



Audited Financial Statements
CITY CARE, INC.
December 31, 2015, and 2014

CITY CARE, INC.

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Bell & Rhodes, PC
Certified Public Accountants
14220 Barbour Avenue
Oklahoma City, Oklahoma 73134

REPORT OF INDEPENDENT AUDITORS

Board of Directors
City Care, Inc.
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of **City Care, Inc.** (a non-profit organization) as of December 31, 2015, and 2014, which comprise the statement of financial position and the related statements of activities, cash flows, and changes in net assets, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risk 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 in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of **City Care, Inc.** as of December 31, 2015, and 2014, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of **City Care, Inc.** taken as a whole. The accompanying supplementary information shown on pages 20 – 21, the schedule of expenditures of federal awards, and the schedule of findings and questioned costs, for the years ending December 31, 2015, and 2014, are presented for purposes of additional analysis and are required by the U.S. Office of Management and Budget *Uniform Guidance for Federal Awards*, 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 referenced above has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. **In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2016 on our consideration of **City Care, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **City Care, Inc.**'s internal control over financial reporting and compliance.

Bell & Rhodes, P. C.

April 29, 2016

CITY CARE, INC.
Statement of Financial Position
December 31, 2015, and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets:		
Cash on Hand	\$ 1,107,172	\$ 1,143,654
Certificates of Deposit	219,591	219,250
Accounts Receivable	289,158	293,999
Education Advances	11,738	-
Reimbursements Pending and Employee Advance	2,288	-
Prepaid Expense	1,620	11,080
Deposits on Accounts	<u>620</u>	<u>4,749</u>
Total Current Assets	1,632,187	1,672,732
Fixed Assets:		
Total Fixed Assets	1,931,001	1,738,545
Less: Accumulated Depreciation	<u>(481,088)</u>	<u>(397,014)</u>
Net Fixed Assets	1,449,913	1,341,531
Other Assets:		
Beneficial Interest in Securities Held by Others	88,388	92,310
Investment in Limited Partnerships	163,309	163,385
Long-Term Notes Receivable	1,980,000	1,980,000
Accrued Interest Long-Term Notes Receivable	<u>1,252,504</u>	<u>1,144,853</u>
Total Other Assets	<u>3,484,201</u>	<u>3,380,548</u>
Total Assets	<u>\$ 6,566,301</u>	<u>\$ 6,394,811</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable & Accrued Expenses	\$ 29,845	\$ 28,422
Accrued Liabilities	5,226	36,238
Due to Westlawn LP	11,082	-
Deferred Rent	636	2,988
Rental Deposits	700	400
Notes Payable Short-Term	<u>61,753</u>	<u>61,932</u>
Total Current Liabilities	109,242	129,980
Long-Term Liabilities:		
Notes Payable	3,400,936	3,295,628
Escrow-Lease Purchases	<u>29,127</u>	<u>26,457</u>
Total Long-Term Liabilities	3,430,063	3,322,085
Total Liabilities	3,539,305	3,452,065
Net Assets:		
Unrestricted	2,876,987	2,779,006
Temporarily Restricted	61,620	71,430
Permanently Restricted	<u>88,389</u>	<u>92,310</u>
Total Net Assets	<u>3,026,996</u>	<u>2,942,746</u>
Total Liabilities and Net Assets	<u>\$ 6,566,301</u>	<u>\$ 6,394,811</u>

See Accompanying Notes to Financial Statements

CITY CARE, INC.
Statement of Activities and Change in Net Assets
For The Years Ended December 31, 2015, and 2014

	<u>December 31, 2015</u>				<u>December 31, 2014</u>			
	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
		<u>Restricted</u>	<u>Restricted</u>			<u>Restricted</u>	<u>Restricted</u>	
REVENUE AND SUPPORT								
Individual & Corporate Contributions	\$ 306,766	\$ 49,760	\$ -	\$ 356,526	\$ 288,562	\$ -	\$ -	\$ 288,562
In-Kind Contributions	772,402	-	-	772,402	1,145,647	-	-	1,145,647
Federal and State Grants	736,935	-	-	736,935	760,910	-	-	760,910
Foundation Grants	171,588	10,000	-	181,588	178,500	-	-	178,500
Special Event Income	308,509	-	-	308,509	314,097	25,000	-	339,097
Program Income:								
Residential Rental Income	113,858	-	-	113,858	97,015	-	-	97,015
Day Shelter Operating Contract	414,000	-	-	414,000	360,000	-	-	360,000
Management Fees & Administrative Reimbursements	-	-	-	-	64,487	-	-	64,487
Other Program Income	-	-	-	-	29,484	-	-	29,484
Investment Income	5,986	-	(3,921)	2,065	6,617	-	2,570	9,187
Accrued Interest Income Long-Term Receivables	107,651	-	-	107,651	107,651	-	-	107,651
Miscellaneous Income	11,627	-	-	11,627	10,183	-	-	10,183
Gain on Disposal of Fixed Assets	3,300	-	-	3,300	-	-	-	-
Net Assets Released from Restriction	69,570	(69,570)	-	-	38,649	(38,649)	-	-
Total Revenue and Support	<u>3,022,192</u>	<u>(9,810)</u>	<u>(3,921)</u>	<u>3,008,461</u>	<u>3,401,802</u>	<u>(13,649)</u>	<u>2,570</u>	<u>3,390,723</u>
EXPENSES								
Program Services								
Affordable Housing	924,738	-	-	924,738	1,056,995	-	-	1,056,995
Whiz Kids / City Kids	702,856	-	-	702,856	633,524	-	-	633,524
Day Shelter / Indigent Assistance	956,931	-	-	956,931	1,201,846	-	-	1,201,846
Total Program Services	<u>2,584,525</u>	<u>-</u>	<u>-</u>	<u>2,584,525</u>	<u>2,892,365</u>	<u>-</u>	<u>-</u>	<u>2,892,365</u>
Support Services								
Management and General	121,218	-	-	121,218	210,166	-	-	210,166
Fundraising	218,468	-	-	218,468	160,166	-	-	160,166
Total Support Services	<u>339,686</u>	<u>-</u>	<u>-</u>	<u>339,686</u>	<u>370,332</u>	<u>-</u>	<u>-</u>	<u>370,332</u>
Total Expenses	<u>2,924,211</u>	<u>-</u>	<u>-</u>	<u>2,924,211</u>	<u>3,262,697</u>	<u>-</u>	<u>-</u>	<u>3,262,697</u>
Change in Net Assets	97,981	(9,810)	(3,921)	84,250	139,105	(13,649)	2,570	128,026
Net Assets - Beginning of Year	2,779,006	71,430	92,310	2,942,746	2,671,331	53,649	89,740	2,814,720
Reclassification of Net Assets - Prior Year (Note I)	-	-	-	-	(31,430)	31,430	-	-
Net Assets - End of Year	<u>\$ 2,876,987</u>	<u>\$ 61,620</u>	<u>\$ 88,389</u>	<u>\$ 3,026,996</u>	<u>\$ 2,779,006</u>	<u>\$ 71,430</u>	<u>\$ 92,310</u>	<u>\$ 2,942,746</u>

See Accompanying Notes to Financial Statements

CITY CARE, INC.
Statement of Cash Flows
For The Years Ended December 31, 2015, and 2014

	2015	2014
Cash Flows From Operating Activities:		
Change in Net Assets From Operations	\$ 84,250	\$ 128,026
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Change in Depreciation	84,074	77,906
Change in Accounts Receivable	(9,185)	132,323
Change in Prepaid Expense	9,460	(8,895)
Change in Deposits	4,129	345
Change in Accounts Payable	1,423	898
Change in Accrued and Other Current Liabilities	(33,064)	(1,050)
Cash Provided by Operating Activities	141,087	329,553
 Cash Flows From Investing Activities:		
Purchase of Fixed Assets	(192,456)	(90,167)
Change in Accrued Interest on Long-Term Notes	(107,651)	(107,651)
Loss from Investment in Limited Partnerships	77	35
Investment Earnings Reinvested into CDs	(341)	(848)
Unrealized Depreciation/(Appreciation) in Endowment Funds	3,921	(2,570)
Cash Used By Investing Activities	(296,450)	(201,201)
 Cash Flows From Financing Activities		
Increase in Notes Payable *	116,211	61,932
Change in Escrow Balances	2,670	4,320
Cash Provided By Financing Activities	118,881	66,252
 Change in Cash	(36,482)	194,604
 Cash, Beginning of Year	1,143,654	949,050
 Cash, End of Year	\$ 1,107,172	\$ 1,143,654

* Interest of \$5,419 was paid in 2015. \$284 of interest was paid in 2014.

See Accompanying Notes to Financial Statements

CITY CARE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2015

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Affordable Housing	Whiz Kids & City Kids	Day Shelter & Indigent Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 351,013	\$ 294,180	\$ 257,493	\$ 902,686	\$ 41,810	\$ 72,315	\$ 114,125	\$ 1,016,811
Contract Labor	15,997	3,484	1,192	20,673	-	-	-	20,673
Employee Benefits	57,040	28,811	32,905	118,756	2,960	23,049	26,009	144,765
Payroll Taxes & Expenses	25,000	24,585	20,499	70,084	3,252	10,218	13,470	83,554
Total Salaries and Benefits	449,050	351,060	312,089	1,112,199	48,022	105,582	153,604	1,265,803
Banking & Accounting	83	601	7	691	46	1,721	1,767	2,458
Contributions to Other Organizations	-	-	-	-	100	50	150	150
Technology Expense	2,133	5,097	-	7,230	3,035	2,772	5,807	13,037
Professional Membership	440	594	55	1,089	4,454	297	4,751	5,840
Publications	-	-	-	-	-	-	-	-
Insurance	32,525	26,204	22,134	80,863	161	9,156	9,317	90,180
Office Supplies	921	4,636	2,128	7,685	273	2,603	2,876	10,561
Postage	179	3,445	11	3,635	2,629	1,891	4,520	8,155
Printing	1,548	11,581	218	13,347	1,779	5,157	6,936	20,283
Miscellaneous	102	-	75	177	78	(337)	(259)	(82)
Professional Fees	350	-	-	350	11,502	21,231	32,733	33,083
Professional Development	14	2,163	398	2,575	1,458	326	1,784	4,359
Travel/Mileage/Fuel	10,837	15,313	2,752	28,902	2,287	1,244	3,531	32,433
Promotions/Branding	-	28,482	25	28,507	8,185	321	8,506	37,013
Facility/Housing Maint & Repairs	29,553	8,484	30,147	68,184	10	-	10	68,194
Program Food	23,879	30,066	38,042	91,987	3,112	19,500	22,612	114,599
Program Supplies	11,835	86,714	4,746	103,295	1,650	818	2,468	105,763
Program Professional Service	6,986	25,454	-	32,440	7,000	2,700	9,700	42,140
Program Events	884	48,781	36	49,701	12,895	25,952	38,847	88,548
Occupancy	5,640	26,298	-	31,938	-	-	-	31,938
Vehicle/Equipment Maint & Repairs	2,781	4,818	2,010	9,609	-	13,141	13,141	22,750
Telephone/Utilities	42,897	11,101	5,367	59,365	350	2,673	3,023	62,388
Taxes, Permits & Fees	2,424	17	150	2,591	55	78	133	2,724
Finance Charges	3,791	-	35	3,826	-	1,592	1,592	5,418
Total Before Depreciation & In-Kind	628,852	690,909	420,425	1,740,186	109,081	218,468	327,549	2,067,735
Depreciation	61,390	10,547	-	71,937	12,137	-	12,137	84,074
In-Kind Food and Supplies Including Those Donated	234,496	1,400	536,506	772,402	-	-	-	772,402
Total Expenses	\$ 924,738	\$ 702,856	\$ 956,931	\$ 2,584,525	\$ 121,218	\$ 218,468	\$ 339,686	\$ 2,924,211

See Accompanying Notes to Financial Statements

CITY CARE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2014

	PROGRAM SERVICES				SUPPORTING SERVICES			
	Affordable Housing	Whiz Kids & City Kids	Day Shelter & Indigent Assistance	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries	\$ 354,312	\$ 271,360	\$ 248,601	\$ 874,273	\$ 102,163	\$ 39,829	\$ 141,992	\$ 1,016,265
Contract Labor	27,218	10,411	1,230	38,859	18,893	200	19,093	57,952
Employee Benefits	58,781	31,971	20,235	110,987	19,691	5,884	25,575	136,562
Payroll Taxes & Expenses	28,567	21,552	19,767	69,886	10,098	3,072	13,170	83,056
Total Salaries and Benefits	468,878	335,294	289,833	1,094,005	150,845	48,985	199,830	1,293,835
Banking & Accounting	177	865	-	1,042	1,389	765	2,154	3,196
Contributions to Other Organizations	-	-	-	-	370	100	470	470
Technology Expense	4,176	6,138	-	10,314	552	1,941	2,493	12,807
Professional Membership	-	2,500	-	2,500	3,323	900	4,223	6,723
Publications	445	-	140	585	93	81	174	759
Insurance	31,101	30,070	21,778	82,949	6,675	2,521	9,196	92,145
Office Supplies	2,866	4,486	2,469	9,821	1,952	681	2,633	12,454
Postage	60	493	35	588	2,425	1,658	4,083	4,671
Printing	1,293	11,291	1,015	13,599	1,470	5,134	6,604	20,203
Miscellaneous	-	-	396	396	-	-	-	396
Professional Fees	3,967	7,917	-	11,884	7,227	8,000	15,227	27,111
Professional Development	576	650	425	1,651	275	638	913	2,564
Travel/Mileage/Fuel	9,988	9,993	5,911	25,892	9,245	969	10,214	36,106
Promotions/Branding	-	20,014	-	20,014	553	10,077	10,630	30,644
Facility/Housing Maint & Repairs	57,927	9,862	27,619	95,408	368	16	384	95,792
Program Food	27,683	45,678	29,119	102,480	1,224	44,471	45,695	148,175
Program Supplies	9,614	39,081	4,345	53,040	25	4,615	4,640	57,680
Program Professional Service	7,975	48,879	-	56,854	-	600	600	57,454
Program Events	1,503	5,657	650	7,810	-	19,030	19,030	26,840
Occupancy	-	23,331	-	23,331	-	-	-	23,331
Vehicle/Equipment Maint & Repairs	5,844	5,574	1,741	13,159	9,158	-	9,158	22,317
Telephone/Utilities	42,042	9,910	4,308	56,260	2,579	1,150	3,729	59,989
Taxes, Permits & Fees	1,097	326	150	1,573	-	50	50	1,623
Finance Charges	284	-	48	332	1,527	-	1,527	1,859
Total Before Depreciation & In-Kind	677,496	618,009	389,982	1,685,487	201,275	152,382	353,657	2,039,144
Depreciation	57,509	11,506	-	69,015	8,891	-	8,891	77,906
In-Kind Food & Supplies Including Those Donated	321,990	4,009	811,864	1,137,863	-	7,784	7,784	1,145,647
Total Expenses	\$ 1,056,995	\$ 633,524	\$ 1,201,846	\$ 2,892,365	\$ 210,166	\$ 160,166	\$ 370,332	\$ 3,262,697

See Accompanying Notes to Financial Statements

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE A – NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES

Organization: City Care, Inc. (“City Care”) was incorporated in 1996, under the laws of the state of Oklahoma as a qualified 501(c)(3) organization. The mission of City Care is to prepare Oklahoma City’s less fortunate for positive change through four primary programs.

- ✓ *Whiz Kids Oklahoma* – Whiz Kids Oklahoma is a one-on-one tutoring/mentoring program targeting at-risk, inner-city elementary children who are reading below grade level proficiency. The Whiz Kids program is a faith based program concentrating on reading, math, self-esteem, communication skills, goal-setting and character building through partnerships with school districts, corporations, urban and suburban churches.
- ✓ *Supportive Housing* – The Pershing Center is a 60 unit transitional supportive housing program with a back-to-work focused community living environment. Westlawn Gardens provides an additional 41 permanent housing units in the Westlawn Gardens neighborhood. The Pershing Center and Westlawn Gardens offer an opportunity to transition out of homelessness in safe, decent, and affordable housing units with on-site case management to assist residents with employment, education, life-skills, substance abuse recovery, and other services for long-term success.
- ✓ *Homeless Services* – Through City Care’s Food Outreach program and management of the OKC Homeless Day Shelter thousands of homeless, impoverished, elderly, and disabled are provided hot meals and food baskets each year. In addition to nearly 80,000 hot meals served annually, the OKC Homeless Day Shelter offers showers, a library, computer workstations, devotionals, advocacy services, and provides a safe environment for local agencies to engage the homeless. The Food Outreach program provides over 3,000 meals a month through its food basket program as a supplement to the daily shelter activities.
- ✓ *City Kids Outdoors* – City Care manages Crystal Lake, which is designed as an urban oasis for use by inner-city children and families. The lake provides opportunities to fish, picnic, hike, and a first class archery range. City Care partners with children’s groups to educate at-risk youth on nature and foster an appreciation for the outdoors while building up children in body and spirit.

Basis of Accounting: The financial statements of City Care have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. Revenues are recorded when earned regardless of when received and expenses are recorded at the time the liabilities are incurred.

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates and may be material to the financial statements.

Basis of Presentation: City Care reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classes of net assets are comprised of the following:

Unrestricted Net Assets – Represents resources that are generally not subject to donor-imposed restrictions and may be used for any purpose by City Care. Unrestricted Net Assets are used for operational and program purposes as approved by the Board of Directors.

Temporarily Restricted Net Assets – Represents resources that are subject to donor-imposed restrictions that may or will be met either by actions of City Care and/or through the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Permanently Restricted Net Assets – Represents resources that are subject to donor-imposed restrictions that such resources be maintained permanently by City Care. Generally, the donors of these assets permit usage of all or part of the income earned from related investments for restricted or general purposes.

Cash and Cash Equivalents: City Care considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Amounts held in Certificate of Deposits are not included in cash equivalents because they are being held for long-term or investment purposes.

Concentration of Credit: City Care maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. City Care has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accrual of Unpaid Vacation Pay: City Care's policy is not to carryover unused vacation pay from one year to the next. As such there is no accrual for unpaid leave at December 31, 2015, or 2014..

In-Kind Services: Contributed services are recognized only if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by the donor. For 2015 and 2014 there are no contributed services reflected in the financials although many individuals volunteer their time and perform a variety of tasks that assist City Care and its programs. These volunteers include tutors, bus drivers, food service workers, collegiate students, clothes closet coordinators, and various other volunteers from churches, schools, and corporations.

Donated Property: Contributed food, goods and equipment are recognized in the financials at the time of the contribution based on fair market value. These items consist of food, household and personal hygiene products and various equipment that would have to be purchased in the normal course of

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

business if not donated. The value of these donations for 2015 and 2014 respectively totaled \$772,402 and \$1,145,647 of which food totaled \$609,952 and \$952,991, household and tangible goods totaled \$162,450 and \$192,656.

Accounts Receivable: Accounts receivable represent obligations due from tenants, granting agencies, management contracts and individual and corporate pledges. City Care management considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is recorded. City Care has not experienced significant losses on uncollectible accounts in prior years.

Property and Equipment: Property and equipment are stated at cost if purchased and, if donated, at fair market value at the time of donation. City Care capitalizes all items with a unit cost of \$1,000 or more when purchased or donated. Property and equipment is depreciated over the useful lives of the respective assets using the straight-line method. Generally, furniture, equipment, and leasehold improvements are depreciated using an estimated useful life of five (5) to seven (7) years or the remaining term of the lease. Buildings and structures are depreciated over thirty (30) years.

Income Taxes: City Care is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for federal income taxes in the accompanying financial statements. City Care has no unrelated business income for the fiscal year ended December 31, 2015. Tax years open for examination by taxing authorities are December 31, 2012, 2013, 2014 and 2015.

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. City Care reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Following is a brief description of the three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities for which City Care has access to at the measurement date;

Level 2: Inputs that are derived principally from or corroborated by observable market data either directly or indirectly including:

- a. quoted prices for similar assets or liabilities in active markets;
- b. quoted prices for identical or similar assets in markets that are not active;
- c. observable inputs other than quoted prices for the assets or liability (for example, interest rates and yield curves); and
- d. inputs derived principally from, or corroborated by, observable market data by correlation or other means.

The beneficial interest in securities held by others described in Note C are considered valued using level 2 inputs.

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

	<u>12/31/2015</u>	<u>12/31/2014</u>
Communities Foundation of Oklahoma (Level 2)	\$ 59,898	\$ 64,729
Oklahoma City Community Foundation (Level 2)	28,490	27,581
	\$ 88,388	\$ 92,310

Level 3: Inputs that are unobservable and significant to the overall fair value measurement. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. City Care’s investment in limited partnerships described in Note E is valued using Level 3 inputs.

Functional Allocation of Expenses & Joint Costs: The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated across programs based on the benefits of those costs. Most program costs, including fundraising, are directly allocated. Joint costs relating to Whiz Kids program costs and the Whiz Kids fundraising event are reported in the financial statements. A total of \$108,139, and \$105,140 of joint costs were incurred in 2015 and 2014 with \$53,644 allocated to program expenses and \$54,495 allocated to fundraising costs for 2015 and \$51,300 allocated to program expenses and \$53,840 allocated to fundraising costs 2014.

Subsequent Events: Management has evaluated events through April 29, 2016, the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE B – ACCOUNTS RECEIVABLE

At December 31, 2015 and 2014 City Care had accounts receivable from rental income, pledges and contributions, partner reimbursements, government and other grants in the amount of \$289,158 and \$293,999 comprised of the following:

	2015	2014
Permanent Housing Rents	\$ 3,989	\$ 2,297
Pledges and Contributions-Less than 1 yr.	21,620	31,430
LPs and WhizKids Reimbursements	29,293	31,591
OKC Homeless Day Shelter	172,500	103,500
Government and Other Grants	61,756	125,181
Total	\$ 289,158	\$ 293,999

NOTE C – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In previous years, City Care transferred a total of \$60,000 to the Communities Foundation of Oklahoma (CFO) and specified itself as the beneficiary of the funds. Annually, distributions from the fund are paid to City Care in accordance with CFO’s spending policy. In 2015 and 2014 respectively, City Care received distributions in the amount of \$3,669 and \$3,515. The agreement with CFO states that should

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

the purposes for which the fund was created ever become obsolete, incapable of fulfillment or inconsistent with the charitable needs of the community, CFO's Governing Board of Directors will use the fund for charitable purposes as similar as possible to those set forth in the agreement. CFO maintains legal ownership of the funds; however, accounting principles generally accepted in the United States of America require that City Care reflect its beneficial interest in these assets in its financial statements. The fair value of the assets held by CFO at December 31, 2015 and 2014 was \$59,898 and \$64,729.

In addition to the funds discussed above, CFO maintains other funds that have been contributed by various donors to CFO for the benefit of City Care. These funds are not included as assets of City Care. The earnings from these funds are paid to City Care annually. In 2015 and 2014 City Care received distributions in the amount of \$420 and \$392.

In previous years, City Care transferred a total of \$16,018 to the Oklahoma City Community Foundation (OCCF) and specified itself as the beneficiary of the funds. Annually, distributions from the fund are reinvested in lieu of distribution. City Care's agreement with OCCF states that funds received by OCCF are subject to variance power, described by U.S. Treasury Regulations as the power of the governing board (of OCCF) to modify any donor restrictions as to distributions if they determine them to become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community.

OCCF maintains legal ownership of the funds; however, accounting principles generally accepted in the United States of America require that City Care reflect its beneficial interest in these assets in its financial statements. The fair value of the assets held by OCCF at December 31, 2015 and 2014 was \$28,490 and \$27,581.

In addition to the funds discussed above, OCCF maintains other funds that have been contributed by various donors to OCCF for the benefit of City Care. These funds are not included as assets of City Care. The earnings from these funds are reinvested in lieu of distribution.

NOTE D – BUILDINGS, LAND, AND EQUIPMENT

Buildings, land and equipment consist of the following at December 31, 2015, and 2014:

	2015	2014
Buildings / Homes	\$1,719,342	\$1,530,469
Transportation Equipment	78,505	74,922
Vacant Land for Development	53,571	53,571
Leasehold Improvements	35,163	35,163
Machinery & Equipment	23,006	23,006
Furniture	21,414	21,414
	1,931,001	1,738,545
Accumulated Depreciation	(481,088)	(397,014)
	<u>\$1,449,913</u>	<u>\$1,341,531</u>

Provision for depreciation expense is made on the straight-line method over the useful life of the asset.

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE E – INVESTMENT IN LIMITED PARTNERSHIPS

City Care holds a .01% general partnership interest in two limited partnerships, Pershing Center LP and Westlawn Gardens LP1 formed to construct and operate two low-income housing projects, constructed with affordable housing tax credits and funds loaned to City Care through the U.S. Department of Housing and Urban Development’s HOME Program administered by the City of Oklahoma City and the Affordable Housing Program (AHP) administered by the Federal Home Loan Bank, Topeka. City Care operates and manages the properties for the general partnership interest.

There is no established market value for the underlying limited partnership investments. As such their fair value has been measured using what generally accepted accounting principles refer to as Level 3 inputs.

	Pershing Center Ltd. Partnership	Westlawn Gardens Ltd. Partnership	Total
12-31-13 Fair Value	\$ 131,254	\$ 32,166	\$ 163,420
2014 Loss GP Share	(22)	(13)	(35)
12-31-14 Fair Value	131,232	32,153	163,385
2015 Loss GP Share	(22)	(54)	(76)
12-31-15 Fair Value	\$ 131,210	\$ 32,099	\$ 163,309

The value of the underlying assets of the limited partnership are sufficient for management to believe there is no impairment of the fair value presented as City Care’s investment in limited partnerships.

NOTE F – LONG-TERM NOTES RECEIVABLE AND ACCRUED INTEREST

Using a portion of the HOME Program funds and AHP funds described in Note E above, City Care made loans to the limited partnerships, organized to provide tax credits to their limited partners, in exchange for capital to construct the low-income housing projects, and holds a first mortgage on each of the properties. A total \$1,680,000 was loaned to Pershing Center LP, and a total of \$300,000 was loaned to Westlawn Gardens LP1. Interest is computed on the unpaid principle and accrued each year. Payment on the loan is to be made only if cash flow allows. Currently accrued interest for the two loans totals \$1,252,504 in 2015 and \$1,144,853 in 2014. Though collection of the note and accrued interest is not anticipated in the near term, the annual accruals will continue to provide for a future offset for the acquisition, by City Care, of the low income facilities owned by the limited partnerships at the conclusion of the tax benefit period for the limited partners. As such management believes that the value of the properties is sufficient for there to be no impairment of stated fair value of the long-term notes receivable, or accrued interest.

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE G – NOTES PAYABLE

As described in the notes above, City Care has received loan funds from the City of Oklahoma City under the U.S. Department of Housing and Urban Development’s Home Funds Program. Under the provisions of the program, funds are advanced as loans for the construction of low income housing projects. Loan repayment is expected if there is positive cash flow from the properties, or the properties are sold. Beginning in 2002 and continuing through the current year, \$2,746,932 has been loaned to the organization under this program. In addition the Federal Home Loan Bank under its Affordable Housing Program has made loans to City Care totaling \$548,696, for a total of \$3,295,628 through December 31, 2014. An additional \$105,308 was advanced through a separate program described below in the year 2015.

A short term loan of \$62,000 with a balloon payment due one year after issuance if not extended, and an interest rate of 5.5%, was made from a local mortgage company in 2014. Principal payments on this note brought the balance at 12-31-15 to \$61,753. The balloon payment was extended beyond one year. Principal and interest payments of \$352 per month are due until the balloon payment is made.

The loans through the U.S. Department of Housing and Urban Development, and the Federal Home Loan Bank are structured as forgivable with a small interest rate set, but not accrued, payable only if cash flow allows. With each loan there is a set period after which it is either contractually stated or implied that the loans will be forgiven.

The following is a schedule showing the year each program loan was made, the basis of repayment, whether forgivable by contract or implied, and the number of years before the loan will be forgiven.

<u>Year</u>	<u>Amount</u>	<u>Forgivable</u>	<u>Yrs. Until Forgiven</u>
2002	\$ 180,000	Contractual	15
2002	1,429,500	Implied	40
2003	132,649	Implied	20
2004	259,987	Implied	20
2006	147,000	Implied	20
2008	285,999	Implied	20
2009	468,840	Contractual	20
2012	368,697	Contractual	15
2013	22,956	Contractual	20
2015	105,308	Partial Forgiveness	20
	<u>\$ 3,400,936</u>		

Though the notes payable do not require a fixed repayment, and are established to insure the properties continue to be used to provide low-income housing to the community, the notes represent a contingent liability to City Care.

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

In September of the current year, City Care entered into a new loan program through a Community Development Block Grant under the US Department of Housing and Urban Development, administered through the City of Oklahoma City. City Care will use the \$180,000, along with matching funds of \$50,000, to develop single family homes for rent to low-and moderate income persons. \$105,308 of the total loan funds was drawn in 2015. The principal-only loan terms are to extend seven years from the date of the project completion, with the proceeds to be amortized over a 20 year period.

NOTE H – ESCROW, LEASE PURCHASES

One property owned by City Care is part of a program where properties can be offered for lease-purchase to low income households. Portions of the payments received from lease-purchase households attributable to down payments, property taxes and insurance are held in escrow. The balance in escrow at December 31, 2015 is \$29,127 December 31, 2014 was \$26,457.

NOTE I – RESTRICTED NET ASSETS

Temporarily restricted net assets totaling \$61,620 as of December 31, 2015 and \$71,430 as of December 31, 2014 consists of the following:

	<u>2015</u>	<u>2014</u>
Next Year Sponsorships	\$ 40,000	\$ 25,000
Grant Not Fully Used		15,000
Pledge Receivables	<u>21,620</u>	<u>31,430</u>
	<u>\$ 61,620</u>	<u>\$ 71,430</u>

Permanently restricted net assets of \$88,389 as of December 31, 2015 and \$92,310 as of December 31, 2014 pertain to the fair value of the beneficial interest in securities held by others as described more fully in Note C.

NOTE J - RETIREMENT PLAN

City Care maintains a 401(k) retirement plan and offers a 5% matching of employee contributions. The amount contributed by City Care for the year ending December 31, 2015 and 2014 was \$24,215 and \$12,722.

CITY CARE, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE K - INVESTMENT INCOME

Investment income is comprised of interest income, endowment distributions and unrealized appreciation as follows for the years ending 2015 and 2014:

	2015	2014
Interest Income	\$2,317	\$3,102
Endowment Distributions	3,669	3,515
Total	5,986	6,617
Unrealized (Loss)/Gain	(3,921)	2,570
Total Investment Income	\$2,065	\$9,187

NOTE L – LEASE AND RENTAL COMMITMENTS

A City Care program leases office space away from the corporate headquarters. Rental payments paid on the lease in 2015 totaled \$25,286. Rental payments per year on the existing lease will be \$25,286 in 2016, and \$14,749 in 2017 if not renewed.

Certain office equipment is maintained by a vendor under a lease agreement that provides for the vendor to own and maintain the equipment and at the end of the lease period, trade the old equipment out for new. The lease expense paid in 2015 for such equipment totaled \$2,940. Annual lease expenses under the contracts will be \$2,940 for 2016-2018 and then \$1,470 for 2019.

NOTE M – CONCENTRATIONS

Like most not-for-profit organizations, City Care depends on the generosity of individual, corporate and foundation donors in the central Oklahoma area for a portion of its operating budget. Such donations are always subject to the fluctuation in the local economy.



Bell & Rhodes, PC
Certified Public Accountants
14220 Barbour Avenue
Oklahoma City, Oklahoma 73134

**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***

Board of Directors
City Care, Inc.
Oklahoma City, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **City Care, Inc.** (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2015, and 2014, and related statements of Activities, Cash Flows, and Functional Expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we considered **City Care, Inc.**'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of **City Care, Inc.**'s internal control. Accordingly, we do not express an opinion on the effectiveness of **City Care, Inc.**'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City Care, Inc.**'s financial statements are free of material misstatements, 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 noncompliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bell & Rhodes, P. C.

April 29, 2016



Bell & Rhodes, PC
Certified Public Accountants
14220 Barbour Avenue
Oklahoma City, Oklahoma 73134

**REPORT ON COMPLIANCE WITH EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
CONSOLIDATED AUDIT GUIDE FOR AUDITS OF FEDERAL PROGRAMS.**

Independent Auditor's Report

Board of Directors
City Care, Inc.
Oklahoma City, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited **City Care, Inc.'s (CITY CARE)** compliance with the types of compliance requirements described in the *OMB Guidance for Federal Awards Compliance Supplement* that could have a direct and material effect on each of **City Care, Inc.'s** major federal programs for the year ended December 31, 2015. The Organization's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **City Care, Inc.'s** major federal programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *OMB's Guidance for Federal Awards*. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **City Care, Inc.'s** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **City Care, Inc.'s** compliance.

Opinion on Each Major Federal Program

In our opinion **City Care, Inc.** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2015.

Report on Internal Control over Compliance

Management of **City Care, Inc.** is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purposes of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **City Care, Inc.'s** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Bell & Rhodes, P. C.

April 29, 2016

CITY CARE, INC.
Statement of Expenditures of Federal Awards
December 31, 2015, and 2014

2015	Federal	Pass-Through	Receipts	Federal
Federal Grantor/Pass-Through Grantor	CFDA	Entity	or Revenue	Expenditures
Program Title (Note 1)	Number	Identifying	Recognized	Expenditures
		Number		
<u>Major Program:</u>				
U.S. Department of Housing and Urban Development				
Home Program Loan Funds Received Prior to 2006	14.239	City of OKC	\$ 1,777,933	\$ 1,777,933
Home Program Loan Funds Received in 2006-2014	14.239	City of OKC	968,999	968,999
Total Major Programs			<u>\$ 2,746,932</u>	<u>\$ 2,746,932</u>
<u>Non-Major Programs:</u>				
U.S. Department of Housing and Urban Development				
Community Development Block Grants/Entitlement Grants (Loan Funds)	14.218	City of OKC	\$ 105,308	\$ 105,308
Supportive Housing Program (CoC)	14.235	City of OKC	448,994	448,994
Total U.S. Department of Housing and Urban Development			<u>554,302</u>	<u>554,302</u>
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF)	93.716	OK DHS	287,941	287,941
Total Non-Major Programs			<u>\$ 842,243</u>	<u>\$ 842,243</u>
Total All Federal Awards			<u>\$ 3,589,175</u>	<u>\$ 3,589,175</u>
Less Loan Program Funds 14.239			(2,746,932)	
Less Loan Program Funds 14.218			(105,308)	
Total Federal Grant Revenue in the Current Year			<u>\$ 736,935</u>	
2014				
<u>Major Program:</u>				
U.S. Department of Housing and Urban Development				
Home Program Loan Funds Received Prior to 2006	14.239	City of OKC	\$ 1,777,933	\$ 1,777,933
Home Program Loan Funds Received in 2006-2013	14.239	City of OKC	968,999	968,999
			<u>\$ 2,746,932</u>	<u>\$ 2,746,932</u>
Supportive Housing Program (CoC)	14.235	City of OKC	461,994	461,994
Total U.S. Department of Housing and Urban Development			<u>\$ 3,208,926</u>	<u>\$ 3,208,926</u>
<u>Non Major Program:</u>				
U.S. Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF)	93.716	OK DHS	298,916	298,916
Total Major Programs			<u>\$ 3,507,842</u>	<u>\$ 3,507,842</u>
Less Loan Program Funds			(2,746,932)	
Total Federal Grant Income Current Year			<u>\$ 760,910</u>	

CITY CARE, INC.
Schedule of Findings and Questioned Costs for the Years Ended December 31, 2015 and 2014

	<u>12/31/2015</u>	<u>12/31/2014</u>
Part 1 - Summary of Auditor's Results		
Financial Statements		
Report of Independent Auditors	Unqualified	Unqualified
Report on Internal Control Over Financial Reporting		
- Material weakness(es) identified?	None	None
- Reportable condition(s) identified that are not considered to be material weakness(es)?	None	None
Report on Compliance With Requirements Applicable to Each Major Program In Accordance With OMB Uniform Guidance for Federal Awards & Circular A-133		
- Material weakness(es) identified?	None	None
- Reportable condition(s) identified that are not considered to be material weakness(es)?	None	None
Type of Auditor's Report Issued	Unqualified	Unqualified
 Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	 None	 None
Major Programs:		
Name of Programs	CFDA #	
2015		
Home Program Loan Funds	14.239	
2014		
Home Program Loan Funds	14.239	
Supportive Housing Program	14.235	
 Dollar amount used to distinguish between Type A and Type B Programs	 \$ 750,000	 \$ 300,000
 Auditee qualifies as a low risk auditee?	 No	 No
Part 2 - Financial Statement Findings	None	None
Part 3 - Federal Award Findings and Questioned Costs	None	None

NOTES TO SCHEDULE OF FEDERAL AND STATE AWARDS
CITY CARE, INC.
December 31, 2015, and 2014

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal grant activity of City Care, Inc. under the programs of the federal government for the year ending December 31, 2015, and 2014. The information in this schedule is presented in accordance with the requirements of *OMB Guidance for Federal Awards and Circular A-133, Audits of States, Local Governments, and Non-profit Organizations*. Because the Schedule presents only a selected portion of the operations of City Care, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Note 3 – Insurance Coverage

The organization maintains insurance coverage on properties in excess of \$2,000,000.