

# Caridad Center, Inc.

## Financial Statements

September 30, 2016 and 2015

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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 as of September 30, 2016 and 2015, 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.

### ***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, 2016 and 2015, 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.

*Continued from previous page*

***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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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. 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.

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 have also issued our report dated March 3, 2017, 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.

*Accountal Balson LLP*

Boca Raton, Florida  
March 3, 2017

Caridad Center, Inc.  
 Statements of Financial Position  
 September 30, 2016 and 2015

| <b>ASSETS</b>                            |                     |                     |
|--|---------------------|---------------------|
|  | <u>2016</u>         | <u>2015</u>         |
| Assets:                                  |                     |                     |
| Cash and cash equivalents                | \$ 765,478          | \$ 594,086          |
| Restricted cash                          | 291,126             | 2,030,663           |
| Capital campaign pledges receivable, net | 54,125              | 150,709             |
| Grants receivable                        | 1,387,220           | 885,580             |
| Investments                              | 1,713,245           | 1,432,808           |
| Inventories                              | 22,645              | 41,727              |
| Prepaid expenses                         | 61,781              | 46,287              |
| Property and equipment, net              | <u>5,663,927</u>    | <u>2,899,098</u>    |
| Total assets                             | <u>\$ 9,959,547</u> | <u>\$ 8,080,958</u> |
| <b>LIABILITIES AND NET ASSETS</b>        |                     |                     |
| Liabilities:                             |                     |                     |
| Accounts payable and accrued expenses    | \$ 195,713          | \$ 600,721          |
| Deferred income                          | 43,404              | 40,909              |
| Total liabilities                        | <u>239,117</u>      | <u>641,630</u>      |
| Commitments and contingencies            |                     |                     |
| Net assets:                              |                     |                     |
| Unrestricted:                            |                     |                     |
| Quasi-endowment fund                     | 315,000             | 315,000             |
| Undesignated                             | 7,949,778           | 4,254,940           |
|  | <u>8,264,778</u>    | <u>4,569,940</u>    |
| Temporarily restricted                   | 1,455,652           | 2,869,388           |
| Total net assets                         | <u>9,720,430</u>    | <u>7,439,328</u>    |
| Total liabilities and net assets         | <u>\$ 9,959,547</u> | <u>\$ 8,080,958</u> |

See accompanying notes to financial statements.

Caridad Center, Inc.  
 Statements of Activities  
 For the Years Ended September 30, 2016 and 2015

|   | 2016                |                        |                     | 2015                |                        |                     |
|---|---------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
|   | Unrestricted        | Temporarily Restricted | Totals              | Unrestricted        | Temporarily Restricted | Totals              |
| Support and revenue:                                  |                     |                        |                     |                     |                        |                     |
| Contributions   | \$ 573,541          | \$ 1,038,912           | \$ 1,612,453        | \$ 564,642          | \$ 513,263             | \$ 1,077,905        |
| Bequests  | 1,338,113           | -                      | 1,338,113           | 540,254             | -                      | 540,254             |
| Grants  | 965,351             | 1,728,825              | 2,694,176           | 1,433,384           | 1,022,784              | 2,456,168           |
| Contributed services                                  | 2,858,633           | -                      | 2,858,633           | 2,619,851           | -                      | 2,619,851           |
| Donated medical supplies                              | 103,015             | -                      | 103,015             | 104,358             | -                      | 104,358             |
| Program fees  | 110,213             | -                      | 110,213             | 89,951              | -                      | 89,951              |
| Fund raising events, net of directly-related expenses | 170,359             | -                      | 170,359             | 158,013             | -                      | 158,013             |
| Investment net realized and unrealized (losses)       | (3,125)             | -                      | (3,125)             | (26,160)            | -                      | (26,160)            |
| Interest and dividend income                          | 46,455              | -                      | 46,455              | 25,130              | -                      | 25,130              |
| Rental income   | 505                 | -                      | 505                 | 505                 | -                      | 505                 |
| Total support and revenue                             | <u>6,163,060</u>    | <u>2,767,737</u>       | <u>8,930,797</u>    | <u>5,509,928</u>    | <u>1,536,047</u>       | <u>7,045,975</u>    |
| Net assets released from restrictions:                |                     |                        |                     |                     |                        |                     |
| Satisfaction of program restrictions                  | 1,201,538           | (1,201,538)            | -                   | 1,179,998           | (1,179,998)            | -                   |
| Satisfaction of capital campaign restrictions         | 2,979,935           | (2,979,935)            | -                   | 1,049,026           | (1,049,026)            | -                   |
| Total support and revenue                             | <u>10,344,533</u>   | <u>(1,413,736)</u>     | <u>8,930,797</u>    | <u>7,738,952</u>    | <u>(692,977)</u>       | <u>7,045,975</u>    |
| Expenses:   |                     |                        |                     |                     |                        |                     |
| Program services                                      | 5,872,356           | -                      | 5,872,356           | 5,615,110           | -                      | 5,615,110           |
| Supporting services:                                  |                     |                        |                     |                     |                        |                     |
| Development and fund raising                          | 392,494             | -                      | 392,494             | 399,140             | -                      | 399,140             |
| Management and general                                | 384,845             | -                      | 384,845             | 376,163             | -                      | 376,163             |
| Total expenses  | <u>6,649,695</u>    | <u>-</u>               | <u>6,649,695</u>    | <u>6,390,413</u>    | <u>-</u>               | <u>6,390,413</u>    |
| Change in net assets                                  | 3,694,838           | (1,413,736)            | 2,281,102           | 1,348,539           | (692,977)              | 655,562             |
| Net assets, beginning of year                         | <u>4,569,940</u>    | <u>2,869,388</u>       | <u>7,439,328</u>    | <u>3,221,401</u>    | <u>3,562,365</u>       | <u>6,783,766</u>    |
| Net assets, end of year                               | <u>\$ 8,264,778</u> | <u>\$ 1,455,652</u>    | <u>\$ 9,720,430</u> | <u>\$ 4,569,940</u> | <u>\$ 2,869,388</u>    | <u>\$ 7,439,328</u> |

See accompanying notes to financial statements.

Caridad Center, Inc.  
Statement of Functional Expenses  
For the Year Ended September 30, 2016

|                                    | Program Services  |                  |                     |                     | Supporting Services        |                      |                   | Total Functional Expenses |
|------------------------------------|-------------------|------------------|---------------------|---------------------|----------------------------|----------------------|-------------------|---------------------------|
|                                    | Outreach          | Education        | Clinic              | Total               | Development & Fund Raising | Management & General | Total             |                           |
| Salaries and wages                 | \$ 47,579         | \$ 22,552        | \$ 1,204,963        | \$ 1,275,094        | \$ 210,573                 | \$ 220,718           | \$ 431,291        | \$ 1,706,385              |
| Payroll taxes and related benefits | 9,333             | 3,465            | 321,943             | 334,741             | 47,467                     | 47,830               | 95,297            | 430,038                   |
| Payroll processing fees            | 1,394             | 1,765            | 34,071              | 37,230              | 4,673                      | 9,195                | 13,868            | 51,098                    |
| Temporary labor                    | 4,905             | -                | 74,489              | 79,394              | 84                         | -                    | 84                | 79,478                    |
| Contributed services and supplies  | -                 | -                | 2,941,366           | 2,941,366           | -                          | -                    | -                 | 2,941,366                 |
| Laboratory                         | -                 | -                | 38,235              | 38,235              | -                          | -                    | -                 | 38,235                    |
| Program supplies                   | 482               | 3,897            | 190,934             | 195,313             | -                          | -                    | -                 | 195,313                   |
| Program supplies - PEP Program     | -                 | -                | 306,040             | 306,040             | -                          | -                    | -                 | 306,040                   |
| Telephone and utilities            | -                 | -                | 7,447               | 7,447               | 1,323                      | 5,125                | 6,448             | 13,895                    |
| Office supplies                    | 326               | -                | 39,293              | 39,619              | 9,639                      | 16,507               | 26,146            | 65,765                    |
| Taxes and licenses                 | 100               | -                | 1,437               | 1,537               | 350                        | -                    | 350               | 1,887                     |
| Insurance                          | -                 | -                | 3,017               | 3,017               | -                          | 4,232                | 4,232             | 7,249                     |
| Interest                           | -                 | -                | -                   | -                   | 58                         | 6,688                | 6,746             | 6,746                     |
| Investment fees                    | -                 | -                | -                   | -                   | -                          | 7,368                | 7,368             | 7,368                     |
| Professional fees                  | -                 | -                | 99,507              | 99,507              | 27,153                     | 14,938               | 42,091            | 141,598                   |
| Accounting services                | -                 | -                | -                   | -                   | -                          | 27,950               | 27,950            | 27,950                    |
| Capital campaign                   | -                 | -                | -                   | -                   | 71,352                     | -                    | 71,352            | 71,352                    |
| Transportation                     | 1,142             | -                | 29,769              | 30,911              | 1,965                      | 2,442                | 4,407             | 35,318                    |
| Emergency aid                      | 33,973            | -                | -                   | 33,973              | -                          | -                    | -                 | 33,973                    |
| Holiday                            | 29,535            | -                | -                   | 29,535              | -                          | -                    | -                 | 29,535                    |
| Scholarships                       | 22,539            | -                | -                   | 22,539              | -                          | -                    | -                 | 22,539                    |
| Summer program                     | 27,440            | -                | -                   | 27,440              | -                          | -                    | -                 | 27,440                    |
| School supplies                    | 15,802            | -                | -                   | 15,802              | -                          | -                    | -                 | 15,802                    |
| Girl scouts                        | 14,924            | -                | -                   | 14,924              | -                          | -                    | -                 | 14,924                    |
| Volunteer appreciation             | -                 | -                | 8,656               | 8,656               | -                          | -                    | -                 | 8,656                     |
| Health fairs                       | -                 | -                | 12,981              | 12,981              | -                          | -                    | -                 | 12,981                    |
| Training and education             | -                 | -                | 70,328              | 70,328              | 835                        | 1,672                | 2,507             | 72,835                    |
| Printing and reproduction          | -                 | -                | 5,013               | 5,013               | 5,222                      | 697                  | 5,919             | 10,932                    |
| Postage and freight                | -                 | -                | 2,278               | 2,278               | 142                        | 1,925                | 2,067             | 4,345                     |
| Repairs and maintenance            | 73                | -                | 4,012               | 4,085               | 20                         | 455                  | 475               | 4,560                     |
| Storage                            | 1,630             | -                | 13,082              | 14,712              | -                          | -                    | -                 | 14,712                    |
| Miscellaneous                      | 1,500             | -                | 5,192               | 6,692               | 3,364                      | 5,283                | 8,647             | 15,339                    |
| Facility expense allocation        | 3,546             | -                | 94,560              | 98,106              | 8,274                      | 11,820               | 20,094            | 118,200                   |
| Depreciation                       | -                 | -                | 115,841             | 115,841             | -                          | -                    | -                 | 115,841                   |
| <b>Total</b>                       | <b>\$ 216,223</b> | <b>\$ 31,679</b> | <b>\$ 5,624,454</b> | <b>\$ 5,872,356</b> | <b>\$ 392,494</b>          | <b>\$ 384,845</b>    | <b>\$ 777,339</b> | <b>\$ 6,649,695</b>       |

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                         | -                 | -                | 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                    | 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                   | -                 | -                | -                   | -                   | 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                            | 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                   |
| <b>Total</b>                       | <b>\$ 208,127</b> | <b>\$ 29,946</b> | <b>\$ 5,377,037</b> | <b>\$ 5,615,110</b> | <b>\$ 399,140</b>          | <b>\$ 376,163</b>    | <b>\$ 775,303</b> | <b>\$ 6,390,413</b>       |

See accompanying notes to financial statements.

Caridad Center, Inc.  
 Statements of Cash Flows  
 For the Years Ended September 30, 2016 and 2015

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Change in net assets  | \$ 2,281,102        | \$ 630,562          |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation  | 115,841             | 103,193             |
| Net realized and unrealized (losses) from investments                                       | (3,125)             | (26,160)            |
| (Increase) decrease in operating assets:  |                     |                     |
| Grants receivable   | (501,641)           | (7,645)             |
| Inventories   | 19,083              | (1,344)             |
| Prepaid expenses  | (15,494)            | (11,304)            |
| Capital campaign pledges receivable   | 96,584              | 27,348              |
| (Decrease) increase in operating liabilities:   |                     |                     |
| Accounts payable and accrued expenses   | (405,010)           | 381,853             |
| Deferred income   | 2,495               | (505)               |
| Net cash provided by operating activities   | <u>1,589,835</u>    | <u>1,095,998</u>    |
| Cash flows from investing activities:   |                     |                     |
| Purchase of investments   | (369,307)           | (542,068)           |
| Proceeds from sales of investments  | 91,995              | 307,397             |
| Additions to property and equipment   | (309,911)           | (51,565)            |
| Net cash used in investing activities   | <u>(587,223)</u>    | <u>(286,236)</u>    |
| Cash flows from financing activities:   |                     |                     |
| Contributions restricted for capital campaign purchases                                     | (2,570,757)         | (1,049,026)         |
| Net cash used in financing activities   | <u>(2,570,757)</u>  | <u>(1,049,026)</u>  |
| Net decrease in cash and cash equivalents   | (1,568,145)         | (239,264)           |
| Cash and cash equivalents, beginning of year  | <u>2,624,749</u>    | <u>2,864,013</u>    |
| Cash and cash equivalents, end of year  | <u>\$ 1,056,604</u> | <u>\$ 2,624,749</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 the Financial Accounting Standards Board (“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, 2016 and 2015, 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, 2016. 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 \$211,377 and \$1,804,218 at September 30, 2016 and 2015, 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 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 at September 30, 2016 and 2015. 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 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 statements 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 Organization's evaluation on September 30, 2016 and 2015 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 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 reclassifications have been made to the prior year financial statements to conform with the current year presentation.

## Note 2 – Summary of Significant Accounting Policies, continued

### *Recent Accounting Pronouncement*

In August 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-14 Not-For-Profit (“NFP”) Entities (Topic 958), *Presentation of Financial Statements of Not-For-Profit Entities*. Under the new guidance, not-for-profit entities are required to: (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the currently required three classes. That is, an NFP will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method reconciliation if using the direct method; (4) provide enhanced disclosure on (a) governing board designations, appropriation, and similar actions that result in self-imposed limits on use of resources without donor-imposed restrictions as of the end of the period; (b) composition of net assets with donor restrictions at the end of the period; (c) qualitative information that communicates how the Organization manages its liquid resources to meet cash needs for general expenditures within one year of the balance sheet date; (d) qualitative information that communicates availability of the Organization’s financial asset at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date; (e) amount of expenses by both their natural and functional classification; (f) methods used to allocate costs among programs and support functions; (g) additional disclosures on underwater endowment funds. The new reporting guidance is effective for fiscal years beginning after December 15, 2017. Management is evaluating the potential impact of this new guidance on the financial statements.

### *Date of Management Review*

Management has evaluated subsequent events through March 3, 2017, 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 \$2,126,710 and \$1,540,753 in 2016 and 2015, respectively. The grants are temporarily restricted. The grant receivable balances due in one year consisted of \$1,387,220 and \$885,580 as of September 30, 2016 and 2015, respectively.

**Note 4 – Investments**

Investments consist of the following as of September 30, 2016 and 2015:

|                            | 2016                |                     |
|----------------------------|---------------------|---------------------|
|                            | Cost                | Fair Value          |
| Corporate bonds            | \$ 1,109,589        | \$ 991,145          |
| Certificates of deposit    | 288,402             | 287,679             |
| Fixed income taxable funds | 214,376             | 207,651             |
| Equity mutual funds        | 187,869             | 201,684             |
| Municipal bonds            | 25,448              | 25,086              |
| Total investments          | <u>\$ 1,825,684</u> | <u>\$ 1,713,245</u> |

|                            | 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> |

Investment (losses) for the years ended September 30, 2016 and 2015 is summarized as follows:

|                                      | 2016               | 2015               |
|--------------------------------------|--------------------|--------------------|
| Net realized and unrealized (losses) | \$ (3,125)         | \$ (26,160)        |
| Less: management fees                | (7,368)            | (5,247)            |
|                                      | <u>\$ (10,493)</u> | <u>\$ (31,407)</u> |

**Note 5 – 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**

Fair values of assets measured on a recurring basis as of September 30, 2016 and 2015 are as follows:

| September 30, 2016                               |                     |  |   |  |
|--|---------------------|--|---|--|
| Fair Value Measurements at Reporting Date Using: |                     |  |   |  |
|  | Fair Value          | Quoted Prices in<br>Active Market for<br>Identical Inputs<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Cash equivalents                                 | \$ 464,625          | \$ 464,625   | \$ -  | \$ -   |
| Corporate bonds                                  | 991,145             | 991,145  | -   | -  |
| Certificates of deposit                          | 287,679             | 287,679  | -   | -  |
| Fixed income taxable funds                       | 207,651             | 207,651  | -   | -  |
| Equity mutual funds                              | 201,684             | 201,684  | -   | -  |
| Municipal bonds                                  | 25,086              | 25,086   | -   | -  |
|  | <u>\$ 2,177,870</u> | <u>\$ 2,177,870</u>  | <u>\$ -</u>   | <u>\$ -</u>  |

| September 30, 2015                               |                     |  |   |  |
|--|---------------------|--|---|--|
| Fair Value Measurements at Reporting Date Using: |                     |  |   |  |
|  | Fair Value          | Quoted Prices in<br>Active Market for<br>Identical Inputs<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(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>  |

**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. At September 30, 2016 and 2015, 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, 2016 and 2015 are as follows:

|   | <u>2016</u>      | <u>2015</u>       |
|---|------------------|-------------------|
| Temporarily restricted for capital campaign   | \$ 55,000        | \$ 161,499        |
| Present value discount at annualized<br>rate of 7% and 6% for 2016 and 2015, respectively | (875)            | (10,790)          |
| Net value of contributions receivable   | <u>\$ 54,125</u> | <u>\$ 150,709</u> |

These amounts are due as follows:

| <u>Years Ending September 30,</u> |  |                  |
|-----------------------------------|--|------------------|
| 2017                              |  | \$ 50,000        |
| 2018                              |  | 4,125            |
|                                   |  | <u>\$ 54,125</u> |

**Note 9 – Property and Equipment**

Property and equipment as of September 30, 2016 and 2015 consist of the following:

|                                | <u>2016</u>         | <u>2015</u>         |
|--------------------------------|---------------------|---------------------|
| Land                           | \$ 159,146          | \$ 159,146          |
| Equipment                      | 862,170             | 579,920             |
| Building                       | 1,868,561           | 1,880,853           |
| Furniture                      | 24,219              | 25,379              |
| Computer software              | 29,973              | 23,359              |
| Construction in progress       | 4,133,893           | 1,563,747           |
|                                | <u>7,077,962</u>    | <u>4,232,404</u>    |
| Less: accumulated depreciation | (1,414,035)         | (1,333,306)         |
|                                | <u>\$ 5,663,927</u> | <u>\$ 2,899,098</u> |

Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, and totaled \$115,841 and \$103,193 for the years ended September 30, 2016 and 2015, 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, 2016:

| <u>Years Ending September 30,</u> |                  |
|-----------------------------------|------------------|
| 2017                              | \$ 505           |
| 2018                              | 505              |
| 2019                              | 505              |
| 2020                              | 505              |
| 2021                              | 505              |
| Thereafter                        | 37,879           |
|                                   | <u>\$ 40,404</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, 2016 and 2015:

|                  | <u>2016</u>         | <u>2015</u>         |
|------------------|---------------------|---------------------|
| Program services | \$ 1,285,383        | \$ 758,096          |
| Capital campaign | 170,269             | 2,111,292           |
|                  | <u>\$ 1,455,652</u> | <u>\$ 2,869,388</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, 2016 and 2015 were utilized for the following purposes:

|                  | <u>2016</u>         | <u>2015</u>         |
|------------------|---------------------|---------------------|
| Program services | \$ 1,201,538        | \$ 1,138,763        |
| Gala             | -                   | 41,235              |
| Capital campaign | 2,979,935           | 1,049,026           |
|                  | <u>\$ 4,181,473</u> | <u>\$ 2,229,024</u> |

**Note 13 – Contributed Services and Supplies**

The value of contributed services and supplies meeting the requirements for recognition in the financial statements for the years ended September 30, 2016 and 2015 are as follows:

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| Contributed services:                   |                     |                     |
| Physicians                              | \$ 1,295,750        | \$ 1,273,000        |
| Dentists                                | 938,200             | 763,000             |
| Nurses                                  | 72,308              | 66,940              |
| Pharmacists                             | 43,613              | 40,050              |
| Dental and medical assistants           | 40,880              | 41,955              |
| Patient software                        | 276,400             | 246,044             |
| Other                                   | 191,482             | 188,862             |
|   | <u>2,858,633</u>    | <u>2,619,851</u>    |
| Contributed medical and dental supplies | 82,733              | 104,358             |
|   | <u>\$ 2,941,366</u> | <u>\$ 2,724,209</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, 2016 and 2015.

# Schedule of Expenditures of Federal Awards

Caridad Center, Inc.  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2016

| Federal/State Grantor, Pass-Through Entity<br>Federal Programs/States Project Title | CFDA/CFSA<br>Number | Contract/<br>Grant<br>Number | Expenditures |
|---|---------------------|------------------------------|--------------|
| U.S. Department of Education<br>Carol M. White Physical Education Program           | 84.215F             | S215F140214                  | \$ 715,114   |
| U.S. Department of Homeland Security<br>Emergency Food and Shelter Program          | 97.024              | 168600-055                   | 1,094        |
| U.S. Department of Health and Human Services<br>Expanded Testing Initiative         | 93.940              | PB347                        | 75,000       |
| Total Expenditures of Federal Awards  |                     |                              | \$ 791,208   |

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

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information on the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation, of the basis financial statements.

**Note 2 – 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 3 – Matching**

Contract S215F140214 with the U.S. Department of Education includes \$289,439 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 | \$ 289,439         |
|                                      | <u>\$ 289,439</u>  |

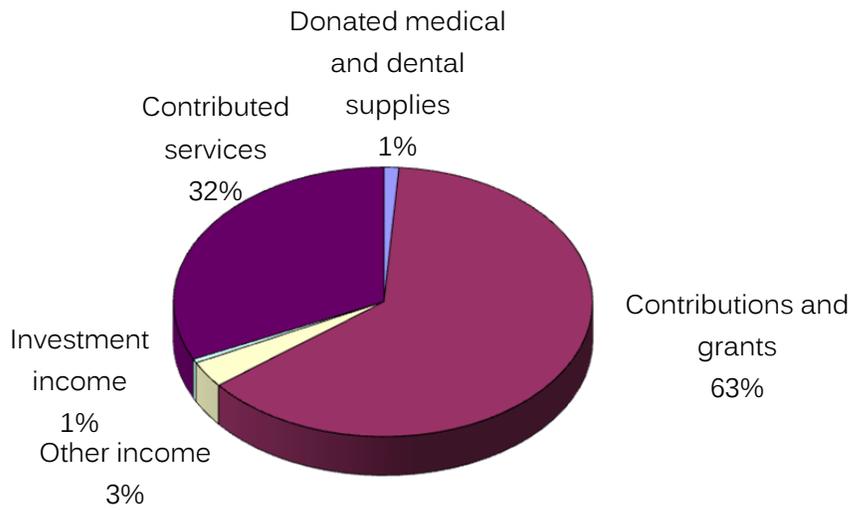
# Supplementary Information

Caridad Center, Inc.  
 Components of Support and Revenue  
 September 30, 2016

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|                                     |            |                  |
|-------------------------------------|------------|------------------|
| Donated medical and dental supplies | 1%         | \$ 103,015       |
| Contributions and grants            | 63%        | 5,644,742        |
| Other income                        | 3%         | 281,077          |
| Investment income                   | 0%         | 43,330           |
| Contributed services                | <u>32%</u> | <u>2,858,633</u> |
|                                     | 100%       | \$ 8,930,797     |

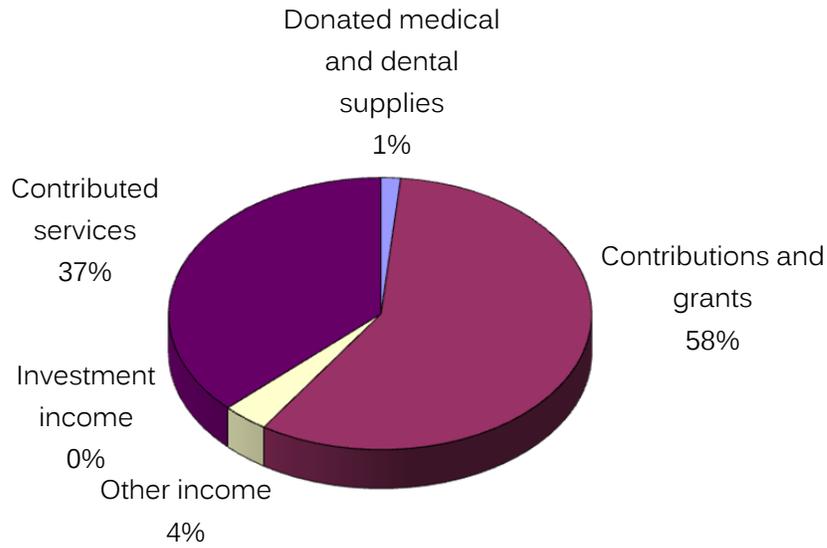
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Caridad Center, Inc.  
 Components of Support and Revenue  
 September 30, 2015

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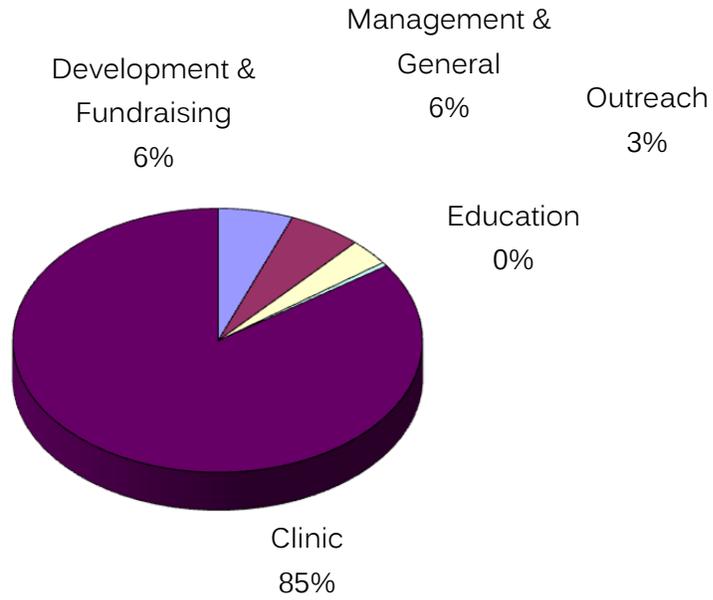
|                                     |            |                  |
|-------------------------------------|------------|------------------|
| Donated medical and dental supplies | 1%         | \$ 104,358       |
| Contributions and grants            | 58%        | 4,074,327        |
| Other income                        | 4%         | 248,469          |
| Investment income                   | 0%         | (1,030)          |
| Contributed services                | <u>37%</u> | <u>2,619,851</u> |
|                                     | 100%       | \$ 7,045,975     |



Caridad Center, Inc.  
 Components of Functional Expenses  
 September 30, 2016

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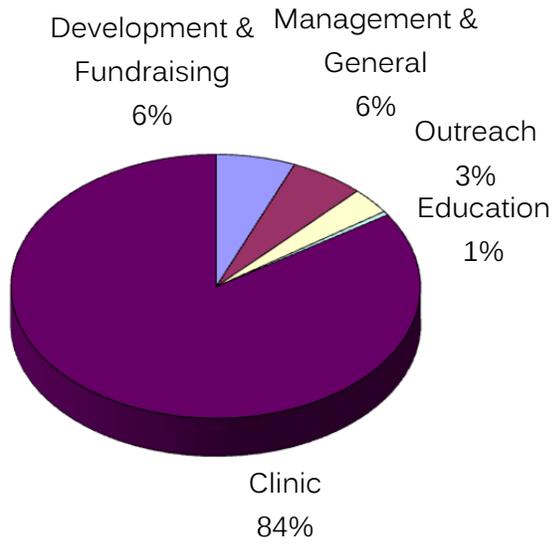
|                           |            |                  |
|---------------------------|------------|------------------|
| Development & Fundraising | 6%         | \$ 392,494       |
| Management & General      | 6%         | 384,845          |
| Outreach                  | 3%         | 216,223          |
| Education                 | 0%         | 31,679           |
| Clinic                    | <u>85%</u> | <u>5,624,454</u> |
|                           | 100%       | \$ 6,649,695     |



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

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



Independent Auditor's Report Required by  
*Government Auditing Standards and Uniform  
Guidance*

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 statements of financial position as of September 30, 2016 and 2015, 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 3, 2017.

***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.

*Angela Carlson LLP*

Boca Raton, Florida  
March 3, 2017

**Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

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

***Report on Compliance for Each Major Federal Program***

We have audited Caridad Center, Inc. (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program is identified in the summary of auditors' 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 programs.

***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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 considered 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 Organization's compliance.

***Opinion on Each 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, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-01. Our opinion on each major federal program is not modified with respect to these matters.

*Continued from previous page*

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance with a 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 any 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 the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Orangut Balson LLP*

Boca Raton, Florida  
March 3, 2017

# **Schedule of Findings and Questioned Costs**

**Caridad Center, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended September 30, 2016**

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

|   |            |                  |  |
|---|------------|------------------|--|
| Type of auditors' 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

|   |                   |                  |  |
|---|-------------------|------------------|--|
| Internal control over major federal programs:   |                   |                  |  |
| - Material weakness(es) identified?   | _____ Yes         | _____ X _____ No |  |
| - Significant deficiency(ies) identified  | _____ 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 2 CFR 200.516(a) | _____ X _____ Yes | _____ _____ No   |  |

Identification of major programs:

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, 2016**

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SECTION I - SUMMARY OF AUDITORS' RESULTS, continued

|  |    |                   |                    |
|--|----|-------------------|--------------------|
| Dollar threshold used to distinguish between type A and type B programs: | \$ | 750,000           | Federal            |
| Auditee qualified as low-risk auditee?                                   |    | <u>      </u> Yes | <u>      </u> X No |

SECTION II - FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None Reported

PRIOR YEAR FINDINGS

None Reported

SECTION III - FEDERAL PROGRAM AUDIT FINDINGS

CURRENT YEAR FINDINGS

**2016-01**

*Criteria:*

Circular A-133 320(b) requires auditees to submit a completed Form SF-SAC, along with one complete reporting package in accordance with the June 26, 2007 Federal Register notice, to the Federal Audit Clearinghouse designated by the Office of Management and Budget ("OMB"), currently the U.S. Census Bureau. The reporting package is defined in 320(c) of the Circular. The audit shall be completed and the data collection form and reporting package shall be electronically transmitted within the earlier of 30 days after receipt of the auditors' reports, or nine months after the end of the audit period.

*Condition:*

While the Organization did submit the September 30, 2015 audit to the Federal Audit Clearinghouse in accordance with the U.S. Office of Management and Budget's Uniform Guidance, the submission was not done in a timely basis.

*Questioned Cost:*

N/A

*Cause/Effect:*

A lapse in sufficient controls related to the submission of the Circular A-133 audit to the Federal Audit Clearinghouse arose from employee turnover leading to the non-timely submission of the June 30, 2015 A-133 audit in accordance with Circular A-133. Failure to submit the A-133 audit report to the Federal Audit Clearinghouse could result in federal agencies withholding grant funding to the Organization.

*Recommendation:*

The Organization should ensure that the data collection form and reporting package be submitted within 30 days after receipt of the auditors' reports as required by Circular A-133 to the Federal Audit Clearinghouse.

*Views of Management and Planned Corrective Action:*

The Organization has taken steps to remedy this situation. Caridad Center, Inc. has updated its monitoring and compliance assurance procedures to ensure compliance with auditors' reports as required by Circular A-133 to the Federal Audit Clearinghouse.

PRIOR YEAR AUDIT FINDINGS

None Reported