

CARIDAD CENTER, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

For The Year Ended September 30, 2022
(with comparable totals for 2021)

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Caridad Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Caridad Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Caridad Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Caridad Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Caridad Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Caridad Center, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
May 17, 2023

*As of September 30, 2022**(with comparable totals for 2021)*

	Without Donor Restrictions	With Donor Restrictions	2022	2021
ASSETS				
Cash and cash equivalents	\$ 954,624	\$ 1,061,128	\$ 2,015,752	\$ 2,406,046
Investments	1,927,025	-	1,927,025	1,968,330
Grants receivable	692,608	-	692,608	1,042,922
Inventory	61,392	-	61,392	60,157
Other current assets	48,181	-	48,181	71,386
	<u>3,683,830</u>	<u>1,061,128</u>	<u>4,744,958</u>	<u>5,548,841</u>
Total current assets				
Property and equipment, net	4,835,216	-	4,835,216	4,998,788
	<u>4,835,216</u>	<u>-</u>	<u>4,835,216</u>	<u>4,998,788</u>
Total assets	<u>\$ 8,519,046</u>	<u>\$ 1,061,128</u>	<u>\$ 9,580,174</u>	<u>\$ 10,547,629</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 130,251	\$ -	\$ 130,251	\$ 130,632
Accrued compensation and related expenses	208,431	-	208,431	174,658
Deferred revenue	37,374	-	37,374	86,882
	<u>376,056</u>	<u>-</u>	<u>376,056</u>	<u>392,172</u>
Total liabilities				
Net assets:				
Without donor restrictions:				
Board designated quasi-endowment fund	315,000	-	315,000	315,000
Undesignated	7,827,990	-	7,827,990	8,534,207
	<u>8,142,990</u>	<u>-</u>	<u>8,142,990</u>	<u>8,849,207</u>
With donor restrictions:	-	1,061,128	1,061,128	1,306,250
	<u>-</u>	<u>1,061,128</u>	<u>1,061,128</u>	<u>1,306,250</u>
Total net assets	<u>8,142,990</u>	<u>1,061,128</u>	<u>9,204,118</u>	<u>10,155,457</u>
Total liabilities and net assets	<u>\$ 8,519,046</u>	<u>\$ 1,061,128</u>	<u>\$ 9,580,174</u>	<u>\$ 10,547,629</u>

See accompanying notes to financial statements.

*For the Year Ended September 30, 2022**(with comparable totals for 2021)*

	Without Donor Restrictions	With Donor Restrictions	2022	2021
Support and Revenues:				
Contributions and bequests	\$ 1,004,130	\$ 235,458	\$ 1,239,588	\$ 1,606,185
Grants	2,055,325	1,071,386	3,126,711	3,223,647
Donated services and supplies				
Professional services	8,833,098	-	8,833,098	6,330,531
Pharmacy and laboratory supplies	1,003,142	-	1,003,142	1,148,236
Training fees	8,732	-	8,732	150
Rental income	505	-	505	505
Miscellaneous income	5,594	-	5,594	4,763
Interest and dividend income	31,535	-	31,535	24,840
Net realized and unrealized gains (losses) on investments	(287,261)	-	(287,261)	148,026
 Total support and revenues	 12,654,800	 1,306,844	 13,961,644	 12,486,883
 Net assets released from restriction	 1,551,966	 (1,551,966)	 -	 -
Expenses:				
Program	13,897,057	-	13,897,057	10,874,198
Management and general	555,322	-	555,322	412,357
Fundraising	460,604	-	460,604	341,716
 Total expenses	 14,912,983	 	 14,912,983	 11,628,271
 Change in net assets	 (706,217)	 (245,122)	 (951,339)	 858,612
 Net assets, beginning of year	 8,849,207	 1,306,250	 10,155,457	 9,296,845
 Net assets, end of year	 <u>\$ 8,142,990</u>	 <u>\$ 1,061,128</u>	 <u>\$ 9,204,118</u>	 <u>\$10,155,457</u>

See accompanying notes to financial statements.

*For the Year Ended September 30, 2022**(with comparable totals for 2021)*

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Cash received from contributors and grantors	\$ 4,667,105	\$ 4,173,302
Cash received for training	8,732	150
Cash received from miscellaneous activities	5,594	4,763
Cash received for rent	505	505
Cash received from investment income	31,535	24,840
Cash paid for special events	(20,929)	(16,320)
Cash paid to employees	(2,470,936)	(1,856,758)
Cash paid for goods and services	<u>(2,287,139)</u>	<u>(1,952,214)</u>
Net cash provided by (used in) operating activities	<u>(65,533)</u>	<u>378,268</u>
Cash flows from investing activities:		
Purchase of property and equipment	(78,805)	(24,666)
Purchase of investments	(976,501)	(798,863)
Proceeds from the sale of investments	<u>730,545</u>	<u>81,308</u>
Net cash used in investing activities	<u>(324,761)</u>	<u>(742,221)</u>
Change in cash and cash equivalents	(390,294)	(363,953)
Cash and cash equivalents, beginning of year	<u>2,406,046</u>	<u>2,769,999</u>
Cash and cash equivalents, end of year	<u>\$ 2,015,752</u>	<u>\$ 2,406,046</u>

See accompanying notes to financial statements.

*For the Year Ended September 30, 2022**(with comparable totals for 2021)*

	<u>2022</u>	<u>2021</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ (951,339)	\$ 858,612
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	242,377	267,000
Net realized and change in unrealized gain on investments	287,261	(148,026)
Forgiveness of PPP loan payable	-	(444,370)
(Increase) decrease in operating assets:		
Pledges receivable	-	13,673
Grants receivable	350,314	(120,256)
Inventory	(1,235)	6,223
Other current assets	23,205	(38,098)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	33,392	89,087
Deferred revenue	(49,508)	(105,577)
Net cash provided by (used in) operating activities	<u>\$ (65,533)</u>	<u>\$ 378,268</u>

See accompanying notes to financial statements.

For the Year Ended September 30, 2022

	Program Services			
	Outreach	Education	Clinic	Totals
Salaries and wages	\$ 176,306	\$ 454,811	\$ 1,267,009	\$ 1,898,126
Payroll taxes and employee benefits	27,644	106,154	249,738	383,536
Total salaries and related expenses	203,950	560,965	1,516,747	2,281,662
Advertising and promotion	-	-	1,206	1,206
Contract labor	23,110	198,256	225,956	447,322
Donated services and supplies				
Pharmacy and laboratory supplies	-	-	1,003,142	1,003,142
Professional services	288,384	-	8,544,714	8,833,098
Dues and subscriptions	310	-	8,875	9,185
Emergency aid	77,426	3,646	59,548	140,620
Financial fees	-	-	129	129
Health fairs	-	-	-	-
Holiday	17,836	-	-	17,836
Information technology	8,292	5,797	39,554	53,643
Insurance	18,280	8,859	90,035	117,174
Janitorial and biohazard waste	1,828	-	52,984	54,812
Laboratory	-	-	133,453	133,453
Office expenses	18,946	13,679	65,778	98,403
Printing and postage	40	2,010	1,420	3,470
Professional fees	-	-	-	-
Program supplies	6,736	16,458	166,028	189,222
Repairs and maintenance	4,972	250	52,174	57,396
Scholarships	36,500	-	-	36,500
School supplies	2,160	-	-	2,160
Special events	-	-	-	-
Storage	901	7,482	4,107	12,490
Summer program	35,519	-	-	35,519
Property taxes	320	-	6,556	6,876
Telephone and utilities	3,582	1,803	72,649	78,034
Training and education	1,324	579	26,233	28,136
Travel and related expenses	2,319	5,659	10,030	18,008
Depreciation	4,078	625	232,858	237,561
Total expenses	\$ 756,813	\$ 826,068	\$12,314,176	\$13,897,057

See accompanying notes to financial statements.

(with comparable totals for 2021)

Supporting Services				
Management and General	Fundraising	Total Supporting Services	2022 Totals	2021 Totals
\$ 343,365	\$ 229,445	\$ 572,810	\$ 2,470,936	\$ 1,987,422
50,568	45,103	95,671	479,207	411,514
393,933	274,548	668,481	2,950,143	2,398,936
-	25,953	25,953	27,159	-
2,100	600	2,700	450,022	377,654
-	-	-	1,003,142	1,148,236
-	-	-	8,833,098	6,330,531
8,686	2,268	10,954	20,139	7,053
-	-	-	140,620	128,646
18,846	2,327	21,173	21,302	15,128
-	-	-	-	22,349
-	-	-	17,836	25,946
29,545	423	29,968	83,611	55,022
9,186	8,101	17,287	134,461	95,360
5,484	914	6,398	61,210	55,507
-	-	-	133,453	116,587
16,874	13,731	30,605	129,008	99,176
866	8,868	9,734	13,204	14,211
40,500	90,615	131,115	131,115	100,168
499	-	499	189,721	139,660
5,227	828	6,055	63,451	56,928
-	-	-	36,500	38,052
-	-	-	2,160	1,600
-	20,929	20,929	20,929	16,320
-	-	-	12,490	18,696
-	-	-	35,519	19,747
959	160	1,119	7,995	8,117
9,956	3,373	13,329	91,363	57,833
6,602	5,706	12,308	40,444	6,032
1,474	1,029	2,503	20,511	7,776
4,585	231	4,816	242,377	267,000
<u>\$ 555,322</u>	<u>\$ 460,604</u>	<u>\$ 1,015,926</u>	<u>\$14,912,983</u>	<u>\$11,628,271</u>

See accompanying notes to financial statements.

For the Year Ended September 30, 2022

1. Nature of Organization

Caridad Center, Inc. (the "Organization") is a nonprofit organization established in 1989, and 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 and grants from various individuals, foundations, government agencies, and charities. Additionally, medical professionals (doctors/dentists/nurses/specialists/etc.) and organizations donate substantial medical and dental services and supplies.

In March of 2022, Caridad Center Foundation, Inc. was formed to support the Organization's mission. The foundation had no activity during the fiscal year ended September 30, 2022 (see Note 13).

2. Summary of Significant Accounting Policies

Financial Statement Presentation

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

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, 2022. 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.

For the Year Ended September 30, 2022

2. Summary of Significant Accounting Policies, continued

Inventory

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

Grants Receivable

All grants are considered to be available for unrestricted use unless specifically restricted by the donor. Classification of grants as with donor restrictions or without donor restrictions is based upon any donor-imposed stipulations that limit the use of the donated assets. When a donor-imposed restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Receivables resulting from these grants deemed fully collectible as of September 30, 2022.

Property and Equipment

Property and equipment are recorded at cost if purchased and at their estimated fair value if donated. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Maintenance and repairs are expensed as incurred. The Organization capitalizes all property and equipment with a cost of \$1,000 if purchased, and a fair value of \$1,000 at date of donation if received by contribution.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and according to a more natural classification in the Statement of Functional Expenses. Accordingly, expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses that apply to more than one functional category have been allocated among the programs and supporting services benefited.

Donated Services, Supplies, and In-Kind Contributions

In accordance with FASB ASC 958-605, *Revenue Recognition*, the Organization records the value of those donated services, supplies, and in-kind contributions that require specialized skills and that would typically need to be purchased if not provided by donation. Donated services, supplies, and in-kind contributions include medical services and supplies. These goods and services are reflected in the financial statements at their estimated fair market value at the date of receipt (see Note 11).

For the Year Ended September 30, 2022

2. Summary of Significant Accounting Policies, continued

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Furthermore, it has been determined that the Organization is not a private foundation. The Organization has adopted the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Organization's evaluation on September 30, 2022 revealed no uncertain tax positions that would have a material impact on the financial statements. The Organization does not believe that any reasonably possible changes will occur within the next twelve (12) months that will have a material impact on the financial statements.

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial position. Quoted market prices are used to determine fair values. Unrealized gains and losses, if any, are included in the caption "Net realized and unrealized gain (loss) on investments" in the accompanying Statement 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 or used for operation or expansion as needed.

Deferred Revenue

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

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as "right of use assets" with corresponding liabilities. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2021. This standard will be effective for the Organization's fiscal year-end September 30, 2023. Management is currently evaluating the magnitude and potential impact on the Organization's financial statements.

Recently Adopted Accounting Pronouncements

As of October 1, 2021, the Organization adopted the provisions of FASB ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the standard is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit.

For the Year Ended September 30, 2022

2. Summary of Significant Accounting Policies, continued

Advertising

The Organization expenses advertising costs as incurred. Total expenditures for advertising costs for the year ended September 30, 2022, were \$27,159.

3. Liquidity and Availability of Resources

Financial assets available for general expenditure within one year, that is, without donor restrictions or other restrictions limiting their use beyond planned operating expenditures comprise the following:

Cash and cash equivalents	\$ 2,015,752
Investments	1,927,025
Grants receivable	<u>692,608</u>
Financial assets available to meet general expenditures over the next 12 months	4,635,385

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

Restricted by donors with purpose restrictions	<u>1,061,128</u>
Total financial assets available within one year to meet cash needs for general expenditures	<u>\$ 3,574,257</u>

The Organization receives significant revenue from Government and Foundation Grants, which typically cover over 60% of its operating expenditures on a direct reimbursement basis. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

4. Grants Receivable

The Organization received unconditional promises to give in the amount of \$2,055,325 during the year ended September 30, 2022. Conditional promises to give as of September 30, 2022 were \$1,071,386, and are recognizable upon satisfying certain conditions associated with the pledge. The grants receivable balance due was \$692,608 as of September 30, 2022, and no allowance for uncollectible amounts was deemed necessary.

5. Fair Value Measurement

FASB ASC 820-10 establishes a framework for measuring fair value of financial instruments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

For the Year Ended September 30, 2022**5. Fair Value Measurement, continued**

The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

Level 1 – Inputs are based on quoted market prices.

Level 2 – Inputs are based on quoted market prices for similar assets or liabilities.

Level 3 – Inputs to the valuation methodology are based on generally unobservable data and use estimates and varying degrees of judgement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value of Financial Instruments: The following methods and assumptions were used by the Organization in estimating fair value of financial instruments that are not disclosed under ASC 820.

- *Cash equivalents, grants receivable, accounts payable and accrued expenses* – The carrying amounts reported approximate fair value due to the short-term duration of the instruments.

Items Measured at Fair Value on a Recurring Basis: The following valuation methodologies are used for assets measured at fair value on a recurring basis. There have been no changes in the methodologies used as of September 30, 2022.

Investments:

- *Corporate bonds, foreign bonds, and equity funds* – Valued at quoted market price of securities by the custodian as of the close of business as of September 30, 2022.

The following table sets forth by level, within the fair value hierarchy, Caridad Center, Inc.'s assets at fair value as of September 30, 2022:

	<u>Assets at Fair Value as of September 30, 2022</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Corporate bonds	\$ 189,168	\$ -	\$ -	\$ 189,168
Foreign bonds	332,232	-	-	332,232
Equity funds	<u>1,405,625</u>	<u>-</u>	<u>-</u>	<u>1,405,625</u>
Total assets at fair value	<u>\$ 1,927,025</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,927,025</u>

6. Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash, grants 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. Grants receivable are principally from government agencies and foundations. Realization of these items is dependent on various individual economic conditions. Investments are based on quoted market prices. Grants receivable are carried at estimated net realizable values. As of September 30, 2022, the management believes the Organization had no significant concentrations of credit risk on its grants receivable. As of September 30, 2022, there was approximately \$683,948 in cash in excess of the FDIC limits. Management believes the Organization is not exposed to any significant credit risk on its cash and cash equivalents.

For the Year Ended September 30, 2022

7. Property and Equipment

Property and equipment as of September 30, 2022, consisted of the following:

Building	\$ 6,330,745
Equipment	1,140,645
Land	159,146
Computer software	<u>29,684</u>
Total	7,660,220
Less: accumulated depreciation	<u>2,825,004</u>
Property and equipment, net	<u>\$ 4,835,216</u>

8. Grant Requirements

Grants are subject to annual renewal and periodic amendment and require the fulfillment of certain conditions, as set forth in each instrument of the grants. Failure to fulfill the conditions may require the return of the funds to grantors. Although this 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.

9. 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, 2022:

<u>Year ended</u> <u>September 30</u>	
2023	\$ 505
2024	505
2025	505
2026	505
2027	505
Thereafter	<u>34,849</u>
Total	<u>\$ 37,374</u>

For the Year Ended September 30, 2022

10. Net Assets with Donor Restrictions and Net Assets Released from Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of September 30, 2022:

Program services	<u>\$ 1,061,128</u>
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Net assets with donor restrictions are released from donor restrictions when the restricted assets are expended in satisfaction of the restricted purpose or by occurrence of other events specified by donors. Net assets with donor restrictions released were utilized for the following purposes during the year ended September 30, 2022:

Program services	<u>\$ 1,551,966</u>
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11. Donated Services and Supplies

Donated services and supplies are reflected as support and expenses in the accompanying financial statements and are recorded at their estimated fair value. These amounts primarily include dental, medical, and vision services and pharmacy and laboratory supplies, and are recorded as support and expenses on the Statement of Activity and Statement of Functional Expenses as professional services and pharmacy and laboratory supplies. Donated dental services are valued at the price per procedure as determined by the American Dental Association. Donated vision services are valued at the price per procedure at stated Medicaid rates. Donated medical and other services are valued at the price per hour as determined by the Florida Department of Health. Donated pharmacy and laboratory supplies are valued at market price as of the date of receipt.

The value of donated services and supplies are as follows for the year ended September 30, 2022:

Professional services:	
Dental	\$ 3,739,368
Medical	3,184,891
Vision	1,620,455
Other	<u>288,384</u>
	8,833,098
Pharmacy and laboratory supplies	<u>1,003,142</u>
Total	<u>\$ 9,386,240</u>

12. 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 year ended September 30, 2022.

For the Year Ended September 30, 2022

13. Subsequent Events

Date of Management Evaluation

Management has evaluated subsequent events through May 17, 2023, the date on which these financial statements were available to be issued, and determined the following additional event was required to be presented in these financial statements.

In December of 2022, Caridad Center, Inc. transferred \$3,233,710 of cash and investments to Caridad Center Foundation, Inc.