

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

Orlando, Florida

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended September 30, 2014 and 2013



**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, 2014 and 2013, 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.

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 the Health Care Center for the Homeless, Inc. as of September 30, 2014 and 2013, 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 February 19, 2015, 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
February 19, 2015

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Statements of Financial Position
September 30, 2014 and 2013**

Assets	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and cash equivalents	\$ 1,299,323	\$ 1,073,576
Accounts receivable	67,811	92,751
Grants receivable	131,164	100,621
Prepaid expenses	<u>157,068</u>	<u>143,412</u>
Total current assets	1,655,366	1,410,360
Property and Equipment, net	2,857,610	2,850,357
Beneficial Interest in Net Assets of Central Florida Foundation, Inc.	22,915	22,410
Investments in Limited Liability Companies	11,353	-
Other	<u>2,021</u>	<u>2,140</u>
Total assets	<u>\$ 4,549,265</u>	<u>\$ 4,285,267</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 103,836	\$ 44,000
Accrued compensation	231,018	164,682
Other accrued expenses	12,598	6,976
Note payable, current portion	3,132	1,988
Current obligation under capital lease	12,496	-
Deferred support under conditional promises to give, current portion	<u>127,921</u>	<u>93,483</u>
Total current liabilities	491,001	311,129
Note Payable, less current portion	5,476	9,645
Obligation Under Capital Lease, noncurrent	41,035	-
Deferred Support Under Conditional Promises to Give, less current portion	<u>177,186</u>	<u>177,186</u>
Total liabilities	<u>714,698</u>	<u>497,960</u>
Net Assets:		
Unrestricted	3,693,002	3,631,583
Temporarily restricted	<u>141,565</u>	<u>155,724</u>
Total net assets	<u>3,834,567</u>	<u>3,787,307</u>
Total liabilities and net assets	<u>\$ 4,549,265</u>	<u>\$ 4,285,267</u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Statements of Activities
Years Ended September 30, 2014 and 2013**

	Year Ended September 30, 2014			Year Ended September 30, 2013		
	<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	\$ -	\$ 4,105,297	\$ 4,105,297	\$ -	\$ 3,976,535	\$ 3,976,535
Private support	370,866	20,134	391,000	309,640	55,928	365,568
In-kind contributions	1,502,734	-	1,502,734	1,074,197	-	1,074,197
Revenue, net of provision for contractual adjustments and bad debts for 2014 and 2013 of \$2,541,120 and \$2,040,928	1,636,509	-	1,636,509	1,478,651	-	1,478,651
Net assets released from restrictions:						
Satisfaction of purpose restrictions	<u>4,139,590</u>	<u>(4,139,590)</u>	<u>-</u>	<u>4,019,961</u>	<u>(4,019,961)</u>	<u>-</u>
Total support and revenue	<u>7,649,699</u>	<u>(14,159)</u>	<u>7,635,540</u>	<u>6,882,449</u>	<u>12,502</u>	<u>6,894,951</u>
Expenses:						
Program services:						
Medical clinics	6,622,829	-	6,622,829	5,480,795	-	5,480,795
Tuberculosis shelter	63,256	-	63,256	60,635	-	60,635
Supporting services:						
Management and general	752,783	-	752,783	620,925	-	620,925
Fundraising	<u>149,412</u>	<u>-</u>	<u>149,412</u>	<u>89,811</u>	<u>-</u>	<u>89,811</u>
Total expenses	<u>7,588,280</u>	<u>-</u>	<u>7,588,280</u>	<u>6,252,166</u>	<u>-</u>	<u>6,252,166</u>
Increase (Decrease) in Net Assets	61,419	(14,159)	47,260	630,283	12,502	642,785
Net Assets, beginning 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>
Net Assets, end of year	<u>\$ 3,693,002</u>	<u>\$ 141,565</u>	<u>\$ 3,834,567</u>	<u>\$ 3,631,583</u>	<u>\$ 155,724</u>	<u>\$ 3,787,307</u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows From Operating Activities:		
Cash received from contributors and patients	\$ 6,160,457	\$ 5,264,870
Cash paid to suppliers and employees	(5,683,652)	(4,941,326)
Interest received	679	626
Interest paid	(3,076)	(12,257)
Net cash provided by operating activities	<u>474,408</u>	<u>311,913</u>
Cash Flows From Investing Activities:		
Other investing activities	(436)	(1,788)
Purchases of property and equipment	(221,895)	(47,932)
Purchase of limited liability company membership units	(11,353)	-
Net cash used in investing activities	<u>(233,684)</u>	<u>(49,720)</u>
Cash Flows From Financing Activities:		
Payment of accounts payable for construction in progress	-	(119,665)
Principal payments on notes payable	(3,025)	(225,845)
Payments on capital lease obligation	(11,952)	-
Net cash used in financing activities	<u>(14,977)</u>	<u>(345,510)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	225,747	(83,317)
Cash and Cash Equivalents, beginning of year	<u>1,073,576</u>	<u>1,156,893</u>
Cash and Cash Equivalents, end of year	<u>\$ 1,299,323</u>	<u>\$ 1,073,576</u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Statements of Cash Flows – Continued
Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities:		
Increase in net assets	\$ 47,260	\$ 642,785
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	280,125	286,469
Amortization of loan costs	555	840
Changes in assets and liabilities:		
Accounts receivable	24,940	5,069
Grants receivable	(30,543)	76,397
Prepaid expenses	(13,656)	(16,725)
Beneficial interest in net assets of Central Florida Foundation, Inc.	(505)	(1,644)
Accounts payable	59,836	(69,863)
Accrued compensation	66,336	23,260
Other accrued expenses	5,622	405
Deferred support under conditional promises to give	34,438	(635,080)
	<u>427,148</u>	<u>(330,872)</u>
	<u>\$ 474,408</u>	<u>\$ 311,913</u>

Noncash Investing and Financing Activities:

During the year ended September 30, 2014, equipment in the amount of \$65,483 was acquired under a capital lease agreement.

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Statements of Functional Expenses
Years Ended September 30, 2014 and 2013**

	Year Ended September 30, 2014					Year Ended September 30, 2013				
	Program Services		Supporting Services			Program Services		Supporting Services		
	Medical Clinic	Tuberculosis Shelter	Management and General	Fundraising	Total	Medical Clinic	Tuberculosis Shelter	Management and General	Fundraising	Total
Accounting	\$ 7,240	\$ -	\$ 28,921	\$ -	\$ 36,161	\$ 11,340	\$ -	\$ 23,848	\$ -	\$ 35,188
Advertising	12,972	-	4,211	-	17,183	676	-	2,607	-	3,283
Bank Charges	7,907	-	1,661	-	9,568	5,314	-	1,501	-	6,815
Computer and Data Processing	195,136	-	80,584	-	275,720	172,377	-	58,361	-	230,738
Conferences and Training	26,715	-	7,006	1,406	35,127	8,829	-	4,131	-	12,960
Contracted Services	170,369	-	-	21,750	192,119	153,401	-	745	805	154,951
Depreciation and Amortization	264,857	12,298	2,782	743	280,680	269,988	12,298	2,798	2,224	287,308
Direct Assistance	7,156	-	-	-	7,156	3,178	-	-	-	3,178
Dispensary	1,417,840	-	-	-	1,417,840	1,040,988	-	-	-	1,040,988
Dues and Subscriptions	8,366	-	10,292	1,733	20,391	8,950	-	14,826	3,023	26,799
Food	-	400	-	-	400	-	200	-	-	200
Glasses	-	-	-	-	-	-	-	-	-	-
Insurance	106,885	4,796	6,756	940	119,377	100,702	5,244	5,353	540	111,839
Interest	3,056	-	20	-	3,076	12,257	-	-	-	12,257
Lab Fees	339,357	-	1,120	-	340,477	246,805	-	-	-	246,805
Lease	24,707	20,000	-	-	44,707	17,896	20,000	-	-	37,896
Maintenance and Repairs	124,727	14,739	7,023	1,258	147,747	87,733	13,247	8,583	1,256	110,819
Mammogram Program	23,595	-	-	-	23,595	37,285	-	-	-	37,285
Miscellaneous	5,304	1,227	10,515	2,775	19,821	8,970	-	4,658	352	13,980
Personnel	3,426,473	3,875	539,325	95,215	4,064,888	2,934,521	4,273	459,075	68,623	3,466,492
Postage	2,593	-	1,535	1,423	5,551	2,937	-	1,091	2,504	6,532
Professional Fees	-	-	-	-	-	-	-	-	-	-
Supplies	320,215	36	16,353	20,931	357,535	239,226	-	12,430	9,253	260,909
Taxes and Licenses	12,589	-	2,808	-	15,397	11,203	-	560	746	12,509
Telephone	39,453	853	8,552	26	48,884	29,968	901	7,393	83	38,345
Travel	43,421	9	19,897	867	64,194	45,375	-	10,952	177	56,504
Utilities	31,896	5,023	3,422	345	40,686	30,876	4,472	2,013	225	37,586
	<u>\$ 6,622,829</u>	<u>\$ 63,256</u>	<u>\$ 752,783</u>	<u>\$ 149,412</u>	<u>\$ 7,588,280</u>	<u>\$ 5,480,795</u>	<u>\$ 60,635</u>	<u>\$ 620,925</u>	<u>\$ 89,811</u>	<u>\$ 6,252,166</u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements September 30, 2014 and 2013

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, 2014 and 2013

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, 2014 and 2013.

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.

Investments in Limited Liability Companies

The Center's investments in Prestige Health Choice, LLC and in Health Choice Care, LLC are both accounted for at cost.

Advertising

Advertising costs are expensed as incurred.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued September 30, 2014 and 2013

1. Summary of Significant Accounting Policies – Continued:

Income Taxes

The Center is a nonprofit 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, 2014 and 2013.

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, 2014, the fiscal years 2011 through 2014 federal income tax returns are subject to examination.

Subsequent Events

The Center's management has evaluated subsequent events through February 19, 2015, the date which the financial statements were available to be issued.

2. Cash and Cash Equivalents:

As of September 30, 2014, 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. Uninsured deposits at September 30, 2014 and 2013, were \$546,638 and \$321,398, respectively.

3. Grants Receivable:

Grants receivable at September 30, 2014 and 2013, consisted of government grants totaling \$131,164 and \$100,621, respectively, and are expected to mature within one year.

In addition to grants receivable, at September 30, 2014 and 2013, the Center has received promises to give in the amount of \$1,096,819 and \$366,241, 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, 2014 and 2013.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued
September 30, 2014 and 2013

3. Grants Receivable – Continued:

Deferred support under conditional promises to give at September 30, 2014 and 2013, consists of the following:

	2014	2013
Other support that should be recognized within one year.	\$ 127,921	\$ 93,483
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.	177,186	177,186
	305,107	270,669
Less current portion	(127,921)	(93,483)
	\$ 177,186	\$ 177,186

4. Property and Equipment:

A summary of property and equipment at September 30, 2014 and 2013, is as follows:

	2014	2013
Land and building	\$ 3,017,780	\$ 3,017,780
Leasehold improvements	254,733	104,733
Equipment	1,369,261	1,248,686
Vehicles	671,723	694,223
Furniture and fixtures	85,208	75,054
Construction in progress	6,649	-
	5,405,354	5,140,476
Less accumulated depreciation	2,547,744	2,290,119
	\$ 2,857,610	\$ 2,850,357

Depreciation expense was \$280,125 and \$286,469 for the years ended September 30, 2014 and 2013, respectively.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued September 30, 2014 and 2013

5. Investments in Limited Liability Companies:

The Center has a .013% and .009% ownership interest in Prestige Health Choice, LLC (“Prestige”) at September 30, 2014 and 2013, respectively. Prestige is engaged in managed health care activities. At September 30, 2014 and 2013, the Center held 128 and 87 units, respectively.

The Center has a .26% and 0% ownership interest in Health Choice Care, LLC (“HCC”) at September 30, 2014 and 2013, respectively. HCC was formed to own, maintain, manage, and operate an Accountable Care Organization. At September 30, 2014 and 2013, the Center held 100 and zero units, respectively.

6. Beneficial Interest in Net Assets of Central Florida Foundation, Inc.:

Beneficial interest in net assets of Central Florida Foundation, Inc. (the “Foundation”) at September 30, 2014 and 2013, 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.

7. Note Payable:

Note payable at September 30, 2014 and 2013, consists of the following:

	<u>2014</u>	<u>2013</u>
Vehicle loan, collateralized by business assets, payable in monthly installments of \$282 including interest at 3.5%, maturity in May 2017	\$ 8,608	\$ 11,633
	<u>8,608</u>	<u>11,633</u>
Less current portion	<u>(3,132)</u>	<u>(1,988)</u>
	<u>\$ 5,476</u>	<u>\$ 9,645</u>

Interest expense for the years ended September 30, 2014 and 2013, was \$3,076 and \$12,257, respectively.

Future maturities of note payable at September 30, 2014, are as follows:

Year ending September 30,	
2015	\$ 3,132
2016	3,244
2017	<u>2,232</u>
	<u>\$ 8,608</u>

The Center has a \$300,000 bank revolving line of credit which matures August 12, 2015. 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 at September 30, 2014 and 2013.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Notes to Financial Statements – Continued
September 30, 2014 and 2013**

8. In-Kind Contributions:

Support and program service expenses contain in-kind contributions for the years ended September 30, 2014 and 2013, as follows:

	<u>2014</u>	<u>2013</u>
Free use of premises for tuberculosis shelter	\$ 20,000	\$ 20,000
Pharmaceuticals	1,312,821	941,640
Lab fees	168,413	112,557
Supplies	<u>1,500</u>	<u>-</u>
	<u>\$ 1,502,734</u>	<u>\$ 1,074,197</u>

9. Leases:

In March 2014, the Center entered into a lease agreement for an additional facility in Kissimmee to conduct medical services. The lease expires in February 2020 and is classified as an operating lease. Rent expense for the years ended September 30, 2014 and 2013, was \$6,000 and zero, respectively.

In September 2013, the Center entered into a capital lease agreement. Equipment under the capital lease consists of a phone system with a capitalized cost of \$65,483. As of September 30, 2014 and 2013, accumulated depreciation in the statement of financial position included \$13,097 and zero relating to the equipment under capital lease. For the years ended September 30, 2014 and 2013, depreciation expense reported in the statement of activities was \$13,097 and zero, respectively.

The following is a summary of future minimum payments under capital and operating leases that have initial or remaining noncancellable lease terms in excess of one year as of September 30, 2014:

	<u>Capital Lease</u>	<u>Operating Lease</u>
Year Ending September 30,		
2015	\$ 14,650	\$ 18,000
2016	14,650	18,000
2017	14,650	19,750
2018	14,651	21,000
2019	-	21,000
Thereafter	<u>-</u>	<u>8,750</u>
Total minimum lease payments	58,601	\$ <u>106,500</u>
Less amount representing interest	<u>5,070</u>	
Total present value of minimum payments	53,531	
Current obligations	<u>12,496</u>	
Long-term obligations	<u>\$ 41,035</u>	

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Notes to Financial Statements – Continued
September 30, 2014 and 2013**

10. Temporarily Restricted Net Assets:

Temporarily restricted net assets at September 30, 2014 and 2013, consist of the following:

	<u>2014</u>	<u>2013</u>
Beneficial interest in net assets of Central Florida Foundation, Inc.	\$ 22,915	\$ 22,410
Cash held until purpose restrictions are satisfied	<u>118,650</u>	<u>133,314</u>
	<u>\$ 141,565</u>	<u>\$ 155,724</u>

11. 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 \$47,926 and \$40,037 for the years ended September 30, 2014 and 2013, respectively.

12. 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.

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, 2014 and 2013.

Beneficial Interest in Net Assets of Central Florida Foundation, Inc.: Valued at fair value provided by the Foundation based on the fair value of underlying investments, and adjusted for the Center's percentage in that value.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued
September 30, 2014 and 2013

12. Fair Value Measurements – Continued:

The following table sets forth by level, within the fair value hierarchy, the Center’s assets measured at fair value at September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Level 1	\$ -	\$ -
Level 2	-	-
Level 3 – Beneficial interest in net assets of Central Florida Foundation, Inc.	<u>22,915</u>	<u>22,410</u>
	<u>\$ 22,915</u>	<u>\$ 22,410</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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 22,410	\$ 20,766
Interest and dividends	281	257
Realized and unrealized gains on investments	1,335	2,340
Grants	(810)	(790)
Investment expenses	<u>(301)</u>	<u>(163)</u>
Balance, end of year	<u>\$ 22,915</u>	<u>\$ 22,410</u>

13. Contingencies:

The Center received a substantial portion of its support from less than ten 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.



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 taken as a whole. The accompanying schedule of expenditures of federal awards, on page 17, as required by U.S. 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
February 19, 2015

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014**

Programs	CFDA Number	Contract Number	Grant Revenue	Grant Expenditures
Federal:				
U.S. Department of Housing and Urban Development:				
Community Development Block Grant ("CDBG"):				
Received from Orange County, Florida	14.219	None	\$ 50,142	\$ 50,142
Total for CDBG			<u>50,142</u>	<u>50,142</u>
Supportive Housing Program ("SHP"):				
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0095L4H071306	73,733	73,733
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0095L4H071205	79,957	79,957
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0471L4H071200	19,734	19,734
Total for SHP			<u>173,424</u>	<u>173,424</u>
Total for U.S. Department of Housing and Urban Development			<u>223,566</u>	<u>223,566</u>
U.S. Department of Veteran Affairs:				
Supportive Services for Veteran Families ("SSVF"):				
Received from Homeless Services Network of Central Florida, Inc.	64.033	14FL-23	40,770	40,770
U.S. Department of Health and Human Services:				
Consolidated Health Centers				
HIV Testing Program:	93.224	H80CS00240	2,292,222	2,292,222
Received from the State of Florida Department of Health	93.940	OA-168	18,630	18,630
Received from the State of Florida Department of Health	93.940	OA-189	53,610	53,610
Total for U.S. Department of Health and Human Services			<u>2,364,462</u>	<u>2,364,462</u>
Total Federal Awards			<u>2,628,798</u>	<u>\$ 2,628,798</u>
State and Local:				
Orange County, Florida			908,263	
State of Florida			568,236	
Total of State and Local Programs			<u>1,476,499</u>	
			\$ <u>4,105,297</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 the Health Care Center for the Homeless, Inc. (the "Center") (a nonprofit organization), which comprise the statement of financial position as of September 30, 2014, 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 February 19, 2015.

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 Center'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
February 19, 2015



Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by 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 the Health Care Center for the Homeless, Inc.'s (the "Center") (a nonprofit organization) 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, 2014. 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, 2014.

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 our 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.

Aurett Warmus Durkee

Orlando, Florida
February 19, 2015

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

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, 2014**

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.