

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

FINANCIAL STATEMENTS

June 30, 2012 and 2011

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

We have audited the accompanying statements of financial position of National Health Care for the Homeless Council, Inc. ("the Council") (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years 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 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 audits 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 audits provide 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, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years 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 19, 2012, on our consideration of the 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 considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal and state 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 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 basic 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 basic financial statements as a whole.

Frasier, Dean + Howard, PLLC

September 19, 2012

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 431,808	\$ 583,800
Grants receivable	126,423	242,289
Other receivables	75	5,992
Prepaid expenses	<u>17,861</u>	<u>9,880</u>
Total current assets	<u>576,167</u>	<u>841,961</u>
Furniture and equipment	128,165	68,318
Less: accumulated depreciation	<u>(64,313)</u>	<u>(58,057)</u>
Net furniture and equipment	<u>63,852</u>	<u>10,261</u>
Total assets	<u><u>\$ 640,019</u></u>	<u><u>\$ 852,222</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 63,841	\$ 316,665
Accrued expenses	<u>14,668</u>	<u>43,563</u>
Total current liabilities	<u>78,509</u>	<u>360,228</u>
Net assets:		
Unrestricted	541,510	491,994
Temporarily restricted	<u>20,000</u>	<u>-</u>
Total net assets	<u>561,510</u>	<u>491,994</u>
Total liabilities and net assets	<u><u>\$ 640,019</u></u>	<u><u>\$ 852,222</u></u>

See accompanying notes.

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

	Unrestricted	Temporarily Restricted	Total
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 ACTIVITIES
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Government grants	\$ 1,516,761	\$ -	\$ 1,516,761
Program service fees	238,158	-	238,158
Membership dues	135,550	-	135,550
Contributions	41,360	-	41,360
Interest income	2,930	-	2,930
Net assets released from restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	1,934,759	-	1,934,759
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services:			
Advocacy	84,339	-	84,339
General support	45,137	-	45,137
Education and training	1,498,738	-	1,498,738
	<hr/>	<hr/>	<hr/>
Total program services	1,628,214	-	1,628,214
	<hr/>	<hr/>	<hr/>
Support services:			
Management and general	224,651	-	224,651
Fundraising	54,447	-	54,447
	<hr/>	<hr/>	<hr/>
Total support services	279,098	-	279,098
	<hr/>	<hr/>	<hr/>
Total expenses	1,907,312	-	1,907,312
	<hr/>	<hr/>	<hr/>
Change in net assets	27,447	-	27,447
Net assets, beginning of year	464,547	-	464,547
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 491,994	\$ -	\$ 491,994
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	Program Services			Support Services			Total All Services
	Advocacy	General Support	Education and Training	PROGRAM SERVICES	Management and General	Fundraising	
				TOTAL			
Staff	\$ 29,705	\$ 23,689	\$ 764,336	\$ 817,730	\$ 113,007	\$ 36,035	\$ 966,772
Contractors	52,430	5,000	199,375	256,805	28,529	-	285,334
Meetings	126	10,180	220,018	230,324	36	6,553	236,913
Consultants	-	5,000	77,019	82,019	-	7,500	89,519
Member travel	-	-	69,715	69,715	-	-	69,715
Staff travel	264	-	65,891	66,155	-	-	66,155
Printing	101	106	44,216	44,423	1,480	3,025	48,928
Occupancy	-	-	-	-	40,324	-	40,324
Supplies	-	-	26,731	26,731	5,153	44	31,928
Telecommunications	314	252	10,773	11,339	9,565	601	21,505
Service fees	50	338	-	388	14,991	500	15,879
Accreditation fees	-	-	8,500	8,500	-	-	8,500
Dues and registrations	1,340	210	5,355	6,905	615	-	7,520
Equipment	-	-	4,079	4,079	1,470	-	5,549
Depreciation	-	-	-	-	5,121	-	5,121
Insurance	-	-	-	-	3,902	-	3,902
Postage	9	92	2,566	2,667	458	189	3,314
Recognitions	-	270	94	364	-	-	364
Subscriptions	-	-	70	70	-	-	70
	<u>\$ 84,339</u>	<u>\$ 45,137</u>	<u>\$ 1,498,738</u>	<u>\$ 1,628,214</u>	<u>\$ 224,651</u>	<u>\$ 54,447</u>	<u>\$ 1,907,312</u>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 69,516	\$ 27,447
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	6,256	5,121
Changes in operating assets and liabilities:		
Grants receivable	115,866	(202,216)
Other receivables	5,917	(5,615)
Prepaid expenses	(7,981)	1,506
Accounts payable	(252,824)	277,361
Accrued expenses	(28,895)	29,058
Net cash (used in) provided by operating activities	<u>(92,145)</u>	<u>132,662</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	(59,847)	-
Sale of investments	<u>-</u>	<u>100,000</u>
Net cash (used in) provided by investing activities	<u>(59,847)</u>	<u>100,000</u>
Change in cash and cash equivalents	(151,992)	232,662
Cash and cash equivalents, beginning of year	<u>583,800</u>	<u>351,138</u>
Cash and cash equivalents, end of year	<u><u>\$ 431,808</u></u>	<u><u>\$ 583,800</u></u>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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, 2011.

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, 2012 or 2011.

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, 2012 and 2011

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 \$423,377 and \$550,020 at June 30, 2012 and 2011, 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 year ended June 30, 2012. As a result, no allowance for uncollectible amounts has been provided. These amounts have been fully collected as of the financial statement 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, 2012 and 2011

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, 2009 through June 30, 2012.

Reclassifications

Certain reclassifications have been made to the 2011 balances to conform with 2012 presentation.

Subsequent Events

The Council evaluated subsequent events through September 19, 2012, 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.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

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 \$38,952 and \$34,033 for the years ended June 30, 2012 and 2011, respectively.

NOTE 3 – CONCENTRATIONS

The Council received approximately 78% of its support from government grants and contracts for the years ended June 30, 2012 and 2011, 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 2012 and 2011, the Council obtained advocacy 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 and \$136,225 for the years ended June 30, 2012 and 2011, 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 \$31,673 and \$30,900 for the years ended June 30, 2012 and 2011, respectively.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2012 and 2011

NOTE 5 – COMMITMENTS AND CONTINGENCIES (Continued)

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>	
2013	\$ 32,623
2014	33,601
2015	34,609
2016	35,648
2017	36,717
Thereafter	<u>83,296</u>
	<u>\$ 256,494</u>

The Council has entered into contracts with various hotels to provide accommodations for conference participants during fiscal years 2013 - 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>2012</u>	<u>2011</u>
State Level Advocacy Training	\$ <u>20,000</u>	\$ <u>-</u>

SUPPLEMENTAL INFORMATION

For the Year Ended June 30, 2012

NOTES TO THE SCHEDULE OF FEDERAL AND STATE AWARDS

+ 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 the financial statements of National Health Care for the Homeless Council, Inc. (the "Council") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 19, 2012. 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 the Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 management, the board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Frasier, Dean & Howard, PLLC

FRASIER, DEAN & HOWARD, PLLC

Nashville, Tennessee

September 19, 2012



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

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

Compliance

We have audited National Health Care for the Homeless Council, Inc.'s (the "Council") 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 the Council's major federal programs for the year ended June 30, 2012. The Council's major federal programs are identified in the summary of auditor's 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 the Council's management. Our responsibility is to express an opinion on the 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 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 the 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 the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the 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 the Council's internal control

over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the Council'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Frasier, Dean & Howard, PLLC

FRASIER, DEAN & HOWARD, PLLC
Nashville, Tennessee
September 19, 2012

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2012

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

93.129

U.S. Dept. of Health & Human Services -
Health Resources and Services Administration

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, 2012

NONE