

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

FINANCIAL STATEMENTS

June 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2017, 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.

Frasier, Dean & Harwell, PLLC

Nashville, Tennessee
September 12, 2017

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,007,103	\$ 443,435
Grants receivable	537,477	509,553
Other receivables	629	54,292
Prepaid expenses	<u>8,710</u>	<u>14,990</u>
Total current assets	<u>1,553,919</u>	<u>1,022,270</u>
Furniture and equipment	177,256	167,050
Less: accumulated depreciation	<u>(155,057)</u>	<u>(133,004)</u>
Net furniture and equipment	<u>22,199</u>	<u>34,046</u>
Total assets	<u><u>\$ 1,576,118</u></u>	<u><u>\$ 1,056,316</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 676,302	\$ 170,853
Accrued expenses	78,631	68,058
Deferred revenue	<u>8,900</u>	<u>9,500</u>
Total current liabilities	<u>763,833</u>	<u>248,411</u>
Net assets:		
Unrestricted:		
Operating	612,285	607,905
Board designated	<u>200,000</u>	<u>200,000</u>
Total net assets	<u>812,285</u>	<u>807,905</u>
Total liabilities and net assets	<u><u>\$ 1,576,118</u></u>	<u><u>\$ 1,056,316</u></u>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Government grants	\$ 2,894,212	\$ -	\$ 2,894,212
Program service fees	548,530	-	548,530
Membership dues	243,762	-	243,762
Contributions	139,376	-	139,376
Other income	12,591	-	12,591
Interest income	1,414	-	1,414
Net assets released from restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue and other support	3,839,885	-	3,839,885
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services:			
Education and training	3,075,899	-	3,075,899
Advocacy	115,643	-	115,643
General support	61,159	-	61,159
	<hr/>	<hr/>	<hr/>
Total program services	3,252,701	-	3,252,701
	<hr/>	<hr/>	<hr/>
Support services:			
Management and general	483,271	-	483,271
Fundraising	99,533	-	99,533
	<hr/>	<hr/>	<hr/>
Total support services	582,804	-	582,804
	<hr/>	<hr/>	<hr/>
Total expenses	3,835,505	-	3,835,505
	<hr/>	<hr/>	<hr/>
Change in net assets	4,380	-	4,380
Net assets, beginning of year	807,905	-	807,905
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 812,285	\$ -	\$ 812,285
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and other support:			
Government grants	\$ 2,645,444	\$ -	\$ 2,645,444
Program service fees	572,329	-	572,329
Membership dues	164,675	-	164,675
Contributions	117,927	-	117,927
Other income	9,587	-	9,587
Interest income	304	-	304
Net assets released from restrictions	7,875	(7,875)	-
	<u>3,518,141</u>	<u>(7,875)</u>	<u>3,510,266</u>
Total revenue and other support			
Expenses:			
Program services:			
Education and training	2,781,175	-	2,781,175
Advocacy	114,868	-	114,868
General support	48,219	-	48,219
	<u>2,944,262</u>	<u>-</u>	<u>2,944,262</u>
Total program services			
Support services:			
Management and general	428,661	-	428,661
Fundraising	110,891	-	110,891
	<u>539,552</u>	<u>-</u>	<u>539,552</u>
Total support services			
Total expenses	<u>3,483,814</u>	<u>-</u>	<u>3,483,814</u>
Change in net assets	34,327	(7,875)	26,452
Net assets, beginning of year	<u>773,578</u>	<u>7,875</u>	<u>781,453</u>
Net assets, end of year	<u><u>\$ 807,905</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 807,905</u></u>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	Program Services				Support Services			
	Education and Training	Advocacy	General Support	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	Total All Services
Staff	\$ 922,877	\$ 15,404	\$ 58,049	\$ 996,330	\$ 286,144	\$ 92,450	\$ 378,594	\$ 1,374,924
Program contractors	1,227,541	83,131	-	1,310,672	26,110	-	26,110	1,336,782
Meetings	483,021	-	-	483,021	-	-	-	483,021
Program services	123,400	-	-	123,400	-	-	-	123,400
Contracted services	97,640	1,040	1,067	99,747	4,726	1,507	6,233	105,980
Staff travel	75,853	1,329	186	77,368	8,911	235	9,146	86,514
Member travel	83,734	-	-	83,734	-	-	-	83,734
Occupancy	-	-	-	-	61,111	-	61,111	61,111
Consultant travel	31,982	115	-	32,097	889	-	889	32,986
Depreciation	-	-	-	-	22,053	-	22,053	22,053
Printing	14,352	38	302	14,692	2,623	524	3,147	17,839
Service fees	-	-	-	-	16,273	42	16,315	16,315
Training	-	-	-	-	14,620	440	15,060	15,060
Supplies	8,342	-	383	8,725	3,212	1,675	4,887	13,612
Professional fees	-	-	-	-	12,500	-	12,500	12,500
Other	1,961	-	-	1,961	9,878	648	10,526	12,487
In-kind donations	-	11,865	-	11,865	-	-	-	11,865
Telecommunications	3,466	171	73	3,710	3,828	91	3,919	7,629
Insurance	-	-	-	-	7,146	-	7,146	7,146
Dues and subscriptions	1,605	2,550	542	4,697	941	1,494	2,435	7,132
Postage	125	-	557	682	901	163	1,064	1,746
Repairs and maintenance	-	-	-	-	1,405	-	1,405	1,405
Marketing	-	-	-	-	-	264	264	264
	<u>\$ 3,075,899</u>	<u>\$ 115,643</u>	<u>\$ 61,159</u>	<u>\$ 3,252,701</u>	<u>\$ 483,271</u>	<u>\$ 99,533</u>	<u>\$ 582,804</u>	<u>\$ 3,835,505</u>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Program Services				Support Services			Total
	Education and Training	Advocacy	General Support	TOTAL PROGRAM SERVICES	Management and General	Fundraising	TOTAL SUPPORT SERVICES	All Services
Staff	\$ 861,726	\$ 12,748	\$ 46,736	\$ 921,210	\$ 216,279	\$ 85,116	\$ 301,395	\$ 1,222,605
Program contractors	1,015,620	52,029	-	1,067,649	43,790	-	43,790	1,111,439
Meetings	434,905	-	-	434,905	1,123	-	1,123	436,028
Program services	156,095	11,930	-	168,025	-	4,600	4,600	172,625
Member travel	83,290	22,222	-	105,512	-	-	-	105,512
Occupancy	-	-	-	-	82,458	-	82,458	82,458
Contracted services	74,065	-	-	74,065	1,674	4,231	5,905	79,970
Staff travel	70,925	3,592	-	74,517	976	3,203	4,179	78,696
Consultant travel	35,522	11,473	-	46,995	500	922	1,422	48,417
Printing	24,869	85	459	25,413	3,284	266	3,550	28,963
Depreciation	-	-	-	-	19,447	-	19,447	19,447
Other	2,195	-	-	2,195	8,794	7,785	16,579	18,774
Supplies	7,944	10	113	8,067	7,909	320	8,229	16,296
Service fees	-	-	-	-	16,199	27	16,226	16,226
Professional fees	-	-	-	-	12,000	-	12,000	12,000
Telecommunications	4,009	492	23	4,524	4,588	269	4,857	9,381
Insurance	-	-	-	-	6,867	-	6,867	6,867
Equipment	5,143	-	-	5,143	1,619	-	1,619	6,762
Postage	2,685	47	346	3,078	644	237	881	3,959
Dues and subscriptions	759	240	542	1,541	360	1,190	1,550	3,091
Marketing	-	-	-	-	-	2,500	2,500	2,500
Training	1,423	-	-	1,423	150	225	375	1,798
	<u>\$ 2,781,175</u>	<u>\$ 114,868</u>	<u>\$ 48,219</u>	<u>\$ 2,944,262</u>	<u>\$ 428,661</u>	<u>\$ 110,891</u>	<u>\$ 539,552</u>	<u>\$ 3,483,814</u>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,380	\$ 26,452
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	22,053	19,447
Changes in operating assets and liabilities:		
Grants receivable	(27,924)	(149,241)
Other receivables	53,663	(53,942)
Prepaid expenses	6,280	(5,607)
Accounts payable	505,449	(40,147)
Accrued expenses	10,573	(23,522)
Deferred revenue	(600)	9,500
	<u>573,874</u>	<u>(217,060)</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of furniture and equipment	(10,206)	(31,078)
	<u>(10,206)</u>	<u>(31,078)</u>
Net cash used in investing activities		
Change in cash and cash equivalents	563,668	(248,138)
Cash and cash equivalents, beginning of year	<u>443,435</u>	<u>691,573</u>
Cash and cash equivalents, end of year	<u>\$ 1,007,103</u>	<u>\$ 443,435</u>

See accompanying notes.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017 or 2016.

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, 2017 or 2016.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, 2017 and 2016

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 \$554,765 and \$423,279 at June 30, 2017 and 2016, respectively.

Grants Receivable

Grants receivable consists of receivables from programs funded by the United States Department of Health and Human Services and the Tennessee Department of Finance and Administration. Management believes that amounts receivable from grantor agencies are fully collectible for the years ended June 30, 2017 and 2016. 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, 2017 and 2016

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.

Subsequent Events

The Council evaluated subsequent events through September 12, 2017, 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, 2017 and 2016

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 an employer contribution to eligible employees equal to 3% of their annual compensation. This contribution is not dependent on the employee's participation in the plan. In addition, the Council may make a discretionary contribution to eligible employees who are participating in the plan. The Council approved a 2% discretionary contribution for years ended June 30, 2017 and 2016. Total contributions made to the plan were \$49,830 and \$43,234 for the years ended June 30, 2017 and 2016, respectively.

NOTE 3 – CONCENTRATIONS

The Council received approximately 75% of its support from government grants and contracts for the years ended June 30, 2017 and 2016, 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 2017 and 2016, 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 \$206,748 and \$205,524 for the years ended June 30, 2017 and 2016, respectively.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Council is leasing its office space and equipment under operating lease agreements. The Council entered into a ten year lease agreement, beginning September 2009, for its office space. The agreement requires monthly lease payments of \$2,500, increasing 3% annually. Beginning August 2016, the Council entered into a seven year lease agreement for its copy machine, requiring lease payments of \$125 per month. Rent expense amounted to \$47,007 and \$45,935 for the years ended June 30, 2017 and 2016, respectively.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

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>	
2018	\$ 39,319
2019	40,453
2020	8,024
2021	1,500
2022	1,500
Thereafter	<u>1,625</u>
	<u>\$ 92,421</u>

The Council has entered into contracts with various hotels to provide accommodations for conference participants during fiscal years 2018 - 2020. 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 – DESIGNATED NET ASSETS

The board of directors has designated certain assets of the Council for future needs and projects of the Council. These assets have been classified as designated net assets until the specified purpose has been fulfilled. Designated net assets at June 30 are as follows:

	<u>2017</u>	<u>2016</u>
Reserve	<u>\$ 200,000</u>	<u>\$ 200,000</u>
	<u>\$ 200,000</u>	<u>\$ 200,000</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, 2017

	<u>CFDA No.</u>	<u>Grantor's Number</u>	<u>Expenditures</u>	<u>Balance Receivable June 30, 2017</u>
Federal Awards:				
U.S. Dept. of Health & Human Services Health Resources and Services Administration Technical Assistance to Homeless Grantees	93.129	6 U30CS09746-09-02	\$ 1,658,940	\$ 328,172
U.S. Dept. of Health & Human Services Health Resources and Services Administration (Passed through from the Corporation for Supportive Housing) Technical and Non-Financial Assistance to Health Centers	93.129	5 U30CS26935-03-00	73,674	19,523
Total for CFDA No. 93.129			<u>1,732,614</u>	<u>347,695</u>
U.S. Dept. of Health & Human Services Centers for Medicare and Medicaid Services Healthcare Innovation Challenge+	93.610	1 C1CMS331336-02-01	59,091	-
Healthcare Innovation Challenge+	93.610	1 C1CMS331336-03-01	1,025,653	175,704
Total for CFDA No. 93.610			<u>1,084,744</u>	<u>523,399</u>
U.S. Dept. of Health and Human Services Center for Medicare and Medicaid Services (Passed through from TN. Dept. of Finance and Administration, Bureau of TennCare) TennCare Shelter Enrollment Project	93.778	41710	38,427	7,039
Total Federal Awards			<u>2,855,785</u>	<u>530,438</u>
State Awards:				
TN Dept. of Finance and Administration Bureau of TennCare Pass-through from TennCare Administration TennCare Shelter Enrollment Project	N/A	41710	38,427	7,039
Total State Awards			<u>38,427</u>	<u>7,039</u>
Total Federal and State Awards			<u>\$ 2,894,212</u>	<u>\$ 537,477</u>

+ Denotes major program

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (Continued)
For the Year Ended June 30, 2017

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

NOTE 1 - BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of National Health Care for the Homeless Council, Inc. under programs of the federal and state governments for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of National Health Care for the Homeless Council, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of National Health Care for the Homeless Council, Inc.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are listed as to reimbursement.
- (2) National Health Care for the Homeless Council, Inc. did not elect to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.



**INDEPENDENT AUDITOR'S 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, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2017.

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 National Health Care for the Homeless Council, Inc.'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 12, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE**

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2017.

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 Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Frasier, Dean + Howard, PLLC

Nashville, Tennessee
September 12, 2017

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of National Health Care for the Homeless Council, Inc. were prepared in accordance with generally accepted accounting principles.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *Independent Auditor's 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*.
3. No instances of noncompliance material to the financial statements of National Health Care for the Homeless Council, Inc. which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for National Health Care for the Homeless Council, Inc. expresses an unmodified opinion on the major program selected.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs include:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.610	Healthcare Innovation Challenge
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. 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, 2017

NONE