

**HEALTH CARE CENTER  
FOR THE HOMELESS, INC.**

**Orlando, Florida**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Years Ended September 30, 2013 and 2012**



**AVERETT  
WARMUS  
DURKEE**

Certified Public Accountants and Business Advisors

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

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## Independent Auditors' Report

To the Board of Directors  
Health Care Center for the Homeless, Inc.  
Orlando, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Health Care Center for the Homeless, Inc. (the "Center") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, cash flows, and functional expenses 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.

### Auditors' 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 auditors' 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 auditors consider internal control relevant to the Center'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 Center'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.

To the Board of Directors  
Health Care Center for the Homeless, Inc.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Care Center for the Homeless, Inc. as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2014, on our consideration of the Center'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 the Center's internal control over financial reporting and compliance.

*Aurett Warmus Durkee*

Orlando, Florida  
January 31, 2014

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Statements of Financial Position  
September 30, 2013 and 2012**

<b>Assets</b>	<u>2013</u>	<u>2012</u>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,073,576	\$ 1,156,893
Accounts receivable	92,751	97,820
Grants receivable	100,621	177,018
Prepaid expenses	143,412	126,687
Total current assets	<u>1,410,360</u>	<u>1,558,418</u>
Property and Equipment, net	2,850,357	3,088,894
Beneficial Interest in Net Assets of Community Foundation of Central Florida, Inc.	22,410	20,766
Other	2,140	1,192
Total assets	<u>\$ 4,285,267</u>	<u>\$ 4,669,270</u>
 <b>Liabilities and Net Assets</b>  		
<b>Current Liabilities:</b>		
Accounts payable trade	\$ 44,000	\$ 113,863
Accounts payable for construction in progress	-	119,665
Accrued compensation	164,682	141,422
Other accrued expenses	6,976	6,571
Notes payable, current portion	1,988	225,855
Deferred support under conditional promises to give, current portion	93,483	728,563
Total current liabilities	<u>311,129</u>	<u>1,335,939</u>
Notes Payable, less current portion	9,645	11,623
Deferred Support Under Conditional Promises to Give, less current portion	177,186	177,186
Total liabilities	<u>497,960</u>	<u>1,524,748</u>
 <b>Net Assets:</b>		
Unrestricted	3,631,583	3,001,300
Temporarily restricted	155,724	143,222
Total net assets	<u>3,787,307</u>	<u>3,144,522</u>
Total liabilities and net assets	<u>\$ 4,285,267</u>	<u>\$ 4,669,270</u>

See accompanying notes.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Statements of Activities  
Years Ended September 30, 2013 and 2012**

	Year Ended September 30, 2013			Year Ended September 30, 2012		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue:						
Support:						
Government grants	\$ -	\$ 3,976,535	\$ 3,976,535	\$ -	\$ 3,320,339	\$ 3,320,339
Private support	309,640	55,928	365,568	428,471	69,407	497,878
In-kind contributions	1,074,197	-	1,074,197	1,041,043	-	1,041,043
Revenue, net of provision for contractual adjustments and bad debts for 2013 and 2012 of \$2,040,928 and \$2,187,568	1,478,651	-	1,478,651	1,473,574	-	1,473,574
Net assets released from restrictions:						
Satisfaction of purpose restrictions	<u>4,019,961</u>	<u>(4,019,961)</u>	<u>-</u>	<u>3,380,489</u>	<u>(3,380,489)</u>	<u>-</u>
Total support and revenue	<u>6,882,449</u>	<u>12,502</u>	<u>6,894,951</u>	<u>6,323,577</u>	<u>9,257</u>	<u>6,332,834</u>
Expenses:						
Program services:						
Medical clinic	5,480,795	-	5,480,795	5,293,126	-	5,293,126
Tuberculosis shelter	60,635	-	60,635	54,170	-	54,170
Supporting services:						
Management and general	620,925	-	620,925	498,925	-	498,925
Fund-raising	89,811	-	89,811	86,798	-	86,798
Total expenses	<u>6,252,166</u>	<u>-</u>	<u>6,252,166</u>	<u>5,933,019</u>	<u>-</u>	<u>5,933,019</u>
Increase in Net Assets	630,283	12,502	642,785	390,558	9,257	399,815
Net Assets, beginning of year	<u>3,001,300</u>	<u>143,222</u>	<u>3,144,522</u>	<u>2,610,742</u>	<u>133,965</u>	<u>2,744,707</u>
Net Assets, end of year	<u>\$ 3,631,583</u>	<u>\$ 155,724</u>	<u>\$ 3,787,307</u>	<u>\$ 3,001,300</u>	<u>\$ 143,222</u>	<u>\$ 3,144,522</u>

See accompanying notes.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Statements of Cash Flows**  
**Years Ended September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash Flows From Operating Activities:		
Cash received from contributors and patients	\$ 5,264,870	\$ 5,512,052
Cash paid to suppliers and employees	(4,941,326)	(4,521,713)
Interest received	626	68
Interest paid	(12,257)	(18,654)
Net cash provided by operating activities	<u>311,913</u>	<u>971,753</u>
Cash Flows From Investing Activities:		
Other investing activities	(1,788)	(1,571)
Purchases of property and equipment	(47,932)	(537,724)
Net cash used in investing activities	<u>(49,720)</u>	<u>(539,295)</u>
Cash Flows From Financing Activities:		
Proceeds from vehicle loan	-	624
Payment of accounts payable for construction in progress	(119,665)	-
Principal payments on mortgage payable	(225,845)	(31,987)
Net cash used in financing activities	<u>(345,510)</u>	<u>(31,363)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(83,317)	401,095
Cash and Cash Equivalents, beginning of year	<u>1,156,893</u>	<u>755,798</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,073,576</u>	<u>\$ 1,156,893</u>

See accompanying notes.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Statements of Cash Flows – Continued**  
**Years Ended September 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities:		
Increase in net assets	\$ <u>642,785</u>	\$ <u>399,815</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	286,469	303,334
Amortization of loan costs	840	1,234
Changes in assets and liabilities:		
Accounts receivable	5,069	176,160
Grants receivable	76,397	(124,523)
Prepaid expenses	(16,725)	(23,035)
Beneficial interest in net assets of Community Foundation of Central Florida, Inc.	(1,644)	(2,081)
Accounts payable trade	(69,863)	52,408
Accrued compensation	23,260	15,776
Other accrued expenses	405	1,738
Notes payable	-	154
Deferred support under conditional promises to give	<u>(635,080)</u>	<u>170,773</u>
Total adjustments	<u>(330,872)</u>	<u>571,938</u>
Net cash provided by operating activities	<u>\$ 311,913</u>	<u>\$ 971,753</u>

Noncash Investing and Financing Activities:

During the year ended September 30, 2012, the Center incurred \$119,665 in accounts payable for the acquisition of construction in progress.

During the year ended September 30, 2012, the Center incurred \$14,722 of notes payable for the acquisition of a vehicle.

See accompanying notes.



**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Statements of Functional Expenses  
Years Ended September 30, 2013 and 2012**

	Year Ended September 30, 2013					Year Ended September 30, 2012				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Medical Clinic	Tuberculosis Shelter	Management and General	Fund- raising	Total	Medical Clinic	Tuberculosis Shelter	Management and General	Fund- raising	Total
Accounting	\$ 11,340	\$ -	\$ 23,848	\$ -	\$ 35,188	\$ 4,200	\$ -	\$ 10,900	\$ -	\$ 15,100
Advertising	676	-	2,607	-	3,283	3,160	-	765	-	3,925
Bank Charges	5,314	-	1,501	-	6,815	2,472	-	2,282	-	4,754
Computer and Data Processing	172,377	-	58,361	-	230,738	153,217	-	18,337	1,570	173,124
Conferences and Training	8,829	-	4,131	-	12,960	11,685	-	2,248	-	13,933
Contracted Services	153,401	-	745	805	154,951	163,953	-	1,909	-	165,862
Depreciation and Amortization	269,988	12,298	2,798	2,224	287,308	287,112	12,300	2,345	2,811	304,568
Direct Assistance	3,178	-	-	-	3,178	2,860	-	-	-	2,860
Dispensary	1,040,988	-	-	-	1,040,988	974,809	-	-	-	974,809
Dues and Subscriptions	8,950	-	14,826	3,023	26,799	25,485	-	11,867	3,479	40,831
Food	-	200	-	-	200	5	305	-	-	310
Glasses	-	-	-	-	-	3,571	-	-	-	3,571
Insurance	100,702	5,244	5,353	540	111,839	86,415	5,273	4,931	379	96,998
Interest	12,257	-	-	-	12,257	18,654	-	-	-	18,654
Lab Fees	246,805	-	-	-	246,805	246,435	-	-	-	246,435
Lease	17,896	20,000	-	-	37,896	10,318	20,000	-	-	30,318
Maintenance and Repairs	87,733	13,247	8,583	1,256	110,819	95,979	7,747	4,315	44	108,085
Mammogram Program	37,285	-	-	-	37,285	56,500	-	-	-	56,500
Miscellaneous	8,970	-	4,658	352	13,980	1,468	-	3,670	(435)	4,703
Personnel	2,934,521	4,273	459,075	68,623	3,466,492	2,800,275	4,511	407,356	66,949	3,279,091
Postage	2,937	-	1,091	2,504	6,532	2,600	3	1,943	502	5,048
Professional Fees	-	-	-	-	-	-	-	4,148	-	4,148
Supplies	239,226	-	12,430	9,253	260,909	222,777	-	9,808	10,272	242,857
Taxes and Licenses	11,203	-	560	746	12,509	10,609	-	1,190	350	12,149
Telephone	29,968	901	7,393	83	38,345	30,082	107	5,748	-	35,937
Travel	45,375	-	10,952	177	56,504	44,144	-	5,163	877	50,184
Utilities	30,876	4,472	2,013	225	37,586	34,341	3,924	-	-	38,265
	<u>\$ 5,480,795</u>	<u>\$ 60,635</u>	<u>\$ 620,925</u>	<u>\$ 89,811</u>	<u>\$ 6,252,166</u>	<u>\$ 5,293,126</u>	<u>\$ 54,170</u>	<u>\$ 498,925</u>	<u>\$ 86,798</u>	<u>\$ 5,933,019</u>

See accompanying notes.

# HEALTH CARE CENTER FOR THE HOMELESS, INC.

## Notes to Financial Statements September 30, 2013 and 2012

### 1. Summary of Significant Accounting Policies:

#### Nature of Operations

Health Care Center for the Homeless, Inc. (the “Center”) provides quality health care services that improve the lives of the homeless and indigent. Support for providing these services is obtained from both government grants and private sector contributions. The Center serves clients in the Central Florida area.

#### Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the Center 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 Center and/or the passage of time. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center.

#### Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as an increase in unrestricted net assets unless specifically restricted by the donor. 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 is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due within one year are recorded at their net realizable value. Unconditional promises to give due after one year are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

#### Cash and Cash Equivalents

The Center considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

## HEALTH CARE CENTER FOR THE HOMELESS, INC.

### Notes to Financial Statements – Continued September 30, 2013 and 2012

#### 1. Summary of Significant Accounting Policies – Continued:

##### **In-Kind Contributions**

In-kind contributions of materials used in programs are recorded as support and expense at the estimated fair value of the materials.

A number of volunteers have contributed significant amounts of their time to the Center's programs and management. Contributions of services are recorded if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no contributed services for the years ended September 30, 2013 and 2012.

##### **Accounts Receivable and Grants Receivable**

Accounts receivable and grants receivable are stated at net realizable value. Accounts are considered past due after 30 days. Management evaluates account balances on a case-by-case basis and only writes off balances once all collection efforts have been exhausted. In determining whether or not to recognize an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account. Based on historical experience, a significant portion of the Center's uninsured patients self pay account balances are written off.

##### **Property and Equipment**

Property and equipment is recorded at cost. Depreciation is calculated by the straight-line method over estimated useful lives of 3 to 20 years. Contributed assets are recorded at their estimated fair value at the date of contribution. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Repairs and maintenance are expensed as incurred.

##### **Advertising**

Advertising costs are expensed as incurred.

##### **Income Taxes**

The Center is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

Accounting principles generally accepted in the United States of America prescribe requirements for the recognition of income taxes in financial statements, and the amounts recognized are affected by income tax positions taken by the Center in its tax returns. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by the Center in its tax returns may be uncertain. There are minimum thresholds of likelihood that uncertain tax positions are required to meet before being recognized in the financial statements. Management does not believe that the Center has any material uncertain tax positions at September 30, 2013 and 2012.

## HEALTH CARE CENTER FOR THE HOMELESS, INC.

### Notes to Financial Statements – Continued September 30, 2013 and 2012

#### 1. Summary of Significant Accounting Policies – Continued:

##### Income Taxes – Continued

In the event interest and penalties were incurred relating to an uncertain tax position, they would be treated as a component of income tax expense.

The Center's federal income tax returns are subject to examination by the Internal Revenue Service. At September 30, 2013, the fiscal years 2010 through 2013 federal income tax returns are subject to examination.

##### Subsequent Events

The Center's management has evaluated subsequent events through January 31, 2014, the date which the financial statements were available to be issued.

#### 2. Cash and Cash Equivalents:

As of September 30, 2013, the Center had demand accounts in two high credit quality financial institutions. The Center's accounts are federally insured up to \$250,000 per institution. In addition, there is unlimited FDIC coverage on non-interest bearing checking accounts. Uninsured deposits at September 30, 2013, approximate \$321,398.

#### 3. Grants Receivable:

Grants receivable at September 30, 2013 and 2012, consisted of government grants totaling \$100,621 and \$177,018, respectively, and are expected to mature within one year.

In addition to grants receivable, at September 30, 2013 and 2012, the Center has received promises to give in the amount of \$366,241 and \$180,927, respectively, which are conditioned upon incurring future expenses under a cost reimbursement contract. Because these items are conditional in nature, they were not recorded as receivables as of September 30, 2013 and 2012.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Notes to Financial Statements – Continued  
September 30, 2013 and 2012**

**3. Grants Receivable – Continued:**

Deferred support under conditional promises to give at September 30, 2013 and 2012, consists of the following:

	<u>2013</u>	<u>2012</u>
Grant contract for building addition requiring the building to be used for specified purposes for a period of five years, condition expected to be fulfilled in March 2013, contract creates a collateral interest to the grantor in the building for the duration of the condition.	\$ -	\$ 329,258
Grant contract under 1115 Medicaid waiver program for capital improvements that should be recognized within one year.	-	378,365
Other support that should be recognized within one year.	93,483	20,940
Grant contract for building addition requiring the building to be used for specified purposes for a period of five years, condition expected to be fulfilled in September 2018, contract creates a collateral interest to the grantor in the building for the duration of the condition.	<u>177,186</u>	<u>177,186</u>
	270,669	905,749
Less current portion	<u>(93,483)</u>	<u>(728,563)</u>
	<u>\$ 177,186</u>	<u>\$ 177,186</u>

**4. Property and Equipment:**

A summary of property and equipment at September 30, 2013 and 2012, is as follows:

	<u>2013</u>	<u>2012</u>
Land and building	\$ 3,017,780	\$ 2,414,417
Leasehold improvements	104,733	104,733
Equipment	1,248,686	1,219,320
Vehicles	694,223	694,223
Furniture and fixtures	75,054	64,275
Construction in progress	-	595,576
	<u>5,140,476</u>	<u>5,092,544</u>
Less accumulated depreciation	<u>2,290,119</u>	<u>2,003,650</u>
	<u>\$ 2,850,357</u>	<u>\$ 3,088,894</u>

Depreciation expense was \$286,469 and \$303,334 for the years ended September 30, 2013 and 2012, respectively.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Notes to Financial Statements – Continued**  
**September 30, 2013 and 2012**

**5. Beneficial Interest in Net Assets of Community Foundation of Central Florida, Inc.:**

Beneficial interest in net assets of Community Foundation of Central Florida, Inc. (the “Foundation”) at September 30, 2013 and 2012, consists of the estimated fair value of assets transferred in prior years by the Center to the Foundation for which the Center designated itself as beneficiary. The Center granted the Foundation a variance power to modify or eliminate any restriction, limitation, or condition on the distribution of funds. The Center has historically received a distribution each year representing a portion of the investment income on these funds.

**6. Notes Payable:**

Notes payable at September 30, 2013 and 2012, consists of the following:

	2013	2012
Mortgage payable, collateralized by real estate, payable in monthly installments of \$4,433 including interest at 8%, paid off in August 2013	\$ -	\$ 222,934
Vehicle loan, collateralized by business assets, payable in monthly installments of \$282 including interest at 3.5%, maturity in May 2017	11,633	14,544
	11,633	237,478
Less current portion	(1,988)	(225,855)
	\$ 9,645	\$ 11,623

Interest expense for the years ended September 30, 2013 and 2012, was \$12,257 and \$18,654, respectively.

Future maturities of notes payable at September 30, 2013, are as follows:

Year ending September 30,		
2014		\$ 3,025
2015		3,132
2016		3,244
2017		2,232
		\$ 11,633

The Center has a \$300,000 bank revolving line of credit which matures August 12, 2014. The line of credit is unsecured and bears interest at prime rate, and is reviewed annually for renewal. No balance on this line of credit was outstanding as of September 30, 2013 and 2012.

## HEALTH CARE CENTER FOR THE HOMELESS, INC.

### Notes to Financial Statements – Continued September 30, 2013 and 2012

#### 7. In-Kind Contributions:

Support and program service expenses contain in-kind contributions for the years ended September 30, 2013 and 2012, as follows:

	<u>2013</u>	<u>2012</u>
Free use of premises for tuberculosis shelter	\$ 20,000	\$ 20,000
Pharmaceuticals	941,640	887,315
Lab fees	112,557	130,157
Glasses	-	3,571
	<u>\$ 1,074,197</u>	<u>\$ 1,041,043</u>

#### 8. Temporarily Restricted Net Assets:

Temporarily restricted net assets at September 30, 2013 and 2012, consist of the following:

	<u>2013</u>	<u>2012</u>
Beneficial interest in net assets of Community Foundation of Central Florida, Inc.	\$ 22,410	\$ 20,766
Cash held until purpose restrictions are satisfied	<u>133,314</u>	<u>122,456</u>
	<u>\$ 155,724</u>	<u>\$ 143,222</u>

#### 9. Retirement Program:

The Center maintains a Simple Plan Retirement Program for substantially all employees. Employer contributions are based on a match of employee deferrals, and amounted to \$40,037 and \$36,264 for the years ended September 30, 2013 and 2012, respectively.

#### 10. Fair Value Measurements:

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this framework are described as follows:

Level 1 – Unadjusted quoted prices for identical assets in active markets that the Center has the ability to access.

Level 2 – Quoted prices for similar assets in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Notes to Financial Statements – Continued**  
**September 30, 2013 and 2012**

**10. Fair Value Measurements – Continued:**

Level 3 – Unobservable inputs such as assumptions by the Center about how market participants would price an asset.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2013 and 2012.

*Beneficial Interest in Net Assets of Community Foundation of Central Florida, Inc.:* Valued at fair value provided by the Foundation and adjusted for the Center’s percentage in that value.

The following table sets forth by level, within the fair value hierarchy, the Center’s assets measured at fair value at September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Level 1	\$ -	\$ -
Level 2	-	-
Level 3 – Beneficial interest in net assets of Community Foundation of Central Florida, Inc.	<u>22,410</u>	<u>20,766</u>
	<u>\$ 22,410</u>	<u>\$ 20,766</u>

The following table sets forth a summary of changes in the fair value of the Center’s Level 3 assets for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 20,766	\$ 18,685
Contributions	-	-
Interest and dividends	257	329
Realized and unrealized gains on investments	2,340	2,720
Grants	(790)	(817)
Investment expenses	<u>(163)</u>	<u>(151)</u>
Balance, end of year	<u>\$ 22,410</u>	<u>\$ 20,766</u>

**11. Contingencies:**

The Center received a substantial portion of its support from less than 10 funding sources. A significant reduction in the level of this support may have an effect on the Center’s programs and activities.

Costs reflected in the financial statements relating to government and public-funded programs are subject to audit by the funding agency. The possible disallowance of any item charged to the program has not been determined, if any. No provision for any liability that may result has been made in the financial statements.





AVERETT  
WARMUS  
DURKEE

Certified Public Accountants and Business Advisors

## Independent Auditors' Report on the Supplementary Information

To the Board of Directors  
Health Care Center for the Homeless, Inc.  
Orlando, Florida

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 awards on page 16, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Averett Warmus Durkee*

Orlando, Florida  
January 31, 2014

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2013**

Federal Programs	CFDA Number	Contract Number	Grant Revenue	Grant Expenditures
U.S. Department of Housing and Urban Development:				
Community Development Block Grant (CDBG):				
Received from Orange County, Florida	14.219	None	\$ 62,070	\$ 62,070
Received from City of Orlando, Florida	14.219	None	329,258	-
Total for CDBG			<u>391,328</u>	<u>62,070</u>
Supportive Housing Program (SHP):				
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0095B4H071104	71,975	71,975
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0095L4H071205	80,428	80,428
Total for SHP			<u>152,403</u>	<u>152,403</u>
Total for U.S. Department of Housing and Urban Development			<u>543,731</u>	<u>214,473</u>
U.S. Department of Veteran Affairs:				
Supportive Services for Veteran Families (SSVF):				
Received from Homeless Services Network of Central Florida, Inc.	64.033	None	38,839	38,839
U.S. Department of Health and Human Services:				
Consolidated Health Centers				
Medical Assistance Program:	93.224	H80CS00240	1,395,034	1,395,034
Received from the State of Florida Department of Health	93.778	6874291-01	209,904	209,904
HIV Testing Program:				
Received from the State of Florida Department of Health	93.940	OA-168	70,840	70,840
Total for U.S. Department of Health and Human Services			<u>1,675,778</u>	<u>1,675,778</u>
Total Federal Awards			<u>2,258,348</u>	<u>\$ 1,929,090</u>
<b>STATE AND LOCAL PROGRAMS</b>				
Orange County, Florida			813,830	
State of Florida			904,357	
<b>Total of State and Local Programs</b>			<u>1,718,187</u>	
			<u>\$ 3,976,535</u>	

**Basis of Presentation:**

This schedule of expenditures of federal awards includes the federal grant activity of the Center and is presented using the basis of accounting used in preparing the basic financial statements. The information in this schedule is also presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.



**Independent Auditors' 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***

To the Board of Directors  
Health Care Center for the Homeless, Inc.  
Orlando, Florida

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 Health Care Center for the Homeless, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Center'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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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.

To the Board of Directors  
Health Care Center for the Homeless, Inc.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Center'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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Aurett Warmus Durkee*

Orlando, Florida  
January 31, 2014



**Independent Auditors' 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**

To the Board of Directors  
Health Care Center for the Homeless, Inc.  
Orlando, Florida

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

We have audited Health Care Center for the Homeless, Inc. (the "Center")'s compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of the Center's major federal programs for the year ended September 30, 2013. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center'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 the Center's compliance.

To the Board of Directors  
Health Care Center for the Homeless, Inc.

### **Opinion on Each Major Federal Program**

In our opinion, the Center 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 September 30, 2013.

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

Management of the Center 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 the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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

*Querett Warmus Durkee*

Orlando, Florida  
January 31, 2014

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Schedule of Findings and Questioned Costs  
Year Ended September 30, 2013

**SECTION I – Summary of Auditors’ Results**

Financial Statements

Type of auditors’ report issued: unmodified  
Internal control over financial reporting:  
Material weakness(es) identified? \_\_\_yes X no  
Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_yes X none reported  
Noncompliance material to financial  
statements noted? \_\_\_yes X no

Federal Awards

Internal control over major programs:  
Material weakness(es) identified? \_\_\_yes X no  
Significant deficiencies identified not  
considered to be material weaknesses? \_\_\_yes X none reported  
Type of auditors’ report issued on  
compliance for major programs: unmodified  
Any audit findings disclosed that are  
required to be reported in accordance  
with OMB Circular A-133, Section 510(a)? \_\_\_yes X no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>93.224</u>	<u>Consolidated Health Centers</u>

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000  
Auditee qualified as low-risk auditee? X yes \_\_\_no

**SECTION II – Financial Statement Findings**

No matters were reported.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.**

**Schedule of Findings and Questioned Costs – Continued  
Year Ended September 30, 2013**

**SECTION III – Federal Award Findings and Questioned Costs**

No matters were reported.

**SECTION IV – Prior Audit Findings and Corrective Action Plan**

No matters were reported.