

Caridad Center, Inc.

Financial Statements

September 30, 2018 and 2017

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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, 2018 and 2017, 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.

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, 2018 and 2017, 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 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.

Accountal Capital LLP

Boca Raton, Florida
January 23, 2019

Caridad Center, Inc.
 Statements of Financial Position
 September 30, 2018 and 2017

| | <u>ASSETS</u> | |
|---------------------------------------|-----------------------------------|---------------------|
| | <u>2018</u> | <u>2017</u> |
| Assets: | | |
| Cash and cash equivalents | \$ 1,118,897 | \$ 595,614 |
| Restricted cash | 82,538 | 135,910 |
| Pledges receivable, net | 42,615 | 76,773 |
| Grants receivable | 1,316,048 | 421,138 |
| Investments | 1,838,451 | 1,907,916 |
| Inventory | 6,554 | 7,570 |
| Prepaid expenses | 85,079 | 80,795 |
| Property and equipment, net | <u>5,594,645</u> | <u>5,728,145</u> |
| Total assets | <u>\$ 10,084,827</u> | <u>\$ 8,953,861</u> |
| | <u>LIABILITIES AND NET ASSETS</u> | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 242,827 | \$ 150,830 |
| Deferred income | 64,394 | 59,899 |
| Total liabilities | <u>307,221</u> | <u>210,729</u> |
| Commitments and contingencies | | |
| Net assets: | | |
| Unrestricted: | | |
| Quasi-endowment fund | 315,000 | 315,000 |
| Undesignated | 7,919,350 | 7,926,475 |
| | <u>8,234,350</u> | <u>8,241,475</u> |
| Temporarily restricted | 1,543,256 | 501,657 |
| Total net assets | <u>9,777,606</u> | <u>8,743,132</u> |
| Total liabilities and net assets | <u>\$ 10,084,827</u> | <u>\$ 8,953,861</u> |

See accompanying notes to financial statements.

Caridad Center, Inc.
 Statements of Activities
 For the Years Ended September 30, 2018 and 2017

| | 2018 | | | 2017 | | |
|---|---------------------|------------------------|---------------------|---------------------|------------------------|---------------------|
| | Unrestricted | Temporarily Restricted | Totals | Unrestricted | Temporarily Restricted | Totals |
| Support and revenue: | | | | | | |
| Contributions | \$ 548,842 | \$ 291,623 | \$ 840,465 | \$ 687,874 | \$ 142,425 | \$ 830,299 |
| Bequests | 7,993 | - | 7,993 | 37,072 | - | 37,072 |
| Grants | 532,234 | 2,697,082 | 3,229,316 | 616,875 | 1,175,929 | 1,792,804 |
| Contributed services | 3,808,807 | - | 3,808,807 | 3,223,525 | - | 3,223,525 |
| Donated medical supplies | 172,849 | - | 172,849 | 147,583 | - | 147,583 |
| Program fees | 132,690 | - | 132,690 | 132,344 | - | 132,344 |
| Fund raising events, net of directly-related expense: | 266,930 | - | 266,930 | 164,998 | - | 164,998 |
| Investment net realized and unrealized (losses) | (22,963) | - | (22,963) | (4,252) | - | (4,252) |
| Interest and dividend income | 62,336 | - | 62,336 | 63,174 | - | 63,174 |
| Rental income | 505 | - | 505 | 505 | - | 505 |
| Total support and revenue | <u>5,510,223</u> | <u>2,988,705</u> | <u>8,498,928</u> | <u>5,069,698</u> | <u>1,318,354</u> | <u>6,388,052</u> |
| Net assets released from restrictions: | | | | | | |
| Satisfaction of program restrictions | 1,947,106 | (1,947,106) | - | 1,959,654 | (1,959,654) | - |
| Satisfaction of capital campaign restrictions | - | - | - | 312,695 | (312,695) | - |
| Total support and revenue | <u>7,457,329</u> | <u>1,041,599</u> | <u>8,498,928</u> | <u>7,342,047</u> | <u>(953,995)</u> | <u>6,388,052</u> |
| Expenses: | | | | | | |
| Program services | 6,664,479 | - | 6,664,479 | 6,586,117 | - | 6,586,117 |
| Supporting services: | | | | | | |
| Development and fund raising | 398,528 | - | 398,528 | 381,296 | - | 381,296 |
| Management and general | 401,447 | - | 401,447 | 397,937 | - | 397,937 |
| Total expenses | <u>7,464,454</u> | <u>-</u> | <u>7,464,454</u> | <u>7,365,350</u> | <u>-</u> | <u>7,365,350</u> |
| Change in net assets | (7,125) | 1,041,599 | 1,034,474 | (23,303) | (953,995) | (977,298) |
| Net assets, beginning of year | <u>8,241,475</u> | <u>501,657</u> | <u>8,743,132</u> | <u>8,264,778</u> | <u>1,455,652</u> | <u>9,720,430</u> |
| Net assets, end of year | <u>\$ 8,234,350</u> | <u>\$ 1,543,256</u> | <u>\$ 9,777,606</u> | <u>\$ 8,241,475</u> | <u>\$ 501,657</u> | <u>\$ 8,743,132</u> |

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

Caridad Center, Inc.
Statement of Functional Expenses
For the Year Ended September 30, 2017

| | Program Services | | | | Supporting Services | | | Total Functional Expenses |
|------------------------------------|-------------------|------------------|---------------------|---------------------|----------------------------|----------------------|-------------------|---------------------------|
| | Outreach | Education | Clinic | Total | Development & Fund Raising | Management & General | Total | |
| Salaries and wages | \$ 38,771 | \$ 19,986 | \$ 1,297,146 | \$ 1,355,903 | \$ 212,926 | \$ 209,145 | \$ 422,071 | \$ 1,777,974 |
| Payroll taxes and related benefits | 7,523 | 2,452 | 351,671 | 361,646 | 47,414 | 48,116 | 95,530 | 457,176 |
| Payroll processing fees | 1,045 | 2,745 | 34,728 | 38,518 | 2,532 | 2,776 | 5,308 | 43,826 |
| Contract labor | 3,078 | - | 63,454 | 66,532 | - | 1,650 | 1,650 | 68,182 |
| Contributed services and supplies | - | - | 3,371,108 | 3,371,108 | - | - | - | 3,371,108 |
| Laboratory | - | - | 51,540 | 51,540 | - | - | - | 51,540 |
| Program supplies | 5,605 | 5,415 | 246,583 | 257,603 | - | - | - | 257,603 |
| Program supplies - PEP Program | - | - | 317,382 | 317,382 | - | - | - | 317,382 |
| Information technology | 3,686 | - | 7,339 | 11,025 | 7,776 | 1,933 | 9,709 | 20,734 |
| Telephone and utilities | 2,099 | - | 43,128 | 45,227 | 1,251 | 6,289 | 7,540 | 52,767 |
| Office supplies | 605 | - | 43,536 | 44,141 | 2,794 | 13,170 | 15,964 | 60,105 |
| Insurance | 1,958 | - | 40,129 | 42,087 | 979 | 10,738 | 11,717 | 53,804 |
| Financial fees | - | - | - | - | 5,043 | 11,457 | 16,500 | 16,500 |
| Professional fees | - | - | 17,081 | 17,081 | 52,180 | 49,181 | 101,361 | 118,442 |
| Capital campaign | - | - | - | - | 14,186 | - | 14,186 | 14,186 |
| Travel and related expenses | 708 | - | 8,895 | 9,603 | 1,579 | 2,352 | 3,931 | 13,534 |
| Emergency aid | 87,428 | - | - | 87,428 | - | - | - | 87,428 |
| Holiday | 29,487 | - | - | 29,487 | - | - | - | 29,487 |
| Scholarships | 35,554 | - | - | 35,554 | - | - | - | 35,554 |
| Summer program | 27,144 | - | - | 27,144 | - | - | - | 27,144 |
| School supplies | 16,125 | - | - | 16,125 | - | - | - | 16,125 |
| Girl scouts | 5,106 | - | - | 5,106 | - | - | - | 5,106 |
| Volunteer appreciation | - | - | 9,529 | 9,529 | - | - | - | 9,529 |
| Health fairs | - | - | 14,796 | 14,796 | - | - | - | 14,796 |
| Training and education | 143 | - | 5,450 | 5,593 | 2,500 | 1,608 | 4,108 | 9,701 |
| Printing and postage | - | - | 1,858 | 1,858 | 7,574 | 717 | 8,291 | 10,149 |
| Repairs and maintenance | - | - | 10,429 | 10,429 | - | 722 | 722 | 11,151 |
| Storage | 305 | - | 14,073 | 14,378 | - | - | - | 14,378 |
| Miscellaneous | 8,815 | 100 | 3,715 | 12,630 | 1,935 | 1,008 | 2,943 | 15,573 |
| Facility expense allocation | 4,781 | - | 95,321 | 100,102 | 2,332 | 13,819 | 16,151 | 116,253 |
| Bad debt expense | - | - | - | - | 10,000 | - | 10,000 | 10,000 |
| Depreciation | 7,246 | - | 219,316 | 226,562 | 8,295 | 23,256 | 31,551 | 258,113 |
| Total | \$ 287,212 | \$ 30,698 | \$ 6,268,207 | \$ 6,586,117 | \$ 381,296 | \$ 397,937 | \$ 779,233 | \$ 7,365,350 |

See accompanying notes to financial statements.

Caridad Center, Inc.
 Statements of Cash Flows
 For the Years Ended September 30, 2018 and 2017

| | 2018 | 2017 |
|--|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 1,034,474 | \$ (977,298) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 271,760 | 258,113 |
| Proceeds from donated stock | 55,044 | 127,213 |
| Net realized and unrealized (losses) from investments | (22,963) | (4,252) |
| Disposal of property and equipment | (1,358) | - |
| Change in operating assets and liabilities: | | |
| Pledges receivable | 34,158 | (22,648) |
| Grants receivable | (894,910) | 966,082 |
| Inventory | 1,016 | 15,075 |
| Prepaid expenses | (4,284) | (19,016) |
| Accounts payable and accrued expenses | 91,996 | (44,883) |
| Deferred income | 4,495 | 16,495 |
| Net cash provided by operating activities | <u>569,428</u> | <u>314,881</u> |
| Cash flows from investing activities: | | |
| Purchase of investments | (903,619) | (413,270) |
| Proceeds from sales of investments | 941,003 | 95,640 |
| Additions to property and equipment | (136,901) | (322,331) |
| Net cash used in investing activities | <u>(99,517)</u> | <u>(639,961)</u> |
| Cash flows from financing activities | <u>-</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents: | 469,911 | (325,080) |
| Cash and cash equivalents, beginning of year | <u>731,524</u> | <u>1,056,604</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,201,435</u> | <u>\$ 731,524</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

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. As of September 30, 2018 and 2017, 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 years ended September 30, 2018 and 2017. 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 \$647,771 and \$411,058 as of September 30, 2018 and 2017, respectively.

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 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

Note 2 – Summary of Significant Accounting Policies, continued

Contributions and Pledges Receivable, continued

estimated future cash flows, using a discounted rate that approximates the rate of government securities, and are deemed fully collectible as of September 30, 2018 and 2017. 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. 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.

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 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 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, 2018 and 2017 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.

Note 2 – Summary of Significant Accounting Policies, continued

Investments

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

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

Deferred Revenue

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

Reclassifications

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

Recent Accounting Pronouncements

In 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, NFP entities are required to: (1) present on the face of the statements 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 statements 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 statements 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 assets 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.

Note 2 – Summary of Significant Accounting Policies, continued

Recent Accounting Pronouncements, continued

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the classification of restricted cash in the statement of cash flows. ASU No. 2016-18 is effective for fiscal years beginning January 1, 2018. Early adoption is permitted. The Organization does not expect the adoption of ASU No. 2016-18 to have a material effect on the financial statements and disclosures.

Date of Management Review

Management has evaluated subsequent events through January 23, 2019, 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 \$2,677,074 and \$1,460,058 in 2018 and 2017, respectively. The grants are temporarily restricted. The grant receivable balances due consisted of \$1,316,048 (1,009,048 due in one year and \$307,000 due in 2 years) and \$421,138 as of September 30, 2018 and 2017, respectively.

Note 4 – Investments

Investments consist of the following as of September 30:

| | 2018 | |
|----------------------------|---------------------|---------------------|
| | Cost | Fair Value |
| Corporate bonds | \$ 1,102,804 | \$ 1,092,216 |
| Certificates of deposit | 111,628 | 111,779 |
| Fixed income taxable funds | 271,816 | 278,911 |
| Mutual funds | 165,255 | 189,075 |
| Municipal bonds | 166,929 | 166,470 |
| Total investments | <u>\$ 1,818,432</u> | <u>\$ 1,838,451</u> |
| | 2017 | |
| | Cost | Fair Value |
| Corporate bonds | \$ 1,239,106 | \$ 1,236,190 |
| Certificates of deposit | 176,955 | 175,482 |
| Fixed income taxable funds | 261,699 | 265,729 |
| Mutual funds | 155,495 | 179,614 |
| Municipal bonds | 51,052 | 50,901 |
| Total investments | <u>\$ 1,884,307</u> | <u>\$ 1,907,916</u> |

Note 4 – Investments, continued

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

| | <u>2018</u> | <u>2017</u> |
|--------------------------------------|--------------------|--------------------|
| Net realized and unrealized (losses) | \$ (22,963) | \$ (4,252) |
| Less: management fees | (8,326) | (9,688) |
| | <u>\$ (31,289)</u> | <u>\$ (13,940)</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 consist of the following as of September 30:

| 2018 | | | | |
|---|---------------------|--|---|--|
| <u>Fair Value Measurements at Reporting Date Using:</u> | | | | |
| | | Quoted Prices in Active Market for Identical Inputs (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| | <u>Fair Value</u> | | | |
| Cash equivalents | \$ 124,791 | \$ 124,791 | \$ - | \$ - |
| Corporate bonds | 1,092,216 | 1,092,216 | - | - |
| Certificates of deposit | 111,779 | 111,779 | - | - |
| Fixed income taxable funds | 278,911 | 278,911 | - | - |
| Mutual funds | 189,075 | 189,075 | - | - |
| Municipal bonds | 166,470 | 166,470 | - | - |
| | <u>\$ 1,963,242</u> | <u>\$ 1,963,242</u> | <u>\$ -</u> | <u>\$ -</u> |

Note 6 – Fair Value Measurements, continued

| 2017 | | | | |
|--|---------------------|--|---|--|
| 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 | \$ 127,336 | \$ 127,336 | \$ - | \$ - |
| Corporate bonds | 1,236,190 | 1,236,190 | - | - |
| Certificates of deposit | 175,482 | 175,482 | - | - |
| Fixed income taxable funds | 265,729 | 265,729 | - | - |
| Mutual funds | 179,614 | 179,614 | - | - |
| Municipal bonds | 50,901 | 50,901 | - | - |
| | <u>\$ 2,035,252</u> | <u>\$ 2,035,252</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, 2018 and 2017, the Organization had no significant concentrations of credit risk.

Note 8 – Pledges Receivable

Pledges receivable consist of the following as of September 30:

| | 2018 | 2017 |
|--|------------------|------------------|
| Total pledges receivable | \$ 48,250 | \$ 88,835 |
| Present value discount at annualized rate of 7% for 2018 and 2017, respectively | (5,635) | (12,062) |
| Net value of pledges receivable | <u>\$ 42,615</u> | <u>\$ 76,773</u> |

These amounts are due as follows:

| Years Ending September 30, | |
|----------------------------|------------------|
| 2019 | \$ 18,250 |
| 2020 | 13,095 |
| 2021 | 11,270 |
| | <u>\$ 42,615</u> |

Note 9 – Property and Equipment

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

| | <u>2018</u> | <u>2017</u> |
|--------------------------------|---------------------|---------------------|
| Land | \$ 159,146 | \$ 159,146 |
| Equipment | 867,474 | 762,464 |
| Building | 6,309,327 | 6,281,991 |
| Furniture | 12,818 | 12,818 |
| Computer software | 23,358 | 23,358 |
| Total | <u>7,372,123</u> | <u>7,239,777</u> |
| Less: accumulated depreciation | (1,777,478) | (1,511,632) |
| Property and equipment, net | <u>\$ 5,594,645</u> | <u>\$ 5,728,145</u> |

Depreciation expense totaled \$271,760 and \$258,113 for the years ended September 30, 2018 and 2017, 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, 2018:

| <u>Years Ending September 30,</u> | |
|-----------------------------------|------------------|
| 2019 | \$ 505 |
| 2020 | 505 |
| 2021 | 505 |
| 2022 | 505 |
| Thereafter | 37,374 |
| | <u>\$ 39,394</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:

| | <u>2018</u> | <u>2017</u> |
|------------------|---------------------|-------------------|
| Program services | \$ 1,543,256 | \$ 501,657 |
| | <u>\$ 1,543,256</u> | <u>\$ 501,657</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 were utilized for the following purposes during the years ended September 30:

| | <u>2018</u> | <u>2017</u> |
|------------------|---------------------|---------------------|
| Program services | \$ 1,947,106 | \$ 1,959,654 |
| Capital campaign | - | 312,695 |
| | <u>\$ 1,947,106</u> | <u>\$ 2,272,349</u> |

Note 13 – Contributed Services and Supplies

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

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Contributed services: | | |
| Physicians | \$ 2,026,168 | \$ 1,443,016 |
| Dentists | 1,136,400 | 1,064,400 |
| Nurses | 73,811 | 88,615 |
| Pharmacists | 73,838 | 111,203 |
| Dental and medical assistants | 39,133 | 50,404 |
| Patient software | 272,400 | 272,400 |
| Other | 187,057 | 193,487 |
| | <u>3,808,807</u> | <u>3,223,525</u> |
| Contributed medical and dental supplies | 172,849 | 147,583 |
| | <u>\$ 3,981,656</u> | <u>\$ 3,371,108</u> |

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

Note 14 – Commitments and Contingencies

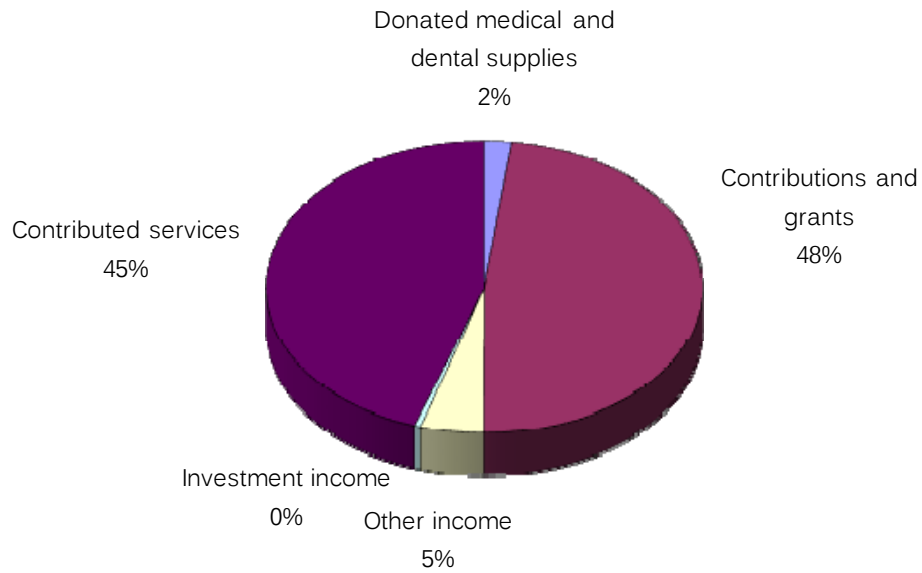
From time to time, the Organization may be involved in various asserted claims and legal proceedings arising in the ordinary course of business, some of which may involve claims for substantial amounts.

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, 2018 and 2017.

Supplementary Information

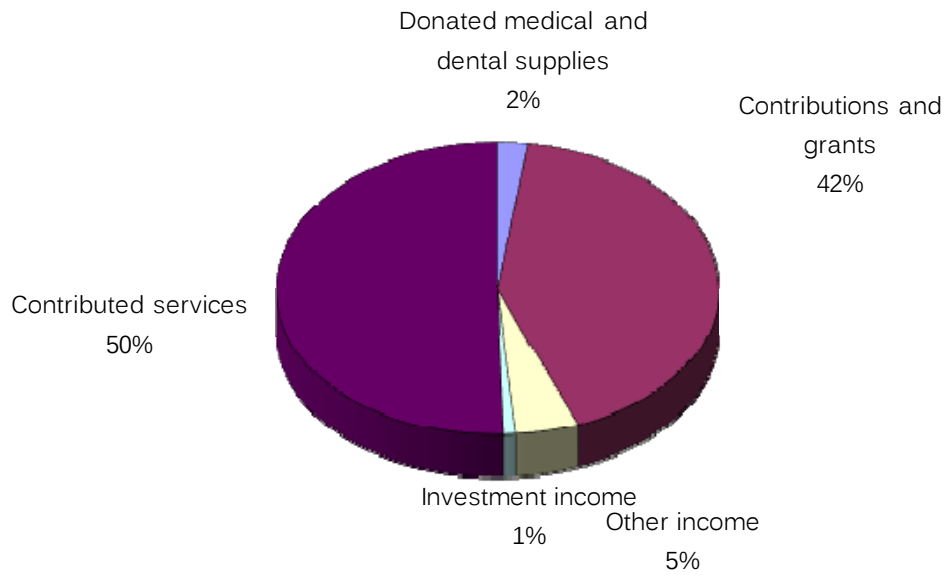
Caridad Center, Inc.
 Components of Support and Revenue
 September 30, 2018

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



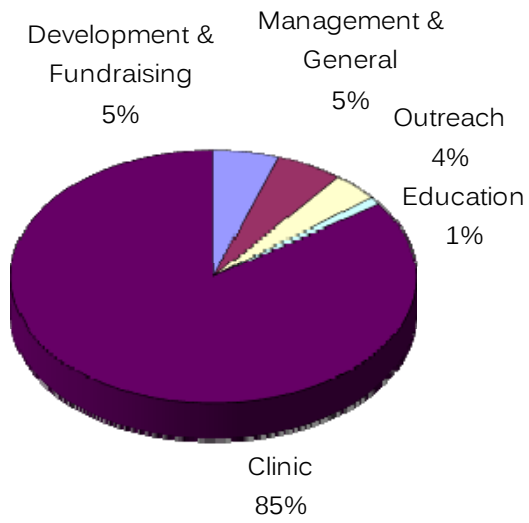
Caridad Center, Inc.
 Components of Support and Revenue
 September 30, 2017

| | | |
|-------------------------------------|------------|------------------|
| Donated medical and dental supplies | 2% | \$ 147,583 |
| Contributions and grants | 42% | 2,660,175 |
| Other income | 5% | 297,847 |
| Investment income | 1% | 58,922 |
| Contributed services | <u>50%</u> | <u>3,223,525</u> |
| | 100% | \$ 6,388,052 |



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

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



Caridad Center, Inc.
Components of Functional Expenses
September 30, 2017

| | | |
|---------------------------|------------|------------------|
| Development & Fundraising | 5% | \$ 381,296 |
| Management & General | 5% | 397,937 |
| Outreach | 4% | 287,212 |
| Education | 1% | 30,698 |
| Clinic | <u>85%</u> | <u>6,268,207</u> |
| | 100% | \$ 7,365,350 |

