

Caridad Center, Inc.

Financial Statements

September 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 18 – 21 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.

Ernst & Young LLP

Boca Raton, Florida
September 16, 2021

Caridad Center, Inc.
 Statements of Financial Position
 September 30, 2020 and 2019

<u>ASSETS</u>		
	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 2,769,999	\$ 1,415,131
Pledges receivable, net	14,019	42,420
Grants receivable	922,666	1,255,165
Investments	1,102,749	1,319,918
Inventory	66,380	69,973
Prepaid expenses	32,942	71,042
Property and equipment, net	<u>5,241,122</u>	<u>5,448,832</u>
 Total assets	 <u>\$ 10,149,877</u>	 <u>\$ 9,622,481</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 216,203	\$ 118,897
Deferred grant revenue	154,075	340,510
Deferred rental income	38,384	38,889
Paycheck protection program loan	<u>444,370</u>	<u>-</u>
Total liabilities	<u>853,032</u>	<u>498,296</u>
 Commitments and contingencies		
Net assets:		
Without donor restrictions:		
Quasi-endowment fund	315,000	315,000
Undesignated	<u>7,723,246</u>	<u>7,734,261</u>
	8,038,246	8,049,261
With donor restrictions:	<u>1,258,599</u>	<u>1,074,924</u>
Total net assets	<u>9,296,845</u>	<u>9,124,185</u>
 Total liabilities and net assets	 <u>\$ 10,149,877</u>	 <u>\$ 9,622,481</u>

See accompanying notes to financial statements.

Caridad Center, Inc.
 Statements of Activities
 For the Years Ended September 30, 2020 and 2019

	2020			2019		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and revenue:						
Contributions	\$ 251,160	\$ 527,475	\$ 778,635	\$ 418,449	\$ 355,101	\$ 773,550
Bequests and other income	-	-	-	41,615	-	41,615
Grants	1,688,463	1,132,147	2,820,610	903,418	1,391,395	2,294,813
Contributed services	4,369,245	-	4,369,245	5,555,485	-	5,555,485
Donated medical supplies	483,215	-	483,215	473,582	-	473,582
Fund raising events, net of directly-related expenses	345,437	-	345,437	348,182	-	348,182
Investment net realized and unrealized (losses)	119,698	-	119,698	31,230	-	31,230
Interest and dividend income	46,388	-	46,388	67,553	-	67,553
Rental income	505	-	505	505	-	505
Total support and revenue	<u>7,304,111</u>	<u>1,659,622</u>	<u>8,963,733</u>	<u>7,840,019</u>	<u>1,746,496</u>	<u>9,586,515</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	<u>1,475,947</u>	<u>(1,475,947)</u>	<u>-</u>	<u>1,501,494</u>	<u>(1,501,494)</u>	<u>-</u>
Total support and revenue	<u>8,780,058</u>	<u>183,675</u>	<u>8,963,733</u>	<u>9,341,513</u>	<u>245,002</u>	<u>9,586,515</u>
Expenses:						
Program services	8,028,833	-	8,028,833	8,892,821	-	8,892,821
Supporting services:						
Development and fund raising	411,047	-	411,047	410,596	-	410,596
Management and general	351,193	-	351,193	323,185	-	323,185
Total expenses	<u>8,791,073</u>	<u>-</u>	<u>8,791,073</u>	<u>9,626,602</u>	<u>-</u>	<u>9,626,602</u>
Change in net assets	(11,015)	183,675	172,660	(285,089)	245,002	(40,087)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 8,038,246</u>	<u>\$ 1,258,599</u>	<u>\$ 9,296,845</u>	<u>\$ 8,049,261</u>	<u>\$ 1,074,924</u>	<u>\$ 9,124,185</u>

See accompanying notes to financial statements.

Caridad Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2020

	Program Services				Supporting Services			Total Functional Expenses
	Outreach	Education	Clinic	Total	Development & Fund Raising	Management & General	Total	
Salaries and wages	\$ 69,375	\$ 382,166	\$ 1,255,246	\$ 1,706,787	\$ 253,991	\$ 190,145	\$ 444,136	\$ 2,150,923
Payroll taxes and related benefits	14,378	88,861	255,106	358,345	47,426	31,519	78,945	437,290
Payroll processing fees	1,076	6,139	39,140	46,355	3,427	2,543	5,970	52,325
Contract labor	3,109	11,406	57,491	72,006	50,925	15,000	65,925	137,931
Contributed services and supplies	-	13,885	4,838,575	4,852,460	-	-	-	4,852,460
Laboratory	-	-	32,891	32,891	-	-	-	32,891
Program supplies	1,465	9,497	199,496	210,458	-	-	-	210,458
Information technology	2,637	-	17,814	20,451	9,515	16,936	26,451	46,902
Telephone and utilities	2,071	-	42,111	44,182	1,743	5,861	7,604	51,786
Office supplies	2,135	-	48,623	50,758	2,150	8,975	11,125	61,883
Taxes and licenses	285	-	760	1,045	492	1,000	1,492	2,537
Insurance	1,377	-	28,236	29,613	691	8,401	9,092	38,705
Financial fees	-	-	-	-	-	11,859	11,859	11,859
Professional fees	239	-	402	641	7,373	35,894	43,267	43,908
Travel and related expenses	3,476	7,496	9,431	20,403	332	1,372	1,704	22,107
Emergency aid	72,599	-	966	73,565	-	-	-	73,565
Holiday	16,823	-	-	16,823	-	-	-	16,823
Scholarships	44,214	-	-	44,214	-	-	-	44,214
Summer program	5,058	-	-	5,058	-	-	-	5,058
School supplies	6,230	-	-	6,230	-	-	-	6,230
Health fairs	-	-	20,094	20,094	-	-	-	20,094
Training and education	10	-	2,236	2,246	-	-	-	2,246
Printing and postage	75	254	1,540	1,869	10,035	2,216	12,251	14,120
Repairs and maintenance	1,086	-	50,657	51,743	552	5,164	5,716	57,459
Storage	-	-	10,398	10,398	-	-	-	10,398
Miscellaneous	562	-	9,761	10,323	20,497	1,722	22,219	32,542
Facility expense allocation	3,068	-	68,735	71,803	1,534	9,204	10,738	82,541
Depreciation	-	-	268,072	268,072	364	3,382	3,746	271,818
Total	\$ 251,348	\$ 519,704	\$ 7,257,781	\$ 8,028,833	\$ 411,047	\$ 351,193	\$ 762,240	\$ 8,791,073

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.
Statements of Cash Flows
For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ 172,660	\$ (40,087)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	271,818	266,332
Net realized and unrealized gains from investments	(119,698)	(31,230)
Change in operating assets and liabilities:		
Pledges receivable	28,401	(105,805)
Grants receivable	332,499	60,883
Inventory	3,593	(63,419)
Prepaid expenses	38,100	120,037
Accounts payable and accrued expenses	97,306	(123,930)
Deferred grant revenue	(186,435)	(297,824)
Deferred rental income	(505)	(505)
Net cash provided by (used in) operating activities	<u>637,739</u>	<u>(215,548)</u>
Cash flows from investing activities:		
Purchase of investments	(238,108)	(136,518)
Proceeds from sales of investments	574,975	686,281
Additions to property and equipment	(64,108)	(120,519)
Net cash provided by investing activities	<u>272,759</u>	<u>429,244</u>
Cash flows from financing activities:		
Borrowings from paycheck protection program loan	444,370	-
Net cash provided by financing activities	<u>444,370</u>	<u>-</u>
Net increase in cash and cash equivalents	1,354,868	213,696
Cash and cash equivalents, beginning of year	<u>1,415,131</u>	<u>1,201,435</u>
Cash and cash equivalents, end of year	<u>\$ 2,769,999</u>	<u>\$ 1,415,131</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, 2020 and 2019. 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 \$1,024,157 and \$114,283 as of September 30, 2020 and 2019, 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, 2020 and 2019. 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, 2020 and 2019 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.

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

Note 2 – Summary of Significant Accounting Policies, continued

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, 2020 and 2019, 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, 2020 and 2019, respectively.

Date of Management Review

Management has evaluated subsequent events through September 16, 2021, 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, 2020 consists of:

Financial assets as of September 30, 2020:

Cash and cash equivalents	\$ 2,769,999
Pledges receivable, net	14,019
Grants receivable	922,666
Total financial assets	<u>3,706,684</u>

Less: financial assets unavailable for general expenditure
within one year due to:

Restricted by donors with purpose restrictions	<u>(1,258,599)</u>
Total financial assets unavailable for general expenditure	<u>(1,258,599)</u>

Total financial assets available within one year to meet cash needs for general expenditures	<u><u>\$ 2,448,085</u></u>
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Note 4 – Grant Receivables

The Organization received unconditional promises to give in the amount of \$1,132,147 and \$1,391,395 during the years ended September 30, 2020 and 2019, respectively. The grants are with donor restrictions. The grant receivable balances due consisted of \$922,629 and \$1,255,165 as of September 30, 2020 and 2019, respectively.

Note 5 – Investments

Investments consist of the following as of September 30:

	2020	
	Cost	Fair Value
Corporate bonds	\$ 250,311	\$ 251,616
Mutual funds	710,677	851,133
Total investments	<u>\$ 960,988</u>	<u>\$ 1,102,749</u>

	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>

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

	2020	2019
Net realized and unrealized (losses)	\$ 119,698	\$ 31,230
Less: management fees	(11,859)	(11,748)
	<u>\$ 107,839</u>	<u>\$ 19,482</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 of Financial Instruments, continued

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

2020				
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	\$ 1,451,941	\$ 1,451,941	\$ -	\$ -
Corporate bonds	251,616	251,616	-	-
Mutual funds	851,133	851,133	-	-
	<u>\$ 2,554,690</u>	<u>\$ 2,554,690</u>	<u>\$ -</u>	<u>\$ -</u>

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>

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, 2020 and 2019, the Organization had no significant concentrations of credit risk.

Note 8 – Pledges Receivable

Pledges receivable consist of the following as of September 30:

	<u>2020</u>	<u>2019</u>
Total pledges receivable	\$ 14,019	\$ 45,300
Present value discount at annualized rate of 7% for 2020 and 2019, respectively	-	(2,880)
Net value of pledges receivable	<u>\$ 14,019</u>	<u>\$ 42,420</u>

These amounts are due as follows:

<u>Year Ending September 30,</u>	
2021	<u>\$ 14,019</u>

Note 9 – Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Building	\$ 6,325,695	\$ 6,309,327
Equipment	1,035,733	987,993
Land	159,146	159,146
Computer software	23,358	23,358
Furniture	12,818	12,818
Total	<u>7,556,750</u>	<u>7,492,642</u>
Less: accumulated depreciation	(2,315,628)	(2,043,810)
Property and equipment, net	<u>\$ 5,241,122</u>	<u>\$ 5,448,832</u>

Depreciation expense totaled \$271,818 and \$266,332 for the years ended September 30, 2020 and 2019, respectively.

Note 10 – Loan Payable

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. The Loan may be prepaid at any time prior to maturity with no prepayment penalties. 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. The Organization received forgiveness of the full outstanding balance in February 2021 (See Note 16).

Note 11 – 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 12 – 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, 2020:

<u>Years Ending September 30,</u>	
2021	\$ 505
2022	505
2023	505
2024	505
2025	505
Thereafter	35,859
	<u>\$ 38,384</u>

Note 13 – 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>2020</u>	<u>2019</u>
Program services	<u>\$ 1,258,599</u>	<u>\$ 1,074,924</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>2020</u>	<u>2019</u>
Program services	<u>\$ 1,475,947</u>	<u>\$ 1,501,494</u>

Note 14 – 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>2020</u>	<u>2019</u>
Contributed services:		
Dentists	\$ 2,208,604	\$ 3,164,163
Physicians	1,871,703	1,839,875
Other	162,587	251,605
Dental and medical assistants	54,916	122,712
Pharmacists	44,700	104,475
Nurses	26,735	72,655
	<u>4,369,245</u>	<u>5,555,485</u>
Contributed medical and dental supplies	483,215	473,582
	<u>\$ 4,852,460</u>	<u>\$ 6,029,067</u>

Note 15 – 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, 2020 and 2019.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization 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 2021.

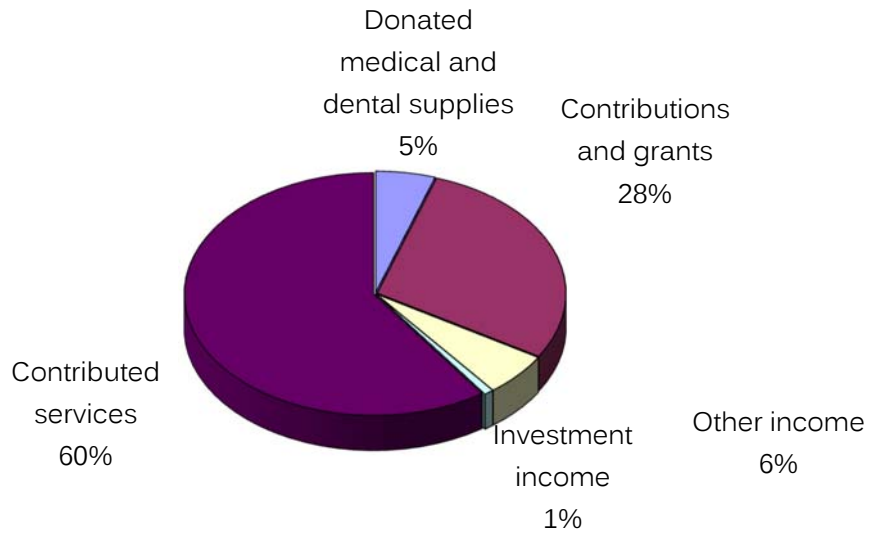
Note 16 – Subsequent Event

On February 26, 2021, the Organization received official notice from the Small Business Administration for the full forgiveness of the outstanding PPP loan balance totaling \$444,370.

Supplementary Information

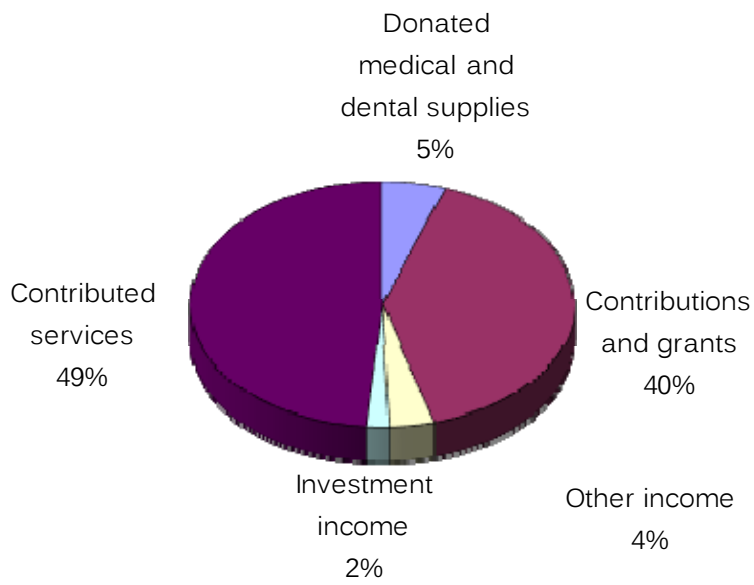
Caridad Center, Inc.
 Components of Support and Revenue
 September 30, 2020

Donated medical and dental supplies	5%	\$ 483,215
Contributions and grants	40%	3,599,245
Other income	4%	345,942
Investment income	2%	166,086
Contributed services	49%	4,369,245
	<u>100%</u>	<u>\$ 8,963,733</u>



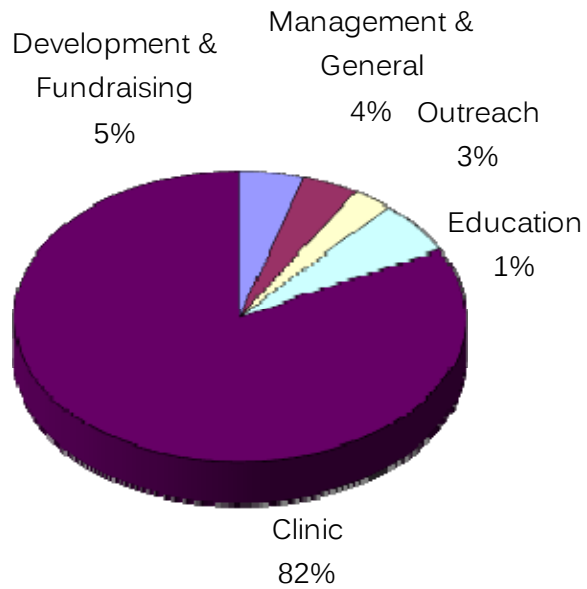
Caridad Center, Inc.
 Components of Support and Revenue
 September 30, 2019

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 Functional Expenses
 September 30, 2020

Development & Fundraising	5%	\$ 411,047
Management & General	4%	351,193
Outreach	3%	251,348
Education	5.9%	519,704
Clinic	83%	7,257,781
	<u>100%</u>	<u>\$ 8,791,073</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>

