically self-sufficient families, and advance personal and family recovery and resiliency.”¹ The Department “shall deliver services by contract through private providers.”²

In or around 2011, the Florida Legislature initiated a comprehensive redesign of Florida’s child welfare system.³ This initiative resulted in community-based care, which “combines the outsourcing of foster care and related services to competent service agencies with an increased local community ownership.”⁴ The Department initiates a competitive process through which qualified community-based care organizations serve as lead agencies for foster care and related services.⁵ In fiscal year 2019-2020, the Department contracted with 18 lead community-based care agencies to provide these services to Florida’s various counties/regional areas with the total contract awards in excess of \$919 million.⁶

Community Based Care of Brevard, Inc. dba Brevard Family Partnership (Brevard Family Partnership) was established in 2001 and has functioned as the lead agency for Brevard County since 2004.⁷ In or around July 2013, the Department entered into a new contract with the Brevard Family Partnership to provide foster care and related services to Brevard County, Florida.⁸ The contract award for fiscal year 2019-2020 was \$26,579,430.⁹

In or around June 2022, the Department accepted proposals for forensic accounting services related to certain community-based care lead agencies that were contracted with the Department. Areas of concern included administrative costs, intercompany transactions and related party transactions. CRI was subsequently engaged to provide the requested forensic accounting services on Brevard Family Partnership as well as other lead agencies.

Scope

Our investigation was for the period beginning July 1, 2019 through June 30, 2021 (review period). Our work was limited to those specific areas identified by the Florida Department of Children and Families. Had additional documents been provided to CRI or additional individuals interviewed, additional information may have been discovered that could impact the findings in this report.

¹ Florida Statutes 2019, Title IV, 20.19(1)(a).

² Florida Statutes 2019, Title IV, 20.19(1)(c).

³ <https://www.myflfamilies.com/services/child-family/child-and-family-well-being/community-based-care> (accessed April 26, 2023)

⁴ Ibid.

⁵ Ibid.

⁶ CBC Lead Agency Contract Amounts FY 19-20.

⁷ Brevard Family Partnership Funding Profile.

⁸ CBC Lead Agency Contract Amounts FY 19-20.

⁹ Ibid.

Community Based Care of Brevard, Inc. Forensic Examination Report

Certain documentation requested by CRI was not provided by the Department's deadline to complete the engagement. This documentation included, but is not necessarily limited to, procurement documentation (i.e., invoices, solicitation documentation and monitoring reports) for Brevard Family Partnership. This information was deemed necessary to complete the investigative procedures. Based on the available information, CRI does not believe that this documentation would substantively affect the findings and conclusions in this report.

Approach

Our engagement was conducted in accordance with the Statement on Standards for Forensic Services No. 1 (SSFS), applicable professional standards promulgated by the American Institute of Certified Public Accountants (AICPA) and the Code of Professional Standards of the Association of Certified Fraud Examiners (ACFE). The AICPA's SSFS does not specifically require or promote the use of certain methodologies, techniques, etc. for forensic engagements. This is due to the fact that no single standard can be extensive enough to consider all of the potential methodologies, techniques, etc. that could be applied to every forensic engagement.

Rather, this statement implements general standards that should be followed during a forensic engagement. These standards include that an AICPA member should have the professional competence to perform the engagement and exercise due professional care during the performance of the engagement. These standards were followed during the course of our engagement.

As indicated by the SSFS, "forensic accounting services generally involve the application of specialized knowledge and investigative skills by a member to collect, analyze, and evaluate certain evidential matter and to interpret and communicate findings." Due to the nature of the concerns involved, CRI was required by professional standards to conduct this engagement under SSFS. It should not be construed that attest standards (i.e., audit related engagements under the professional standards) would be more applicable to the subject engagement or yield a different/more reliable result. It should be noted that auditors conducting financial statement audits consider fraud, specifically as to whether it would result in a material misstatement of the financial statements.¹⁰ It is an organization's management that is responsible for the design, implementation of programs and controls to prevent, deter and detect fraud.¹¹ The SSFS requires that practitioners "obtain sufficient relevant data to afford a reasonable basis for conclusions or recommendations." CRI obtained such sufficient relevant data to support the basis for its conclusions and recommendations.

We confirm that the authors and other professional staff involved in preparing this report acted independently and objectively. The fees for this engagement were based on professional time expended. Our fees were not contingent upon the final results, conclusions or resolutions.

Using the data provided to us, we performed the procedures delineated below. We also applied various commonly used forensic data mining techniques to the provided data to identify trends, patterns, unallowable costs and findings in the data provided. These techniques and the identified trends/patterns/unallowable costs/findings are outlined below.

¹⁰ AU Section 316, *Consideration of Fraud in a Financial Statement Audit*.

¹¹ Ibid.

Expert Qualifications

Carr, Riggs & Ingram, LLC (CRI) is a regional certified public accounting and consulting firm with roots going back to 1972. Currently ranked among the top 25 public accounting firms in the United States, CRI is the South's largest regional firm. The CRI forensic team provides a spectrum of forensic and litigation services ranging from prevention to detection in response to fraud. The CRI forensic team includes members who have received forensic accounting designations from the most widely recognized forensic accounting associations. These designations include Certified Public Accountant, Certified Fraud Examiner and Certified in Financial Forensics.

Brent Sparkman, CPA, CFF, CITP

Brent Sparkman has over 27 years of experience in public accounting for non-profit and for-profit accounting, auditing and consulting services. Mr. Sparkman specializes in providing forensic and litigation support services involving white-collar crime, civil litigation and other related consulting services. Mr. Sparkman speaks regularly on leadership, professional coaching as well as various technical matters.

Mr. Sparkman is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Sparkman is also Certified in Financial Forensics. This forensic credential requires that the holders be certified public accountants and demonstrate considerable expertise in forensic accounting through their knowledge, skills and experience. A summary of Mr. Sparkman's résumé and qualifications are included in Appendix A of this report.

Ben Kincaid, CPA, CFE, CVA, CFF

Ben Kincaid has over 11 years of experience in public accounting and in providing a variety of forensic accounting services. These forensic accounting services include litigation support, financial fraud investigations, business valuations, lost profit calculations, etc. Mr. Kincaid has served as a consultant for several state, county and other local law enforcement agencies/governments and has served on the Florida Institute of Certified Public Accountant's Valuation, Forensic Accounting and Litigation Committee.

Additionally, Mr. Kincaid is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Kincaid has also received the Certified Fraud Examiner and Certified in Financial Forensics designations. These forensic accountant designations are considered to be the most valuable forensic certifications. Holders of these forensic accountant designations are required to demonstrate a high level of knowledge and competence within the field of forensic accounting. Mr. Kincaid is also a Certified Valuation Analyst, which is the most widely recognized business valuation credential. A summary of Mr. Kincaid's résumé and qualifications are included in Appendix A of this report.

Community Based Care of Brevard, Inc. Forensic Examination Report

Brian Manuel, CPA, CFE

Brian Manuel has over 15 years of experience in public accounting for non-profit, closely held businesses, and state and local governmental organizations. Mr. Manuel specializes in planning, supervising and conducting audits and forensic examinations for a variety of organizations. Mr. Manuel also serves as president of the Tallahassee chapter of the Association of Certified Fraud Examiners.

Mr. Manuel is a Certified Public Accountant, which is the premier designation in the accounting industry. The Certified Public Accountant license is regarded as a symbol that an accountant has mastered the vital elements of the accounting profession and is a high standard that is globally recognized as an assurance of skill, dedication and quality. Mr. Manuel has also received the Certified Fraud Examiner designation. This forensic accountant designation is considered to be one of the most valuable forensic certifications. Holders of this forensic accountant designation are required to demonstrate a high level of knowledge and competence within the field of forensic accounting. A summary of Mr. Manuel's résumé and qualifications are included in Appendix A of this report.

Summary of Procedures Performed

1. Reviewed the Community Based Care of Brevard, Inc.'s contract including any amendments with the Department.
2. Conducted interviews with the following key personnel within the Department to obtain an understanding of the community-based care lead agencies, the related contracts, operations, policies and procedures, etc.:
 - a. Barney Ray, Director of Revenue Management and Partner Compliance;
 - b. Annie Wang, Government Analyst;
 - c. Jessica Walker, Operations and Management Consultant;
 - d. Desmond Wilson, Operations and Management Consultant Manager; and,
 - e. Daniel Papka, Operations and Management Consultant III.
3. Conducted interviews with the following key personnel within Community Based Care of Brevard, Inc. and its related companies to obtain an understanding of its operations, books and records:
 - a. Phil Scarpelli, Chief Executive Officer, Brevard Family Partnership;
 - b. Donald Johnson, Chief Financial Officer, Brevard Family Partnership;
 - c. Christopher Goncalo, Director of Contracts and Compliance, Brevard Family Partnership;
 - d. Dan Rodgers, Board Chair, Brevard Family Partnership; and,
 - e. Eric Austin, Board Treasurer, Brevard Family Partnership.
4. Reviewed general ledgers and financial records and identified any accounting irregularities that are not in compliance with federal and state laws, rules, regulations and policies.
5. Analyzed budget reports, audited financial statements, Forms 990 and other representations and determined whether the period cost and accruals were fairly represented.

Community Based Care of Brevard, Inc. Forensic Examination Report

6. Analyzed administrative costs, intercompany and related party transactions for allowability and proper disclosure/representations.
7. Examined the allowability of compensation accruals and payments made to officers in comparison to federal requirements, state laws, rules and regulations, and Community Based Care of Brevard, Inc.'s policies and procedures.
8. Reviewed invoices submitted by Community Based Care of Brevard, Inc. and determined whether the invoices were adjusted to reflect differences between actual expenditures and amounts advanced by the Department.
9. Analyzed the Other Cost Accumulators (OCA) summary and detail reports and reconciled to the amount reported by OCA on the monthly actual expenditure report. Identified and resolved any differences.
10. Reviewed monthly actual expenditure reports submitted by Community Based Care of Brevard, Inc. and reconciled to the general ledger. Identified and resolved any differences.
11. Analyzed any deferred revenue (contract liabilities and refundable advances) to determine whether it represents funds received that have not been earned and whether it is properly maintained as a liability on the statement of financial position.

Source Documentation

We reviewed and relied upon the documentation listed in Appendix B of this report during our investigation. These documents included, but were not limited to, contracts, financial statements, general ledgers and payroll reports.

Finding 1

Contract Understanding

The Department entered into a five year contract, Contract GJ401 (Contract), with Brevard Family Partnership in or around July 2013. The Contract established Brevard Family Partnership as the provider or lead agency delivering a comprehensive array of family support, adoption, foster care and related services as defined in the relevant Florida Statutes to eligible children and families in Brevard County, Florida. The Contract has been amended 50 times through the most recent amendment, effective as of February 10, 2023. The Contract amendments primarily related to increases in the contract amount available to Brevard Family Partnership and subsequent renewals of the original Contract. The Contract and associated amendments document the scope of work and services to be provided by Brevard Family Partnership, the deliverables due to the Department during contract performance, the payment methodology and other special provisions as defined within the Contract and its amendments.

The clients to be served under the Contract are eligible children and families who are in need of family support services, safety management services, independent living services, adoption services and post-adoption services. Under the provisions of the Contract, Brevard Family Partnership will work with the Department to identify current services provided, needed services not presently provided, gaps in services being provided and the causes of the gaps, and work with the Department to develop and provide services to the children and families to be served.

Community Based Care of Brevard, Inc. Forensic Examination Report

The original contract amount for the five year term was \$106.49 million. As of February 10, 2023, the contract amount was amended and increased to \$294.45 million, which is an increase of \$187.96 million. The Contract is a combination of an advanced fixed price, fixed payment and cost reimbursement contract comprised of federal sources and a grant of state funds. Costs paid under another contract/source are not eligible for payment under the Contract. Fixed contract payments are made on a monthly basis. To mitigate financial risks to eligible lead agencies, a Community-Based Care Risk Pool (Risk Pool) was established by Florida Statutes. Lead agencies may petition for relief from the Risk Pool should factors outside a lead agency's control cause costs to rise and may impede the lead agency's ability to provide the contracted services.¹² Lead agencies may also receive "Back of the Bill" funding from the Florida Legislature.

Lead agencies, including Brevard Family Partnership, are required to be aware of and comply with all state and federal laws, rules and regulations related to the Contract. They must also maintain compliance with Title 2 Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards*.

Finding 2

Understanding of the Department's Operations and Policies and Procedures

The interviews with key Department staff related to the Contract provided us with an understanding of the administration of the community-based care (CBC) contracts by the Department and how the Department interacts with Brevard Family Partnership including training, resource development, performance reviews, financial reviews and program monitoring. The interviews also provided us with an understanding of the primary individuals within Brevard Family Partnership that represent it in communications and submission of deliverables to the Department.

The Department provided an overview of the GJ401 contract with Brevard Family Partnership. The Department also provided an overview of the Brevard Family Partnership operations. The Department indicated that Brevard Family Partnership is part of a "family of agencies" that include Family Allies, Inc. (Family Allies), Brevard C.A.R.E.S., Inc. (Brevard CARES), Brevard Family Partnership Foundation, Inc. (Foundation) and The National Center for Innovation & Excellence, Inc. (NCIE). The Department also noted one other related entity, Community Based Care Integrated Health, LLC (Integrated Health).

The Department's primary interaction with Brevard Family Partnership is during the monthly submission of the Contract invoice and Monthly Actual Expenditure Report. The Department reviews these monthly submissions and reconciles these documents to the Other Cost Accumulator (OCA) Summary and Detail Report, which contains the actual programmatic expenditures at the participant level managed within Florida Safe Families Network (FSFN). The Department also receives and reviews the program budget and cost allocation plan submitted by Brevard Family Partnership at the start of each fiscal year. At or around fiscal year-end, a final reconciliation of the administrative costs and actual expenditures incurred is performed by the Department. Annual desk reviews and periodic onsite monitoring every two to three years are performed by the Department based upon a risk assessment performed annually for all of the contracts managed by the Department.

¹² <https://www2.myflfamilies.com/service-programs/child-welfare/kids/publications/risk-pool-reports.shtml> (accessed April 26, 2023).

Community Based Care of Brevard, Inc. Forensic Examination Report

The Office of the Chief Inspector General (OIG) issued a report dated June 30, 2021 (CIG Number: 2021-01-25-0017) regarding certain organizations' executive compensation. This review arose from the Florida Coalition Against Domestic Violence, Inc. using "funds from the Department of Children and Families to subsidize exorbitant executive leadership team compensation payouts." Brevard Family Partnership was identified within the OIG report as having various related party relationships.

Finding 3

Understanding of Brevard Family of Agencies

The interviews provided us with an understanding of the Brevard "family of agencies" books, records and policies and procedures. The interviews also provided us an understanding of how Brevard Family Partnership conducts the CBC programs within the Contract scope and how it operates within the "family of agencies." Brevard Family Partnership operates within the aforementioned "family of agencies" that include Brevard CARES, NCIE and Family Allies. The Foundation also exists within the "family of agencies," but there was minimal or no activity during the review period per Management. Brevard Family Partnership also maintains an ownership interest in Integrated Health. A graphical depiction of the primary entities within the Brevard "family of agencies" is presented below.



With the exception of Integrated Health, these entities are Florida not-for-profit corporations designated as 501(c)(3) organizations under the Internal Revenue Code. Integrated Health is a for-profit, Florida limited liability company. The "family of agencies" maintain its books and records within Microsoft Dynamics, an accounting software. The books and records for the "family of agencies" are separated and tracked by utilizing specific company codes, cost centers, program codes, etc.

As non-profit organizations, Brevard Family Partnership, Brevard CARES, Family Allies, Foundation, and NCIE do not have members, shareholders, etc. However, Brevard Family Partnership consolidates its audited financial statements with Brevard CARES and NCIE. Brevard Family Partnership's audited financial statements refer to Brevard CARES and NCIE as financially interrelated affiliates and state that Brevard CARES and NCIE are under common control of Brevard Family Partnership. The audited financial statements for Family Allies primarily refer to Brevard Family Partnership as a pass-through agency.

Community Based Care of Brevard, Inc. Forensic Examination Report

The current structure of the Brevard “family of agencies” was developed over the years. Prior to 2009, only one organization was in operation, which was Brevard Family Partnership. In 2009, Brevard CARES was established as a wholly-owned subsidiary of Brevard Family Partnership. Per Management, Brevard CARES provides prevention related services to Brevard Family Partnership. In 2014, Brevard Family Partnership established NCIE to provide training related services. In 2017, Family Allies was established to provide case management services for Brevard Family Partnership. The current management of Brevard Family Partnership were not employed by the Brevard Family Partnership during the establishment of the current organizational structure and could only provide limited insight into the development of the current organizational structure.

Understanding of Brevard Family Partnership

Brevard Family Partnership functions as the parent/controlling organization for the other related entities, which include Brevard CARES, Family Allies, Foundation and NCIE. As previously indicated, Brevard Family Partnership serves as the lead agency for child welfare services in Brevard County, working to ensure the safety, permanency and well-being of children served by child welfare. The core programs provided by Brevard Family Partnership include, but may not be limited to, foster home licensing, diversion/family support services, out-of-home services (foster care), kinship services, youth services and adoption.

After the planning work is performed in conjunction with the Department that identifies the services needed by the applicable population, Brevard Family Partnership’s management determines the scope of services to be provided to meet the identified needs and seeks out providers to deliver the identified services. The majority of the CBC programs administered by Brevard Family Partnership are delivered through third-party or related-party providers/subcontractors, who have contracted directly with Brevard Family Partnership. Once a provider has been identified and contracted, Brevard Family Partnership will monitor the delivery of the contracted services to ensure the services meet the requirements established in the Contract between the Department and Brevard Family Partnership as well as the policies established by Brevard Family Partnership.

Brevard Family Partnership’s process to identify providers and vendors involves a formalized procurement process developed to comply with the Contract and applicable federal and state laws, regulations, etc. This procurement process includes multiple defined thresholds based on the size or type of services to be provided. The monitoring of sub-recipients/subcontractors providing services under executed client services contracts is also a required element of the administration of the Contract. The monitoring process approved by Brevard Family Partnership’s management includes performance of a risk assessment for each individual contract exceeding \$50,000 and performance of monitoring activities as deemed necessary utilizing Brevard Family Partnership’s risk management tool.

Related party services provided to Brevard Family Partnership by Family Allies include case management services. Related party services provided by Brevard CARES to Brevard Family Partnership include prevention-related services. Brevard Family Partnership also engages in other related party transactions with the aforementioned “family of agencies.” These related party services are discussed in further detail in Finding 6 of this report.

Understanding of Brevard CARES

Brevard CARES is a wholly-owned subsidiary of Brevard Family Partnership and was incorporated “to reduce the number of children entering the foster care system through abuse prevention.” Brevard CARES provides services funded via contributions, grants or related party contracts, including contracts with Brevard Family Partnership. Program services provided by Brevard CARES include a system of care involving family support services, safety management team, mobile response team, non-judicial in-home services and post-reunification support services.

Understanding of NCIE

NCIE provides research, training and technical assistance to the Brevard “family of agencies” as well as other CBC/non-profit providers. NCIE’s revenue is primarily generated from providing these services to third-party entities. A minimal amount of NCIE’s revenue is generated from the Brevard “family of agencies.”

Understanding of Foundation

The Foundation was incorporated in 2021 “to create opportunities that will transform the lives of foster children and youth so that they will develop into successful adults.” Per Management and the available documentation, there was no or minimal activities within the Foundation during the review period. As such, this entity was not analyzed further as part of this engagement.

Understanding of Family Allies

Family Allies was organized “for the benefit of, to perform the functions of, or to carry out the purposes of...Community Based Care of Brevard, Inc.” The sole member of Family Allies is Brevard Family Partnership. Family Allies receives substantially all of its funds via its contract with Brevard Family Partnership. Family Allies provides case management operations for families going through adoption or providing foster care through Brevard Family Partnership.

Understanding of Integrated Health

Integrated Health was organized to engage in the child welfare managed care business throughout Florida by managing the Medicaid services provided to children in Sunshine Health’s Child Welfare Specialty Plan (the Plan). Integrated Health is partially owned by Brevard Family Partnership through a 2% ownership interest. Integrated Health has contracted with the majority of the CBCs within Florida to obtain care coordination and enrollment services for eligible participants to the Plan.

Finding 4

Review of General Ledgers and Financial Records

We reviewed Brevard Family Partnerships' general ledgers and sampled various financial records for the review period. As outlined in the following sections of this report, the financial records were analyzed for compliance with federal and state laws, rules, regulations and policies.

Overview of Contract Procurement

Brevard Family Partnership is required by the Contract to implement procurement policies and procedures. These policies and procedures are to be current and reviewed at least annually for compliance. The procurement policies and procedures for the Brevard "family of agencies" were established by Brevard Family Partnership. Brevard Family Partnership periodically reviews and revises its procurement policies and procedures. Per its Procurement of Commodities or Contractual Services Policy, Brevard Family Partnership "procures commodities and/or services that are responsive to the needs of the children and families in care. Procurement of these items is in accordance with state and federal laws, and Department of Children and Families contract requirements, and [Brevard Family Partnership] policies and procedures as applicable."

The procurement policies and procedures establish a protocol of procedures for selecting agencies and individuals to provide goods and services related to community-based care, either directly to clients or to the Brevard "family of agencies." The procurement policies and procedures define several allowable procurement methods including: micro-purchases for goods/services less than \$10,000; small purchases for goods/services less than \$250,000; competitive proposals for contracts above \$250,000; and, non-competitive proposals for the contracting of goods/services not feasible under the other identified procurement methods. Non-competitive proposals for contracting of goods/services and exceptions to the approved procurement process are defined under the following categories: emergency purchases; single source purchases; Department authorized noncompetitive proposals; and, exempt services.

Contract Procurement for Non-Related Entities

A haphazard selection of seven non-related party sub-recipients and contractors receiving total payments during the review period in excess of \$100,000 from Brevard Family Partnership was made to determine Brevard Family Partnership's compliance with its procurement policies and procedures as well as federal and state laws, regulations, etc. As part of the sample selections, CRI requested the underlying contracts, cost price analyses, procurement records and documentation of management of the contracted activity related to the services received during the review period.

Management indicated that the majority of its vendors/providers had been working with Brevard Family Partnership for a number of years under long-standing agreements and it has not conducted a competitive procurement recently. Brevard Family Partnership primarily utilizes multi-year contracts for its vendors/providers. A summary of the sampled non-related parties and the corresponding results are presented in the below table.

Community Based Care of Brevard, Inc. Forensic Examination Report

Sampled Entities	Contract Type	Signed Contract	Invoices	Public Notice/ Solicitation	Budget/ Cost Price Analysis	Consideration of Multiple Applicants
IMPower, Inc.	Fixed Price	X		X	X	X
Coastal Behavioral Therapy, Inc.	Variable		X			
Yellow Umbrella, Inc.	Variable		X			
Brevard Behavioral Consultants, Inc.	Variable	X				
Angelfish Processing Services, Inc.	Variable	X		N/A		
Artemis, LLC	Variable	X		X		X
Eckerd Youth Alternatives, Inc.	Fixed Price/Variable		X			

CRI requested the underlying procurement documentation for the above entities. As identified in the above table, Brevard Family Partnership was unable to produce any invoice documentation for certain entities due to offsite archival of the invoices. Management requested copies of the archived invoices; however, these invoices were not provided/made available by the Department’s deadline to complete this engagement.

No documentation was provided regarding public notice/solicitation, a budget/cost price analysis or consideration of multiple applicants for Eckerd Youth Alternatives, Inc., Brevard Behavioral Consultants, Inc., Yellow Umbrella, Inc. or Coastal Behavioral Therapy, Inc. Per Management, the contracts for Yellow Umbrella, Inc., Brevard Behavioral Consultants, Inc. and Coastal Behavioral Therapy, Inc. are unit rate contracts, and the providers are not guaranteed a specific dollar amount per year. Management also indicated that these contracts were “not worth more than \$250,000 per year.” As such, Management did not believe that competitive solicitation was required for these contracts.

Federal and state procurement laws, regulations, etc. require that the procurement threshold evaluation be based on the contract value not the annual estimated costs. In other words, a three year contract with an estimated annual cost of \$100,000 (contract value of \$300,000) would still be subject to the competitive solicitation requirements even though the annual cost was less than \$250,000. Based on the foregoing information, certain Brevard Family Partnership contracts are not in compliance with federal and state procurement laws, regulations, etc. including, but not limited to, 2 CFR Part 200.320.

Contract Procurement for Related Entities

2 CFR Part 200.319 requires that “all procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and § 200.320.” This CFR section specifically indicates that “organizational conflicts of interest” may be considered a restriction on competition. This CFR section also states “noncompetitive procurements can only be awarded in accordance with §200.320(c).” 2 CFR Part 200.320(c) states that a “noncompetitive procurement can only be awarded if one or more of the following [5] circumstances apply:”

- 1) “The acquisition of property or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold...;
- 2) The item is available only from a single source;
- 3) The public exigency or emergency for the requirement will not permit a delay resulting from publicizing a competitive solicitation;

Community Based Care of Brevard, Inc. Forensic Examination Report

- 4) The Federal awarding agency or pass-through entity expressly authorizes a noncompetitive procurement in response to a written request from the non-Federal entity; or,
- 5) After solicitation of a number of sources, competition is determined inadequate.”

As previously indicated, Brevard Family Partnership contracts with two other related entities for certain services. Brevard CARES and Family Allies are considered subsidiaries/affiliates of Brevard Family Partnership due to its control over board of director appointments, common management, etc. 2 CFR Part 200.318 requires non-Federal entities with a parent, affiliate or subsidiary organization to maintain written standards of conduct covering organizational conflicts of interest. This CFR section further defines organizational conflicts of interest as follows: “because of relationship with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.” Based on the foregoing information as well as applicable federal and state laws, regulations, etc., 2 CFR Part 200.318 and the organizational conflicts of interest apply to Brevard Family Partnership and its related entities.

Brevard Family Partnership’s policies and procedures requires employees, officers, agents, etc. to disclose whether the selection, award or administration of a contract would involve a conflict of interest. Beyond the conflict of interest policies as they relate to related party transactions, it is unclear what other uniform and consistent policies have been established by Brevard Family Partnership for related party transactions. The procurement of these related entity contracts are discussed in the following sections of this report.

Contract Procurement for Related Entities – Family Allies

As previously indicated, Brevard Family Partnership contracted with Family Allies to provide case management services. Brevard Family Partnership and Family Allies entered into a contract effective July 1, 2017 for the aforementioned case management services. Approximately 10 amendments have occurred per Management. The contract is a cost-reimbursement contract. CRI requested procurement documentation reflecting Brevard Family Partnership’s compliance with its procurement policies and procedures. No such documentation was provided. Management stated that “agency contracts have not been procured.”

Management indicated that the Department has been aware of its structure and has not raised issues regarding the structure. No waivers to the competitive procurement process were approved by the Department or requested by Brevard Family Partnership. Although the Department has been aware of the related party contracts and approves the annual cost allocation plan, this “approval” does not meet the requirements of 2 CFR Part 200.318/319/320. As previously indicated, 2 CFR Part 200 provides for exceptions to the required competitive procurement process. The only potential applicable exceptions here relate to single source procurement and an *express* authorization from the Department for a noncompetitive procurement. The single source procurement and competitive procurement waiver would have to be completed for each new contract. Based on the foregoing information, Brevard Family Partnership did not follow its own procurement policies and procedures related to its contract with Family Allies, and the procurement of this contract does not comply with the applicable federal and state laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.318/319/320. During the review period, the amount of services provided by Family Allies not in compliance with the applicable federal and state laws, rules, regulations, etc. total \$9,648,420. The entire amount was charged to the Department’s Contract.

Contract Procurement for Related Entities – Brevard CARES

Brevard Family Partnership has contracted with Brevard CARES to provide prevention and case management services. Brevard Family Partnership and Brevard CARES entered into a contract effective July 1, 2016 for the aforementioned prevention and case management services. Approximately 13 amendments have occurred per Management. The contract is a cost-reimbursement contract. CRI requested procurement documentation reflecting Brevard Family Partnership's compliance with its procurement policies and procedures. No such documentation was provided. Management stated that "agency contracts have not been procured."

Management indicated that the Department has been aware of its structure and has not raised issues regarding the structure. No waivers to the competitive procurement process were approved by the Department or requested by Brevard Family Partnership. Although the Department has been aware of the related party contracts and approves the annual cost allocation plan, this "approval" does not meet the requirements of 2 CFR Part 200.318/319/320. As previously indicated, 2 CFR Part 200 provides for exceptions to the required competitive procurement process. The only potential applicable exceptions here relate to single source procurement and an *express* authorization from the Department for a noncompetitive procurement. The single source procurement and competitive procurement waiver would have to be completed for each new contract. Based on the foregoing information, Brevard Family Partnership did not follow its own procurement policies and procedures related to its contract with Brevard CARES, and the procurement of this contract does not comply with the applicable federal and state laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.318/319/320. During the review period, the amount of services provided by Brevard CARES not in compliance with the applicable federal and state laws, rules, regulations, etc. total \$4,381,333. The entire amount was charged to the Department's Contract.

Contract Procurement for Related Entities – NCIE

Management stated that there is no contract for services between NCIE and Brevard Family Partnership. Analysis of NCIE and Brevard Family Partnership's general ledgers reflected minimal intercompany revenues/expenditures. Purchases of NCIE's services by Brevard Family Partnership would not be subject to the competitive procurement process due to the nominal amount of expenditures.

Paycheck Protection Program Analysis – Brevard Family Partnership

On or around April 5, 2020, Brevard Family Partnership applied for a Paycheck Protection Program (PPP) loan under the rules/guidelines established by the U.S. Small Business Administration (SBA).¹³ Brevard Family Partnership was approved and issued a PPP loan totaling \$721,300 on or around April 17, 2020.¹⁴ On or around April 23, 2021, Brevard Family Partnership received forgiveness for the full PPP loan amount of \$721,300.¹⁵

¹³ Brevard Family Partnership Paycheck Protection Program, Borrower Application Form.

¹⁴ Brevard Family Partnership SBA Loan Note.

¹⁵ Brevard Family Partnership SBA Notice of PPP Forgiveness Payment.

Community Based Care of Brevard, Inc. Forensic Examination Report

The intended purpose of the PPP was to assist businesses and organizations in maintaining employment levels during the economic uncertainty caused by the Novel Coronavirus (COVID-19), which was characterized as a pandemic by the World Health Organization in March 2020.¹⁶ Loans issued under the PPP were designed to be forgiven if the loan recipient utilized the funds for payroll and other specific costs as well as met certain employee retention criteria.¹⁷

The majority of Brevard Family Partnership's activities are funded fully or in part by federal, state and/or local grants. The primary source of revenue for Brevard Family Partnership is its Contract with the Department, which represents 95% of its \$31.75 million reported revenue per Brevard Family Partnership's 2021 audited financial statements. Brevard Family Partnership's Contract with the Department is in part based on cost reimbursement, wherein Brevard Family Partnership must incur allowable costs to be allocated to the Contract and submitted for reimbursement. Costs offset by other funding sources are not allowed to be allocated to the Contract.¹⁸

Per Management, Brevard Family Partnership credited the entire PPP loan forgiveness to the Department Contract funds. This was confirmed via Brevard Family Partnership's general ledger details and other supporting documentation. Based on the foregoing information, the Department was appropriately credited for Brevard Family Partnership's PPP loan forgiveness.

Paycheck Protection Program Analysis – Family Allies and Brevard CARES

On or around April 8, 2020, Family Allies applied for a Paycheck Protection Program (PPP) loan under the rules/guidelines established by the U.S. Small Business Administration (SBA).¹⁹ Family Allies was approved and issued a PPP loan totaling \$838,700 on or around April 21, 2020.²⁰ On or around April 27, 2021, Family Allies received forgiveness for the full PPP loan amount of \$838,700.²¹

On or around April 8, 2020, Brevard CARES applied for a Paycheck Protection Program (PPP) loan under the rules/guidelines established by the U.S. Small Business Administration (SBA).²² Brevard CARES was approved and issued a PPP loan totaling \$400,895 on or around April 15, 2020.²³ On or around June 23, 2021, Brevard CARES received forgiveness for the full PPP loan amount of \$400,895.²⁴

Since Family Allies and Brevard CARES' revenues are exclusively or almost exclusively funded by the Contract via Brevard Family Partnership, CRI inquired whether Family Allies and Brevard CARES credited/reduced its invoices to Brevard Family Partnership (and thereby the Contract) for the PPP loan forgiveness as required. Management stated the following in regards to the lack of credit/reduction related to the PPP loan forgiveness:

¹⁶ <https://www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/first-draw-ppp-loan> (accessed July 25, 2023)

¹⁷ Ibid.

¹⁸ Contract GJ401, Section 3.

¹⁹ Family Allies Paycheck Protection Program, Borrower Application Form.

²⁰ Family Allies SBA Loan Note.

²¹ Family Allies SBA Notice of PPP Forgiveness Payment.

²² Brevard CARES Paycheck Protection Program, Borrower Application Form.

²³ Brevard CARES SBA Loan Note.

²⁴ Brevard CARES SBA Notice of PPP Forgiveness Payment.

Community Based Care of Brevard, Inc. Forensic Examination Report

“At that time (2020) there was little guidance regarding PPP funding, and BFP continued to make fixed rate contractual payments to CARES and Family Allies for the short period of time in which the PPP funding was expended. Those fixed rate contractual payments to CARES and Family Allies were included in our expenditure reporting to DCF during Fiscal Year 2020. As we finalized our audits at the end of Fiscal Year 2020, 2021, and 2022, we reached out to DCF to receive guidance and/or clearance to recognize that revenue as earned. Subsequently, in 2023, we were able to receive guidance from DCF that a portion of the revenue received from DCF was owed back, due to Brevard CARES and Family Allies utilization of PPP funding.”

CRI requested documentation regarding Brevard Family Partnership’s outreach to the Department on the PPP loan forgiveness for Brevard CARES and Family Allies. Due to archival and server space issues, Management was unable to locate the original correspondence with the Department. Management did provide documentation regarding its correspondence with the Department in March 2023 regarding the PPP loan forgiveness. Since Brevard CARES and Family Allies’ revenues were almost exclusively related to the Contract, the entire PPP loan forgiveness for both Brevard CARES and Family Allies should have been credited to Brevard Family Partnership and the Contract.

Per Management, their external auditors “kept the Family Allies and Brevard CARES PPP revenue designated as unearned revenue within our audited financial statements.” Based on analysis of the general ledgers for Brevard Family Partnership, Brevard CARES and Family Allies, the external auditor reduced Family Allies and Brevard CARES’ revenue in fiscal year 2019-2020 by the amount of the PPP loan forgiveness and classified it as a liability to Brevard Family Partnership. Brevard Family Partnership in turn recorded the amount of the PPP loan forgiveness as a receivable from Brevard CARES and Family Allies and increased the deferred revenue related to the Department (i.e., increased the Contract carryforward). Based on the foregoing information, it appears that the Department was ultimately credited the proper amounts for Brevard CARES and Family Allies’ PPP loan forgiveness.

Finding 5

Analysis of Financial Reports - Budgets

The Contract requires Brevard Family Partnership to prepare and submit an annual budget to the Department. The budgeted amount for each fiscal year must equal the contracted funds awarded to Brevard Family Partnership. If Contract amendments revise the contracted funds awarded to Family Partnership for the fiscal year, Brevard Family Partnership must submit a revised budget to the Department. The revised budget must also equal the revised contracted funds awarded to Brevard Family Partnership.

During the review period, two fiscal year budgets were prepared by Management and approved by Brevard Family Partnership’s Board of Directors. Brevard Family Partnership also submitted two fiscal year budgets for the Contract in conjunction with the annual cost allocation plan (CAP) to the Department. These budgets were obtained from Management and compared to documentation maintained by the Department. Both versions of the budgets reviewed contained sufficient detail to segregate the Contract activity from other programs conducted by the CBC. No discrepancies related to the Contract funds/expenditures were noted between the budgets.

Analysis of Financial Reports – Audited Financial Statements

During the review period, external audits were completed annually for Brevard Family Partnership by Moss, Krusick & Associates, LLC, who also completes the external audit of Family Allies. The audited financial statements of Brevard Family Partnership are prepared on a consolidated basis and include the operations of Brevard CARES and NCIE.

In the presentation of the audited financial statements of Brevard Family Partnership, the Contract with the Department is included within two separate disclosures, none of which present current financial information in a format that represents the contract-specific revenues or expenses for the respective fiscal year. The information disclosed related to the Contract with the Department include reference to the duration of the Contract, notation that future awards are conditional and contingent upon meeting requirements within the Contract and appropriations by the Florida Legislature, and notations that the Contract is a significant funding source.

The audited financial statements of Brevard Family Partnership as well as of Family Allies do not contain disclosures of the related party activities including receipts, expenditures, receivables and payables. Since the Department only receives the audited financial statements of Brevard Family Partnership, the lack of disclosure of the related party activities limits the Department's insight into these transactions. A related party note disclosure is a required element and should have been included in both Brevard Family Partnership and Family Allies' audited financial statements.

As previously indicated, Family Allies is not included in the consolidated financial statements of Brevard Family Partnership. The structure of Family Allies is similar to Brevard CARES, which is included in the consolidated financial statements of Brevard Family Partnership. Management was unaware of the reasoning behind the separate audited financial statements for Family Allies. CRI via Management inquired with the external auditors regarding the exclusion of Family Allies from the consolidated financial statements of Brevard Family Partnership. Per the external auditors, "Family Allies directors are nominated and then appointed by BFP and the Board of Directors. This does not meet the definition of control; accordingly, a separate audit and Uniform Guidance testing is required. If Family Allies by-laws are updated to meet the definition of control by BFP, the Family Allies would be required to also be consolidated."

Family Allies' Bylaws are similar to those of Brevard CARES including provisions regarding the membership and board of directors. The board of directors of Brevard Family Partnership appoint the board of directors for Family Allies. Each of the entities share common management including the chief executive officer, chief financial officer and chief operating officer. Thus, Brevard Family Partnership controls Family Allies and Family Allies should have been included in the consolidated financial statements.

Analysis of Financial Reports – Forms 990

Brevard Family Partnership's Forms 990, Return of Organization Exempt From Income Tax, were analyzed for the review period. The Forms 990 were prepared by Moss, Krusick & Associates, LLC, which also prepares the Forms 990 for the related entities (Family Allies, Brevard CARES and NCIE). Moss, Krusick & Associates, LLC also performs the annual financial statement audits and applicable single audits for the "family of agencies." The Forms 990 filed for Brevard Family Partnership contain

only the operating activities of Brevard Family Partnership, and no other entity activities are consolidated within the returns. Financial balances including assets, liabilities, revenues and expenses reconcile to the respective audited financial statements for each of the fiscal years within the review period.

Brevard Family Partnership did not pay its management above \$150,000 in fiscal year 2019-2020. As such, the Form 990, Schedule J that delineates the base, bonus & incentive, retirement, and nontaxable compensation/benefits for officers, directors, trustees, key employees and highest compensated employees was not completed. In fiscal year 2020-2021, Brevard Family Partnership's chief executive officer did receive compensation above the \$150,000 threshold, and a Form 990, Schedule J was properly completed. Executive officer compensation reported by the other related entities correspond to the reported compensation within Brevard Family Partnership's Form 990 for the review period. The executive officer compensation was also compared to the underlying payroll records. No discrepancies were noted. Form 990, Schedule R is utilized to report information/transactions between related organizations. Brevard Family Partnership properly reported the related parties as related tax-exempt organizations on its Forms 990, Schedule R filed during the review period.

Finding 6

Analysis of Administrative, Intercompany and Related Company Costs

As previously indicated, Brevard Family Partnership operates within the aforementioned "family of agencies" that include NCIE, Family Allies and Brevard CARES. Brevard Family Partnership functions as the lead agency/provider for the Contract and functions as the management entity within the "family of agencies." Family Allies provides case management services for Brevard Family Partnership, and Brevard CARES provides the prevention-related services. NCIE provides training related services to Brevard Family Partnership and other third parties. Integrated Health oversees the Medicaid managed care services.

The Brevard "family of agencies" share common policies and procedures, employees and various direct and indirect costs among the entities that comprise the "family of agencies." These shared costs include, but are not limited to, rent, utilities, executive management, finance, accounting, information technology, etc. Due to the nature of the shared costs, Brevard Family Partnership generally functions as the payer for these shared costs. The executive management team consisting of the CEO, CFO and COO are the same for each entity within the Brevard "family of agencies." The executive management team is employed directly and paid by Brevard Family Partnership, and their compensation costs are then allocated/charged to the applicable entities.

As previously indicated, the current structure of the Brevard "family of agencies" was developed over the years. Prior to 2009, only one organization was in operation, which was Brevard Family Partnership. The current management of Brevard Family Partnership were not employed by the Brevard Family Partnership during the establishment of the current organizational structure.

Analysis of Related Companies – Brevard CARES Activities

Brevard Family Partnership entered into an agreement with Brevard CARES for prevention services. The charges for these services are based on the costs incurred. Certain costs are allocated to Brevard CARES from the Brevard Family Partnership based on various metrics, and these same costs are essentially repaid by Brevard Family Partnership. Brevard CARES generated minimal surpluses during the review period, which appear to be generated from non-Contract funds. As delineated in Finding 4 of this report, the contract between Brevard CARES and Brevard Family Partnership was not competitively procured as required. Brevard Family Partnership did not conduct any market analysis to determine whether the rate/cost structure including the shared costs were comparable.

Analysis of Related Companies – Family Allies Activities

Brevard Family Partnership contracted with Family Allies to provide case management services. The charges for these services are based on the costs incurred. Certain costs are allocated to Family Allies from the Brevard Family Partnership based on various metrics, and these same costs are essentially repaid by Brevard Family Partnership. With the exception of fiscal year 2019-2020, Family Allies generated minimal surpluses during the review period. As delineated in Finding 4 of this report, the contract between Family Allies and Brevard Family Partnership was not competitively procured as required. Brevard Family Partnership did not conduct any market analysis to determine whether the rate/cost structure including the shared costs were comparable.

Analysis of Related Companies - Integrated Health Activities

Integrated Health has an agreement with Sunshine Health to help manage/coordinate the Medicaid services provided to eligible children within the Plan. Sunshine Health in turn is contracted with the Florida Agency for Health Care Administration to manage the Plan. Integrated Health's agreement with Sunshine Health is Integrated Health's sole source of revenue. The revenues are generated from managing/coordinating Medicaid services provided to children enrolled in the Plan. The primary sources of revenues are monthly capitation payments, which are per member per month fees. Integrated Health also receives certain variable consideration as provided under the agreement with Sunshine Health. The variable consideration is established for the purpose of sharing financial savings with Integrated Health for its assistance in helping Sunshine Health meet certain medical cost savings and quality goals.

Integrated Health represents 16 CBCs and is managed by Embrace Families, Inc.^{25, 26} Integrated Health subcontracts the management/coordination of the Medicaid services provided with the various CBC lead agencies throughout the State. Each CBC lead agency provides these services in their respective geographical areas. If a CBC lead agency loses its CBC lead agency designation, Integrated Health is required by Sunshine Health to terminate the subcontract with the applicable CBC.²⁷ Integrated Health is also required to make "every good faith effort to contract with the new designated lead agency CBC in the impacted area."²⁸ The CBC lead agencies are compensated in part by a per member per month fee for the eligible children enrolled in the Plan for their respective geographical regions.

²⁵ Vendor Agreement between Integrated Health and Sunshine Health dated December 12, 2016.

²⁶ The number of CBCs represented may change depending on the time period referenced.

²⁷ Vendor Agreement between Integrated Health and Sunshine Health dated December 12, 2016.

²⁸ Ibid.

Community Based Care of Brevard, Inc. Forensic Examination Report

Integrated Health has three classes of membership units (i.e., Class A, Class B and Class C). Each participating CBC lead agency owns Class C membership units in Integrated Health. These ownership interests generally range between 1% and 4% for each CBC lead agency. Family Partnership held a 2% ownership interest in Integrated Health in both fiscal years 2019-2020 and 2020-2021. The Class C membership appoints one of the five Board Managers.

The Class B membership units are held by Embrace Families, Inc. and consist of a 35% ownership interest in Integrated Health. Embrace Families, Inc. appoints two of the five Board Managers. The Class A membership units are held by Juno IH, LLC, a private-equity investment fund, and consist of the remaining 35% ownership interest. June IH, LLC also appoints two of the five Board Managers. Both Embrace Families, Inc. and June IH, LLC are classified as managing members of Integrated Health. Each member in Integrated Health is entitled to receive distributions from Integrated Health in proportion to their respective ownership interest.

As a participating CBC lead agency, Brevard Family Partnership receives revenue from Integrated Health. For the years ended June 30, 2020 and 2021, Brevard Family Partnership received \$186,261.00 and \$168,735.63 in revenue from Integrated Health, respectively. As a member of Integrated Health, Brevard Family Partnership also received \$20,000 and \$70,000 in distributions from Integrated Health during the years ended June 30, 2020 and 2021, respectively. Brevard Family Partnership considers both the revenues as well as the distributions to be unrestricted funds (i.e., non-State, non-Contract, etc. related funds).²⁹

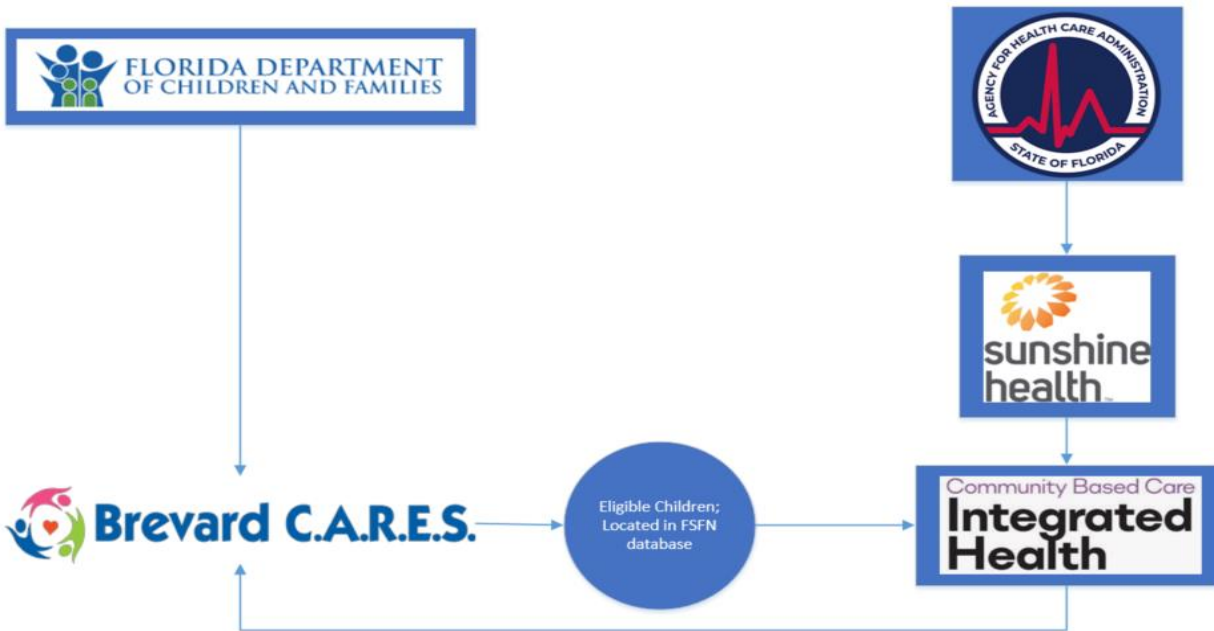
As outlined above, Brevard Family Partnership and the other CBC lead agencies have considered the funds generated via Integrated Health to be unrestricted/non-Contract funds. Per Exhibit II-C of the Child Welfare Specialty Plan dated February 1, 2018 as well as Management, the children that are eligible to participate in the Plan are the same children already serviced/being serviced by the CBC lead agencies under their respective contracts with the Department. Management indicated that they were not part of Brevard Family Partnership when the ownership interest in Integrated Health was acquired and did not know how the ownership interest was acquired. Sunshine Health's contract with the Florida Agency for Health Care Administration requires that it coordinate its services with the CBC lead agencies to ensure effective program coordination and no duplication of services.³⁰ Sunshine Health is also required to collaborate with the CBC lead agencies to facilitate obtaining medical and case plan information and records.³¹ Sunshine Health accomplishes coordination/collaboration with the CBC lead agencies through Integrated Health. As Sunshine Health's subcontractor, Integrated Health is further required to subcontract and work with the CBC lead agencies. An illustration of these relationships/contracts is presented below.

²⁹ It is important to note that unrestricted funds are funds that management/the Board of Directors can use for whatever purpose it deems appropriate.

³⁰ Exhibit II-C, Child Welfare Specialty Plan dated February 1, 2018.

³¹ Ibid.

Community Based Care of Brevard, Inc. Forensic Examination Report



Title 2 CFR 200.400 states that the “application of these cost principles is based on the fundamental premises that:...(g) The non-Federal entity may not earn or keep any profit resulting from Federal financial assistance, unless explicitly authorized by the terms and conditions of the Federal award.” Family Partnership’s Contract does not entitle it to earn/keep “profits” resulting from the Contract. Further, Section 14 of the Contract addresses intellectual property that may arise in relation to Brevard Family Partnership’s performance under the Contract. Specifically, Section 14 of the Contract states it “is agreed that all intellectual property, inventions, written or electronically created materials, including manuals, presentations, films, or other copyrightable materials, arising in relation to Provider’s performance under this Contract, and the performance of all of its officers, agents and subcontractors in relation to this Contract, are works for hire for the benefit of the Department, fully compensated by the Contract amount, and that neither the Provider nor any of its officers, agents nor subcontractors may claim any interest in any intellectual property rights accruing under or in connection with the performance of this Contract.” As evidenced by previously cited contracts/contract terms, it is more than likely that Brevard Family Partnership and the other CBC lead agencies’ ownership interests arose directly from their contracts with the Department. As the ownership interests arose outside of the review period and other contracts were in effect, CRI was not provided with all relevant contracts, documents, minutes, etc. related to the generation of the ownership interests in Integrated Health. As such, the ownership interests and the related generated revenue/distributions may be considered as arising from intellectual property related to their performance under contracts with the Department for which these organizations were fully compensated.

Title 2 CFR 200.307 states that “non-federal entities are encouraged to earn income to defray program costs where appropriate” including via program income. Program income is defined by 2 CFR 80.120 as “gross income received by the grantee or subgrantee and earned only as a result of the grant during the grant period.” Program income may include revenue from services performed

under a grant, sales of items produced under a grant, etc. As previously stated, Integrated Health was established to represent CBC lead agencies, and Integrated Health can only subcontract the coordination services with CBC lead agencies. In other words, if it were not for the contract with the Department, the CBC lead agency could not earn revenue from Integrated Health and could likely not hold an ownership interest in it. It is also likely that the ownership interests in Integrated Health and Integrated Health itself arose directly from the CBC lead agencies' contracts with the Department. It is unclear whether Department funds are indirectly utilized to help generate revenues under Integrated Health. Notably, one CBC lead agency in its application/proposal for Department risk pool funding stated that it proposed using the risk pool funds to "increase revenue through CBCIH [Integrated Health] plan enrollment for dependent children."³² Based on the foregoing information, the income/distributions arising from Integrated Health may be considered program income and should be utilized to offset the costs billed to the Department.

Due to its for-profit corporation status, transparency into Integrated Health, its operations and its financials is limited. Although Integrated Health represents the majority of the CBC lead agencies and the majority of its membership interest is owned by non-profit organizations (i.e., CBC lead agencies), disclosure of Integrated Health's financials is limited to the note disclosures of the various CBC lead agencies' audited financial statements. Brevard Family Partnership's audited financial statements do not have any note disclosures related to Integrated Health.

Finding 7

Analysis of Officer Compensation

As previously indicated, Brevard Family Partnership's officers/executive management include the CEO, COO and CFO. The executive management is employed directly by Brevard Family Partnership. The CEO's compensation is generally determined by the Brevard Family Partnership's Board of Directors. Brevard Family Partnership allocates a portion of executive management's compensation to its related entities. Per Management, due to their accounting system limitations, executive management's compensation is coded as administrative costs and allocated based on timesheets for fiscal year 2019-2020. Limited timesheets were available for our review. Management indicated that individual time allocations were not being performed on a regular basis. As such, the administrative costs were likely overstated in fiscal year 2019-2020 per Management.

Management indicated that the Department identified the higher administrative cost allocations for fiscal year 2019-2020. Management conducted a time study in fiscal year 2020-2021 and utilized this data to determine the appropriate allocation rates moving forward. It should be noted that Brevard Family Partnership and its related parties' primary source of funding is the Contract, and the costs incurred or allocated to the related parties are ultimately "repaid" by Brevard Family Partnership (and the Contract).

In Section 5 of the Contract, it states that Brevard Family Partnership "shall without exception be aware of and comply with all state and federal laws, rules and regulations relating to its performance under this Contract as they may be enacted or amended from time-to-time." As indicated by the Contract, its amendments and Brevard Family Partnership's audited financial statements, Brevard Family Partnership receives significant pass-through federal funding via the Contract. A large portion of these federal funds originated from the U.S. Department of Health and Human Services (HHS).

³² Children's Network of Hillsborough, LLC's Risk Pool Funding Application SFY 2022-2023.

Community Based Care of Brevard, Inc. Forensic Examination Report

Costs that are considered unallowable costs in accordance with federal cost principles, Uniform Guidance and other federal and state laws, rules and regulations cannot be charged to federal/state grant awards or federal pass-through grant awards. Unallowable costs would include direct salary costs in excess of salary cap limitations established by the respective federal and state laws, rules and/or regulations.

HHS established a salary cap limitation for its direct federal awards and federal pass-through grants. Brevard Family Partnership received federal pass-through grants (via the Department) from HHS. As a result, Brevard Family Partnership was required to comply with the applicable salary cap limitations for its salary allocations. The HHS salary cap limitation is separate and apart from the salary limitations established by Florida Statutes.

Per the applicable laws, rules and guidance (including the Consolidated Appropriations Acts), award funds from HHS may not be used to pay the salary, *or any percentage of salary*, to an individual at a rate in excess of the established salary cap. In other words, if an individual's salary exceeds the established salary cap, the payroll allocation percentage is based on the established salary cap amount not the individual's actual salary amount. For example, if the salary cap is \$150,000 and an individual's salary is \$300,000, the payroll allocation percentage is applied to the \$150,000 salary cap. In applying this limitation, base salary is utilized. Other federal cost principles and Uniform Guidance still apply. During the review period, no salaries exceeded the established salary cap.

In accordance with Florida Statute, 409.992(3), the Department has established limits to the administrative compensation that can be charged to the Contract. For both fiscal years within the review period, the annual administrative compensation limit was \$213,819. The administrative compensation limit includes base pay combined with bonus or incentive payments. The limit does not prevent any entity from providing additional compensation with non-State funds. During the review period, no salaries exceeded the established salary cap.

Finding 8

Invoice Analysis

Brevard Family Partnership submits monthly invoices to the Department based on a fixed-payment schedule detailed within the Contract as amended during the contract period. Ten invoices are submitted for the months of September through June for each fiscal year of the Contract. The June and August contract payments are initiated by the Department based on the Contract terms. Invoices are submitted for payment to the Department in conjunction with the monthly financial reporting packet required by the Department. For the ten invoices submitted during each of the 2021 and 2020 fiscal years, the amount invoiced agreed without exception to the fixed payment schedule within the Contract as amended.

Finding 9

Reporting Analysis

CRI obtained from the Department the monthly actual expenditure reports submitted by Brevard Family Partnership for the fiscal years ending June 30, 2020 and 2021. CRI also obtained from the Department the monthly OCA summary and detail reports for the fiscal years ending June 30, 2020 and 2021. CRI also obtained from Brevard Family Partnership the monthly reporting package submitted to the Department that includes the monthly actual expenditure reports. CRI verified that the monthly actual expenditure reports provided by the Department agreed to the monthly actual

expenditure reports provided by Brevard Family Partnership. After confirming the reporting retained by Management agreed to the reporting provided to the Department, we performed a review of the monthly expenditure report to the OCA summary for each month through use of the monthly FSFN to CBC expenditure reconciliation report. This report is prepared by Brevard Family Partnership and provided along with the monthly expenditure report to the Department as part of the monthly reporting package. This document is one of the main documents used by the Department in agreeing and reconciling Brevard Family Partnership's reporting to the monthly OCA and FSFN generated reports.

CRI reviewed the monthly expenditure reports, FSFN to CBC expenditure reconciliation report, and the monthly OCA summary and detail reports for each month within the review period. The analysis did not identify any unreconciled differences between the monthly expenditure reporting provided by the Department and Brevard Family Partnership, the monthly FSFN to CBC expenditure reconciliation report, and the monthly OCA summary and detail reports.

Finding 10

Analysis of Expenditure Reports

In conjunction with reconciling the monthly actual expenditure reports to the OCA summary and detail reports, CRI also analyzed and reconciled the monthly actual expenditure reports submitted by Brevard Family Partnership during the review period to Brevard Family Partnership's general ledger. The general ledger details were obtained from the Department's retained submission of the monthly financial reporting packet and from Brevard Family Partnership directly. This procedure was performed for each month within the review period. The analysis identified various monthly differences. However, these monthly differences were resolved in subsequent months or during the year-end reporting. As such, we did not identify any unreconciled differences between the monthly expenditure reporting prepared by Brevard Family Partnership and Brevard Family Partnership's general ledger.

Finding 11

Deferred Revenue Analysis

At times during performance of the Department's Contract, Brevard Family Partnership may expend less funds to deliver the contracted services than initially budgeted/contractually funded. This results in Brevard Family Partnership submitting invoices under the fixed fee billing arrangement in excess of actual contract expenses. This then leads to the recognition of these unexpended funds as deferred revenue. Within the provisions of the Department's Contract, following the end of any State fiscal year, the Department will identify the amount of unexpended state funds for each lead agency. The lead agency will document any unexpended Department funds (i.e., deferred revenue) from the prior fiscal year and submit a State Funds Carry Forward Report as a supplement to the CBC Monthly Actual Expenditure Report to account for those expenditures when requesting payment.

Brevard Family Partnership initiated the 2020 fiscal year with \$379,912 in deferred revenue (State fund carryforward), which originated under the Contract. During the review period, Brevard Family Partnership increased its deferred revenue and then expended a portion of the deferred revenue. As of June 30, 2021, Brevard Family Partnership deferred revenue totaled \$1,410,245. No discrepancies were noted. It should be notated that this analysis focuses on the deferred revenue as reported by Brevard Family Partnership. It does not consider the impact of the other findings within this report on deferred revenue.

Summarized Findings and Effects

A summary of the aforementioned findings and the related effects are presented below.

1. Non-Compliant Contract Procurement for Non-Related Entities

Finding: Within the sampled contract selection, Brevard Family Partnership entered into four contracts above the Simplified Acquisition threshold of \$250,000 where no competitive solicitation was conducted. Brevard Family Partnership incorrectly considered the Simple Acquisition threshold to apply on an annual value basis instead of a contract value basis. Thus, these contracts were not procured in compliance with federal and state procurement laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.320.

Effect: Brevard Family Partnership is not in compliance with its procurement policies and procedures and federal and state procurement laws, rules, regulations, etc. (including 2 CFR Part 200.320) for certain sub-recipients/contractors. The costs associated with these contracts may be considered unallowable expenditures.

2. Non-Competitive Procurement for Related Entities

Finding: Brevard Family Partnership did not engage in a competitive procurement process for its related party contracts including with Family Allies and Brevard CARES. No competitive procurement waivers were obtained from the Department for these contracts. Thus, Brevard Family Partnership did not comply with federal and state procurement laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.318/319/320 for its related party contracts.

Effect: Brevard Family Partnership is not in compliance with its procurement policies and federal/state procurement laws, rules, regulations, etc. (including 2 CFR Part 200.318/319/320) for its related party contracts. The costs associated with these contracts may be considered unallowable expenditures.

3. Inadequate Financial Statement Disclosure

Finding: Brevard Family Partnership's audited financial statements did not include a related party note disclosure, which is a required element. Family Allies, Inc. was not consolidated with the Brevard Family Partnership's audited financial statements as required.

Effect: This lack of disclosure limits the Department's insights into Brevard Family Partnership's operations and its related party transactions.

4. Consideration of Integrated Health Funds as Intellectual Property and/or Program Income

Finding: Brevard Family Partnership's ownership interest in Integrated Health appears to have arisen directly due to Brevard Family Partnership's Contract with the Department and may be considered as intellectual property (Contract Section 14) or program income (2 CFR 80.120). As the ownership interest arose outside of the review period and other contracts were in effect, CRI was not provided with all relevant contracts, documents, minutes, etc. related to the generation of the ownership interest in Integrated Health. As such, the ownership interests and related generated revenue/distributions may be considered as arising from intellectual property and/or program income directly related to performance under the Contract for which Brevard Family Partnership was fully compensated.

Effect: The revenues/distributions from Integrated Health may be considered Contract-related funds and subject to federal and state requirements. These revenues/distributions may also be required to offset Contract funds.

Conclusion

Based upon the foregoing information, the Brevard “family of agencies” has substantial related party transactions. These related party transactions were related to cost reimbursement contracts and did not result in substantial net assets accruing to the related entities. The related party transactions were not competitively procured in accordance with Brevard Family Partnership’s policies and procedures as well as federal and state procurement laws, rules, regulations, etc. including, but not limited to, 2 CFR Part 200.318/319/320. These transactions totaled over \$14 million in expenditures billed to the Contract during the review period. These expenditures may be considered unallowable costs. Additional non-related party contracts were identified as not being competitively procured.

Certain required related party disclosures and consolidations of Brevard Family Partnership’s audited financial statements were not completed. This may impact the Department’s understanding of the nature and extent of the related party transaction. The Department should consider further investigating to determine whether or not the Integrated Health revenues/distributions are Contract related, subject to federal and state requirements and offset Contract funds.

Supplementary Information

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information

Schedule A - Historical Statements of Financial Position for Brevard Family Partnership

For the fiscal years ending June 30,	2020	2021	2022
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 1,898,681	\$ 1,420,889	\$ 757,970
Grants and Contracts Receivable	34,261	635,160	606,437
Due From DCF	-	-	957,415
Due From Affiliate	952,264	655,770	1,149,268
Due From Foundation	-	935	10,746
Due From Family Allies	1,018,138	1,215,811	1,205,551
Prepaid Expenses and Other Current Assets	61,636	109,206	119,703
Total Current Assets	\$ 3,964,980	\$ 4,037,771	\$ 4,807,090
Other Assets			
Investments	\$ 157,512	\$ 179,351	161,327
Property and Equipment, Net	129,867	484,245	521,568
Deposits	-	53,300	53,300
Total Other Assets	\$ 287,379	\$ 716,896	\$ 736,195
Total Assets	\$ 4,252,359	\$ 4,754,667	\$ 5,543,285
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 1,095,019	\$ 2,086,376	\$ 2,893,613
Accrued Expenses	517,801	656,691	591,190
Refundable Advances	2,373,750	1,410,245	1,960,985
Due To Affiliate	114,810	-	-
Total Liabilities	\$ 4,101,380	\$ 4,153,312	\$ 5,445,788
Net Assets			
Without Donor Restrictions			
Operating Income	\$ (48,295)	\$ 96,247	\$ (443,025)
Invested in Capital Assets	129,867	484,245	521,568
With Donor Restrictions	69,407	20,863	18,954
Total Net Assets	\$ 150,979	\$ 601,355	\$ 97,497
Total Liabilities and Net Assets	\$ 4,252,359	\$ 4,754,667	\$ 5,543,285

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information

Schedule B - Historical Statements of Activities for Brevard Family Partnership

For the fiscal years ending June 30,	2020	2021	2022
Revenue and Support			
Contracts, Grants and Contributions from Government Agencies	\$ 25,407,116	\$ 30,962,318	\$ 34,245,780
Contracts, Grants and Contributions from Other Agencies	29,267	212,325	249,476
Contributions - In-kind Services	-	109,919	461,385
Contributions - Cash	69,640	56,902	51,945
Contributions - In-kind Gifts and Incidental	60,900	174,032	361,140
Contributions - PPP	721,300	-	-
Interest Income	2,830	2,434	2,903
Miscellaneous Income	281,568	232,001	-
Total Revenue and Support	\$ 26,572,621	\$ 31,749,931	\$ 35,372,629
Expenses			
Accounting Fees	\$ 71,465	\$ 85,026	\$ 30,075
Adoption	5,706,606	6,190,809	6,903,910
Agency Fundraising	3,948	3,441	205
Bank Charges	10,007	10,655	9,056
BFP Support Unit Expense	-	-	724,139
Business Meetings	3,309	2,246	4,366
Cares Support Unit Expense	-	-	7,220
Communication Services	25,043	39,325	97,273
Community Training/Conference	34,546	69,974	33,216
Depreciation	44,255	46,039	106,207
Drug, Fingerprinting and Background	95,765	102,477	95,438
Employee Activities	5,833	17,624	39,147
Employment Advertising	-	-	521
Equipment Maintenance	18,246	15,908	14,272
Expendable Furniture	80,360	133,823	77,900
File Retrieval/Storage	34,176	40,336	49,667
Independent living	614,913	596,274	731,038
In-kind and Donations	61,325	283,951	822,525
Insurance	254,699	265,758	275,390
IT Expenses	360,312	282,896	237,875
Leased Equipment	24,466	39,102	37,393
Legal Fees	13,878	5,722	5,840
Licenses and Accreditation	34,134	91,234	157,948
Management Fees - ML	1,021	1,112	1,915
Membership and Dues Fees	42,372	45,230	37,769
Occupancy	745,436	795,269	1,042,836
Out of Home	5,046,183	6,035,506	7,741,171
Paper	7,452	3,855	2,780
Postage & Delivery	5,101	6,553	5,348
Printing and Reproduction	8,708	5,406	5,500
Professional and Consulting	17,724	129,609	145,319
Public Relations	4,111	3,886	18,718
Publications and Subscriptions	9,652	36,823	19,836
Purchased Services	8,262,430	10,028,144	10,795,747
Salaries and benefits	4,628,815	5,636,169	5,431,953
Staff Training/Conference	20,578	68,459	35,101
Supplies	98,542	142,921	39,595
Telephone	17,161	11,446	38,073
Travel	94,532	26,547	54,205
Total Expenses	\$ 26,507,104	\$ 31,299,555	\$ 35,876,487
Change in Net Assets	\$ 65,517	\$ 450,376	\$ (503,858)

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Schedule C - Historical Statements of Financial Position for Brevard C.A.R.E.S., Inc.

For the fiscal years ending June 30,	2020	2021	2022
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 887,986	\$ 533,623	\$ 780,671
Grants and Contracts Receivable	309,352	611,675	1,034,892
Due From Affiliate	2,056	767	1,256
Due From Family Allies	1,058	-	-
Due From Parent	92,166	-	-
Prepaid Expenses and Other Current Assets	24,389	6,980	7,716
Total Current Assets	\$ 1,317,007	\$ 1,153,045	\$ 1,824,535
Total Assets	\$ 1,317,007	\$ 1,153,045	\$ 1,824,535
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ -	\$ 6,177	\$ 12,873
Accrued Expenses	189,184	233,342	383,078
Due To Family Allies	-	277	-
Due To Parent	721,681	462,573	934,372
Total Liabilities	\$ 910,865	\$ 702,369	\$ 1,330,323
Net Assets			
Without Donor Restrictions			
Operating Income	\$ 406,142	\$ 450,676	\$ 494,212
Total Net Assets	\$ 406,142	\$ 450,676	\$ 494,212
Total Liabilities and Net Assets	\$ 1,317,007	\$ 1,153,045	\$ 1,824,535

See Forensic Examination Report.

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Schedule D - Historical Statements of Activities for Brevard C.A.R.E.S., Inc.

For the fiscal years ending June 30,	2020	2021	2022
Revenue and Support			
Contracts, Grants and Contributions from Government Agencies	\$ 1,820,377	\$ 2,560,956	\$ 2,649,458
Contributions - In-kind Services	1,190	6,226	-
Contributions - Cash	12,825	1,693	2,581
Contributions - In-kind Gifts and Incidental	100	43,499	35,300
Contributions - PPP	409,500	-	-
Interest Income	347	57	49
Miscellaneous Income	490,738	412,791	1,075,547
Total Revenue and Support	\$ 2,735,077	\$ 3,025,222	\$ 3,762,935
Expenses			
Accounting Fees	\$ 169	\$ 7,282	\$ 1,799
Agency Fundraising	5,706,606	325	228
Bank Charges	1,093	593	393
Business Meetings	2,645	215	847
Communication Services	2,184	6,141	15,016
Community Training/Conference	2,335	1,815	7,007
Drug, Fingerprinting and Background	3,961	377	7,343
Employee Activities	3,745	2,974	6,307
Equipment Maintenance	1,120	27	-
Expendable Furniture	-	8,181	5,858
File Retrieval/Storage	4,442	3,924	4,286
In-kind and Donations	1,290	49,725	35,300
Insurance	3,025	3,028	179
IT Expenses	2,283	15,097	1,652
Leased Equipment	5,756	5,675	6,294
Legal Fees	316	16,872	3,380
Licenses and Accreditation	60,107	78,794	14,275
Membership and Dues Fees	3,716	10,459	10,764
Occupancy	73,332	85,013	105,194
Out of Home	41	-	-
Paper	888	619	1,033
Postage & Delivery	803	383	98
Printing and Reproduction	4,788	2,549	3,939
Professional and Consulting	106	9,575	-
Public Relations	-	4,332	-
Publications and Subscriptions	1,382	8,613	629
Purchased Services	51,376	64,240	160,240
Salaries and benefits	2,297,606	2,454,349	3,167,368
Staff Training/Conference	22,259	12,234	21,503
Supplies	11,433	7,199	22,139
Telephone	24,277	28,875	29,399
Travel	103,169	91,203	86,929
Total Expenses	\$ 8,396,253	\$ 2,980,688	\$ 3,719,399
Change in Net Assets	\$ (5,661,176)	\$ 44,534	\$ 43,536

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Schedule E - Historical Statements of Financial Position for NCIE

For the fiscal years ending June 30,	2020	2021	2022
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 53,088	\$ 251,488	\$ 53,004
Grants and Contracts Receivable	6,875	130,759	291,885
Due From Parent	8,285	-	-
Due From Family Allies	-	-	198,578
Prepaid Expenses and Other Current Assets	3,895	1,265	2,587
Total Current Assets	\$ 72,143	\$ 383,512	\$ 546,054
Total Assets	\$ 72,143	\$ 383,512	\$ 546,054
Liabilities and Net Assets			
Liabilities			
Accrued Expenses	\$ -	\$ 106,670	\$ 187,319
Refundable Advances	-	-	750
Due To Affiliate	2,056	767	1,256
Due To Parent	216,224	193,197	214,896
Due To Family Allies	222	1,192	-
Total Liabilities	\$ 218,502	\$ 301,826	\$ 404,221
Net Assets			
Without Donor Restrictions			
Operating Income	\$ (146,359)	\$ 81,686	\$ 141,833
Total Net Assets	\$ (146,359)	\$ 81,686	\$ 141,833
Total Liabilities and Net Assets	\$ 72,143	\$ 383,512	\$ 546,054

See Forensic Examination Report.

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Schedule F - Historical Statements of Activities for NCIE

For the fiscal years ending June 30,	2020	2021	2022
Revenue and Support			
Contributions - In-kind Services	\$ -	\$ 1,200	\$ -
Contributions - Cash	209,195	-	-
Contributions - In-kind Gifts and Incidental	-	105	-
Miscellaneous Income	-	476,525	820,000
Total Revenue and Support	\$ 209,195	\$ 477,830	\$ 820,000
Expenses			
Accounting Fees	\$ -	\$ 4,347	\$ 471
Agency Fundraising	300	225	190
Bank Charges	72	1,738	592
Business Meetings	20	831	1,250
Communication Services	-	1,508	14,201
Community Training/Conference	13,635	4,284	5,431
Drug, Fingerprinting and Background	-	-	1,852
Employee Activities	49	324	4,591
Expendable Furniture	-	3,692	7,233
In-kind and Donations	-	1,305	-
Insurance	1,801	2,460	42
IT Expenses	950	24,832	8,768
Leased Equipment	-	1,288	6
Legal Fees	1,035	120	10,818
Licenses and Accreditation	1,100	6,857	2,234
Membership and Dues Fees	-	325	236
NCIE Support Unit Expense	51,494	119,472	2,502
Occupancy	-	803	8,558
Paper	48	89	61
Postage & Delivery	120	509	332
Printing and Reproduction	86	54	1,296
Professional and Consulting	93,398	21,818	27,666
Public Relations	-	656	3,390
Publications and Subscriptions	598	6,364	5,217
Purchased Services	1,600	1,930	50,204
Salaries and benefits	53,380	12,880	581,673
Staff Training/Conference	234	715	4,379
Supplies	2,292	20,841	5,446
Telephone	-	63	-
Travel	8,875	9,455	11,214
Total Expenses	\$ 5,937,693	\$ 249,785	\$ 759,853
Change in Net Assets	\$ (5,728,498)	\$ 228,045	\$ 60,147

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Schedule G - Historical Statements of Financial Position for Family Allies, Inc.

For the fiscal years ending June 30,	2020	2021	2022
Assets			
Current Assets			
Cash and Cash Equivalents	\$ 1,524,603	\$ 828,194	\$ 713,868
Grants Receivable	35,156	982,342	1,328,850
Prepaid Expenses and Other Current Assets	1,790	5,668	10,170
Total Current Assets	\$ 1,561,549	\$ 1,816,204	\$ 2,052,888
Total Assets	\$ 7,268,155	\$ 1,816,204	\$ 2,052,888
Liabilities and Net Assets			
Liabilities			
Accounts Payable	\$ 9,410	\$ 5,232	\$ 60,461
Accrued Payroll	206,040	232,906	80,357
Accrued Compensated Absences	129,411	177,606	314,007
Accounts Payable to BFP and Affiliates	1,018,974	1,214,342	1,404,129
Other Liabilities	1,525	1,850	9,307
Total Liabilities	\$ 1,365,360	\$ 1,631,936	\$ 1,868,261
Net Assets			
Without Donor Restrictions	\$ 196,189	\$ 184,268	\$ 184,627
Total Net Assets	\$ 196,189	\$ 184,268	\$ 184,627
Total Liabilities and Net Assets	\$ 1,561,549	\$ 1,816,204	\$ 2,052,888

See Forensic Examination Report.

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Schedule H - Historical Statements of Activities for Family Allies, Inc.

For the fiscal years ending June 30,	2020	2021	2022
Revenue and Support			
Grants	\$ 2,030,829	\$ 2,158,594	\$ 2,401,165
State Matching Funds for Federal Grant	2,464,181	2,965,422	3,069,027
Contributions	838,700	-	-
In-kind Donations	532,234	551,167	590,328
Other Income	29,394	400	2,079
Interest/Dividend Income	638	192	302
Total Revenue and Support	\$ 5,895,976	\$ 5,675,775	\$ 6,062,901
Expenses			
Adoption	\$ 75	\$ -	\$ -
Expendable Furniture	-	21,823	4,442
FA Ancillary	63,029	89,160	146,896
Family Allies Support Unit Expense	-	-	60,461
Foster Recruitment	5,706,606	-	-
In-kind Expenses	532,234	551,167	590,328
Independent Living	290	-	-
Insurance Expense	60,703	58,336	-
Leased Equipment	-	454	653
Other Expenses	44,428	63,196	81,640
Postage Fees	7,941	11,836	7,405
Professional Fees	41,116	27,738	30,103
Salaries and Benefits	4,542,562	4,588,558	4,817,709
Telephone Expenses	65,727	64,077	75,276
Travel	293,360	211,351	247,629
Total Expenses	\$ 11,358,071	\$ 5,687,696	\$ 6,062,542
Change in Net Assets	\$ (5,462,095)	\$ (11,921)	\$ 359

See Forensic Examination Report.

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Appendix A – Expert Qualifications



Ben Kincaid, CPA, CFE, CFF, CVA
Partner in the Forensic Accounting & Dispute Services Line
(850) 837-3141 phone | BKincaid@CRIcpa.com

Experience

Known for his data analytics and translating the data into defensible, investigative results, Ben Kincaid has over 11 years of experience in providing forensic accounting, litigation support and business valuation services across CRI's footprint. These services have included investigating compliance, employee malfeasance, hidden asset schemes, breach of contract claims, business interruption losses, economic damages, due diligence and valuation disputes. Ben has provided these services to a wide range of clients and industries; such as, state, county and local governments as well as private companies, non-profit organizations and publicly traded companies.

Ben speaks regularly on the topics of fraud prevention, fraud detection and business valuations. Ben has also worked with various law firms and law enforcement on civil and criminal matters and presented findings to various law enforcement agencies including the FBI, FDLE, DOJ and GBI. Ben also provides expert witness services and has qualified as an expert witness in various state courts. Ben is a graduate from Pensacola Christian College with a Bachelor of Science Degree in Business with a double concentration in Accounting and Finance. Ben served on the FICPA's Valuation, Forensic Accounting and Litigation Committee.

Education, Licenses & Certifications

- BS, Business, Pensacola Christian College
- Certified Public Accountant (CPA) – Indiana and Florida
- Certified Fraud Examiner (CFE)
- Certified Valuation Analyst (CVA)
- Certified in Financial Forensics (CFF)

Professional Affiliations/Awards

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- Association of Certified Fraud Examiners (ACFE)
- National Association of Certified Valuators and Analysts (NACVA)
- 2021 AICPA Forensic and Valuation Services Standing Ovation Award Recipient

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Appendix A – Expert Qualifications



Brent Sparkman, CPA, CFE, CITP
Partner in the Forensic Accounting & Dispute Services Line
(850) 878-8777 phone | BSparkman@CRLcpa.com

Experience

Brent has over 27 years of experience in public accounting with concentrations in non-profit and for-profit accounting, auditing, tax and consulting. Brent is an audit and consulting partner, forensic and IT specialist within the Tallahassee practice unit. Brent has specific training and expertise in forensic accounting, litigation support and expert witness testimony. Brent is also Certified in Financial Forensics (CFF) by the American Institute of Certified Public Accountants (AICPA). Brent has served as a consultant for numerous for-profit and non-profit organizations as well as State and local Governments.

He has investigated numerous white-collar crimes, fraud and embezzlement cases. Additionally, he has served as a consultant for numerous for profit and non- profit organizations, as well as State and local Governments related to forensic matters.

Brent is also certified by the AICPA as a Certified IT Professional (CITP) and has specialized training in IT general controls related to financial reporting. His experience includes financial statement and compliance audits of state and local governmental entities, non-profit organizations, and for-profit businesses. Brent oversees IT general controls assessment and testing for the Tallahassee audit practice. Brent is also a regular speaker on leadership, professional coaching and various technical matters. Brent is a trained continuing professional education (CPE) instructor and annually teaches courses to hundreds of professionals in related industry.

In 2020, Brent was appointed to the State Of Florida Board of Accountancy by Governor Ron DeSantis, responsible for the examination, licensure, and regulation of over 35,000 CPAs and over 5,600 accounting firms.

Education, Licenses & Certifications

- BS, Accounting, Florida State University
- BS, Finance, Florida State University
- Certified Public Accountant – Florida
- Certified in Financial Forensics (CFF)
- Certified Information Technology Professional (CITP)

Professional Affiliations

- American Institute of Certified Public Accountants
- Florida Institute of Certified Public Accountants
- Information Systems Audit and Control Association
- State of Florida Board of Accountancy, Board Member - Active

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Appendix A – Expert Qualifications



Brian Manuel, CPA, CFE

Manager in the Forensic Accounting & Dispute Services Line
(850) 878-8777 phone

BManuel@CRlcpa.com

Experience

Brian is a CPA in the audit and forensic department of Tallahassee office of Carr, Riggs & Ingram, LLC. He has over 15 years of experience providing tax and assurance services for closely held businesses, non-profit organizations, municipalities and state agencies. Brian currently serves as a manager at CRI in planning, supervising, and conducting audits and forensic examinations of governmental, not-for-profit, and local for-profit entities. Brian has extensive experience with audits of local governments, cities and municipalities ranging from cities with a few thousand residents to the serving as manager of the audits of the City of Jacksonville and City of Tallahassee. Brian has accumulated substantial experience through his career in internal control and compliance monitoring and auditing under Federal Acquisition Regulation (FAR), OMB Uniform Guidance, the North Carolina statues over single audits, and the Florida Single Audit Act.

Brian received his Bachelors of Science and Master of Accounting degrees from Appalachian State University in North Carolina. Brian is a member of the American Institute of Certified Public Accountants (AICPA), the Florida Institute of Certified Public Accountants (FICPA), and the North Carolina Association of Certified Public Accountants (NCACPA). Brian serves as the president of the Tallahassee chapter of the Association of Certified Fraud Examiners (ACFE). Brian also serves on the Board of Directors of 2-1-1 Big Bend a community services information and crisis hotline and the Tallahassee based Board of Directors of the Boy Scouts of America.

Education, Licenses & Certifications

- BSBA, Accounting, Appalachian State University
- MS, Accounting, Appalachian State University
- Certified Public Accountant (CPA) – North Carolina and Florida
- Certified Fraud Examiner (CFE)

Professional Affiliations/Awards

- American Institute of Certified Public Accountants (AICPA)
- Florida Institute of Certified Public Accountants (FICPA)
- North Carolina Association of Certified Public Accountants (NCACPA)
- Association of Certified Fraud Examiners (ACFE)

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Appendix B – Source Documentation

We reviewed and relied upon the following documentation during our investigation:

- Contract and related amendments between the Department and Family Partnership;
- Brevard Family Partnership Funding Profile provided by the Department;
- Applicable Florida Safe Families Network data;
- 2019-20 CBC Desk Review Financial Monitoring Report, prepared by the Department's Office of CBC/ME Financial Accountability;
- 2020-21 CBC Desk Review Financial Monitoring Report, prepared by the Department's Office of CBC/ME Financial Accountability;
- 2020-21 CBC On-Site Review Financial Monitoring Report, prepared by the Department's Office of CBC/ME Financial Accountability;
- Brevard Family Partnership Articles of Incorporation;
- Brevard Family Partnership Bylaws as amended and restated;
- Brevard Family Partnership Policies and Procedures;
- Brevard Family Partnership Employee Handbooks;
- Brevard Family Partnership Board of Director Rosters;
- Brevard Family Partnership Board of Director Meeting Minutes;
- Brevard Family Partnership Cost Allocation Plans for fiscal years 2020 and 2021;
- Brevard Family Partnership Consolidated Financial Statements audited by Moss, Krusick & Associates, LLC for the fiscal years ending June 30, 2020 through 2022;
- Brevard Family Partnership Forms 990 for the fiscal years ending June 30, 2020 and 2021 prepared by Moss, Krusick & Associates, LLC;
- Brevard Family Partnership General Ledger Detail Report for the fiscal years ending June 30, 2020 and 2021;
- Brevard Family Partnership Budgets for fiscal years 2020 and 2021;
- Brevard Family Partnership Monthly Submission Reports and Data to the Department for fiscal years 2020 and 2021;
- Brevard Family Partnership Selected Procurement, Monitoring and Invoice Data for fiscal years 2020 and 2021;
- Brevard Family Partnership Payroll Reports for the fiscal years ending June 30, 2020 and 2021;
- Brevard Family Partnership Trial Balance Reports prepared by management for the fiscal years ending June 30, 2020 and 2021;
- Brevard Family Partnership's Paycheck Protection Program Loan and Forgiveness Applications;
- Invoices and related supporting documentation for related party expenditures including management fees;
- Family Allies Articles of Incorporation;
- Family Allies Bylaws as amended and restated;
- Service Contract between Brevard Family Partnership and Family Allies;
- Family Allies Board of Director Meeting Minutes;
- Family Allies Financial Statements audited by Moss, Krusick & Associates, LLC for the fiscal years ending June 30, 2020 through 2022;
- Family Allies Forms 990 for the fiscal years ending June 30, 2020 and 2021 prepared by Moss Krusick & Associates, LLC;

Community Based Care of Brevard, Inc.
Forensic Examination Supplementary Information
Appendix B – Source Documentation

- Family Allies Trial Balance Reports prepared by management for the fiscal years ending June 30, 2020 and 2021;
- Family Allies General Ledger Detail Report for the fiscal years ending June 30, 2020 and 2021;
- Family Allies Paycheck Protection Program Loan and Forgiveness Applications;
- Service Contract between Brevard Family Partnership and Brevard CARES;
- Brevard CARES Articles of Incorporation;
- Brevard CARES Bylaws as amended and restated;
- Brevard CARES Board of Director Meeting Minutes;
- Brevard CARES Forms 990 for the fiscal years ending June 30, 2020 and 2021 prepared by Moss Krusick & Associates, LLC;
- Brevard CARES General Ledger Detail Report for the fiscal years ending June 30, 2020 and 2021;
- Brevard CARES Paycheck Protection Program Loan and Forgiveness Applications;
- NCIE Articles of Incorporation;
- NCIE Bylaws as amended and restated;
- NCIE Board of Director Meeting Minutes;
- NCIE Forms 990 for the fiscal years ending June 30, 2020 and 2021 prepared by Moss Krusick & Associates, LLC;
- NCIE General Ledger Detail Report for the fiscal years ending June 30, 2020 and 2021;
- Data Compilation and Statutory Compensation Limit Review (CIG Number 2021-01-25-0017) prepared by the Office of the Chief Inspector General;
- Contractor Related Parties assurance report prepared by the Department, Office of Inspector General;
- Vendor Agreement between Integrated Health and Sunshine State Health Plan and Amendments;
- Office of Federal Assistance Management, Division of Grants Policy, External Grants Policy Bulletins related to Salary Cap Limitations; and,
- Applicable Federal and State Laws, Rules, Regulations, etc. including, but not limited to, 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; Florida Statutes Section 215.97; and, Florida Statutes Section 402.7305(4).