

**CARINGWORKS, INC.**

**FINANCIAL STATEMENTS  
(WITH SUPPLEMENTARY INFORMATION)  
AND INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2015**

CARINGWORKS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
CaringWorks, Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of CaringWorks, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CaringWorks, Inc. as of December 31, 2015, 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.



***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is 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 also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2016, on our consideration of CaringWorks, 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 CaringWorks, Inc.'s internal control over financial reporting and compliance.

*AGH, LLC*

Atlanta, GA  
June 29, 2016

CARINGWORKS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2015

Assets		
Cash		\$ 60,278
Federal and state grants receivable		482,261
Prepaid expenses		<u>22,559</u>
Total current assets		565,098
Furniture and equipment, net		<u>22,691</u>
Total assets		<u><u>\$ 587,789</u></u>
Liabilities and Net Assets		
Accrued expenses		<u>\$ 99,203</u>
Total liabilities		<u>99,203</u>
Commitments and contingencies		-
Net assets		
Unrestricted net assets		400,479
Temporarily restricted net assets		<u>88,107</u>
Total net assets		<u>488,586</u>
Total liabilities and net assets		<u><u>\$ 587,789</u></u>

See Independent Auditors' Report and Accompanying Notes

CARINGWORKS, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
Support and revenue			
Federal and state grants	\$ 3,524,538	\$ -	\$ 3,524,538
Other grants and contributions	347,106	88,107	435,213
Rental income	58,377	-	58,377
Miscellaneous income	<u>354,709</u>	<u>-</u>	<u>354,709</u>
Total support and revenue	4,284,730	88,107	4,372,837
Net assets released from restrictions	<u>11,610</u>	<u>(11,610)</u>	<u>-</u>
Total support revenue and net assets released from restrictions	<u>4,296,340</u>	<u>76,497</u>	<u>4,372,837</u>
Program services	4,049,527	-	4,049,527
Supporting services	395,798	-	395,798
Fundraising	<u>116,217</u>	<u>-</u>	<u>116,217</u>
Total expenses	<u>4,561,543</u>	<u>-</u>	<u>4,561,543</u>
Changes in net assets	(265,203)	76,497	(188,706)
Net assets, beginning	<u>665,682</u>	<u>11,610</u>	<u>677,292</u>
Net assets, ending	<u>\$ 400,479</u>	<u>\$ 88,107</u>	<u>\$ 488,586</u>

See Independent Auditors' Report and Accompanying Notes

CARINGWORKS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2015

	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and benefits				
Salaries	\$ 1,527,482	\$ 175,573	\$ 52,672	\$ 1,755,727
Health insurance and other benefits	148,787	17,102	5,131	171,020
Payroll taxes	<u>112,269</u>	<u>12,905</u>	<u>3,871</u>	<u>129,045</u>
Total salaries and benefits	<u>1,788,539</u>	<u>205,579</u>	<u>61,674</u>	<u>2,055,792</u>
Operating expenses				
Office supplies and expense	51,044	5,867	1,760	58,671
Community development	171,897	-	-	171,897
Audit and tax preparation	-	7,900	-	7,900
Consulting and contractors	321,703	-	-	321,703
Food pantry	40,213	-	-	40,213
Repairs and maintenance	2,125	-	-	2,125
Legal	384	-	-	384
Training and travel	57,776	6,641	1,992	66,409
Telephone and answering service	15,461	1,777	533	17,771
Computer supplies and expense	15,670	1,801	540	18,012
Program supplies	57,440	-	-	57,440
Meals and entertainment	13,389	1,539	462	15,390
Dues and subscriptions	3,015	347	104	3,466
Advertising and marketing	174	20	6	200
Taxes, insurance and licenses	55,883	6,423	1,927	64,233
Miscellaneous program expense	85,469	-	-	85,469
Miscellaneous administrative	40,453	4,650	1,395	46,498
Rents and shelter	1,312,429	150,854	45,256	1,508,539
Interest expense	-	508	-	508
Depreciation	<u>16,463</u>	<u>1,892</u>	<u>568</u>	<u>18,923</u>
Total operating expenses	<u>2,260,988</u>	<u>190,219</u>	<u>54,543</u>	<u>2,505,751</u>
Total expenses	<u>\$ 4,049,527</u>	<u>\$ 395,798</u>	<u>\$ 116,217</u>	<u>\$ 4,561,543</u>

See Independent Auditors' Report and Accompanying Notes

CARINGWORKS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash flow from operating activities	
Change in net assets	\$ (188,706)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	18,923
Changes in:	
Federal and state grants receivable	(229,537)
Other receivable, net	7,069
Prepaid expenses	(19,937)
Due from affiliates	544
Accrued expenses	46,294
Net cash provided by operating activities	<u>(365,350)</u>
Cash flow from investing activities	
Purchase of equipment	<u>(5,088)</u>
Net cash used in investing activities	<u>(5,088)</u>
Net increase in cash	<u>(370,438)</u>
Cash, beginning	<u>430,716</u>
Cash, ending	<u><u>\$ 60,278</u></u>

See Independent Auditors' Report and Accompanying Notes



CARINGWORKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note A – Organization**

CaringWorks, Inc. (the Organization) was formed as a not-for-profit organization under the laws of the state of Georgia in March of 2002. The Organization was formed to provide social and supportive programs incorporated with residential housing to promote and facilitate stabilization, self-sufficiency, and community building among the individuals and families served.

**Note B – Summary of Significant Accounting Policies**

**Basis of accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for profit organizations.

**Net assets**

These financial statements present net assets, revenue, and expenses based on existence of donor imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

**Unrestricted**

Unrestricted net assets represent those resources that are not subject to donor restrictions. The Organization's board-designated funds represent the portion of expendable funds that are available for support of the Organization's operations, at the discretion of the Organization's Board. The Organization had no board designated net assets as of December 31, 2015.

**Temporarily restricted**

Temporarily restricted net assets represent those resources that have been restricted by donors and grantors for specified program-related activities or for use in specific time periods. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the grantors.

**Permanently restricted**

Permanently restricted net assets represent those resources the use of which has been permanently restricted by donors or grantors. The income from permanently restricted net assets is unrestricted. The Organization had no permanently restricted net assets as of December 31, 2015.

**Contributions and pledges receivable**

Contributions are recognized when the donor makes a pledge to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible and unconditional pledges receivable, based on management's analysis of specific pledges made.

CARINGWORKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note B – Summary of Significant Accounting Policies (continued)**

Federal and State Grants Receivable

Federal and state grants receivable are reported net of allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivable that would be collected based on periodic review of aging of accounts receivable and subsequent collection activity. There was no allowance for doubtful account at December 31, 2015.

Use of 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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing program and supporting services have been reported on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services in reasonable ratios determined by management, as reported in the accompanying statement of functional expenses.

Support and revenue recognition

Grants and contributions to the Organization are recorded as revenue at the earlier of the receipt of an unconditional pledge or the receipt of cash or other assets. Contributions are considered available for unrestricted use, unless they are restricted by the donors on either a temporary or a permanent basis.

Accounts receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Non-cash and in-kind contributions are recorded as revenue at fair value of the items or services contributed.

Donated Goods and Services

Donated goods are recorded at their fair value at the time of contribution. Donated services are measured at their fair values as determined by management when they create or enhance non-financial assets or they require specialized skills that would need to be purchased if they were not donated.

Fair value of financial instruments

The Organization adopted Fair Value Measurement Topic of Codification. The following methods were used to estimate fair value of each class of the financial instrument for which it is practical to estimate that value:

Non-cash and in-kind contributions: Fair value is recorded based on actual amount of services or assets contributed. For contributed assets or services where actual amounts are not readily available, quoted prices for similar assets are utilized.

CARINGWORKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note B – Summary of Significant Accounting Policies (concluded)**

Income tax status

The Organization has applied for and received a determination letter from the Internal Revenue Service (IRS) to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the year ended December 31, 2015. Due to its tax exempt status, the Organization is not subject to income taxes. The Organization is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Organization has no other tax positions which must be considered for disclosure. During 2009, the Organization adopted the accounting guidance pertaining to accounting for uncertainties in income taxes. For the year ended December 31, 2015, the Organization did not identify any uncertain tax positions that qualify for either recognition or disclosure in the financial statements. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2012 remain open.

**Note C – Furniture and Equipment**

Furniture and equipment have been recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over its estimated service life of 3 years by use of the straight-line method for financial reporting. Depreciation expense for the year ended December 31, 2015 is \$18,923.

Furniture and equipment, net, is comprised of the following at December 31, 2015:

Computer equipment	\$	55,711
Furniture		11,712
Accumulated depreciation		<u>(44,732)</u>
Net	\$	<u>22,691</u>

**Note D – Temporarily Restricted Net Assets**

Net assets were released from restrictions by satisfying program restrictions. Temporarily restricted net assets consist of the following:

	December 31, 2014	Additions	Restriction Accomplished	December 31, 2015
HH program Uway Grant Impact Funds	\$ -	\$ 25,625	\$ -	\$ 25,625
SPC program Uway Grant Regional Commission	-	24,944	-	24,944
United Way MOVE	-	13,768	-	13,768
United Way Shamrock	-	13,770	-	13,770
Other Grants Hope House	-	10,000	-	10,000
Other Grants MOVE	11,610	-	(11,610)	-
	<u>\$ 11,610</u>	<u>\$ 88,107</u>	<u>\$ (11,610)</u>	<u>\$ 88,107</u>

See Independent Auditors' Report

CARINGWORKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note E – Summary of Funding From Federal and State Grants**

CaringWorks, Inc. has received funding through the following grants to provide supportive services for the year ended December 31, 2015:

<u>Federal Funding Program Name</u>	<u>Contract Number</u>	<u>Grants receivable December 31, 2014</u>	<u>Actual received</u>	<u>Expenditures billed</u>	<u>Grants receivable December 31, 2015</u>
U.S Department of Housing and Urban Development	GA0153L4B001201	\$ 9,612	\$ 9,612	\$ -	\$ -
U.S Department of Housing and Urban Development	GA0254L4B001401	-	464,799	475,752	10,953
Supportive Housing Program	GA0153L4B001302	15,899	15,899	-	-
Supportive Housing Program	GA0280L4B011400	-	370,166	376,610	6,444
Supportive Housing Program	GA0197L4B021403	-	299,145	306,641	7,496
Supportive Housing Program	GA0153L4B001403	-	181,102	187,656	6,554
Supportive Housing Program	GA0028L4B001205	1,056	1,056	-	-
Developmental Disabilities	441931433010	-	57,314	64,602	7,288
SAMHSA ORP Grant	1H79TI023943-01	41,939	41,939	-	-
Georgia Department of Community Affairs	GA0242L4B081301	2,527	2,527	-	-
City of Atlanta - HOPWA	HP 07-58	-	24,789	54,789	30,000
Department of Community Health - Medicaid	N/A	-	305,906	387,220	81,314
Department of Community Affairs - SPC	2014 14S SPC 14C569	-	-	-	-
	2014 14S SPC 14C557	-	-	-	-
	2014 14S SPC 14C567	-	-	-	-
	2014 14S SPC 14C555	-	526,702	576,941	50,239
Department of Community Affairs ESG Grant	15E ER 15C030	-	37,160	69,771	32,611
Department of Community Affairs ESG Grant	14E ER 14C035	39,383	39,383	-	-
<b>Total Federal Funding</b>		<b>\$ 110,416</b>	<b>\$ 2,377,499</b>	<b>\$ 2,499,982</b>	<b>\$ 232,899</b>
<u>State Funding Program Name</u>	<u>Contract Number</u>				
City of Atlanta - ESG	4211776	132	87,002	170,410	83,540
City of Atlanta - CORP	FC-6749	-	-	25,265	25,265
Department of Community Affairs - Eagle Transitional	15E ER 15C031	-	4,716	35,247	30,531
Department of Community Affairs - Supportive Services	15E ER 15C032	-	9,228	18,456	9,228
Department of Community Affairs - Harm Reduction	15E ER 15C033	-	43,652	50,685	7,033
Developmental Disabilities	441931433010	142,176	772,904	704,493	73,765
City of Atlanta - CDBG	N/A	-	-	20,000	20,000
<b>Total State Funding</b>		<b>142,308</b>	<b>917,502</b>	<b>1,024,556</b>	<b>249,362</b>
<b>Total Federal and State Grants</b>		<b>\$ 252,724</b>	<b>\$ 3,295,001</b>	<b>\$ 3,524,538</b>	<b>\$ 482,261</b>

**Note F – Effects of Current Economic Conditions on Contributions**

The Organization funds most of its programs and operations through project-related income earned from providing supportive services for the various projects that the Organization sponsors. Currently, approximately ninety-eight percent of the Organization's funding comes from public contributions and grants. The Organization is dependent upon its project-related income and the ability of the Organization's contributors and grantors to continue giving amounts comparable with prior years. Such contributions and grants may be dependent upon current and future overall economic conditions, and the continued deductibility for income tax purposes of contributions and grants made to the Organization. While the Organization's management believes the Organization has and can obtain the resources to continue its current and future programs; its ability to do so may be dependent on the above factors.

**Note G – United Way Impact Fund Grants**

During the year ended December 31, 2015, the Organization was awarded grants issued through the United Way Impact Fund. The grants have stipulations attached to them and are a combination of promises and intentions to give. The intentions to give consist of the following:

CARINGWORKS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**Note G – United Way Impact Fund Grants (concluded)**

United Way - SPC	\$ 21,707
United Way - Shamrock	17,575
United Way - Hope House	13,750
United Way - RCOH	80,000
	<u>\$ 133,032</u>

The promises to give portion of the grants have been recognized in 2015. The intention to give portion will be recognized when received by the Organization and conditions have been met.

**Note H – Concentration of Credit Risk**

The Organization maintains its cash balance in one financial institution. At times, certain deposits may exceed the insured limits; however, the Organization has not experienced any losses with respect to its deposit balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these balances.

**Note I – Contingency**

The Organization participates in a number of federally assisted grant programs which are subject to financial and compliance audits by Federal agencies or their representatives. As such there exists a contingent liability for potential questionable costs that may result from such an audit. Management does not anticipate any significant adjustments as a result of such an audit.

**Note J – Subsequent Events**

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of the corporation through June 29, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

SUPPLEMENTARY INFORMATION

CARINGWORKS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2015

<u>Federal Grantor/(Pass-through Grantor)/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/Contract #</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Housing and Urban Development:</b>			
<b>Direct Programs:</b>			
Supportive Housing Program-SHAMROCK	14.235	GA0153L4B001403	\$ 187,656
Supportive Housing Program-M.O.V.E.	14.235	GA0197L4B021403	306,641
Supportive Housing Program-RISE ATL	14.235	GA0254L4B001401	475,752
Supportive Housing Program-Rockdale	14.235	GA0280L4B011400	376,610
<b>Passed Through:</b>			
Shelter Plus Care			
Pass-through Georgia Department of Housing and Finance Authority	14.238	2014 14S SPC 14C569	
	14.238	2014 14S SPC 14C557	
	14.238	2014 14S SPC 14C567	
	14.238	2014 14S SPC 14C555	576,941
Housing Opportunities for Persons with AIDS Program			
Pass-through City of Atlanta	14.241	HP 07-58	54,789
Emergency Shelter Grant			
Pass-through Georgia Department of Housing and Finance Authority	14.231	15E ER 15C030	<u>69,771</u>
Total U.S. Department of Housing and Urban Development			<u>2,048,160</u>
<b>U.S. Department of Health and Human Services</b>			
<b>Direct Programs:</b>			
Department of Community Health - Medicaid	93.243		387,220
<b>Passed Through:</b>			
Blocked Grants for Prevention and Treatment of Substance Abuse			
Passed through Department of Behavioral Health and Development Disabilities	93.959	441931433010	<u>64,602</u>
Total U.S. Department of Housing and Urban Development			<u>451,822</u>
Total Expenditures of Federal Awards			<u>\$ 2,499,982</u>

See Independent Auditors' Report and Accompanying Notes



BUSINESS ADVISORS  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's 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  
CaringWorks, Inc.

We have audited, 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, the financial statements of the CaringWorks, Inc., which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon June 29, 2016.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered CaringWorks, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CaringWorks, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of CaringWorks, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the CaringWorks, Inc.'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.

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BUSINESS ADVISORS  
CERTIFIED PUBLIC ACCOUNTANTS

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether CaringWorks, 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*.

***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 CaringWorks, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CaringWorks, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*AGH, LLC*

Atlanta, GA  
June 29, 2016



BUSINESS ADVISORS  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control  
over Compliance Required by OMB Circular A-133

To the Board of Directors of  
CaringWorks, Inc.

Report on Compliance for Each Major Program

We have audited CaringWorks, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Caring Works, Inc.'s major federal programs for the year ended December 31, 2015. CaringWorks, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of CaringWorks, Inc.'s major federal programs based on our audit of the types of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CaringWorks, 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 with each major federal program. However, our audit does not provide a legal determination of CaringWorks, Inc.'s compliance.

***Opinion on Each Major Federal Programs***

In our opinion, CaringWorks, Inc. complied, in all material respects, with the types of 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.



Management of CaringWorks, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CaringWorks, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the CaringWorks, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirements 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 will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness* in internal control over compliance, yet important enough to merit the 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*, as defined above. 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 our testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.

*AGH, LLC*

Atlanta, GA  
June 29, 2016

CARINGWORKS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2015

**A. Summary of Audit Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of CaringWorks, Inc.
2. No significant deficiencies or material weakness relating to the audit of the financial statements are reported in the Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of CaringWorks, Inc. were disclosed during the audit.
4. No significant deficiency or material weakness relating to the audit of major federal awards program was reported in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program (US Department of Housing and Urban Development –Supportive Housing Program, CFDA 14.235) for CaringWorks, Inc. expresses an unmodified opinion on each major federal program.
6. There are no audit finding relative to the major federal award programs for CaringWorks, Inc.
7. The programs tested as major programs was: Supportive Housing Program, CFDA 14.235.
8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. CaringWorks, Inc. did not qualify as a low-risk auditee.

**B. Findings - Financial Statement Audit - None**

**C. Findings and Questioned Costs – None**