

**NATIONAL HEALTH CARE FOR
THE HOMELESS COUNCIL, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULES**

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

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Report of Independent Auditor

To the Board of Directors
National Health Care for the Homeless Council, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of National Health Care for the Homeless Council, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 National Health Care for the Homeless Council, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 13, towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been various mandates and/or requests from federal, state, and local authorities resulting in closures of non-essential businesses, which could negatively impact the Council's operations. Although it is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact, any significant reduction of grants, dues or contributions could negatively impact the Council's operations for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021, on our consideration of National Health Care for the Homeless Council, 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* in considering National Health Care for the Homeless Council, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Chung Bekaert LLP". The signature is written in a cursive, flowing style.

Nashville, Tennessee
September 22, 2021

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 1,862,833	\$ 1,699,762
Grants receivable	209,838	142,190
Other receivables	88,319	727
Prepaid expenses	37,721	7,874
Total Current Assets	<u>2,198,711</u>	<u>1,850,553</u>
 Furniture and equipment	 221,528	 212,548
Less accumulated depreciation	<u>(208,600)</u>	<u>(203,921)</u>
Net Furniture and Equipment	<u>12,928</u>	<u>8,627</u>
Total Assets	<u>\$ 2,211,639</u>	<u>\$ 1,859,180</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 22,465	\$ 6,222
Accrued expenses	163,407	74,094
Funds held under agency agreements	292,914	500,000
Deferred grant revenue	352,300	280,444
Total Current Liabilities	<u>831,086</u>	<u>860,760</u>
 Net Assets:		
Without Donor Restrictions:		
Operating	1,132,361	783,420
Board designated	215,000	215,000
Total Without Donor Restrictions	1,347,361	998,420
With Donor Restrictions	33,192	-
Total Net Assets	<u>1,380,553</u>	<u>998,420</u>
Total Liabilities and Net Assets	<u>\$ 2,211,639</u>	<u>\$ 1,859,180</u>

The accompanying notes to the financial statements are an integral part of these statements.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Changes in Net Assets Without Donor Restrictions:		
Revenue and Other Support:		
Government grants	\$ 1,655,984	\$ 1,484,523
Contributions	407,958	186,808
Membership dues	323,929	300,725
Grant revenue - Paycheck Protection Program	280,444	-
Program service fees	191,251	25,100
Fiscal agency fee revenue	100,000	38,750
Other income	53,953	57,708
Contractual grant revenue	59,514	-
Interest income	5,099	2,198
Released from restriction - satisfaction of purpose restriction	94,619	-
Total Revenue and Other Support	<u>3,172,751</u>	<u>2,095,812</u>
Expenses:		
Program Services:		
Education and training	1,693,376	1,225,432
Advocacy	203,747	192,195
General support	49,703	46,991
Total Program Services	<u>1,946,826</u>	<u>1,464,618</u>
Support Services:		
Management and general	722,905	683,403
Fundraising	154,079	109,534
Total Support Services	<u>876,984</u>	<u>792,937</u>
Total Expenses	<u>2,823,810</u>	<u>2,257,555</u>
Change in Net Assets Without Donor Restrictions	<u>348,941</u>	<u>(161,743)</u>
Changes in Net Assets With Donor Restrictions:		
Contributions	127,811	-
Released from restriction - satisfaction of purpose restrictions	(94,619)	-
Change in Net Assets With Donor Restrictions	<u>33,192</u>	<u>-</u>
Change in net assets	382,133	(161,743)
Net assets, beginning of year	998,420	1,160,163
Net assets, end of year	<u>\$ 1,380,553</u>	<u>\$ 998,420</u>

The accompanying notes to the financial statements are an integral part of these statements.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services				Support Services			
	Education and Training	Advocacy	General Support	Total Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Staff salaries and benefits	\$ 1,373,537	\$ 32,887	\$ 42,858	\$ 1,449,282	\$ 478,423	\$ 125,946	\$ 604,369	\$ 2,053,651
Program contractors	131,150	162,965	-	294,115	27,895	486	28,381	322,496
Contracted services	111,328	4,589	5,950	121,867	15,174	12,585	27,759	149,626
Occupancy	-	-	-	-	66,520	1,638	68,158	68,158
Staff travel	6,230	-	-	6,230	15	-	15	6,245
Meetings	112	-	-	112	625	-	625	737
Other	13,604	125	-	13,729	23,926	806	24,732	38,461
Member travel	3,406	-	-	3,406	-	-	-	3,406
Depreciation	-	-	-	-	4,679	-	4,679	4,679
Professional fees	7,069	2,415	-	9,484	56,829	1,187	58,016	67,500
Marketing	-	-	-	-	-	3,588	3,588	3,588
Service fees	-	-	8	8	11,485	15	11,500	11,508
Printing	1,867	72	-	1,939	4,521	4,766	9,287	11,226
Telecommunications	3,560	176	-	3,736	12,680	39	12,719	16,455
Consultant travel	750	-	-	750	-	-	-	750
Insurance	-	-	-	-	4,720	-	4,720	4,720
Program services	6,724	-	-	6,724	-	-	-	6,724
Supplies	1,070	-	-	1,070	1,703	689	2,392	3,462
Equipment (not capitalized)	27,294	-	-	27,294	7,977	1,848	9,825	37,119
Repairs and maintenance	-	-	-	-	1,267	-	1,267	1,267
Dues and subscriptions	4,964	508	594	6,066	3,359	340	3,699	9,765
Postage	711	10	293	1,014	1,107	146	1,253	2,267
	<u>\$ 1,693,376</u>	<u>\$ 203,747</u>	<u>\$ 49,703</u>	<u>\$ 1,946,826</u>	<u>\$ 722,905</u>	<u>\$ 154,079</u>	<u>\$ 876,984</u>	<u>\$ 2,823,810</u>

The accompanying notes to the financial statements are an integral part of these statements.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services				Support Services			
	Education and Training	Advocacy	General Support	Total Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Staff salaries and benefits	\$ 929,444	\$ 37,856	\$ 44,818	\$ 1,012,118	\$ 389,419	\$ 80,127	\$ 469,546	\$ 1,481,664
Program contractors	112,130	145,516	-	257,646	53,910	7,108	61,018	318,664
Contracted services	54,010	6,120	1,408	61,538	31,917	1,654	33,571	95,109
Occupancy	-	-	-	-	82,408	-	82,408	82,408
Staff travel	46,146	642	-	46,788	1,391	30	1,421	48,209
Meetings	30,103	-	-	30,103	1,219	-	1,219	31,322
Other	-	-	-	-	23,884	2,000	25,884	25,884
Member travel	21,381	-	-	21,381	-	-	-	21,381
Depreciation	-	-	-	-	17,174	-	17,174	17,174
Professional fees	-	-	-	-	17,036	-	17,036	17,036
Marketing	-	-	-	-	-	15,423	15,423	15,423
Service fees	-	-	-	-	14,805	16	14,821	14,821
Printing	3,641	-	511	4,152	7,843	2,714	10,557	14,709
Telecommunications	7,876	881	-	8,757	5,238	31	5,269	14,026
Consultant travel	12,124	1,075	-	13,199	-	-	-	13,199
Strategic planning	-	-	-	-	11,826	-	11,826	11,826
Insurance	-	-	-	-	8,078	-	8,078	8,078
Program services	7,400	-	-	7,400	-	-	-	7,400
Training	-	-	-	-	7,201	-	7,201	7,201
Supplies	236	-	-	236	6,175	-	6,175	6,411
Repairs and maintenance	-	-	-	-	2,106	-	2,106	2,106
Dues and subscriptions	640	100	-	740	883	400	1,283	2,023
Postage	301	5	254	560	890	31	921	1,481
	<u>\$ 1,225,432</u>	<u>\$ 192,195</u>	<u>\$ 46,991</u>	<u>\$ 1,464,618</u>	<u>\$ 683,403</u>	<u>\$ 109,534</u>	<u>\$ 792,937</u>	<u>\$ 2,257,555</u>

The accompanying notes to the financial statements are an integral part of these statements.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 382,133	\$ (161,743)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	4,679	17,174
Changes in operating assets and liabilities:		
Grants receivable	(67,648)	286,468
Other receivables	(87,592)	11,203
Prepaid expenses	(29,847)	(2,038)
Accounts payable	16,243	(12,690)
Accrued expenses	89,313	(28,022)
Funds held under agency agreements	(207,086)	500,000
Deferred grant revenue	71,856	273,444
Net cash flows from operating activities	<u>172,051</u>	<u>883,796</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(8,980)</u>	<u>(11,845)</u>
Net cash flows from investing activities	<u>(8,980)</u>	<u>(11,845)</u>
Change in cash and cash equivalents	163,071	871,951
Cash and cash equivalents, beginning of year	1,699,762	827,811
Cash and cash equivalents, end of year	<u><u>\$ 1,862,833</u></u>	<u><u>\$ 1,699,762</u></u>

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Summary of significant accounting policies

General – National Health Care for the Homeless Council, Inc. (the “Council”) is an agency that coordinates the efforts of providers of healthcare to homeless people in the areas of fundraising, organizational development, and public education. The Council is committed to accessible, quality health services for homeless people and to the elimination of homelessness in the United States.

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting prescribed for not-for-profit organizations. Under these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions, if any, generally represent contributions receivable and amounts available for programs.

Liquidity – Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions – Contributions received are recorded as increases of net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Other than described below, donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received for which barriers must be overcome by the Council are recorded as deferred grant revenue until the Council overcomes such barriers at which time revenue is recognized. The Council deferred \$352,300 at June 30, 2021, which will be recognized in the following year. Deferred grant revenue at June 30, 2020 consists of funds received under the Paycheck Protection Program of \$280,444 (see Note 4).

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort as well as grants and related expenses which have been allocated based on money spent.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Summary of significant accounting policies (continued)

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Council considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include short-term investments in money market funds of \$-0- and \$726,343 at June 30, 2021 and 2020, respectively.

Grants Receivable – Grants receivable consists of receivables from programs funded by the United States Department of Health and Human Services and the Tennessee Department of Finance and Administration. Management believes amounts receivable from grantor agencies are fully collectible for the years ended June 30, 2021 and 2020. As a result, no allowance for uncollectible amounts has been provided. These amounts have been fully collected as of the financial statements report date.

Membership Dues – The Council recognizes membership dues as received based on the Council's policy of realizing such dues as member support, with no inherent obligation of further services to be provided by the Council.

Furniture and Equipment – Furniture and equipment are recorded at cost or, if donated, at the estimated fair market value as of the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Expenditures for repairs and maintenance are charged to expense as incurred.

	<u>Estimated Lives</u>
Furniture and equipment	3 – 5 years

Income Taxes – The Council is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code ("IRC") and is not a private foundation as defined in Section 509(a) of the IRC. Accordingly, no provision for income tax has been made.

New Accounting Pronouncement – In May 2014, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Subsequent to ASU 2014-09, FASB issued several related ASUs (collectively "ASC 606"). The Council adopted the provisions of ASU 2014-09 and the related ASUs as of July 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of July 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption of these ASUs. See Note 2 for additional information related to revenue recognition.

Accounting Policies for Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. The Council is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – The Council evaluated subsequent events through September 22, 2021, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statements of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Revenue

On July 1, 2020, the Council adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective approach. The Council determined there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of July 1, 2020. Under ASC 606, revenue is recognized when the Council transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Revenue Recognition – Membership dues are paid by customers and are recognized as received.

Practical Expedients and Exemptions – There are several practical expedients and exemptions allowed under ASC 606 that impact timing and revenue recognition and disclosures. The one practical expedient the Council applied in the adoption and application of ASC 606 allows the Council to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

Note 3—Liquidity and availability

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to its ongoing activities of uniting healthcare professionals, people with homelessness, and advocates in homeless healthcare to improve care and eliminate homelessness, as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

Financial assets:

	2021	2020
Cash and cash equivalents	\$ 1,862,833	\$ 1,699,762
Grants receivable	209,838	142,190
Other receivables	88,319	727
Less board-designated net assets	(215,000)	(215,000)
Less funds held under agency agreements	(292,914)	(500,000)
Less net assets with donor restriction	(33,192)	-
	<u>\$ 1,619,884</u>	<u>\$ 1,127,679</u>

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 4—Grant revenue – Paycheck Protection Program loan

In May 2020, the Council received a Paycheck Protection Program loan (“PPP”) in the amount of \$280,444. The PPP loan was granted by the Small Business Administration (“SBA”) under the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). PPP loan is considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Council does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Council has recognized grant revenue for the full amount of \$280,444 for the year ended June 30, 2021 because the conditions for forgiveness had been substantially met at June 30, 2021. The Council received SBA notification of the loan’s forgiveness during fiscal year 2021.

Note 5—Employee benefit plan

The Council has a 401(k) profit-sharing plan covering employees who have completed six consecutive months of employment. Employees are fully vested upon initial enrollment. Employees may defer a portion of their salary to the extent permitted by law. The Council will make an employer contribution to eligible employees equal to 3% of their annual compensation. This contribution is not dependent on the employee’s participation in the plan. In addition, the Council may make a discretionary contribution to eligible employees who are participating in the plan. The Council approved a 2% discretionary contribution for year ended June 30, 2021. Total contributions made to the plan were \$69,195 and \$34,476 for the years ended June 30, 2021 and 2020, respectively.

Note 6—Concentrations

The Council received approximately 63% and 71% of its support from government grants and contracts for the years ended June 30, 2021 and 2020, respectively. The Council received contributions from one major donor representing 16% of total revenues for the year ended June 30, 2021. A significant reduction in the level of support from the grantors or the major donor, if this were to occur, could have a negative effect on the Council’s programs and activities.

The Council, at times, maintains cash and cash equivalents in excess of amounts insured by the Federal Deposit Insurance Corporation. In management’s opinion, risk related to each deposit is minimal.

Note 7—Funds held under agency agreements

During fiscal year 2021, the Council acted as a fiscal sponsor for a grantor organization by making disbursements restricted for the purpose of the related agreements with the grantor organization. The Council received \$1,500,000 from the grantor organization of which \$1,400,000 will ultimately be distributed to healthcare centers to combat the effects of COVID-19 for the homeless community. An additional \$500,000 is expected to be received under the arrangement in fiscal year 2022. The Council is expected to recognize \$200,000 of agency fee revenue over the life of the agreement for personnel and administrative costs incurred. The Council recognized \$100,000 as fiscal agency fee during the year ended June 30, 2021. The remaining agency fee balance of \$100,000 is expected to be recognized in fiscal year 2022. Expenditures are made after approval by the management of the corresponding grantor organization. All funds are held in the Council’s primary bank account.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 7—Funds held under agency agreements (continued)

During fiscal year 2020, the Council acted as a fiscal sponsor for two grantor organizations and made disbursements restricted for the purpose of the related agreements with the grantor organizations. The Council received \$3,000,000 from these two grantor organizations to distribute to healthcare centers to combat the effects of COVID-19 for the homeless community. The Council received \$38,750 as a fiscal agency fee under these agreements during the fiscal year ended June 30, 2020. Expenditures are made after approval by the management of the corresponding grantor organizations. All funds are held in the Council's primary bank account.

The following schedule provides the agency funds received and disbursed during fiscal June 30:

	2021	2020
Funds held under agency agreements received and to be distributed	\$ 1,400,000	\$ 3,000,000
Less funds disbursed to subrecipients	(1,107,086)	(2,500,000)
Funds held under agency agreements	<u>\$ 292,914</u>	<u>\$ 500,000</u>

Note 8—Related party

During fiscal years 2021 and 2020, the Council obtained advocacy and other services from Health Care for the Homeless – Baltimore, which is a member organization of the Council. Total amounts paid to Health Care for the Homeless – Baltimore amounted to \$224,977 and \$234,597 for the years ended June 30, 2021 and 2020, respectively.

Note 9—Commitments and contingencies

The Council is leasing its office space and equipment under operating lease agreements. The Council entered into a one year lease agreement, commencing September 1, 2019, for its existing office space. The agreement allows for four additional one year terms at the Council's option with monthly lease payments ranging from \$4,235 to \$4,675. Beginning August 2016, the Council entered into a seven-year lease agreement for its copy machine, requiring lease payments of \$125 per month. Rent expense was \$49,284 and \$50,700 for the years ended June 30, 2021 and 2020, respectively.

The Council has entered into contracts with various hotels to provide accommodations for conference participants through fiscal year 2022. The contracts contain cancellation clauses whereby the Council may be required to cover the cost of unused facilities. Currently, the Council has no intention of cancelling these contracts.

Future minimum rentals under the existing leases are as follows:

Years Ending June 30,

2022	\$ 54,679
2023	56,009
2024	55,996
2025	9,350
	<u>\$ 176,034</u>

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 10—Designated net assets

The Board of Directors has designated certain assets of the Council for future needs and projects of the Council. These assets have been classified as designated net assets until the specified purpose has been fulfilled or until such designation is rescinded by the Board of Directors. Designated net assets at June 30 are as follows:

	2021	2020
Board-designated reserve	\$ 215,000	\$ 215,000

Note 11—Net assets with donor restrictions

Net assets with donor restrictions consist of the following purpose restrictions at June 30:

	2021	2020
Dignity Health - medical respite	\$ 33,192	\$ -

Note 12—Other postemployment benefits

Plan Description – Employees of the Council are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (“LGOP”) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (“OPEB”). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits Provided – The Council offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (“PPO”), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. There are 25 active employees of the Council covered under the plan.

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claim liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Plan activity related to Council participation in the plan was not significant in fiscal years 2021 and 2020.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 13—Uncertainty

Late in December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen which could potentially impact revenue and operations for an indeterminable time period. Other financial impacts could occur though such potential impacts are unknown at this time. It is not possible to reliably estimate the length or severity of this outbreak and hence its financial impact.

SUPPLEMENTARY SCHEDULES

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2021

	<u>Assistance Listing Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
Federal Awards:			
U.S. Dept. of Health and Human Services Health Resources and Services Administration Technical Assistance to Community and Migrant Health Centers and Homeless	93.129	U30CS09746	\$ 1,534,292
U.S. Dept. of Health and Human Services Health Resources and Services Administration (Passed through from the Corporation for Supportive Housing) Technical and Non-Financial Assistance to Health Centers	93.129	5 U30CS26935-03-00	53,509
U.S. Dept. of Health and Human Services Health Resources and Services Administration (Passed through John Snow Inc.) Technical and Non-Financial Assistance to Center of Excellence	93.129	5 U30CS26935-03-00	1,849
Total for CFDA No. 93.129			<u>1,589,650</u>
U.S. Dept. of Health and Human Services Center for Medicare and Medicaid Services (Passed through from Tennessee Dept. of Finance and Administration, Bureau of TennCare) TennCare Shelter Enrollment Project	93.778	41710	29,927
U.S. Dept. of Health and Human Services Substance Abuse & Mental Health Services Administration (Passed through Policy Research Inc.) Homeless and Housing Resource Center	93.243	1H79SM083003-01	6,480
Total U.S. Dept. of Health and Human Services			<u>1,626,057</u>
Total Federal Awards			<u>1,626,057</u>
State Awards:			
Tennessee Dept. of Finance and Administration Bureau of TennCare Pass-through from TennCare Administration TennCare Shelter Enrollment Project	N/A	41710	29,927
Total State Awards			<u>29,927</u>
Total Federal and State Awards			<u>\$ 1,655,984</u>

* No federal or state awards were passed through to subrecipients

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2021

Note 1—Basis of accounting

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of National Health Care for the Homeless Council, Inc. (the "Council") under programs of the federal and state governments for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Council.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are listed as to reimbursement.

The Council did not elect to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3—Contingencies

The Council is subject to compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Council expects such amounts, if any, to be immaterial.