

CARIDAD CENTER, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2010 AND 2009



DaszkalBolton LLP

CERTIFIED PUBLIC ACCOUNTANTS

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DaszkalBolton LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Caridad Center, Inc. (the "Organization") as of September 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2011, 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Caridad Center, Inc. taken as a whole. The accompanying components of revenues and functional expenses appearing on pages 17 – 20 are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

DaszkalBolton LLP

Jupiter, Florida
February 21, 2011

CARIDAD CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2010 AND 2009

ASSETS

	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 972,478	\$ 466,674
Grant receivable	307,300	466,450
Investments	565,766	998,449
Inventories	26,385	35,055
Prepaid expenses	41,742	49,475
Other assets	<u>445</u>	<u>445</u>
	<u>1,914,116</u>	<u>2,016,548</u>
Property and equipment, net	<u>1,661,728</u>	<u>1,717,200</u>
Total assets	<u>\$ 3,575,844</u>	<u>\$ 3,733,748</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 150,933	\$ 149,992
Deferred rental income	<u>43,435</u>	<u>43,939</u>
Total liabilities	<u>194,368</u>	<u>193,931</u>
Commitments and contingencies		
Net assets:		
Unrestricted:		
Quasi Endowment Fund	315,000	315,000
Undesignated	<u>2,745,393</u>	<u>2,962,134</u>
	3,060,393	3,277,134
Temporarily restricted	<u>321,083</u>	<u>262,683</u>
Total net assets	<u>3,381,476</u>	<u>3,539,817</u>
Total liabilities and net assets	<u>\$ 3,575,844</u>	<u>\$ 3,733,748</u>

See notes to financial statements.

CARIDAD CENTER, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
Support and revenue:						
Contributions	\$ 610,903	\$ -	\$ 610,903	\$ 589,466	\$ 75,000	\$ 664,466
Grants	614,438	545,658	1,160,096	974,765	221,584	1,196,349
Contributed services	2,583,082	-	2,583,082	2,301,205	-	2,301,205
Donated medical supplies	112,731	-	112,731	156,012	-	156,012
Program fees	64,401	-	64,401	56,657	-	56,657
Fund raising events, net of directly-related expenses	96,201	33,525	129,726	101,200	22,525	123,725
Investment loss	(28,410)	-	(28,410)	(2,551)	-	(2,551)
Interest and dividend income	28,610	-	28,610	18,611	-	18,611
Rental income	505	-	505	505	-	505
Total support and revenue	<u>4,082,461</u>	<u>579,183</u>	<u>4,661,644</u>	<u>4,195,870</u>	<u>319,109</u>	<u>4,514,979</u>
Net assets released from restrictions:						
Satisfaction of program restrictions	520,783	(520,783)	-	521,346	(521,346)	-
Satisfaction of equipment acquisition, building expansion, and facility maintenance restrictions	-	-	-	124,745	(124,745)	-
Total support and revenue	<u>4,603,244</u>	<u>58,400</u>	<u>4,661,644</u>	<u>4,841,961</u>	<u>(326,982)</u>	<u>4,514,979</u>
Expenses:						
Program services	4,251,411	-	4,251,411	3,957,999	-	3,957,999
Supporting services:						
Development and fund raising	238,904	-	238,904	236,147	-	236,147
Management and general	329,670	-	329,670	333,922	-	333,922
Total expenses	<u>4,819,985</u>	<u>-</u>	<u>4,819,985</u>	<u>4,528,068</u>	<u>-</u>	<u>4,528,068</u>
Change in net assets	(216,741)	58,400	(158,341)	313,893	(326,982)	(13,089)
Net assets, beginning of year	<u>3,277,134</u>	<u>262,683</u>	<u>3,539,817</u>	<u>2,963,241</u>	<u>589,665</u>	<u>3,552,906</u>
Net assets, end of year	<u>\$ 3,060,393</u>	<u>\$ 321,083</u>	<u>\$ 3,381,476</u>	<u>\$ 3,277,134</u>	<u>\$ 262,683</u>	<u>\$ 3,539,817</u>

See notes to financial statements.

CARIDAD CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Program Services				Supporting Services			Total Functional Expenses
	Outreach	Education	Clinic	Total	Development & Fund Raising	Management & General	Total	
Salaries and wages	\$ 28,482	\$ 33,958	\$ 696,353	\$ 758,793	\$ 98,859	\$ 202,513	\$ 301,372	\$ 1,060,165
Payroll taxes and related benefits	3,004	3,852	145,763	152,619	15,240	38,945	54,185	206,804
Payroll processing fees	667	808	16,598	18,073	2,374	4,643	7,017	25,090
Contract labor	100	-	6,066	6,166	265	-	265	6,431
Contributed services and supplies	-	-	2,583,082	2,583,082	-	-	-	2,583,082
Laboratory expenses	-	-	94,642	94,642	-	-	-	94,642
Clinical supplies	-	-	148,999	148,999	-	-	-	148,999
Telephone and utilities	-	-	3,797	3,797	-	6,733	6,733	10,530
Office supplies and expenses	234	-	19,587	19,821	-	15,744	15,744	35,565
Taxes and licenses	-	-	1,069	1,069	350	-	350	1,419
Insurance	-	-	3,447	3,447	-	3,060	3,060	6,507
Interest	-	-	-	-	-	1,035	1,035	1,035
Professional fees	-	-	-	-	85,820	4,850	90,670	90,670
Accounting services	-	-	-	-	-	20,500	20,500	20,500
Transportation	481	-	6,632	7,113	693	1,482	2,175	9,288
Emergency aid	26,509	-	1,296	27,805	-	-	-	27,805
Holiday expense	60,060	-	-	60,060	-	-	-	60,060
Scholarships	36,277	-	-	36,277	-	-	-	36,277
Summer Program	19,738	-	-	19,738	-	-	-	19,738
School supplies	24,987	-	-	24,987	-	-	-	24,987
Volunteer Appreciation	-	-	7,076	7,076	-	-	-	7,076
Health Fairs	-	-	8,316	8,316	-	-	-	8,316
Training and education	273	-	6,212	6,485	-	1,810	1,810	8,295
Printing and reproduction	-	-	6,236	6,236	21,466	533	21,999	28,235
Postage and freight	-	-	3,096	3,096	823	2,903	3,726	6,822
Repairs and maintenance	-	-	4,660	4,660	-	-	-	4,660
Miscellaneous	7,995	5,654	11,914	25,563	3,508	11,339	14,847	40,410
Facility expense allocation	4,074	-	108,643	112,717	9,506	13,580	23,086	135,803
Depreciation	-	-	108,002	108,002	-	2,772	2,772	110,774
Total	\$ 212,881	\$ 44,272	\$ 3,991,486	\$ 4,248,639	\$ 238,904	\$ 332,442	\$ 571,346	\$ 4,819,985

See notes to financial statements.

CARIDAD CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Program Services				Supporting Services			Total Functional Expenses
	Outreach	Education	Clinic	Total	Development & Fund Raising	Management & General	Total	
Salaries and wages	\$ 22,933	\$ 37,384	\$ 692,410	\$ 752,727	\$ 122,077	\$ 204,905	\$ 326,982	\$ 1,079,709
Payroll taxes and related benefits	3,069	3,929	142,997	149,995	16,857	39,338	56,195	206,190
Payroll processing fees	598	976	17,297	18,871	2,996	5,017	8,013	26,884
Contract labor	393	-	2,672	3,065	-	150	150	3,215
Contributed services and supplies	-	-	2,301,204	2,301,204	-	-	-	2,301,204
Laboratory expenses	-	-	83,998	83,998	-	-	-	83,998
Clinical supplies	-	-	201,810	201,810	-	-	-	201,810
Telephone and utilities	68	-	5,198	5,266	-	7,413	7,413	12,679
Office supplies and expenses	236	-	13,823	14,059	-	15,855	15,855	29,914
Taxes and licenses	-	-	677	677	-	-	-	677
Insurance	-	-	3,432	3,432	-	2,805	2,805	6,237
Interest	-	-	-	-	-	1,361	1,361	1,361
Professional fees	-	-	-	-	60,600	9,269	69,869	69,869
Accounting services	-	-	-	-	-	20,179	20,179	20,179
Transportation	107	-	5,635	5,742	972	1,770	2,742	8,484
Emergency aid	27,330	-	15,446	42,776	-	-	-	42,776
Holiday expense	80,007	-	-	80,007	-	-	-	80,007
Scholarships	29,555	-	-	29,555	-	-	-	29,555
School supplies	6,391	-	-	6,391	-	-	-	6,391
Summer program	22,277	-	-	22,277	-	-	-	22,277
Eyeglass vouchers	-	-	-	-	-	-	-	-
Advertising and promotion	-	-	-	-	340	-	340	340
Printing and reproduction	-	-	5,582	5,582	15,867	503	16,370	21,952
Postage and freight	-	-	2,441	2,441	787	2,869	3,656	6,097
Repairs and maintenance	-	-	6,405	6,405	-	-	-	6,405
Miscellaneous	8,590	4,794	23,414	36,798	6,075	4,985	11,060	47,858
Facility expense allocation	3,474	-	93,510	96,984	8,106	11,580	19,686	116,670
Depreciation	-	1,869	86,068	87,937	1,470	5,923	7,393	95,330
Total	\$ 205,028	\$ 48,952	\$ 3,704,019	\$ 3,957,999	\$ 236,147	\$ 333,922	\$ 570,069	\$ 4,528,068

See notes to financial statements.

CARIDAD CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (158,341)	\$ (13,089)
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Depreciation	110,774	95,199
Realized and unrealized losses (gains) on investments	(1,020)	10,885
Contributions restricted for purchase of equipment	-	(65,000)
(Increase) decrease in:		
Grants receivable	159,150	9,849
Inventories	8,670	13,065
Prepaid expenses	7,733	10,741
Other assets	-	277
Increase (decrease) in:		
Accounts payable and accrued expenses	941	30,946
Deferred rental income	(505)	(505)
Net cash and cash equivalents from operating activities	<u>127,402</u>	<u>92,368</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	-
Purchase of investments	427,046	(230,308)
Purchase of property and equipment	<u>(48,644)</u>	<u>(211,983)</u>
Net cash and cash equivalents from investing activities	<u>378,402</u>	<u>(442,291)</u>
Cash flows from financing activities:		
Collection of contributions restricted for equipment	<u>-</u>	<u>65,000</u>
Net cash and cash equivalents from financing activities	<u>-</u>	<u>65,000</u>
Net increase (decrease) in cash and cash equivalents	505,804	(284,923)
Cash and cash equivalents, beginning of year	<u>466,674</u>	<u>751,597</u>
Cash and cash equivalents, end of year	<u>\$ 972,478</u>	<u>\$ 466,674</u>

See notes to financial statements.

CARIDAD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION

On July 25, 2006, The Migrant Association of South Florida, Inc., a nonprofit organization established in 1989 to serve the migrant farm worker community in Palm Beach County, changed its name to Caridad Center, Inc. (the "Organization") to honor the founder of the Organization and to address the Organization's commitment to the underserved throughout Palm Beach County. The Organization was established to operate various programs such as a medical and dental clinic as well as to provide subsidies for housing and education for not only the migrant farming community, but also laborers and the working poor. The primary sources of income for the Organization are donations from various individuals, foundations, and charities. Additionally, various doctors and organizations donate substantial medical and dental services and supplies.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

In accordance with 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, 2010 and 2009, 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, 2010. 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.

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).

Contributions and Promises to Give

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 statement of activities as net assets released from restrictions.

CARIDAD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement 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.

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 "Investment income (loss)" 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, used for operations or expansion as needed.

Deferred Revenue

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

Reclassification:

Certain immaterial reclassifications and changes have been made to the 2009 financial statements to conform with the 2010 presentation.

Subsequent Events

Management has evaluated subsequent events through February 21, 2010 the date on which the financial statements were available to be issued.

CARIDAD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – GRANT RECEIVABLES

The Organization received unconditional promises to give in the amount of \$793,458 and \$737,900 in 2010 and 2009, respectively. The grants are temporarily restricted. The grant receivable balances due in one year consisted of \$307,300 and \$466,450 as of September 30, 2010 and 2009, respectively.

NOTE 4 – INVESTMENTS

Investments consist of the following as of September 30, 2010 and 2009:

	2010	
	Cost	Fair Value
US government and agency notes	\$ 565,766	\$ 565,766
Total investments	<u>\$ 565,766</u>	<u>\$ 565,766</u>

	2009	
	Cost	Fair Value
US government and agency notes	\$ 998,449	\$ 998,449
Total investments	<u>\$ 998,449</u>	<u>\$ 998,449</u>

Investment income (loss) for the years ended September 30, 2010 and 2009 is summarized as follows:

	2010	2009
Net realized and unrealized gains (losses)	\$ (23,700)	\$ 2,129
Less: management fees	<u>(4,710)</u>	<u>(4,680)</u>
	<u>\$ (28,410)</u>	<u>\$ (2,551)</u>

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB Accounting Standard Codification 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, US government and agency notes, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

CARIDAD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis at September 30, 2010 and 2009 are as follows:

Septemeber 30, 2010					
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	\$ 690,408	\$ 690,408	\$ -	\$ -	
US government and agency notes	565,766	565,766	-	-	
	<u>\$ 1,256,174</u>	<u>\$ 1,256,174</u>	<u>\$ -</u>	<u>\$ -</u>	

September 30, 2009					
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	\$ 257,598	\$ 257,598	\$ -	\$ -	
US government and agency notes	998,449	998,449	-	-	
	<u>\$ 1,256,047</u>	<u>\$ 1,256,047</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 US 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, 2010, the Organization had no significant concentrations of credit risk.

CARIDAD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2010 and 2009 consists of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 159,146	\$ 159,146
Equipment	388,068	379,565
Building	1,871,807	1,845,947
Furniture	25,379	25,379
Construction in progress	31,272	10,333
	<u>2,475,672</u>	<u>2,420,370</u>
Less: accumulated depreciation	<u>(813,944)</u>	<u>(703,170)</u>
	<u>\$ 1,661,728</u>	<u>\$ 1,717,200</u>

Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, and totaled \$110,774 and \$95,199 for the years ended September 30, 2010 and 2009, respectively.

NOTE 9 – 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 10 – 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, 2010:

<u>Year Ending September 30,</u>		
2011	\$	505
2012		505
2013		505
2014		505
Thereafter		<u>41,414</u>
	\$	<u>43,434</u>

CARIDAD CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – 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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Program services	\$ 287,558	\$ 212,308
Pharmacy service programs	-	27,850
Gala	33,525	22,525
	<u>\$ 321,083</u>	<u>\$ 262,683</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, 2010 and 2009 were utilized for the following purposes:

	<u>2010</u>	<u>2009</u>
Program services	\$ 520,783	\$ 521,346
Equipment acquisition, building expansion, and facility maintenance	-	124,745
	<u>\$ 520,783</u>	<u>\$ 646,091</u>

NOTE 12 – CONTRIBUTED SERVICES AND SUPPLIES

The value of contributed services and supplies meeting the requirements for recognition in the financial statements as of September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Contributed services:		
Physicians	\$ 1,475,250	\$ 1,464,250
Dentists	468,800	398,800
Nurses	60,065	23,325
Pharmacists	67,350	50,550
Dental and medical assistants	42,957	35,625
Patient software	240,000	240,000
Other	228,660	88,655
	<u>2,583,082</u>	<u>2,301,205</u>
Contributed medical and dental supplies	<u>112,731</u>	<u>156,012</u>
	<u>\$ 2,695,813</u>	<u>\$ 2,457,217</u>

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

REPORT ON INTERNAL CONTROL



DaszkalBolton LLP

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Caridad Center, Inc. (the "Organization") as of and for the year ended September 30, 2010 and have issued our report thereon dated February 21, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Caridad Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described below that we consider to be significant deficiencies in internal control over financial reporting.

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.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Continued from previous page

Segregation of Duties

The concentration of closely-related duties and responsibilities, such as the recording and processing of transactions, preparation of journals and general financial information for ledger posting, and analysis of financial information by a small staff, makes it impossible to establish an adequate system of internal controls over the accuracy and reliability of the accounting records. While we do recognize that the Organization is not large enough to permit adequate segregation of duties for an effective system of internal control, we believe that it is important that management be aware that the weakness does exist.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Caridad Center, Inc.'s financial statements are free of 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 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*.

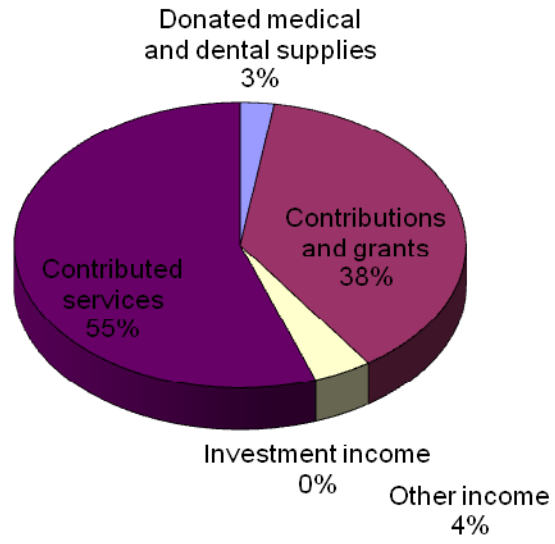
This report is intended solely for the information and use of the Board of Directors, Finance Committee, management, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

Accountal Balston LLP

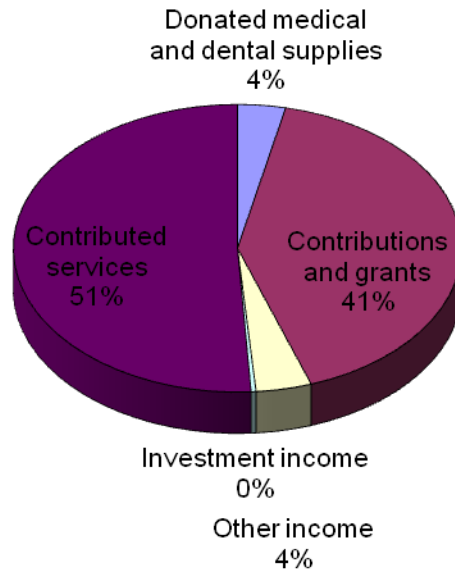
Jupiter, Florida
February 21, 2010

SUPPLEMENTARY INFORMATION

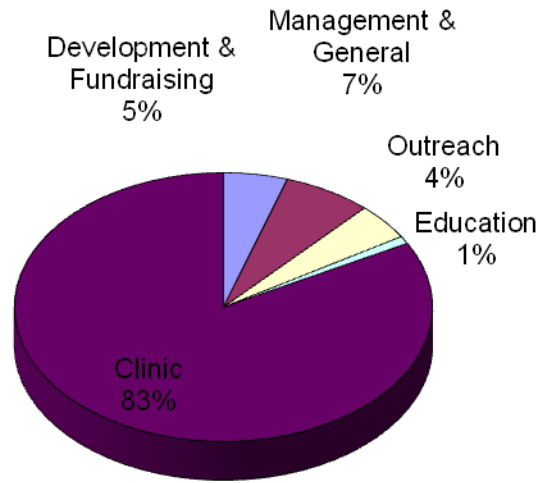
CARIDAD CENTER, INC.
COMPONENTS OF SUPPORT AND REVENUE
FOR THE YEAR ENDED SEPTEMBER 30, 2010



CARIDAD CENTER, INC.
COMPONENTS OF SUPPORT AND REVENUE
FOR THE YEAR ENDED SEPTEMBER 30, 2009



CARIDAD CENTER, INC.
COMPONENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2010



CARIDAD CENTER, INC.
COMPONENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

