

**NATIONAL HEALTH CARE FOR THE
HOMELESS COUNCIL**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2005

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

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B E L L E N F A N T & M I L E S , P . C .

C E R T I F I E D P U B L I C A C C O U N T A N T S

136 WILSON PIKE CIRCLE • BRENTWOOD TENNESSEE 37027 • (615) 370-8700 • FAX (615) 370-4475

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of National Health Care for the Homeless Council, as of June 30, 2005, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Health Care for the Homeless Council, as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2005 on our consideration of National Health Care for the Homeless Council'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* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of National Health Care for the Homeless Council taken 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 not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bellenfant & Miles, P.C.

September 9, 2005

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2005

ASSETS

Current assets:

Cash and cash equivalents	\$ 254,766
Accounts receivable	13,491
Grant receivable	71,684
Prepaid Expenses	<u>1,084</u>

Total Current Assets	<u>341,025</u>
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Furniture and Equipment:

Furniture and equipment	58,089
Less: accumulated depreciation	<u>(41,064)</u>

Net Furniture and Equipment	<u>17,025</u>
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TOTAL ASSETS	<u>\$ 358,050</u>
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LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$ 36,325
Accrued benefits	<u>11,152</u>

Total Liabilities	47,477
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NET ASSETS:

Unrestricted	<u>310,573</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 358,050</u>
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The accompanying notes are an integral part of these financial statements.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	<u>Total</u>
SUPPORT AND REVENUE:	
Individual Contributions	\$ 33,806
Foundations/Corporate Contributions	2,048
Government grants	826,070
Program service fees	82,710
Dues	95,410
Interest income	<u>4,352</u>
 Total Revenues	 <u>1,044,396</u>
 EXPENSES:	
 Program Services	
Advocacy	72,491
General Support	29,426
Clinicians Network	24,823
Education and Training	741,053
Respite	8,783
Other Programs	<u>3,265</u>
 Total Program Services	 <u>879,841</u>
 Support Services:	
Management and general	99,511
Fund raising	<u>17,601</u>
 Total Support Services	 <u>117,112</u>
 TOTAL EXPENSES	 <u>996,953</u>
 CHANGE IN NET ASSETS	 47,443
 Net Assets, July 1, 2004	 <u>263,130</u>
 Net Assets, June 30, 2005	 <u><u>\$ 310,573</u></u>

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

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2005

	Program Services							Support Services			
	Advocacy	General Support	Clinicians Network	Education & Training	Respite	Other Program	Total Program	Management & General	Fund-Raising	Total Support	Total Expenses
Staff	\$ 29,592	\$ 8,908	\$ 12,585	\$ 236,500	\$ 6,175	\$ -	\$ 293,760	\$ 58,403	\$ 11,330	\$ 69,733	\$ 363,493
Payoll Taxes	2,330	694	988	18,689	488	-	23,189	4,986	885	5,871	29,060
Employee Benefits	2,532	671	998	18,213	372	-	22,786	6,392	680	7,072	29,858
Contractors	27,665	131	1,102	242,569	261	792	272,520	3,804	-	3,804	276,324
Consultants	628	1,081	250	65,505	-	-	67,464	-	-	-	67,464
Occupancy	1,460	1,460	-	9,492	-	-	12,412	2,191	-	2,191	14,603
Supplies	144	1,234	4,633	4,058	17	-	10,086	1,250	20	1,270	11,356
Subscriptions	-	60	-	60	-	-	120	-	-	-	120
Service Fees	2	812	50	5,909	-	-	6,773	7,491	300	7,791	14,564
Telecommunications	1,745	1,160	-	12,161	707	-	15,773	2,482	310	2,792	18,565
Printing	1,589	2,903	-	26,319	278	-	31,089	195	2,783	2,978	34,067
Postage	111	6,688	-	7,527	15	-	14,341	550	100	650	14,991
Dues & Registrations	40	-	200	4,796	-	-	5,036	45	190	235	5,271
Meeting	3,468	873	3,055	17,394	-	-	24,790	1,055	111	1,166	25,956
Recognitions	-	-	962	230	-	-	1,192	151	38	189	1,381
Member Travel	-	-	-	38,148	-	2,473	40,621	-	-	-	40,621
Staff Travel	1,185	2,751	-	33,483	470	-	37,889	1,325	854	2,179	40,068
Depreciation	-	-	-	-	-	-	-	9,104	-	9,104	9,104
Loss on Disposal of Asset	-	-	-	-	-	-	-	87	-	87	87
Total expenses	\$ 72,491	\$ 29,426	\$ 24,823	\$ 741,053	\$ 8,783	\$ 3,265	\$ 879,841	\$ 99,511	\$ 17,601	\$ 117,112	\$ 996,953

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

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ 47,443
Adjustments to reconcile changes in net assets to net cash provided by operations	
Depreciation	9,104
(Increase) decrease in:	
Accounts receivable	(437)
Grant receivable	39,065
Prepaid expenses	(84)
Increase (decrease) in:	
Accounts Payable	(73,548)
Accrued benefits	(1,300)
Respite - restricted	(3,500)
Net Cash Used by Operating Activities	<u>16,743</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of equipment	<u>(2,760)</u>
Net Cash Used by Investing Activities	<u>(2,760)</u>
Net Increase in Cash	13,983
Cash and Cash Investments, July 1, 2004	<u>240,783</u>
Cash and Cash Investments, June 30, 2005	<u><u>\$ 254,766</u></u>

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

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Nature of Activities:

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.

Basis of Presentation:

National Health Care for the Homeless Council prepares its financial statements and maintains its financial accounting records on the accrual basis of accounting.

Revenue Recognition:

Contributions and grants restricted by the donor, grantor, or other outside parties for particular operating purposes are deemed to be earned and reported as revenues when the Council has incurred expenditures in compliance with the specific restrictions.

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For purposes of the statement of cash flows, the Council considers checking and money market accounts with a maturity of three months or less to be cash equivalents.

Furniture and Equipment:

Disbursements for equipment are reflected in the balance sheet at cost. Expenditures for additions are capitalized while those for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method over the estimated useful life of each item and is reflected as an expense in the statement of activities. Donated items are recorded at estimated fair market value.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2005

2. FEDERAL INCOME TAX STATUS

The Council has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

3. GRANTS RECEIVABLE

Grants receivable consists of receivables from programs funded by the US Department of Health and Human Services, Tennessee Department of Human Services and Tennessee Department of Finance and Administration. Financial activities of those programs are summarized in the schedule of expenditures of federal and state awards.

4. OPERATING LEASE

The Council leases office space and a copier under operating leases. The leases expire at various times over the next year. Approximate future minimum lease commitments are as follows:

	Office Space	Copier
2005	\$ 12,000	\$ 3,705
Total Lease Commitment	<u>\$ 12,000</u>	<u>\$ 3,705</u>

Office and copier lease expense for the year ended June 30, 2004 was approximately \$15,705.

5. CONCENTRATION OF CREDIT RISK

The Council maintains a money funds checking account, cash balance and certificates of deposit at Smith Barney Citigroup. Cash balances in those accounts were \$254,766 as of June 30, 2005. The Federal Deposit Insurance Corporation (FDIC) secures these bank accounts up to \$100,000. Gulf Insurance Company, a subsidiary of Citigroup, Inc., provides additional cash protection of up to \$500,000. The cash was protected by the additional cash protection and the certificates of deposits were covered by the individual banks' FDIC insurance.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

6. EMPLOYEE BENEFITS

The Council established a Simplified Employee Pension Individual Retirement Account (SEP IRA) program as a fringe benefit paid by the Council. Provisions of the SEP IRA benefit are dependent upon the availability of funds and the will of the Board. During the year ended June 30, 2004, the Council's contribution to the program was \$17,175.

The Council also established a Flexible Benefit Plan for the employees; and the employees are able to make 403(b) retirement contributions.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

FOR THE YEAR ENDED JUNE 30, 2005

<u>Federal Grantor/ Pass-Through Grantor Agency</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Grant Period</u>	<u>Grant Receivable June 30, 2004</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Grant Receivable June 30, 2005</u>
<u>Federal Awards</u>								
US Dept. of Health and Human Services Bureau of Primary Health Care	Technical Assistance to Homeless Grantees	93.129	2 U30CS00197-06-00	9/1/03-8/31/04	\$ 101,234	\$ 101,234		\$ -
	Technical Assistance to Homeless Grantees	93.129	6 U30CS00197-07-02	7/1/04-6/30/05	\$ -	\$ 689,415	\$ 758,233	\$ 68,818
	TOTAL FEDERAL AWARDS				\$ 101,234	\$ 790,649	\$ 758,233	\$ 68,818
<u>State Financial Assistance</u>								
TN Dept. of Human Services	Emergency Shelter Grants Program (ESGP)	14.231	Z-04-015687	7/1/03-6/30/04	\$ 80	\$ 80	\$ -	\$ -
	Emergency Shelter Grants Program (ESGP)	14.231	Z-05-020646	7/1/04-6/30/05	\$ -	\$ 30,044	\$ 31,614	\$ 1,570
TN Dept. of Finance and Administration	TennCare Shelter Enrollment Project	93.778	GR-03-14754-01	7/1/03-6/30/04	\$ 9,435	\$ 9,435	\$ -	\$ -
	TennCare Shelter Enrollment Project	93.778	GR-05-16146-00	7/1/04-6/30/05	\$ -	\$ 34,928	\$ 36,224	\$ 1,296
	TOTAL STATE AWARDS				\$ 9,515	\$ 74,487	\$ 67,838	\$ 2,866
	TOTAL FEDERAL & STATE AWARDS				\$ 110,749	\$ 865,136	\$ 826,071	\$ 71,684

This schedule includes the federal and state grant activity of National Health Care for the Homeless Council and is presented on the accrual basis of accounting



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

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

We have audited the financial statements of National Health Care for the Homeless Council, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered National Health Care for the Homeless Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Health Care for the Homeless Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Bellenfant & Miles, P.C.

September 9, 2005



B E L L E N F A N T & M I L E S , P . C .

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**AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of National Health Care for the Homeless Council with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. National Health Care for the Homeless Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of National Health Care for the Homeless Council's management. Our responsibility is to express an opinion on National Health Care for the Homeless Council's compliance based on our audit.

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 A133, *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 National Health Care for the Homeless Council'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. Our audit does not provide a legal determination of National Health Care for the Homeless Council's compliance with those requirements.

In our opinion, National Health Care for the Homeless Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of National Health Care for the Homeless Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered National Health Care for the Homeless Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Bellamy & Miles, P.C.

September 9, 2005

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2005

PART I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of National Health Care for the Homeless Council.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditors' Report On Compliance And On Internal Control Over Financial Reporting 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 National Health Care for the Homeless Council, which would be required to be reported in accordance with *Governmental Auditing Standards*, were disclosed in the audit.
4. No reportable conditions in internal control over major federal award programs were reported in the Auditors' Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.
5. The auditors' report on compliance for the Association's major federal program expresses an unqualified opinion.
6. No findings relating to the audit of the major federal award program are reported in the Auditors' Report On Compliance With Requirements Applicable To Each Major Program And On Internal Control Over Compliance In Accordance With OMB Circular A-133.
7. The Technical Assistance to Homeless Grantees, CFDA No. 93.129, was determined to be the Association's sole major program.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The National Health Care for the Homeless Council qualified as a low-risk auditee.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2005

**PART II – FINDINGS AND QUESTIONED COST REPORTED IN ACCORDANCE WITH
GENERALLY ACCEPTED GOVERNMENT AUDITING PROCEDURES**

1. There were no findings reported in accordance with generally accepted government auditing procedures.

PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. There were no findings or questioned costs for federal awards.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2005

There were no audit findings for the year ended June 30, 2004