

Caridad Center, Inc.

Financial Statements

September 30, 2015 and 2014

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Independent Auditors' Report

To the Board of Directors
Caridad Center, Inc.
Boynton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Caridad Center, Inc. (a nonprofit organization), which comprise the statements of financial position at September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued from previous page

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caridad Center, Inc. at September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

In addition, the accompanying information and other Supplementary Information contained in to the Table of Contents are presented for purposes of analysis and are not a required part of the financial statements of Caridad Center, Inc. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly presented in all material respects in relation to the financial statement taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated March 1, 2016, on our consideration of Caridad Center Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Caridad Center, Inc.'s internal control over financial reporting and compliance.

Caogtal Carlson LLP

Boca Raton, Florida
March 1, 2016

Caridad Center, Inc.
 Statements of Financial Position
 September 30, 2015 and 2014

ASSETS		
	<u>2015</u>	<u>2014</u>
Assets:		
Cash and cash equivalents	\$ 594,086	\$ 455,092
Restricted cash	2,030,663	2,408,921
Capital campaign pledges receivable, net	150,709	178,057
Grants receivable	860,580	852,935
Investments	1,432,808	1,171,948
Inventories	41,727	40,383
Prepaid expenses	46,287	34,983
Property and equipment, net	<u>2,899,098</u>	<u>1,901,730</u>
 Total assets	 <u>\$ 8,055,958</u>	 <u>\$ 7,044,049</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 600,721	\$ 218,869
Deferred rental income	<u>40,909</u>	<u>41,414</u>
Total liabilities	<u>641,630</u>	<u>260,283</u>
Commitments and contingencies		
Net assets:		
Unrestricted:		
Quasi-endowment fund	315,000	315,000
Undesignated	<u>4,229,940</u>	<u>2,906,401</u>
	4,544,940	3,221,401
Temporarily restricted	<u>2,869,388</u>	<u>3,562,365</u>
Total net assets	<u>7,414,328</u>	<u>6,783,766</u>
 Total liabilities and net assets	 <u>\$ 8,055,958</u>	 <u>\$ 7,044,049</u>

See accompanying notes to financial statements.

Caridad Center, Inc.
 Statements of Activities
 For the Years Ended September 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
Support and revenue:						
Contributions	\$ 564,642	\$ 513,263	\$ 1,077,905	\$ 790,005	\$ 1,561,451	\$ 2,351,456
Bequests	540,254	-	540,254	126,033	-	126,033
Grants	1,408,384	1,022,784	2,431,168	992,491	1,153,146	2,145,637
Contributed services	2,619,851	-	2,619,851	2,588,584	-	2,588,584
Donated medical supplies	104,358	-	104,358	213,314	-	213,314
Program fees	89,951	-	89,951	97,947	-	97,947
Fund raising events, net of directly-related expenses	158,013	-	158,013	-	41,235	41,235
Investment net realized and unrealized (losses)	(26,160)	-	(26,160)	(3,576)	-	(3,576)
Interest and dividend income	25,130	-	25,130	34,234	-	34,234
Rental income	505	-	505	505	-	505
Total support and revenue	<u>5,484,928</u>	<u>1,536,047</u>	<u>7,020,975</u>	<u>4,839,537</u>	<u>2,755,832</u>	<u>7,595,369</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	1,179,998	(1,179,998)	-	434,530	(434,530)	-
Satisfaction of capital campaign restrictions	1,049,026	(1,049,026)	-	372,457	(372,457)	-
Total support and revenue	<u>7,713,952</u>	<u>(692,977)</u>	<u>7,020,975</u>	<u>5,646,524</u>	<u>1,948,845</u>	<u>7,595,369</u>
Expenses:						
Program services	5,615,110	-	5,615,110	4,876,288	-	4,876,288
Supporting services:						
Development and fund raising	399,140	-	399,140	351,317	-	351,317
Management and general	376,163	-	376,163	333,823	-	333,823
Total expenses	<u>6,390,413</u>	<u>-</u>	<u>6,390,413</u>	<u>5,561,428</u>	<u>-</u>	<u>5,561,428</u>
Change in net assets	1,323,539	(692,977)	630,562	85,096	1,948,845	2,033,941
Net assets, beginning of year	<u>3,221,401</u>	<u>3,562,365</u>	<u>6,783,766</u>	<u>3,136,305</u>	<u>1,613,520</u>	<u>4,749,825</u>
Net assets, end of year	<u>\$ 4,544,940</u>	<u>\$ 2,869,388</u>	<u>\$ 7,414,328</u>	<u>\$ 3,221,401</u>	<u>\$ 3,562,365</u>	<u>\$ 6,783,766</u>

See accompanying notes to financial statements.

Caridad Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2015

	Program Services				Supporting Services			Total Functional Expenses
	Outreach	Education	Clinic	Total	Development & Fund Raising	Management & General	Total	
Salaries and wages	\$ 36,888	\$ 25,045	\$ 1,133,451	\$ 1,195,384	\$ 178,805	\$ 224,638	\$ 403,443	\$ 1,598,827
Payroll taxes and related benefits	5,223	4,034	355,270	364,527	49,365	49,894	99,259	463,786
Payroll processing fees	1,173	796	36,044	38,013	5,686	7,143	12,829	50,842
Contract labor	10,431	-	37,863	48,294	30	-	30	48,324
Contributed services and supplies	-	-	2,724,209	2,724,209	-	-	-	2,724,209
Laboratory expenses	-	-	42,294	42,294	-	-	-	42,294
Program supplies	-	-	170,928	170,928	-	-	-	170,928
Program supplies - PEP Program	-	-	374,524	374,524	-	-	-	374,524
Telephone and utilities	-	-	5,767	5,767	1,751	2,846	4,597	10,364
Office supplies and expenses	5,594	71	59,528	65,193	1,979	16,654	18,633	83,826
Taxes and licenses	332	-	-	332	350	-	350	682
Insurance	-	-	3,672	3,672	-	3,203	3,203	6,875
Interest	-	-	-	-	-	5,370	5,370	5,370
Investment fees	-	-	-	-	-	5,247	5,247	5,247
Professional fees	-	-	104,004	104,004	36,938	10,161	47,099	151,103
Accounting services	-	-	-	-	-	37,450	37,450	37,450
Capital campaign expenses	-	-	-	-	101,411	-	101,411	101,411
Transportation	1,125	-	11,054	12,179	1,052	1,814	2,866	15,045
Emergency aid	20,890	-	-	20,890	-	-	-	20,890
Holiday expense	26,229	-	-	26,229	-	-	-	26,229
Scholarships	40,346	-	-	40,346	-	-	-	40,346
Summer program	29,493	-	-	29,493	-	-	-	29,493
School supplies	20,990	-	-	20,990	-	-	-	20,990
Girl scouts	5,500	-	-	5,500	-	-	-	5,500
Volunteer appreciation	-	-	8,806	8,806	-	-	-	8,806
Health fairs	-	-	15,605	15,605	-	-	-	15,605
Training and education	-	-	66,323	66,323	-	694	694	67,017
Printing and reproduction	-	-	4,918	4,918	8,490	-	8,490	13,408
Postage and freight	-	-	2,338	2,338	451	1,500	1,951	4,289
Repairs and maintenance	-	-	3,770	3,770	-	-	-	3,770
Storage	-	-	13,158	13,158	-	-	-	13,158
Miscellaneous	438	-	3,840	4,278	771	966	1,737	6,015
Facility expense allocation	3,475	-	96,478	99,953	12,061	8,583	20,644	120,597
Depreciation	-	-	103,193	103,193	-	-	-	103,193
Total	\$ 208,127	\$ 29,946	\$ 5,377,037	\$ 5,615,110	\$ 399,140	\$ 376,163	\$ 775,303	\$ 6,390,413

See accompanying notes to financial statements.

Caridad Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2014

	Program Services				Supporting Services			Total Functional Expenses
	Outreach	Education	Clinic	Total	Development & Fund Raising	Management & General	Total	
Salaries and wages	\$ 29,485	\$ 21,578	\$ 924,723	\$ 975,786	\$ 133,344	\$ 192,997	\$ 326,341	\$ 1,302,127
Payroll taxes and related benefits	4,622	2,705	282,332	289,659	31,201	57,481	88,682	378,341
Payroll processing fees	869	635	27,303	28,807	3,942	5,870	9,812	38,619
Temporary labor	1,451	-	22,396	23,847	4,707	-	4,707	28,554
Contributed services and supplies	-	-	2,801,898	2,801,898	-	-	-	2,801,898
Laboratory expenses	-	-	26,979	26,979	-	-	-	26,979
Program supplies	-	-	151,405	151,405	-	-	-	151,405
Program supplies - PEP Program	-	-	15,693	15,693	-	-	-	15,693
Telephone and utilities	-	-	4,917	4,917	1,650	3,807	5,457	10,374
Office supplies and expenses	71	297	25,605	25,973	-	16,531	16,531	42,504
Taxes and licenses	-	-	1,057	1,057	350	-	350	1,407
Insurance	-	-	3,705	3,705	-	3,214	3,214	6,919
Interest	-	-	-	-	-	5,108	5,108	5,108
Investment fees	-	-	-	-	-	5,455	5,455	5,455
Professional fees	-	-	39,542	39,542	51,110	4,368	55,478	95,020
Accounting services	-	-	-	-	-	22,000	22,000	22,000
Capital campaign expenses	-	-	-	-	98,308	-	98,308	98,308
Transportation	619	-	11,515	12,134	495	1,266	1,761	13,895
Emergency aid	43,322	-	38,594	81,916	-	-	-	81,916
Holiday expense	26,403	-	-	26,403	-	-	-	26,403
Scholarships	43,589	-	-	43,589	-	-	-	43,589
Summer program	18,810	-	-	18,810	-	-	-	18,810
School supplies	22,011	-	-	22,011	-	-	-	22,011
Girl scouts	12,871	-	-	12,871	-	-	-	12,871
Volunteer appreciation	-	-	17,531	17,531	-	-	-	17,531
Health fairs	-	-	11,497	11,497	-	-	-	11,497
Training and education	-	-	13,791	13,791	198	570	768	14,559
Printing and reproduction	-	-	5,404	5,404	15,165	900	16,065	21,469
Postage and freight	-	-	2,442	2,442	1,560	1,500	3,060	5,502
Repairs and maintenance	-	-	3,231	3,231	-	-	-	3,231
Storage	-	-	7,329	7,329	-	-	-	7,329
Media	-	-	-	-	-	-	-	-
Miscellaneous	1,507	251	3,650	5,408	354	1,353	1,707	7,115
Facility expense allocation	3,421	-	91,225	94,646	7,982	11,403	19,385	114,031
Depreciation	-	-	108,007	108,007	951	-	951	108,958
Total	\$ 209,051	\$ 25,466	\$ 4,641,771	\$ 4,876,288	\$ 351,317	\$ 333,823	\$ 685,140	\$ 5,561,428

See accompanying notes to financial statements.

Caridad Center, Inc.
 Statements of Cash Flows
 For the Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 630,562	\$ 2,033,941
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	103,193	108,958
Net realized and unrealized (losses) and gains from investments	(26,160)	3,576
(Increase) decrease in operating assets:		
Grants receivable	(7,645)	(570,493)
Inventories	(1,344)	(15,965)
Prepaid expenses	(11,304)	(367)
Capital campaign pledges receivable	27,348	551,802
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	381,853	44,966
Deferred rental income	(505)	(505)
Net cash provided by operating activities	<u>1,095,998</u>	<u>2,155,913</u>
Cash flows from investing activities:		
Purchase of investments	(542,068)	47,292
Proceeds from sales of investments	307,397	-
Additions to property and equipment	(51,565)	(16,200)
Net cash (used in) provided by investing activities	<u>(286,236)</u>	<u>31,092</u>
Cash flows from financing activities:		
Contributions restricted for capital campaign purchases	(1,049,026)	(274,148)
Net cash used in financing activities	<u>(1,049,026)</u>	<u>(274,148)</u>
Net (decrease) increase in cash and cash equivalents	(239,264)	1,912,857
Cash and cash equivalents, beginning of year	<u>2,864,013</u>	<u>951,156</u>
Cash and cash equivalents, end of year	<u>\$ 2,624,749</u>	<u>\$ 2,864,013</u>

See accompanying notes to financial statements.

Note 1 – Nature of Organization

Caridad Center, Inc. (the "Organization") is a nonprofit organization established in 1989. The Organization has been a community resource to the underserved population in Palm Beach County. The Organization was established to provide medical and dental services to individuals and families that otherwise would not have received any medical care. In addition, subsidies for housing and educational programs have been available throughout the years. The primary sources of income for the Organization are donations from various individuals, foundations, and charities. Additionally, medical professionals (doctors/dentist/nurses/specialist, etc.) and organizations donate substantial medical and dental services and supplies.

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

In accordance with FASB Accounting Standard Codification ASC 958, "*Not-for-Profit Entities*", the Organization reports information regarding its financial position and activities according to three (3) classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. At September 30, 2015 and 2014, the Organization had no permanently restricted net assets.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three (3) months or less to be cash equivalents.

The Organization's cash deposits exceeded Federal Deposit Insurance Corporation ("FDIC") limits at various times during the year ended September 30, 2015. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash balances. Cash and cash equivalents exceeding the FDIC limits totaled \$1,804,218 and \$2,385,213 at September 30, 2015 and 2014, respectively.

Inventories

Inventories consist of medical and dental supplies. Such supplies that are received as donations are recorded at market value at the time of donation. Purchased supplies are recorded at the lower of cost or market (first-in, first-out method).

Note 2 – Summary of Significant Accounting Policies, continued

Contributions and Pledges Receivable

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions of cash, other assets, and unconditional promises to give are recognized when received from the donor. Classification of these contributions as unrestricted, temporarily restricted or permanently restricted is based upon any donor-imposed stipulations that limit the use of the donated assets. When a donor-imposed restriction ends or a purpose restriction is accomplished, temporarily restricted net asset are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Receivables resulting from this type of contributions and promises to give are reported at the discounted present value of estimated future cash flows, using a discounted rate that approximates the rate of government securities, and are deemed fully collectible at September 30, 2015. Amortization of the discount is netted against the contributions revenue on the Organization's statement of activities.

Property and Equipment

Property and equipment are recorded at cost if purchased and at their estimated fair value if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Maintenance and repairs are expensed as incurred. The Organization capitalizes all property and equipment with a cost of \$1,000 if purchased, and a fair value of \$1,000 at date of donation if received by contribution.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Facility allocation expenses consisting of electricity, cleaning, lawn, repairs and maintenance, security, and trash removal have been allocated based on the square footage of space occupied by each program and supporting service.

Contributed Services and In-Kind Contributions

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, it has been determined that the Organization is not a private foundation.

Note 2 – Summary of Significant Accounting Policies, continued

Income Taxes, continued

The Organization has adopted FASB ASC 740-10-25, Accounting for Uncertainty in Income Taxes. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Company continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Company's evaluation on September 30, 2015 and 2014 revealed no uncertain tax positions that would have a material impact on the financial statements. The Organization does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Quoted market prices are used to determine fair values. Unrealized gains and losses, if any, are included in the caption "Investment net realized and unrealized (losses)" in the accompanying statements of activities.

The Organization has established a board designated fund, referred to as a "Quasi-Endowment Fund", to be invested in accordance with the Organization's investment policy with the income to be accumulated, used for operations or expansion as needed.

Deferred Revenue

Rental income is deferred and recognized as revenue in the applicable period.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform with the current year presentation.

Date of Management Review

Management has evaluated subsequent events through March 1, 2016, the date on which the financial statements were available to be issued.

Note 3 – Grant Receivables

The Organization received unconditional promises to give in the amount of \$1,540,753 and \$1,691,724 in 2015 and 2014, respectively. The grants are temporarily restricted. The grant receivable balances due in one year consisted of \$860,580 and \$852,935 as of September 30, 2015 and 2014, respectively.

Note 4 – Investments

Investments consist of the following as of September 30, 2015 and 2014:

	2015	
	Cost	Fair Value
Corporate bonds	\$ 880,068	\$ 879,341
Certificates of deposit	151,377	151,377
Fixed income taxable funds	205,865	199,512
Equity mutual funds	180,360	176,815
Municipal bonds	25,890	25,763
Total investments	<u>\$ 1,443,560</u>	<u>\$ 1,432,808</u>

	2014	
	Cost	Fair Value
Corporate bonds	\$ 631,086	\$ 629,587
Certificates of deposit	130,945	130,615
Fixed income taxable funds	197,342	195,832
Equity mutual funds	194,929	189,564
Municipal bonds	26,419	26,350
Total investments	<u>\$ 1,180,721</u>	<u>\$ 1,171,948</u>

Investment (losses) for the years ended September 30, 2015 and 2014 is summarized as follows:

	2015	2014
Net realized and unrealized (losses)	\$ (26,160)	\$ (3,576)
Less: management fees	(5,247)	(5,455)
	<u>\$ (31,407)</u>	<u>\$ (9,031)</u>

Note 5 – Fair Value of Financial Instruments

FASB Accounting Standard Codification ASC 820, "Fair Value Measurements and Disclosures" requires disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash, grant receivable, US government and agency notes, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Note 6 – Fair Value Measurements

Fair values of assets measured on a recurring basis as of September 30, 2015 and 2014 are as follows:

September 30, 2015				
Fair Value Measurements at Reporting Date Using:				
	Fair Value	Quoted Prices in Active Market for Identical Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 308,447	\$ 308,447	\$ -	\$ -
Corporate bonds	879,341	879,341	-	-
Certificates of deposit	151,377	151,377	-	-
Fixed income taxable funds	199,512	199,512	-	-
Equity mutual funds	176,815	176,815	-	-
Municipal bonds	25,763	25,763	-	-
	<u>\$ 1,741,255</u>	<u>\$ 1,741,255</u>	<u>\$ -</u>	<u>\$ -</u>

September 30, 2014				
Fair Value Measurements at Reporting Date Using:				
	Fair Value	Quoted Prices in Active Market for Identical Inputs (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents	\$ 6,014	\$ 6,014	\$ -	\$ -
Corporate bonds	629,587	629,587	-	-
Certificates of deposit	130,615	130,615	-	-
Fixed income taxable funds	195,832	195,832	-	-
Equity mutual funds	189,564	189,564	-	-
Municipal bonds	26,350	26,350	-	-
	<u>\$ 1,177,962</u>	<u>\$ 1,177,962</u>	<u>\$ -</u>	<u>\$ -</u>

Note 7 – Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash, grant receivable and investments. The cash and investments in US government and agency notes are in high quality institutions and companies with high credit ratings. Grant receivables are principally with government agencies and foundations. Realization of these items is dependent on various individual economic conditions. Investments are based on quoted market prices. Grant receivables are carried at estimated net realizable values. At September 30, 2015 and 2014, the Organization had no significant concentrations of credit risk.

Caridad Center, Inc.
Notes to Financial Statements

Note 8 – Pledges Receivable

Capital campaign pledges receivable as of September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Temporarily restricted for capital campaign	\$ 161,499	\$ 186,080
Present value discount at annualized rate of 6% for 2015 and 2014	(10,790)	(8,023)
Net value of contributions receivable	<u>\$ 150,709</u>	<u>\$ 178,057</u>

These amounts are due as follows:

<u>Year Ending September 30,</u>		
2016	\$	81,499
2017		40,050
2018		29,160
	<u>\$</u>	<u>150,709</u>

Note 9 – Property and Equipment

Property and equipment as of September 30, 2015 and 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 159,146	\$ 159,146
Equipment	579,920	535,544
Building	1,880,853	1,880,853
Furniture	25,379	25,379
Computer software	23,359	16,200
Construction in progress	1,563,747	514,721
	<u>4,232,404</u>	<u>3,131,843</u>
Less: accumulated depreciation	(1,333,306)	(1,230,113)
	<u>\$ 2,899,098</u>	<u>\$ 1,901,730</u>

Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, and totaled \$103,193 and \$108,958 for the years ended September 30, 2015 and 2014, respectively.

Note 10 – Contingencies

Grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions, as set forth in each instrument of grant. Failure to fulfill the conditions may require the return of the funds to grantors. Although that is a possibility, the Organization deems the contingency remote, since by accepting the grants and their terms it has met the objectives of the grantor and, therefore, the conditions of retaining the grants.

Caridad Center, Inc.
Notes to Financial Statements

Note 11 – Leasing Activities

On June 11, 1997, the Organization leased a portion of its real property to The Soup Kitchen, Inc. of Palm Beach County. The lease term continues through May 31, 2096 and required a one-time rental payment of \$50,000 upon execution of the agreement, which occurred in 1998.

The following is a schedule by years of minimum future rental revenue to be recognized under this lease agreement as of September 30, 2015:

<u>Year Ending September 30</u>	
2016	\$ 505
2017	505
2018	505
2019	505
2020	505
Thereafter	38,384
	<u>\$ 40,909</u>

Note 12 – Temporarily Restricted Net Assets and Net Assets Released from Donor Restrictions

Temporarily restricted net assets are available for the following purposes as of September 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Program services	\$ 758,096	\$ 874,075
Gala	-	41,235
Capital campaign	2,111,292	2,647,055
	<u>\$ 2,869,388</u>	<u>\$ 3,562,365</u>

Temporarily restricted net assets are released from donor restrictions when the restricted assets are expended in satisfaction of the restricted purpose or by occurrence of other events specified by donors. Temporarily restricted net assets released during the years ended September 30, 2015 and 2014 were utilized for the following purposes:

	<u>2015</u>	<u>2014</u>
Program services	\$ 1,138,763	\$ 434,530
Gala	41,235	-
Capital campaign	1,049,026	372,457
	<u>\$ 2,229,024</u>	<u>\$ 806,987</u>

Note 13 – Contributed Services and Supplies

The value of contributed services and supplies meeting the requirements for recognition in the financial statements as of September 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Contributed services:		
Physicians	\$ 1,273,000	\$ 1,311,500
Dentists	763,000	689,600
Nurses	66,940	50,005
Pharmacists	40,050	56,475
Dental and medical assistants	41,955	38,939
Patient software	246,044	240,000
Other	188,862	202,065
	<u>2,619,851</u>	<u>2,588,584</u>
Contributed medical and dental supplies	104,358	213,314
	<u>\$ 2,724,209</u>	<u>\$ 2,801,898</u>

Contributed service rates are provided by the Florida Department of Health.

Note 14 – Commitments and Contingencies

From time to time the Organization may be involved in various asserted claims and legal proceedings arising in the ordinary course of business, some of which may involve claims for substantial amounts.

Management provides provisions for these items to the extent that the losses are deemed both probable and reasonably estimable. No provisions were required for the years ended September 30, 2015 and 2014.

Schedule of Expenditures of Federal Awards

Caridad Center, Inc.
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2015

Federal/State Grantor, Pass-Through Entity Federal Programs/States Project Title	CFDA/CFSA Number	Contract/ Grant Number	Expenditures
U.S. Department of Education			
Carol M. White Physical Education Program	84.215F	S215F140214	670,859
Total Expenditures of Federal Awards			\$ 670,859

Caridad Center, Inc.
Notes to the Schedule of Expenditures of Federal Awards

Note 1 – General

The schedule of expenditures of federal awards included herein represents all of the Federal awards of the Organization during the year ended September 30, 2015.

Note 2 – Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting and includes expenses incurred by the Organization during the year ended September 30, 2015.

Note 3 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization during the fiscal year October 1, 2014 to September 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 4 – Sub-recipients

The federal expenditures presented in the accompanying schedule of expenditures of federal awards was provided to the School District of Palm Beach County.

Note 5 – Matching

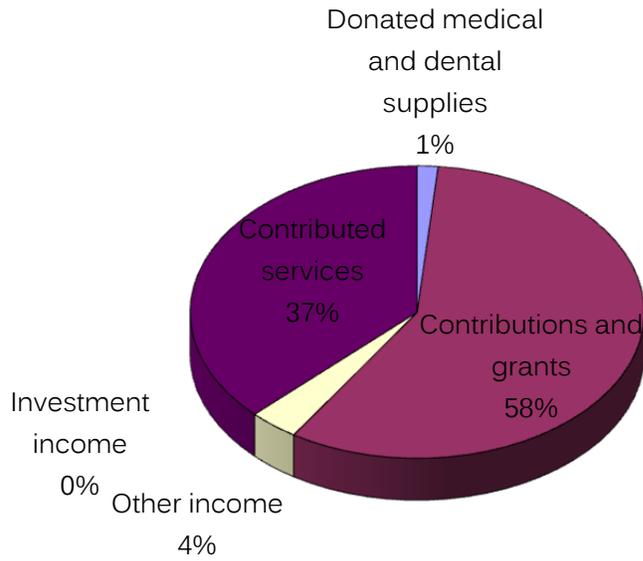
Contract S215F140214 with the U.S. Department of Education includes \$235,504 of federal funding that is designated as matching funds for certain federal awards. The matching funds are not reported as federal awards in the accompanying Schedule of Expenditures of Federal Awards. For audit testing purposes, the funds are included with the federal award programs for which they are designated as matching. The amounts designated as matching funds for federal award programs are summarized as follows:

<u>Contracting Entity</u>	<u>CFDA Number</u>
	<u>84.215F</u>
School District of Palm Beach County	\$ 235,504
	<u>\$ 235,504</u>

Supplementary Information

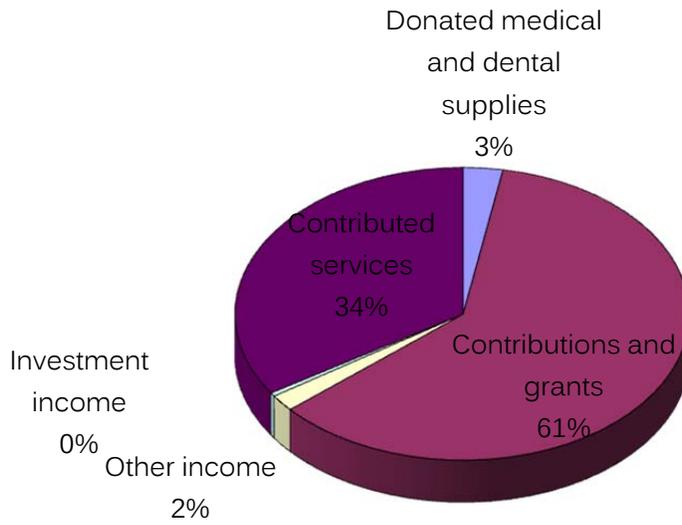
Caridad Center, Inc.
 Components of Support and Revenue
 September 30, 2015

Donated medical and dental supplies	1%	104,358
Contributions and grants	58%	4,049,327
Other income	4%	248,469
Investment income	0%	(1,030)
Contributed services	37%	2,619,851
	100%	<u>7,020,975</u>



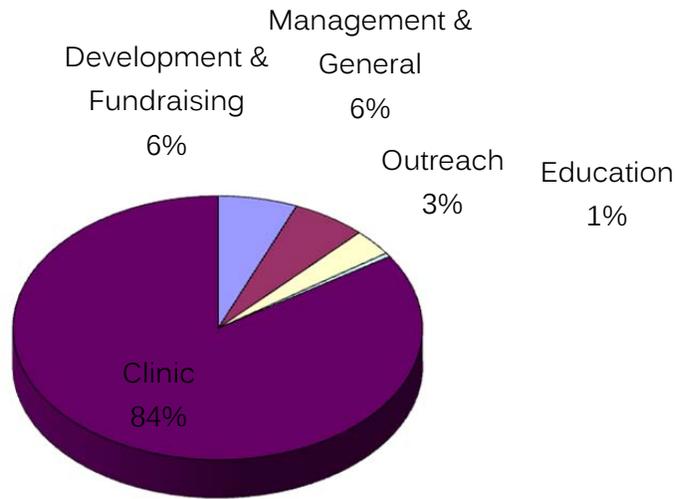
Caridad Center, Inc.
Components of Support and Revenue
September 30, 2014

Donated medical and dental supplies	3%	213,314
Contributions and grants	61%	4,623,126
Other income	2%	139,687
Investment income	0%	30,658
Contributed services	34%	2,588,584
	100%	<u>7,595,369</u>



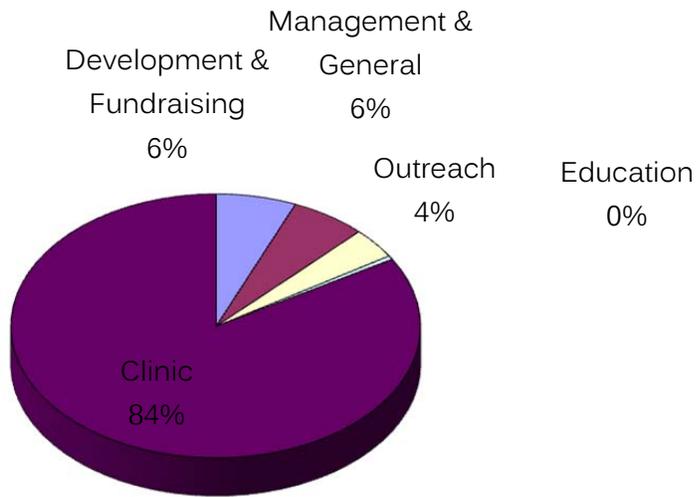
Caridad Center, Inc.
 Components of Functional Expenses
 September 30, 2015

Development & Fundraising	6%	399,140
Management & General	6%	376,163
Outreach	3%	208,127
Education	0%	29,946
Clinic	84%	5,377,037
	100%	<u>6,390,413</u>



Caridad Center, Inc.
 Components of Functional Expenses
 September 30, 2014

Development & Fundraising	6%	351,317
Management & General	6%	333,823
Outreach	4%	209,051
Education	0%	25,466
Clinic	83%	4,641,771
	100%	<u>5,561,428</u>



**Internal Controls
and
Compliance Matters**

Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of the Financial Statements Performed
in Accordance with Government Auditing Standards

To the Board of Directors
Caridad Center, Inc.
Boynton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Caridad Center, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 1, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Continued from previous page

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Orangutal Balson LLP

Boca Raton, Florida
March 1, 2016

Independent Auditors' Report on Compliance for each
Major Federal Program and Report on Internal Control
Over Compliance Required by OMB Circular A-133

To the Board of Directors
Caridad Center, Inc.
Boynton Beach, Florida

Report on Compliance for the Major Federal Program

We have audited Caridad Center, Inc. (the "Organization") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*, that could have a direct and material effect the Organization's major Federal program for the year ended September 30, 2015. The Organization's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major Federal program based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards, OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended September 30, 2015.

Continued from previous page

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or as combination of deficiencies, in internal control over compliance with the type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses, or significant deficiencies. We did not identify and deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Coastal Capital LLP

Boca Raton, Florida
March 1, 2016

Caridad Center, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal controls over financial reporting:			
Material weakness(es) identified?	_____ Yes	_____ X _____	_____ No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____	_____ No
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____	_____ No
Management letter or report on other matters related to internal controls issued?	_____ Yes	_____ X _____	_____ No

Federal Awards and State Financial Assistance

Internal control over major programs/projects:	Unmodified		
Internal control over major programs/projects:			
- Material weakness(es) identified?	_____ Yes	_____ X _____	_____ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X _____	_____ No
Type of auditors' report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133	_____ Yes	_____ X _____	_____ No

Identification of major programs and projects:

Federal Programs

<u>CFDA Number</u>	<u>Name of Major Federal Program or Cluster</u>
84.215F	Carol M. White Physical Education Program

Caridad Center, Inc.
Schedule of Findings and Questioned Costs, continued
For the Year Ended September 30, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

Auditee qualified as low-risk auditee? Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAMS AND STATE PROJECTS FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

None Reported