

**NATIONAL HEALTH CARE FOR THE
HOMELESS COUNCIL**

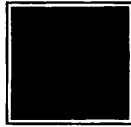
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2006

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

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BELLENFANT + MILES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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, 2006, 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, 2006, 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 15, 2006 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 15, 2006

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 288,055
Accounts receivable	2,491
Grant receivable	52,442
Prepaid Expenses	<u>876</u>

Total Current Assets	<u>343,864</u>
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Furniture and Equipment:

Furniture and equipment	71,345
Less: accumulated depreciation	<u>(50,344)</u>

Net Furniture and Equipment	<u>21,001</u>
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TOTAL ASSETS	<u><u>\$ 364,865</u></u>
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LIABILITIES AND FUND BALANCES

LIABILITIES:

Accounts payable	\$ 43,362
Accrued benefits	<u>12,541</u>

Total Liabilities	55,903
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NET ASSETS:

Unrestricted	<u>308,962</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 364,865</u></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, 2006

	<u>Total</u>
SUPPORT AND REVENUE:	
Individual Contributions	\$ 72,349
Foundations/Corporate Contributions	2,675
Government grants	906,221
Program service fees	41,369
Dues	108,150
Interest income	<u>9,518</u>
Total Revenues	<u>1,140,282</u>
EXPENSES:	
Program Services	
Advocacy	92,213
General Support	72,097
Clinicians Network	28,385
Education and Training	811,159
Respite	6,150
Other Programs	<u>2,527</u>
Total Program Services	<u>1,012,531</u>
Support Services:	
Management and general	112,824
Fund raising	<u>16,538</u>
Total Support Services	<u>129,362</u>
TOTAL EXPENSES	<u>1,141,893</u>
CHANGE IN NET ASSETS	(1,611)
Net Assets, July 1, 2005	<u>310,573</u>
Net Assets, June 30, 2006	<u><u>\$ 308,962</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, 2006

	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	\$ 32,522	\$ 6,320	\$ 12,543	\$ 239,043	\$ 2,666	\$ -	\$ 293,094	\$ 66,001	\$ 12,609	\$ 78,610	\$ 371,704
Payoll Taxes	2,574	502	1,005	19,145	198	-	23,424	5,142	1,017	6,159	29,583
Employee Benefits	3,415	663	1,429	27,288	162	-	32,957	7,125	1,318	8,443	41,400
Contractors	47,376	274	5,000	260,856	-	-	313,506	4,000	-	4,000	317,506
Consultants	-	2,900	1,104	51,736	-	-	55,740	-	-	-	55,740
Occupancy	-	-	-	9,607	-	-	9,607	5,172	-	5,172	14,779
Supplies	-	716	1,360	5,094	28	-	7,198	727	35	762	7,960
Subscriptions	-	-	-	62	-	-	62	-	-	-	62
Service Fees	-	-	-	1,054	55	-	1,109	8,457	340	8,797	9,906
Telecommunications	1,372	612	487	14,177	558	-	17,206	3,476	231	3,707	20,913
Printing	716	2,323	103	66,600	97	-	69,839	-	173	173	70,012
Postage	296	2,237	411	11,976	53	-	14,973	429	470	899	15,872
Dues & Registrations	830	-	100	1,735	-	-	2,665	-	345	345	3,010
Meceting	1,503	1,588	4,193	21,748	2,333	-	31,365	2,207	-	2,207	33,572
Recognitions	-	221	650	401	-	-	1,272	-	-	-	1,272
Member Travel	-	-	-	34,848	-	2,527	37,375	-	-	-	37,375
Staff Travel	1,609	4,073	-	45,789	-	-	51,471	808	-	808	52,279
Depreciation	-	-	-	-	-	-	-	9,280	-	9,280	9,280
Relief Fund	-	49,668	-	-	-	-	49,668	-	-	-	49,668
Total expenses	\$ 92,213	\$ 72,097	\$ 28,385	\$ 811,159	\$ 6,150	\$ 2,527	\$1,012,531	\$ 112,824	\$ 16,538	\$ 129,362	\$ 1,141,893

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, 2006

CASH FLOWS FROM OPERATING ACTIVITIES:

Changes in net assets	\$ (1,611)
Adjustments to reconcile changes in net assets to net cash provided by operations	
Depreciation	9,280
(Increase) decrease in:	
Accounts receivable	11,000
Grant receivable	19,242
Prepaid expenses	208
Increase (decrease) in:	
Accounts Payable	7,037
Accrued benefits	1,389
Net Cash Provided by Operating Activities	<u>46,545</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of equipment	<u>(13,256)</u>
Net Cash Used by Investing Activities	<u>(13,256)</u>
Net Increase in Cash	33,289
Cash and Cash Investments, July 1, 2005	<u>254,766</u>
Cash and Cash Investments, June 30, 2006	<u>\$ 288,055</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, 2006

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, 2006

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 under operating leases. The lease expires at various times over the next year. Approximate future minimum lease commitments are as follows:

2007	<u>\$ 12,000</u>
Total Lease Commitment	<u><u>\$ 12,000</u></u>

Office lease expense for the year ended June 30, 2006 was approximately \$12,000.

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 \$288,055 as of June 30, 2006. 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, 2006

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, 2006, the Council's contribution to the program was \$18,559.

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, 2006

<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, 2005</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Grant Receivable June 30, 2006</u>
<u>Federal Awards</u>								
US Dept. of Health and Human Services Bureau of Primary Health Care	Technical Assistance to Homeless Grantees	93.129	6 U30CS00197-07-02	7/1/04-6/30/05	\$ 68,818	\$ 68,818		\$ -
	Technical Assistance to Homeless Grantees	93.129	6 U30CS00197-08-01	7/1/05-6/30/06	\$ -	\$ 792,431	\$ 834,920	\$ 42,489
TOTAL FEDERAL AWARDS					\$ 68,818	\$ 861,249	\$ 834,920	\$ 42,489
<u>State Financial Assistance</u>								
TN Dept. of Human Services	Emergency Shelter Grants Program (ESGP)	14.231	Z-05-020646	7/1/04-6/30/05	\$ 1,570	\$ 1,570	\$ -	\$ -
	Emergency Shelter Grants Program (ESGP)	14.231	Z-06-026065	7/1/05-6/30/06	\$ -	\$ 34,137	\$ 35,084	\$ 947
TN Dept. of Finance and Administration	TennCare Shelter Enrollment Project		GR-05-16146-00	7/1/04-6/30/05	\$ 1,296	\$ 1,296	\$ -	\$ -
	TennCare Shelter Enrollment Project		GR-05-16146-00	7/1/05-6/30/06	\$ -	\$ 27,211	\$ 36,217	\$ 9,006
TOTAL STATE AWARDS					\$ 2,866	\$ 64,214	\$ 71,301	\$ 9,953
TOTAL FEDERAL & STATE AWARDS					\$ 71,684	\$ 925,463	\$ 906,221	\$ 52,442

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