

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

**FINANCIAL STATEMENTS**

**June 30, 2013 and 2012**

# NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
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, 2013 and 2012, 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 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 National Health Care for the Homeless Council, Inc. as of June 30, 2013 and 2012, 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.

### *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 and state awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 13, 2013, 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.

*Fraser Dean + Howard, PLLC*

Nashville, Tennessee  
September 13, 2013

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 395,896	\$ 431,808
Grants receivable	393,623	126,423
Other receivables	1,278	75
Prepaid expenses	<u>16,578</u>	<u>17,861</u>
Total current assets	<u>807,375</u>	<u>576,167</u>
Furniture and equipment	134,869	128,165
Less: accumulated depreciation	<u>(81,140)</u>	<u>(64,313)</u>
Net furniture and equipment	<u>53,729</u>	<u>63,852</u>
Total assets	<u><u>\$ 861,104</u></u>	<u><u>\$ 640,019</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 252,205	\$ 63,841
Accrued expenses	<u>24,388</u>	<u>14,668</u>
Total current liabilities	<u>276,593</u>	<u>78,509</u>
Net assets:		
Unrestricted	584,511	541,510
Temporarily restricted	<u>-</u>	<u>20,000</u>
Total net assets	<u>584,511</u>	<u>561,510</u>
Total liabilities and net assets	<u><u>\$ 861,104</u></u>	<u><u>\$ 640,019</u></u>

See accompanying notes.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2013**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue and other support:			
Government grants	\$ 2,555,409	\$ -	\$ 2,555,409
Program service fees	305,905	-	305,905
Membership dues	157,500	-	157,500
Contributions	34,591	-	34,591
Other income	10,447	-	10,447
Interest income	283	-	283
Net assets released from restrictions	20,000	(20,000)	-
	<u>3,084,135</u>	<u>(20,000)</u>	<u>3,064,135</u>
Total revenue and other support			
Expenses:			
Program services:			
Advocacy	79,804	-	79,804
General support	17,202	-	17,202
Education and training	2,603,548	-	2,603,548
	<u>2,700,554</u>	<u>-</u>	<u>2,700,554</u>
Total program services			
Support services:			
Management and general	281,295	-	281,295
Fundraising	59,285	-	59,285
	<u>340,580</u>	<u>-</u>	<u>340,580</u>
Total support services			
Total expenses	<u>3,041,134</u>	<u>-</u>	<u>3,041,134</u>
Change in net assets	43,001	(20,000)	23,001
Net assets, beginning of year	<u>541,510</u>	<u>20,000</u>	<u>561,510</u>
Net assets, end of year	<u>\$ 584,511</u>	<u>\$ -</u>	<u>\$ 584,511</u>

See accompanying notes.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2012**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue and other support:			
Government grants	\$ 1,639,187	\$ -	\$ 1,639,187
Program service fees	202,084	-	202,084
Membership dues	143,600	-	143,600
Contributions	94,123	20,000	114,123
Interest income	226	-	226
Net assets released from restrictions	-	-	-
	<u>2,079,220</u>	<u>20,000</u>	<u>2,099,220</u>
Expenses:			
Program services:			
Advocacy	111,279	-	111,279
General support	26,607	-	26,607
Education and training	1,567,876	-	1,567,876
	<u>1,705,762</u>	<u>-</u>	<u>1,705,762</u>
Support services:			
Management and general	251,523	-	251,523
Fundraising	72,419	-	72,419
	<u>323,942</u>	<u>-</u>	<u>323,942</u>
Total expenses	<u>2,029,704</u>	<u>-</u>	<u>2,029,704</u>
Change in net assets	49,516	20,000	69,516
Net assets, beginning of year	<u>491,994</u>	<u>-</u>	<u>491,994</u>
Net assets, end of year	<u><u>\$ 541,510</u></u>	<u><u>\$ 20,000</u></u>	<u><u>\$ 561,510</u></u>

See accompanying notes.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2013**

	Program Services				Support Services			Total
	Advocacy	General Support	Education and Training	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	All Services
Staff	\$ 12,863	\$ 15,991	\$ 974,954	\$ 1,003,808	\$ 125,257	\$ 31,705	\$ 156,962	\$ 1,160,770
Program contractors	55,726	-	756,099	811,825	7,725	1,429	9,154	820,979
Meetings	-	-	400,553	400,553	846	3,573	4,419	404,972
Consultant travel	6,277	286	82,338	88,901	12,621	1,458	14,079	102,980
Staff travel	372	-	90,738	91,110	523	941	1,464	92,574
Member travel	2,333	-	75,639	77,972	766	1,356	2,122	80,094
Program services	-	-	77,250	77,250	-	-	-	77,250
Contracted services	500	-	51,881	52,381	16,285	-	16,285	68,666
Occupancy	-	-	-	-	64,388	-	64,388	64,388
Printing	223	13	40,837	41,073	680	4,179	4,859	45,932
Telecommunications	270	8	20,622	20,900	5,155	-	5,155	26,055
Depreciation	-	-	-	-	16,827	-	16,827	16,827
Equipment	-	36	12,934	12,970	1,808	-	1,808	14,778
Professional fees	-	-	-	-	-	13,638	13,638	13,638
Bad debt	-	-	-	-	9,675	-	9,675	9,675
Dues and subscriptions	1,240	-	6,036	7,276	1,382	860	2,242	9,518
Service fees	-	-	-	-	7,709	2	7,711	7,711
Postage	-	203	5,060	5,263	1,621	144	1,765	7,028
Publications	-	641	4,717	5,358	12	-	12	5,370
Insurance	-	-	-	-	4,718	-	4,718	4,718
Supplies	-	24	3,220	3,244	797	-	797	4,041
Other	-	-	-	-	1,386	-	1,386	1,386
Recognitions	-	-	-	-	915	-	915	915
Training	-	-	670	670	199	-	199	869
	<u>\$ 79,804</u>	<u>\$ 17,202</u>	<u>\$ 2,603,548</u>	<u>\$ 2,700,554</u>	<u>\$ 281,295</u>	<u>\$ 59,285</u>	<u>\$ 340,580</u>	<u>\$ 3,041,134</u>

See accompanying notes.



**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2012**

	Program Services			Support Services			Total All Services
	Advocacy	General Support	Education and Training	PROGRAM SERVICES	Management and General	Fundraising	
				TOTAL			
Staff	\$ 36,402	\$ 17,493	\$ 775,065	\$ 828,960	\$ 110,683	\$ 43,270	\$ 153,953
Contractors	70,296	-	234,086	304,382	-	-	-
Meetings	584	8,727	226,383	235,694	-	28,235	28,235
Contracted services	200	-	33,655	33,855	30,791	75	30,866
Staff travel	1,188	-	58,119	59,307	1,261	-	1,261
Consultant travel	-	-	48,419	48,419	-	-	-
Consultants	550	-	44,537	45,087	3,325	-	3,325
Member travel	-	-	43,945	43,945	-	-	-
Printing	983	-	35,630	36,613	6,668	9	6,677
Occupancy	-	-	-	-	40,931	-	40,931
Equipment	96	98	21,152	21,346	4,381	-	4,381
Telecommunications	45	-	9,982	10,027	10,008	36	10,044
Consumer registrations	-	-	12,250	12,250	-	-	-
Professional fees	-	-	-	-	10,599	-	10,599
Postage	2	282	8,715	8,999	1,308	244	1,552
Other	-	-	83	83	9,277	550	9,827
Accreditation fees	-	-	8,000	8,000	-	-	-
Service fees	-	7	-	7	7,101	-	7,101
Depreciation	-	-	-	-	6,256	-	6,256
Dues and subscriptions	365	-	5,275	5,640	395	-	395
Supplies	568	-	2,373	2,941	2,764	-	2,764
Insurance	-	-	-	-	4,508	-	4,508
Recognitions	-	-	207	207	1,267	-	1,267
	\$ 111,279	\$ 26,607	\$ 1,567,876	\$ 1,705,762	\$ 251,523	\$ 72,419	\$ 323,942
							\$ 2,029,704

See accompanying notes.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 23,001	\$ 69,516
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	16,827	6,256
Changes in operating assets and liabilities:		
Grants receivable	(267,200)	115,866
Other receivables	(1,203)	5,917
Prepaid expenses	1,283	(7,981)
Accounts payable	188,364	(252,824)
Accrued expenses	9,720	(28,895)
	<u>(29,208)</u>	<u>(92,145)</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(6,704)</u>	<u>(59,847)</u>
	<u>(6,704)</u>	<u>(59,847)</u>
Change in cash and cash equivalents	(35,912)	(151,992)
Cash and cash equivalents, beginning of year	<u>431,808</u>	<u>583,800</u>
Cash and cash equivalents, end of year	<u><u>\$ 395,896</u></u>	<u><u>\$ 431,808</u></u>

See accompanying notes.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013 and 2012**

**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.

**Basis of 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:

**Unrestricted Net Assets** – Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. The Council did not have any temporarily restricted net assets at June 30, 2013.

**Permanently Restricted Net Assets** – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Council. The Council did not have any permanently restricted net assets at June 30, 2013 or 2012.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

**Functional Allocation of Expenses**

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon management's estimate.

**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 \$310,758 and \$423,377 at June 30, 2013 and 2012, respectively.

**Grants Receivable**

Grants receivable consists of receivables from programs funded by the U.S. Department of Health and Human Services and the Tennessee Department of Finance and Administration. Management believes that amounts receivable from grantor agencies are fully collectible for the years ended June 30, 2013 and 2012. As a result, no allowance for uncollectible amounts has been provided. These amounts have been fully collected as of the financial statement 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.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Income Taxes**

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

The Council follows Financial Accounting Standards Board Accounting Standards Codification guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Council has no tax penalties or interest reported in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2010 through June 30, 2013.

**Subsequent Events**

The Council evaluated subsequent events through September 13, 2013, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

**NOTE 2 – 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 a Safe Harbor nonelective contribution to the individual account of each eligible employee equal to 3% of the employee's annual compensation. Also, the Council will contribute 2% of the employee's compensation to the plan. Total contributions made to the plan were \$40,988 and \$38,952 for the years ended June 30, 2013 and 2012, respectively.

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**NOTE 3 – CONCENTRATIONS**

The Council received approximately 83% and 78% of its support from government grants and contracts for the years ended June 30, 2013 and 2012, respectively. A significant reduction in the level of this support, 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 ("FDIC"). In management's opinion, risk related to each deposit is minimal.

**NOTE 4 – RELATED PARTY**

During fiscal years 2013 and 2012, 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 \$140,904 for the years ended June 30, 2013 and 2012, respectively.

**NOTE 5 – COMMITMENTS AND CONTINGENCIES**

The Council is leasing its office space under an operating lease agreement. The Council entered into a ten year lease agreement, beginning September 2009. The agreement requires monthly lease payments of \$2,500, increasing 3% annually. Rent expense amounted to \$44,947 and \$31,673 for the years ended June 30, 2013 and 2012, respectively.

Future minimum lease payments required under the non-cancelable lease term in excess of one-year are as follows:

Year ending <u>June 30,</u>	
2014	\$ 33,601
2015	34,609
2016	35,648
2017	36,717
2018	37,819
Thereafter	<u>45,477</u>
	<u>\$ 223,871</u>

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)**

The Council has entered into contracts with various hotels to provide accommodations for conference participants during fiscal years 2014 - 2016. 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 the contracts.

**NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2013</u>	<u>2012</u>
State Level Advocacy Training	\$ <u>-</u>	\$ <u>20,000</u>

## **SUPPLEMENTAL INFORMATION**



**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2013**

		CFDA No.	Pass through Grantor's Number	Balance Receivable June 30, 2012	Cash Receipts	Expenditures	Balance Receivable June 30, 2013
Federal Awards:							
U.S. Dept. of Health & Human Services							
Health Resources and Services Administration							
Technical Assistance to							
Homeless Grantees							
		93.129	4 U30CS09746-04-00	\$ 115,216	\$ 115,216	\$ -	\$ -
Technical Assistance to							
Homeless Grantees							
		93.129	6 U30CS09746-05-02	-	1,671,093	1,777,214	106,121
Healthcare Innovation							
Challenge+							
		93.610	1 C1CMS330981-01-00	-	418,200	700,303	282,103
Total Federal Awards				115,216	2,204,509	2,477,517	388,224
State Awards:							
TN Dept. of Finance and Administration							
Bureau of TennCare							
<i>Pass-through from</i>							
	TennCare Shelter	N/A	GR-10-27685-02	11,207	11,207	-	-
<i>TennCare Administration</i>							
<i>Pass-through from</i>							
	TennCare Shelter	N/A	GR-10-27685-02	-	72,493	77,892	5,399
<i>TennCare Administration</i>							
Total State Awards				11,207	83,700	77,892	5,399
Total Federal and State Awards				\$ 126,423	\$ 2,288,209	\$ 2,555,409	\$ 393,623

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

Note 1 - Basis of Accounting - The supplementary Schedule of Expenditures of Federal and State Awards is prepared on the accrual basis of accounting.

+ represents major program



**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of National Health Care for the Homeless Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 13, 2013.

**Internal Control over Financial Reporting**

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether National Health Care for the Homeless Council, Inc.'s financial statements are free from 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 the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Frasier Dean + Howard, PLLC*

Nashville, Tennessee  
September 13, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited National Health Care for the Homeless Council, 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 National Health Care for the Homeless Council, Inc.'s major federal programs for the year ended June 30, 2013. National Health Care for the Homeless Council, 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 National Health Care for the Homeless Council, 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 National Health Care for the Homeless Council, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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



### *Opinion on Each Major Federal Program*

In our opinion, National Health Care for the Homeless Council, 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 June 30, 2013.

### *Other Matters*

#### **Report on Internal Control over Compliance**

Management of National Health Care for the Homeless Council, 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 National Health Care for the Homeless Council, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the 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 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 National Health Care for the Homeless Council, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Frederic Dean & Associates, PLLC*

Nashville, Tennessee  
September 13, 2013

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2013**

**SUMMARY OF AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of National Health Care for the Homeless Council, Inc.
2. No instances of noncompliance material to the financial statements of National Health Care for the Homeless Council, Inc. were disclosed during the audit.
3. The auditor's report on compliance for the major federal award programs for National Health Care for the Homeless Council, Inc. expresses an unqualified opinion on all major federal programs.
4. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
5. The programs tested as major programs include:

**CFDA Number**

**Name of Federal Program or Cluster**

93.610

Health Care Innovation Awards

The threshold for distinguishing Types A and B programs was \$300,000.

6. National Health Care for the Homeless Council, Inc. qualified as a low-risk auditee.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

NONE

**FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

NONE

**NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**  
**For the Year Ended June 30, 2013**

NONE