

Caridad Center, Inc.

Financial Statements

September 30, 2019 and 2018

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Caridad Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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. as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying charts of Components of Support and Revenue and Components of Functional Expenses on pages 19 – 22 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Accountal Balance LLP

Boca Raton, Florida
May 27, 2020

Caridad Center, Inc.
 Statements of Financial Position
 September 30, 2019 and 2018

<u>ASSETS</u>		
	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 1,415,131	\$ 1,118,897
Restricted cash	-	82,538
Pledges receivable, net	42,420	42,615
Grants receivable	1,255,165	1,316,048
Investments	1,319,918	1,838,451
Inventory	69,973	6,554
Prepaid expenses	71,042	85,079
Property and equipment, net	<u>5,448,832</u>	<u>5,594,645</u>
Total assets	<u>\$ 9,622,481</u>	<u>\$ 10,084,827</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 118,897	\$ 242,827
Deferred grant revenue	340,510	638,334
Deferred rental income	<u>38,889</u>	<u>39,394</u>
Total liabilities	<u>498,296</u>	<u>920,555</u>
Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Quasi-endowment fund	315,000	315,000
Undesignated	<u>7,734,261</u>	<u>8,019,350</u>
	8,049,261	8,334,350
With donor restrictions:		
	<u>1,074,924</u>	<u>829,922</u>
Total net assets	<u>9,124,185</u>	<u>9,164,272</u>
Total liabilities and net assets	<u>\$ 9,622,481</u>	<u>\$ 10,084,827</u>

See accompanying notes to financial statements.

Caridad Center, Inc.
 Statements of Activities
 For the Years Ended September 30, 2019 and 2018

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Support and revenue:						
Contributions	\$ 418,449	\$ 355,101	\$ 773,550	\$ 681,532	\$ 291,623	\$ 973,155
Bequests and other income	41,615	-	41,615	7,993	-	7,993
Grants	903,418	1,391,395	2,294,813	632,234	1,983,748	2,615,982
Contributed services	5,555,485	-	5,555,485	3,808,807	-	3,808,807
Donated medical supplies	473,582	-	473,582	172,849	-	172,849
Fund raising events, net of directly-related expenses	348,182	-	348,182	266,930	-	266,930
Investment net realized and unrealized (losses)	31,230	-	31,230	(22,963)	-	(22,963)
Interest and dividend income	67,553	-	67,553	62,336	-	62,336
Rental income	505	-	505	505	-	505
Total support and revenue	<u>7,840,019</u>	<u>1,746,496</u>	<u>9,586,515</u>	<u>5,610,223</u>	<u>2,275,371</u>	<u>7,885,594</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	<u>1,501,494</u>	<u>(1,501,494)</u>	<u>-</u>	<u>1,947,106</u>	<u>(1,947,106)</u>	<u>-</u>
Total support and revenue	<u>9,341,513</u>	<u>245,002</u>	<u>9,586,515</u>	<u>7,557,329</u>	<u>328,265</u>	<u>7,885,594</u>
Expenses:						
Program services	8,892,821	-	8,892,821	6,664,479	-	6,664,479
Supporting services:						
Development and fund raising	410,596	-	410,596	398,528	-	398,528
Management and general	323,185	-	323,185	401,447	-	401,447
Total expenses	<u>9,626,602</u>	<u>-</u>	<u>9,626,602</u>	<u>7,464,454</u>	<u>-</u>	<u>7,464,454</u>
Change in net assets	(285,089)	245,002	(40,087)	92,875	328,265	421,140
Net assets, beginning of year	<u>8,334,350</u>	<u>829,922</u>	<u>9,164,272</u>	<u>8,241,475</u>	<u>501,657</u>	<u>8,743,132</u>
Net assets, end of year	<u>\$ 8,049,261</u>	<u>\$ 1,074,924</u>	<u>\$ 9,124,185</u>	<u>\$ 8,334,350</u>	<u>\$ 829,922</u>	<u>\$ 9,164,272</u>

See accompanying notes to financial statements.

Caridad Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2019

	Program Services				Supporting Services			Total Functional Expenses
	Outreach	Education	Clinic	Total	Development & Fund Raising	Management & General	Total	
Salaries and wages	\$ 42,138	\$ 25,200	\$ 1,357,266	\$ 1,424,604	\$ 267,580	\$ 176,470	\$ 444,050	\$ 1,868,654
Payroll taxes and related benefits	12,290	3,509	333,927	349,726	43,579	39,832	83,411	433,137
Payroll processing fees	808	2,448	36,968	40,224	2,536	1,905	4,441	44,665
Contract labor	61	-	55,062	55,123	47,300	-	47,300	102,423
Contributed services and supplies	-	27,719	6,001,348	6,029,067	-	-	-	6,029,067
Laboratory	-	-	44,787	44,787	-	-	-	44,787
Program supplies	1,690	240	129,219	131,149	-	-	-	131,149
Information technology	2,012	-	12,712	14,724	4,965	6,603	11,568	26,292
Telephone and utilities	2,089	-	42,469	44,558	1,738	5,919	7,657	52,215
Office supplies	2,026	90	47,203	49,319	644	9,041	9,685	59,004
Insurance	1,320	-	27,082	28,402	665	9,432	10,097	38,499
Financial fees	137	-	470	607	419	14,666	15,085	15,692
Professional fees	12,803	-	256	13,059	2,633	35,519	38,152	51,211
Travel and related expenses	1,376	-	21,444	22,820	1,035	2,857	3,892	26,712
Emergency aid	86,520	-	-	86,520	-	-	-	86,520
Holiday	9,293	-	-	9,293	-	-	-	9,293
Scholarships	60,387	-	-	60,387	-	-	-	60,387
Summer program	47,573	-	-	47,573	-	-	-	47,573
School supplies	14,679	-	-	14,679	-	-	-	14,679
Volunteer appreciation	-	-	11,501	11,501	-	-	-	11,501
Health fairs	-	-	16,567	16,567	-	-	-	16,567
Training and education	-	-	7,872	7,872	-	2,097	2,097	9,969
Printing and postage	347	-	3,745	4,092	9,498	324	9,822	13,914
Repairs and maintenance	1,344	-	41,894	43,238	678	5,891	6,569	49,807
Storage	-	-	8,033	8,033	-	-	-	8,033
Miscellaneous	2,185	-	5,779	7,964	22,933	2,219	25,152	33,116
Facility expense allocation	2,785	-	62,873	65,658	1,392	8,354	9,746	75,404
Depreciation	-	-	261,275	261,275	3,001	2,056	5,057	266,332
Total	\$ 303,863	\$ 59,206	\$ 8,529,752	\$ 8,892,821	\$ 410,596	\$ 323,185	\$ 733,781	\$ 9,626,602

See accompanying notes to financial statements.

Caridad Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2018

	Program Services				Supporting Services			Total Functional Expenses
	Outreach	Education	Clinic	Total	Development & Fund Raising	Management & General	Total	
Salaries and wages	\$ 36,096	\$ 27,617	\$ 1,290,187	\$ 1,353,900	\$ 238,723	\$ 199,382	\$ 438,105	\$ 1,792,005
Payroll taxes and related benefits	10,438	3,176	295,765	309,379	43,482	41,559	85,041	394,420
Payroll processing fees	757	2,971	33,597	37,325	2,327	2,697	5,024	42,349
Contract labor	2,170	-	29,750	31,920	-	1,188	1,188	33,108
Contributed services and supplies	-	-	3,981,656	3,981,656	-	-	-	3,981,656
Laboratory	-	-	47,570	47,570	-	-	-	47,570
Program supplies	108	1,699	131,515	133,322	-	-	-	133,322
Information technology	2,012	-	19,319	21,331	8,562	25,120	33,682	55,013
Telephone and utilities	2,104	-	43,222	45,326	1,231	4,249	5,480	50,806
Office supplies	957	537	41,498	42,992	3,308	10,002	13,310	56,302
Insurance	1,629	-	33,402	35,031	815	9,754	10,569	45,600
Financial fees	-	-	-	-	5,209	9,832	15,041	15,041
Professional fees	-	-	-	-	62,177	44,547	106,724	106,724
Travel and related expenses	765	-	19,433	20,198	1,339	4,112	5,451	25,649
Emergency aid	54,057	-	-	54,057	-	-	-	54,057
Holiday	20,611	-	-	20,611	-	-	-	20,611
Scholarships	75,608	-	-	75,608	-	-	-	75,608
Summer program	39,461	-	-	39,461	-	-	-	39,461
School supplies	11,931	-	-	11,931	-	-	-	11,931
Volunteer appreciation	-	-	8,687	8,687	-	-	-	8,687
Health fairs	-	-	11,497	11,497	-	-	-	11,497
Training and education	80	-	4,546	4,626	-	1,051	1,051	5,677
Printing and postage	114	-	8,571	8,685	10,743	1,278	12,021	20,706
Repairs and maintenance	1,229	-	32,407	33,636	3,483	5,475	8,958	42,594
Storage	73	-	18,497	18,570	-	-	-	18,570
Miscellaneous	3,773	-	6,353	10,126	5,583	4,993	10,576	20,702
Facility expense allocation	3,321	-	68,082	71,403	1,661	9,964	11,625	83,028
Depreciation	8,149	-	227,482	235,631	9,885	26,244	36,129	271,760
Total	\$ 275,443	\$ 36,000	\$ 6,353,036	\$ 6,664,479	\$ 398,528	\$ 401,447	\$ 799,975	\$ 7,464,454

See accompanying notes to financial statements.

Caridad Center, Inc.
Statements of Cash Flows
For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ (40,087)	\$ 421,140
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	266,332	271,760
Proceeds from donated stock	-	55,044
Net realized and unrealized (losses) from investments	(31,230)	22,963
Disposal of property and equipment	-	(1,358)
Change in operating assets and liabilities:		
Pledges receivable	(105,805)	34,158
Grants receivable	60,883	(894,910)
Inventory	(63,419)	1,016
Prepaid expenses	120,037	(4,284)
Accounts payable and accrued expenses	(123,930)	91,996
Deferred grant revenue	(297,824)	618,334
Deferred rental income	(505)	(505)
Net cash (used in) provided by operating activities	<u>(215,548)</u>	<u>615,354</u>
Cash flows from investing activities:		
Purchase of investments	(136,518)	(903,619)
Proceeds from sales of investments	686,281	895,077
Additions to property and equipment	(120,519)	(136,901)
Net cash provided by (used in) investing activities	<u>429,244</u>	<u>(145,443)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase in cash, cash equivalents and restricted cash	213,696	469,911
Cash, cash equivalents and restricted cash, beginning of year	<u>1,201,435</u>	<u>731,524</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,415,131</u>	<u>\$ 1,201,435</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, government agencies, 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

The financial statements are prepared using the accrual basis of accounting. Net assets, revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two net asset categories are reflected in the accompanying financial statements as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, there by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restrictions expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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 years ended September 30, 2019 and 2018. 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 \$114,283 and \$647,771 as of September 30, 2019 and 2018, respectively.

Note 2 – Summary of Significant Accounting Policies, continued

Inventory

Inventory consists 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).

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 with donor restrictions or without donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements 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 as of September 30, 2019 and 2018. Amortization of the discount is netted against the contributions revenue on the Organization's statements 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 net assets with donor restrictions to net assets without donor restrictions 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 statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Telephone expense allocation has been allocated based on employee count. Facility allocation expenses consisting of utilities, 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.

Note 2 – Summary of Significant Accounting Policies, continued

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.

The Organization has adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“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 Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization’s evaluation on September 30, 2019 and 2018 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 (12) 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 statements 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 and certain fundraising income is deferred and recognized as revenue in the applicable period.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

Recent Accounting Pronouncements

In June 2018, the FASB issued Accounting Standards Update (“ASU”) No. 2018-08, Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional.

Note 2 – Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, continued

ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization does not expect the adoption of ASU No. 2018-08 to have a material effect on the financial statements and disclosures.

Accounting Pronouncements Adopted

The Organization has adopted the financial statement presentation and disclosure standards contained in the FASB ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, modifying ASC 958. The provisions have been applied for the years ended September 30, 2019 and 2018, respectively.

The Organization has adopted ASU No. 2016-18, Statement of Cash Flows (Topic 230): *Restricted Cash*, which provides guidance on the classification of restricted cash in the Statements of Cash Flows. The provisions have been applied for the years ended September 30, 2019 and 2018, respectively.

Date of Management Review

Management has evaluated subsequent events through May 27, 2020, the date on which the financial statements were available to be issued.

Note 3 – Liquidity and Availability of Resources

The Organization's financial assets available within one year to meet cash needs for general expenditures, without donor or other restrictions limiting their use, within one year as of September 30, 2019 consists of:

Financial assets as of September 30, 2019:

Cash and cash equivalents	\$ 1,415,131
Pledges receivable, net	42,420
Grants receivable	1,255,165
Total financial assets	<u>2,712,716</u>

Less: financial assets not available for general expenditure
within one year due to:

Restricted by donors with purpose restrictions	(1,074,924)
Total financial assets unavailable for general expenditure	<u>(1,074,924)</u>

Total financial assets available within one year to meet cash needs for general expenditures	<u>\$ 1,637,792</u>
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Note 4 – Grant Receivables

The Organization received unconditional promises to give in the amount of \$1,391,395 and \$1,983,748 during the years ended September 30, 2019 and 2018, respectively. The grants are with donor restrictions. The grant receivable balances due consisted of \$1,255,165 and \$1,316,048 as of September 30, 2019 and 2018, respectively.

Note 5 – Investments

Investments consist of the following as of September 30:

	2019	
	Cost	Fair Value
Corporate bonds	\$ 531,191	\$ 531,588
Fixed income taxable funds	233,109	221,200
Mutual funds	451,800	491,668
Municipal bonds	1	75,462
Total investments	<u>\$ 1,216,101</u>	<u>\$ 1,319,918</u>

	2018	
	Cost	Fair Value
Corporate bonds	\$ 1,102,804	\$ 1,092,216
Certificates of deposit	111,628	111,779
Fixed income taxable funds	271,816	278,911
Mutual funds	165,255	189,075
Municipal bonds	166,929	166,470
Total investments	<u>\$ 1,818,432</u>	<u>\$ 1,838,451</u>

Investment (losses) are summarized as follows for the years ended September 30:

	2019	2018
Net realized and unrealized (losses)	\$ 31,230	\$ (22,963)
Less: management fees	(11,748)	(8,326)
	<u>\$ 19,482</u>	<u>\$ (31,289)</u>

Note 6 – Fair Value of Financial Instruments

FASB 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, U.S. 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, continued

Fair values of assets measured on a recurring basis consist of the following as of September 30:

2019				
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	\$ 948,758	\$ 948,758	\$ -	\$ -
Corporate bonds	531,588	531,588	-	-
Fixed income taxable funds	221,200	221,200	-	-
Mutual funds	491,668	491,668	-	-
Municipal bonds	75,462	75,462	-	-
	<u>\$ 2,268,676</u>	<u>\$ 2,268,676</u>	<u>\$ -</u>	<u>\$ -</u>

2018				
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	\$ 124,791	\$ 124,791	\$ -	\$ -
Corporate bonds	1,092,216	1,092,216	-	-
Certificates of deposit	111,779	111,779	-	-
Fixed income taxable funds	278,911	278,911	-	-
Mutual funds	189,075	189,075	-	-
Municipal bonds	166,470	166,470	-	-
	<u>\$ 1,963,242</u>	<u>\$ 1,963,242</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 U.S. 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. As of September 30, 2019 and 2018, the Organization had no significant concentrations of credit risk.

Note 8 – Pledges Receivable

Pledges receivable consist of the following as of September 30:

	<u>2019</u>	<u>2018</u>
Total pledges receivable	\$ 45,300	\$ 48,250
Present value discount at annualized rate of 7% for 2019 and 2018, respectively	(2,880)	(5,635)
Net value of pledges receivable	<u>\$ 42,420</u>	<u>\$ 42,615</u>

These amounts are due as follows:

<u>Years Ending September 30,</u>		
2020		\$ 30,300
2021		12,120
		<u>\$ 42,420</u>

Note 9 – Property and Equipment

Property and equipment consists of the following as of September 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 159,146	\$ 159,146
Equipment	987,993	867,474
Building	6,309,327	6,309,327
Furniture	12,818	12,818
Computer software	23,358	23,358
Total	<u>7,492,642</u>	<u>7,372,123</u>
Less: accumulated depreciation	(2,043,810)	(1,777,478)
Property and equipment, net	<u>\$ 5,448,832</u>	<u>\$ 5,594,645</u>

Depreciation expense totaled \$266,332 and \$271,760 for the years ended September 30, 2019 and 2018, 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.

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, 2019:

<u>Years Ending September 30,</u>	
2020	\$ 505
2021	505
2022	505
Thereafter	37,374
	<u>\$ 38,889</u>

Note 12 – Net Assets with Donor Restrictions and Net Assets Released from Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of September 30:

	<u>2019</u>	<u>2018</u>
Program services	<u>\$ 1,074,924</u>	<u>\$ 829,922</u>

Net assets with donor restrictions 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. Net assets with donor restrictions released were utilized for the following purposes during the years ended September 30:

	<u>2019</u>	<u>2018</u>
Program services	<u>\$ 1,501,494</u>	<u>\$ 1,947,106</u>

Note 13 – Contributed Services and Supplies

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

	<u>2019</u>	<u>2018</u>
Contributed services:		
Physicians	\$ 1,839,875	\$ 2,026,168
Dentists	3,164,163	1,136,400
Nurses	72,655	73,811
Pharmacists	104,475	73,838
Dental and medical assistants	122,712	39,133
Patient software	-	272,400
Other	251,605	187,057
	<u>5,555,485</u>	<u>3,808,807</u>
Contributed medical and dental supplies	473,582	172,849
	<u>\$ 6,029,067</u>	<u>\$ 3,981,656</u>

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, 2019 and 2018.

Note 15 – Subsequent Events

On March 11, 2020, the World Health Organization (“WHO”) classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

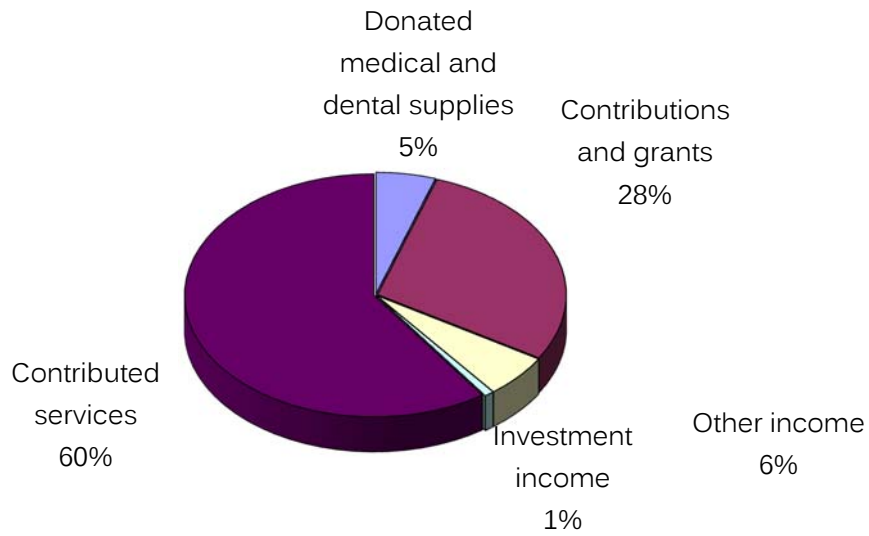
Note 15 – Subsequent Events, continued

During April 2020, the Organization was granted a loan (the “Loan”) from a financial institution for the aggregate amount of \$444,370 pursuant to the PPP under Division A, Title I of the CARES Act. The Loan, which was in the form of a note dated April 13, 2020 issued to the Organization, matures in April 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing November 2020. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. Total payments due under the note payable for fiscal years ending September 30, 2020 and 2021 total approximately \$0 and \$272,000, respectively, with the remaining balance and accrued interest due in fiscal year 2022.

Supplementary Information

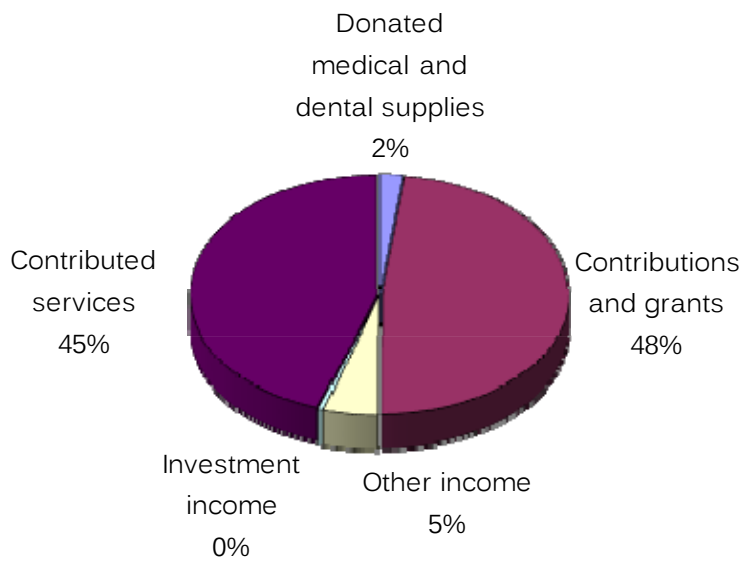
Caridad Center, Inc.
 Components of Support and Revenue
 September 30, 2019

Donated medical and dental supplies	5%	\$ 473,582
Contributions and grants	32%	3,068,363
Other income	4%	390,302
Investment income	1%	98,783
Contributed services	58%	5,555,485
	<u>100%</u>	<u>\$ 9,586,515</u>



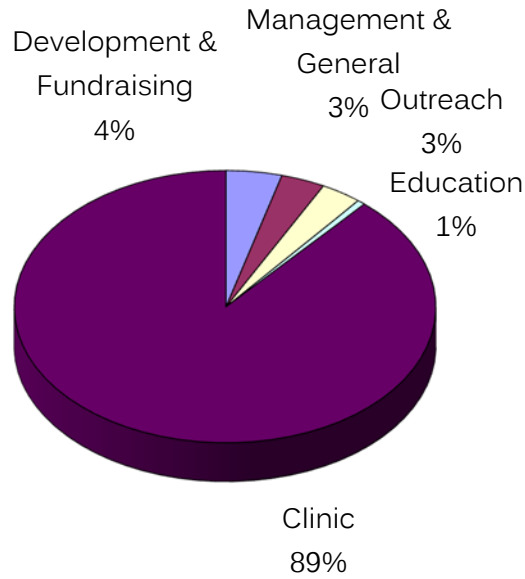
Caridad Center, Inc.
 Components of Support and Revenue
 September 30, 2018

Donated medical and dental supplies	2%	\$ 172,849
Contributions and grants	48%	4,077,774
Other income	5%	400,125
Investment income	0%	39,373
Contributed services	45%	3,808,807
	<u>100%</u>	<u>\$ 8,498,928</u>



Caridad Center, Inc.
 Components of Functional Expenses
 September 30, 2019

Development & Fundraising	4%	\$ 410,596
Management & General	3%	323,185
Outreach	3%	303,863
Education	1%	59,206
Clinic	89%	8,529,752
	<u>100%</u>	<u>\$ 9,626,602</u>



Caridad Center, Inc.
Components of Functional Expenses
September 30, 2018

Development & Fundraising	5%	\$ 398,528
Management & General	5%	401,447
Outreach	4%	275,443
Education	1%	36,000
Clinic	85%	6,353,036
	<u>100%</u>	<u>\$ 7,464,454</u>

