

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES**

As of and for the Years Ended June 30, 2019 and 2018

And Report of Independent Auditor

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Report of Independent Auditor

To the Board of Directors
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, 2019 and 2018, 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 audits 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, 2019 and 2018, 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.

Changes in Financial Statement Presentation

As discussed in Note 1, National Health Care for the Homeless Council, Inc. adopted Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements for Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Other Information

Our audits were 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 October 3, 2019, 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.



Nashville, Tennessee
October 3, 2019

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 827,811	\$ 1,018,551
Grants receivable	428,658	137,053
Other receivables	11,930	-
Prepaid expenses	5,836	35,134
Total Current Assets	<u>1,274,235</u>	<u>1,190,738</u>
 Furniture and equipment	 200,703	 191,839
Less accumulated depreciation	<u>(186,747)</u>	<u>(171,494)</u>
Net Furniture and Equipment	<u>13,956</u>	<u>20,345</u>
Total Assets	<u>\$ 1,288,191</u>	<u>\$ 1,211,083</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 18,912	\$ 21,486
Accrued expenses	102,116	159,061
Deferred revenue	7,000	12,000
Total Current Liabilities	<u>128,028</u>	<u>192,547</u>
 Net Assets:		
Without Donor Restrictions:		
Operating	945,163	803,536
Board designated	215,000	215,000
Total Net Assets	<u>1,160,163</u>	<u>1,018,536</u>
Total Liabilities and Net Assets	<u>\$ 1,288,191</u>	<u>\$ 1,211,083</u>

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Revenue and Other Support:		
Government grants	\$ 1,789,678	\$ 2,109,702
Program service fees	620,047	568,694
Membership dues	327,225	286,825
Contributions	77,959	50,096
Other income	9,584	16,242
Interest income	2,305	2,305
Total Revenue and Other Support	<u>2,826,798</u>	<u>3,033,864</u>
Expenses:		
Program Services:		
Education and training	1,812,263	1,963,886
Advocacy	177,629	146,455
General support	58,088	52,663
Total Program Services	<u>2,047,980</u>	<u>2,163,004</u>
Support Services:		
Management and general	552,219	586,916
Fundraising	84,972	77,693
Total Support Services	<u>637,191</u>	<u>664,609</u>
Total Expenses	<u>2,685,171</u>	<u>2,827,613</u>
Change in net assets	141,627	206,251
Net assets, beginning of year	<u>1,018,536</u>	<u>812,285</u>
Net assets, end of year	<u><u>\$ 1,160,163</u></u>	<u><u>\$ 1,018,536</u></u>

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

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services				Support Services			Total
	Education and Training	Advocacy	General Support	Total Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Staff salaries and benefits	\$ 893,221	\$ 53,669	\$ 55,423	\$ 1,002,313	\$ 320,198	\$ 75,142	\$ 395,340	\$ 1,397,653
Meetings	420,179	-	-	420,179	4,086	-	4,086	424,265
Program contractors	130,480	118,423	-	248,903	27,356	3,775	31,131	280,034
Contracted services	111,852	3,829	1,349	117,030	19,027	1,525	20,552	137,582
Member travel	94,815	23	-	94,838	-	-	-	94,838
Staff travel	62,903	16	-	62,919	4,495	-	4,495	67,414
Occupancy	-	-	-	-	65,348	-	65,348	65,348
Program services	52,780	-	-	52,780	4,000	-	4,000	56,780
Service fees	15	-	-	15	20,163	-	20,163	20,178
Printing	11,403	10	381	11,794	5,118	2	5,120	16,914
Consultant travel	14,916	448	-	15,364	-	-	-	15,364
Depreciation	-	-	-	-	15,252	-	15,252	15,252
Professional fees	-	-	-	-	14,500	-	14,500	14,500
Telecommunications	7,719	805	-	8,524	4,776	-	4,776	13,300
Other	198	-	-	198	12,501	-	12,501	12,699
Marketing	4,140	-	-	4,140	3,326	4,097	7,423	11,563
Supplies	3,383	-	-	3,383	6,694	-	6,694	10,077
Training	-	-	-	-	8,964	-	8,964	8,964
Insurance	-	-	-	-	7,070	-	7,070	7,070
Postage	4,059	1	372	4,432	834	31	865	5,297
Dues and subscriptions	200	405	563	1,168	2,622	400	3,022	4,190
Repairs and maintenance	-	-	-	-	3,543	-	3,543	3,543
Strategic planning	-	-	-	-	2,346	-	2,346	2,346
	<u>\$ 1,812,263</u>	<u>\$ 177,629</u>	<u>\$ 58,088</u>	<u>\$ 2,047,980</u>	<u>\$ 552,219</u>	<u>\$ 84,972</u>	<u>\$ 637,191</u>	<u>\$ 2,685,171</u>

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

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services				Support Services			Total
	Education and Training	Advocacy	General Support	Total Program Services	Management and General	Fundraising	Total Support Services	Total All Services
Staff salaries and benefits	\$ 877,180	\$ 47,336	\$ 49,153	\$ 973,669	\$ 339,763	\$ 65,598	\$ 405,361	\$ 1,379,030
Program contractors	357,505	84,871	-	442,376	4,520	5,500	10,020	452,396
Meetings	332,658	-	-	332,658	-	-	-	332,658
Program services	115,271	-	-	115,271	-	-	-	115,271
Contracted services	93,253	2,790	906	96,949	9,758	1,090	10,848	107,797
Member travel	76,997	-	-	76,997	-	-	-	76,997
Staff travel	69,965	1,768	-	71,733	1,784	1,295	3,079	74,812
Strategic planning	3,587	-	-	3,587	67,000	2,750	69,750	73,337
Occupancy	-	-	-	-	64,397	-	64,397	64,397
Service fees	-	-	-	-	20,092	52	20,144	20,144
Consultant travel	17,355	229	-	17,584	-	-	-	17,584
Depreciation	-	-	-	-	16,105	-	16,105	16,105
Professional fees	-	-	-	-	14,000	-	14,000	14,000
Printing	6,805	-	1,308	8,113	3,311	-	3,311	11,424
Supplies	6,444	176	281	6,901	4,367	-	4,367	11,268
Telecommunications	4,091	550	-	4,641	5,466	-	5,466	10,107
Training	-	-	-	-	8,465	-	8,465	8,465
In-kind donations	-	8,135	-	8,135	-	-	-	8,135
Other	-	-	-	-	7,743	-	7,743	7,743
Marketing	-	-	-	-	7,699	-	7,699	7,699
Insurance	-	-	-	-	7,091	-	7,091	7,091
Dues and subscriptions	1,615	600	552	2,767	2,289	80	2,369	5,136
Repairs and maintenance	-	-	-	-	2,161	908	3,069	3,069
Postage	1,160	-	463	1,623	905	70	975	2,598
Bad debt	-	-	-	-	-	350	350	350
	<u>\$ 1,963,886</u>	<u>\$ 146,455</u>	<u>\$ 52,663</u>	<u>\$ 2,163,004</u>	<u>\$ 586,916</u>	<u>\$ 77,693</u>	<u>\$ 664,609</u>	<u>\$ 2,827,613</u>

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

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 141,627	\$ 206,251
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	15,252	16,105
Changes in operating assets and liabilities:		
Grants receivable	(291,605)	400,424
Other receivables	(11,930)	629
Prepaid expenses	29,298	(26,424)
Accounts payable	(2,574)	(654,816)
Accrued expenses	(56,945)	80,430
Deferred revenue	(5,000)	3,100
Net cash (used in) provided by operating activities	<u>(181,877)</u>	<u>25,699</u>
Cash flows from investing activities:		
Purchase of furniture and equipment	<u>(8,863)</u>	<u>(14,251)</u>
Net cash used in investing activities	<u>(8,863)</u>	<u>(14,251)</u>
Change in cash and cash equivalents	(190,740)	11,448
Cash and cash equivalents, beginning of year	<u>1,018,551</u>	<u>1,007,103</u>
Cash and cash equivalents, end of year	<u><u>\$ 827,811</u></u>	<u><u>\$ 1,018,551</u></u>

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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.

Financial Statement 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:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council’s management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent contributions receivable and amounts available for programs.

Liquidity – Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

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.

Contributions – Contributions received are recorded as increases of net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort as well as community grants and related expenses which have been allocated based on money spent.

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 \$390,525 and \$547,861 at June 30, 2019 and 2018, respectively.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Summary of significant accounting policies (continued)

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, 2019 and 2018. As a result, no allowance for uncollectible amounts has been provided. These amounts have been fully collected as of the financial statements 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. Dues received in advance of the membership year are deferred.

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 ("IRC") and is not a private foundation as defined in Section 509(a) of the IRC. Accordingly, no provision for income tax has been made.

Change in Accounting Principle – In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14.

Accounting Policies for Future Pronouncements – In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under accounting principles generally accepted in the United States of America under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Council for the year ending June 30, 2020. The Council is currently evaluating the effect of the implementation of this new standard.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard provides guidance on determining whether a transaction should be accounted for as contribution or as an exchange transaction. A primary aspect of this determination is whether the two parties receive and sacrifice commensurate value. The standard also provides guidance on determining whether a contribution is conditional, helping entities better distinguish a donor-imposed condition from a donor-imposed restriction. The standard will be effective for the year ending June 30, 2020. The Council is currently evaluating the effect of the implementation of this new standard.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending June 30, 2021. The Council is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 1—Summary of significant accounting policies (continued)

Subsequent Events – The Council evaluated subsequent events through October 3, 2019, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statements of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 2—Liquidity and availability

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to its ongoing activities of uniting health care professionals, people with lived homelessness and advocates in homeless health care to improve care and eliminate homelessness, as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30, 2019:

Financial Assets:

Cash and cash equivalents	\$ 827,811
Grants receivable	428,658
Other receivables	11,930
Less board designated net assets	(215,000)
	<u>\$ 1,053,399</u>

Note 3—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 both years ended June 30, 2019 and 2018. Total contributions made to the plan were \$57,462 and \$50,880 for the years ended June 30, 2019 and 2018, respectively.

Note 4—Concentrations

The Council received approximately 63% and 70% of its support from government grants and contracts for the years ended June 30, 2019 and 2018, 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. In management's opinion, risk related to each deposit is minimal.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 5—Related party

During fiscal years 2019 and 2018, 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 \$227,764 and \$221,131 for the years ended June 30, 2019 and 2018, respectively.

Note 6—Commitments and contingencies

The Council is leasing its office space and equipment under operating lease agreements. The Council entered into a new one year lease agreement, commencing September 1, 2019, for its existing office space. The agreement allows for four additional one year terms at the Council's option with monthly lease payments ranging from \$4,235 to \$4,675. 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 was \$49,248 and \$48,111 for the years ended June 30, 2019 and 2018, respectively.

The Council has entered into contracts with various hotels to provide accommodations for conference participants through fiscal year 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 these contracts.

Note 7—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 or until such designation is rescinded by the Board of Directors. Designated net assets at June 30 are as follows:

	2019	2018
Board designated reserve	\$ 215,000	\$ 215,000

Note 8—Other postemployment benefits

Plan Description – Employees of the Council are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan ("LGOP") administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("OPEB"). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits Provided – The Council offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization ("PPO"), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. There are 16 active employees of the Council covered under the plan.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Note 8—Other postemployment benefits (continued)

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claim liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Plan activity related to Council participation in the plan was not significant in fiscal years 2019 and 2018.

SUPPLEMENTAL SCHEDULES

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

YEAR ENDED JUNE 30, 2019

	<u>CFDA No.</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
Federal Awards:			
U.S. Dept. of Health and Human Services			
Health Resources and Services Administration			
Technical Assistance to			
Homeless Grantees	93.129	U30CS09746	\$ 1,625,741
U.S. Dept. of Health and 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	<u>85,437</u>
Total for CFDA No. 93.129			<u>1,711,178</u>
U.S. Dept. of Health and Human Services			
Center for Medicare and Medicaid Services (Passed			
through from Tennessee Dept. of Finance and Administration,			
Bureau of TennCare)			
TennCare Shelter Enrollment Project	93.778	41710	<u>39,250</u>
Total U.S. Dept. of Health and Human Services			<u>1,750,428</u>
Total Federal Awards			<u>1,750,428</u>
State Awards:			
Tennessee Dept. of Finance and Administration			
Bureau of TennCare			
<i>Pass-through from TennCare Administration</i>			
TennCare Shelter Enrollment Project	N/A	41710	<u>39,250</u>
Total State Awards			<u>39,250</u>
Total Federal and State Awards			<u>\$ 1,789,678</u>

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

JUNE 30, 2019

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. (the “Council”) under programs of the federal and state governments for the year ended June 30, 2019. 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 the Council, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Council.

Note 2—Summary of significant accounting policies

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.

The Council did not elect to use the 10% de minimis indirect cost rate as allowed under Uniform Guidance.

Note 3—Contingencies

The Council is subject to compliance audits by grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Council expects such amounts, if any, to be immaterial.

**Report of Independent Auditor 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***

To the Board of Directors
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, 2019, 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 October 3, 2019.

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 National Health Care for the Homeless Council, Inc.'s internal control or on compliance. This 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 and compliance. Accordingly, this communication is not suitable for any other purpose.



Nashville, Tennessee
October 3, 2019

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
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, 2019. 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, 2019.

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.



Nashville, Tennessee
October 3, 2019

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2019

Section I—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 *Report of Independent Auditor 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 *Report of Independent Auditor 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.
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:

CFDA Number
93.129

Name of Federal Program or Cluster
Technical Assistance to Homeless Grantees

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. National Health Care for the Homeless Council, Inc. was determined to be a low-risk auditee.

Section II—Financial Statement Findings

None.

Section III—Federal Award Findings and Questioned Costs

None.

NATIONAL HEALTH CARE FOR THE HOMELESS COUNCIL, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

YEAR ENDED JUNE 30, 2019

None.