

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA**

YEARS ENDED SEPTEMBER 30, 2010 AND 2009

**HEALTH CARE CENTER FOR THE HOMELESS, INC.
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REPORT OF INDEPENDENT AUDITORS ON THE FINANCIAL STATEMENTS

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

We have audited the accompanying statement of financial position of Health Care Center for the Homeless, Inc. (the Center) as of September 30, 2010, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of September 30, 2009, were audited by Osburn, Henning and Company, who merged with Averett Warmus Durkee as of July 15, 2010, and whose report dated February 11, 2010, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2010 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, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2011, on our consideration of the Center's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Averett Warmus Durkee Osburn Henning

Orlando, Florida
February 17, 2011

HEALTH CARE CENTER FOR THE HOMELESS, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2010 AND 2009

	2010	2009
<u>ASSETS</u>		
Cash and cash equivalents	\$ 237,095	\$ 300,960
Accounts receivable	210,136	213,968
Grants and contributions receivable	168,249	178,530
Prepaid expenses	74,733	104,047
Property and equipment, net	2,761,446	2,691,068
Beneficial interest in net assets of		
Community Foundation of Central Florida, Inc.	19,676	18,510
Other	112,421	1,804
	\$ 3,583,756	\$ 3,508,887
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities		
Accounts payable trade	\$ 62,905	\$ 63,483
Accounts payable for property and equipment	-	37,213
Accrued compensation	104,079	189,081
Other accrued expenses	1,552	1,737
Note payable	285,325	314,095
Deferred support under conditional promises to give	847,602	850,376
Total liabilities	1,301,463	1,455,985
Net assets		
Unrestricted	2,047,192	1,819,539
Temporarily restricted	235,101	233,363
Total net assets	2,282,293	2,052,902
Total Liabilities and Net Assets	\$ 3,583,756	\$ 3,508,887

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

HEALTH CARE CENTER FOR THE HOMELESS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	Year Ended September 30, 2010			Year Ended September 30, 2009		
	Unrestricted	Temporarily		Unrestricted	Temporarily	
		Restricted	Total		Restricted	Total
Support and revenue						
Support:						
Government grants	\$ -	\$ 3,186,469	\$ 3,186,469	\$ -	\$ 2,762,334	\$ 2,762,334
Private support	379,700	162,601	542,301	573,638	144,591	718,229
In-kind contributions	1,043,477	-	1,043,477	990,108	-	990,108
Revenue	1,067,259	-	1,067,259	898,081	-	898,081
Net assets released from restrictions:						
Satisfaction of purpose restrictions	3,237,745	(3,237,745)	-	2,785,939	(2,785,939)	-
Expiration of time restrictions	109,587	(109,587)	-	117,767	(117,767)	-
Total support and revenue	5,837,768	1,738	5,839,506	5,365,533	3,219	5,368,752
Expenses						
Program services:						
Medical clinic	5,072,980	-	5,072,980	4,777,113	-	4,777,113
Tuberculosis shelter	59,416	-	59,416	45,654	-	45,654
Supporting services:						
Management and general	385,476	-	385,476	392,072	-	392,072
Fund-raising	92,243	-	92,243	94,918	-	94,918
Total expenses	5,610,115	-	5,610,115	5,309,757	-	5,309,757
Increase in net assets	227,653	1,738	229,391	55,776	3,219	58,995
Net assets, beginning of year	1,819,539	233,363	2,052,902	1,763,763	230,144	1,993,907
Net assets, end of year	\$ 2,047,192	\$ 235,101	\$ 2,282,293	\$ 1,819,539	\$ 233,363	\$ 2,052,902

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

HEALTH CARE CENTER FOR THE HOMELESS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Cash received from contributors and patients	\$ 4,806,159	\$ 4,420,515
Cash paid to suppliers and employees	(4,243,279)	(4,172,596)
Interest received	43	265
Interest paid	(26,224)	(30,438)
Net cash provided by operating activities	<u>536,699</u>	<u>217,746</u>
Cash flows from investing activities		
Other investing activities	(541)	(854)
Cash paid for deposits	(111,115)	-
Purchases of property and equipment	(460,138)	(59,694)
Net cash used in investing activities	<u>(571,794)</u>	<u>(60,548)</u>
Cash flows from financing activities		
Proceeds from line of credit	455,000	390,000
Principal payments on mortgage payable and line of credit	(483,770)	(492,536)
Net cash used in financing activities	<u>(28,770)</u>	<u>(102,536)</u>
Net (decrease) increase in cash and cash equivalents	(63,865)	54,662
Cash and cash equivalents, beginning of year	<u>300,960</u>	<u>246,298</u>
Cash and cash equivalents, end of year	<u>\$ 237,095</u>	<u>\$ 300,960</u>

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

HEALTH CARE CENTER FOR THE HOMELESS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	2010	2009
Reconciliation of increase in net assets to net cash provided by operating activities		
Increase in net assets	\$ 229,391	\$ 58,995
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	333,650	310,513
In-kind contributions of property and equipment	-	(167,000)
Loss on disposition of property and equipment	18,897	-
Amortization of loan costs	1,039	1,157
Changes in assets and liabilities:		
Accounts receivable	3,832	(5,622)
Grants and contributions receivable	10,281	53,021
Prepaid expenses	29,314	27,828
Beneficial interest in net assets of Community Foundation of Central Florida, Inc.	(1,166)	1,868
Accounts payable trade	(578)	(65,260)
Accrued compensation	(85,002)	13,799
Other accrued expenses	(185)	(4,422)
Deferred support under conditional promises to give	(2,774)	(7,131)
Total adjustments	307,308	158,751
Net cash provided by operating activities	\$ 536,699	\$ 217,746

Noncash investing and financing activities

During the year ended September 30, 2009, the Center paid \$37,213 of accounts payable for property and equipment that was capitalized in the prior year.

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

HEALTH CARE CENTER FOR THE HOMELESS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2010 AND 2009

	Year Ended September 30, 2010				Year Ended September 30, 2009				
	Program Services		Supporting Services		Program Services		Supporting Services		
	Medical Clinic	Tuberculosis Shelter	Management and General	Fund-raising	Medical Clinic	Tuberculosis Shelter	Management and General	Fund-raising	
Accounting	\$ 7,072	\$ -	\$ 9,028	\$ -	\$ 10,500	\$ -	\$ 4,700	\$ -	\$ 15,200
Advertising	3,733	-	838	-	3,807	-	9	-	3,816
Back to School Bash	42,050	-	-	-	-	-	-	-	-
Bank charges	799	-	824	-	225	-	829	-	1,054
Computer and data processing	114,937	-	15,582	-	116,892	-	13,962	-	130,854
Conferences and training	8,404	-	1,972	431	3,753	-	1,692	1,475	6,920
Contracted services	147,221	143	97	-	263,291	5,782	1,246	2,290	272,609
Depreciation and amortization	320,257	14,338	93	-	291,262	6,262	12,844	1,302	311,670
Direct assistance	3,872	-	-	-	2,508	-	-	-	2,508
Dispensary	955,765	-	-	-	798,369	-	-	-	798,369
Dues and subscriptions	25,384	-	7,561	1,107	24,022	-	6,477	565	31,064
Food	-	252	-	-	-	1,282	-	-	1,282
Glasses	453	-	-	-	639	-	-	-	639
Insurance	93,241	1,181	5,228	267	158,851	2,002	4,875	269	165,997
Interest	22,083	-	4,141	-	24,170	-	6,268	-	30,438
Lab fees	306,969	-	-	-	238,770	-	100	-	238,870
Lease	-	20,000	-	-	20,000	-	-	-	20,000
Loss on disposal of assets	18,386	-	511	-	-	-	-	-	-
Maintenance and repairs	70,795	9,102	6,512	-	49,573	9,813	4,770	-	64,156
Mammogram program	30,250	-	-	-	22,500	-	-	-	22,500
Miscellaneous	-	-	1,806	-	-	-	1,014	-	1,014
Personnel	2,642,918	8,144	299,345	75,716	2,499,215	13,652	307,934	68,888	2,889,689
Postage	2,818	-	1,372	3,909	3,088	-	1,149	5,433	9,670
Professional fees	-	-	3,909	-	-	-	6,119	-	6,119
Supplies	158,470	-	7,067	9,419	164,563	78	5,807	13,938	184,386
Taxes and licenses	10,322	25	861	350	8,904	-	901	350	10,155
Telephone	26,101	836	4,906	-	23,033	730	3,825	-	27,588
Travel	30,514	-	10,839	1,044	26,064	-	5,265	408	31,737
Utilities	30,166	5,395	2,984	-	23,114	6,053	2,286	-	31,453
	\$ 5,072,980	\$ 59,416	\$ 385,476	\$ 92,243	\$ 4,777,113	\$ 45,654	\$ 392,072	\$ 94,918	\$ 5,309,757

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

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

(1) **Summary of Significant Accounting Policies:**

(a) **Organization** - 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.

(b) **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.

(c) **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.

(d) **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.

(e) **Economic dependency** - 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.

(f) **Cash and cash equivalents** - The Center considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

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

(1) **Summary of Significant Accounting Policies - (Continued):**

(g) **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.

(h) **Accounts receivable and grants and contributions receivable** - Accounts receivable and grants and contributions 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.

(i) **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.

(j) **Advertising** - Advertising costs are expensed as incurred.

(k) **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, 2010 and 2009.

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, 2010, tax returns for the years 2009, 2008, and 2007 are subject to examination.

(l) **Subsequent events** - The Center's management has evaluated subsequent events through February 17, 2011, the date which the financial statements were available for issue.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS**

(2) **Grants and Contributions Receivable:**

Grants and contributions receivable consist of the following:

	September 30,	
	2010	2009
Government grants	\$ 83,608	\$ 96,902
United Way	84,641	81,628
	\$ 168,249	\$ 178,530

Grants and contributions receivable are expected to mature within one year.

In addition to grants and contributions receivable, at September 30, 2010 and 2009, the Center has received promises to give in the amount of \$312,511 and \$707,107, respectively, which are conditioned upon incurring future expenses. These items were not recorded as receivables as of September 30, 2010 and 2009.

Deferred support under conditional promises to give consists of the following:

	September 30,	
	2010	2009
Grant contract for building upgrades and rehabilitation requiring the building to be used for specified purposes for a period of five years, condition expected to be fulfilled in January 2011, contract creates a collateral interest to the grantor in the building for the duration of the condition.	\$ 500,000	\$ 500,000
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 2012, contract creates a collateral interest to the grantor in the building for the duration of the condition.	329,258	329,258
Other support that should be recognized within one year.	18,344	21,118
	\$ 847,602	\$ 850,376

**HEALTH CARE CENTER FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS**

(3) **Property and Equipment, Net:**

A summary of property and equipment is as follows:

	September 30,	
	2010	2009
Land and building	\$ 2,414,417	\$ 2,414,417
Leasehold improvements	104,733	88,733
Equipment	1,099,998	864,152
Vehicles	454,446	454,446
Furniture and fixtures	64,275	61,275
	4,137,869	3,883,023
Less accumulated depreciation	1,376,423	1,191,955
	<u>\$ 2,761,446</u>	<u>\$ 2,691,068</u>

Depreciation expense was \$333,650 and \$310,513 for the years ended September 30, 2010 and 2009, respectively.

(4) **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, 2010 and 2009, 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.

(5) **Note Payable:**

Note payable consists of the following:

	September 30,	
	2010	2009
Mortgage payable, collateralized by real estate, payable in monthly installments of \$4,433 including interest at 8%, a balloon maturity in August 2012	\$ 285,325	\$ 314,095

Interest expense for the years ended September 30, 2010 and 2009, was \$26,224 and \$30,438, respectively.

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

(5) **Note Payable - (Continued):**

Future maturities of note payable are as follows:

<u>Year ending September 30,</u>	
2011	\$ 31,504
2012	253,821
	<u>\$ 285,325</u>

The Center has a \$300,000 bank revolving line of credit which matures November 23, 2011. 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, 2010 and 2009.

(6) **In-Kind Contributions:**

Support and program service expenses contain in-kind contributions as follows:

	Year Ended September 30,	
	2010	2009
Free use of premises for tuberculosis shelter	\$ 20,000	\$ 20,000
Pharmaceuticals	860,859	668,620
Lab fees	162,165	133,849
Property and equipment	-	167,000
Glasses	453	639
	<u>\$ 1,043,477</u>	<u>\$ 990,108</u>

(7) **Temporarily Restricted Net Assets:**

Temporarily restricted net assets consist of the following:

	September 30,	
	2010	2009
Grants and contributions receivable which are time restricted for use in future periods	\$ 84,641	\$ 81,628
Beneficial interest in net assets of Community Foundation of Central Florida, Inc.	19,676	18,510
Cash held until purpose restrictions are satisfied	130,784	133,225
	<u>\$ 235,101</u>	<u>\$ 233,363</u>

(8) **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 \$28,479 and \$22,401 for the years ended September 30, 2010 and 2009, respectively.

**HEALTH CARE CENTER FOR THE HOMELESS, INC.
NOTES TO FINANCIAL STATEMENTS**

(9) **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, 2010 and 2009.

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 at fair value:

	September 30,	
	2010	2009
Level 1	\$ -	\$ -
Level 2	-	-
Level 3 - Beneficial interest in net assets of Community Foundation of Central Florida, Inc.	19,676	18,510
	<u>\$ 19,676</u>	<u>\$ 18,510</u>

The following table sets forth a summary of changes in the fair value of the Center's Level 3 assets:

	Year Ended September 30,	
	2010	2009
Balance, beginning of year	\$ 18,510	\$ 20,378
Contributions	12	-
Interest and dividends	315	394
Realized and unrealized gains (losses) on investments	1,831	(1,261)
Grants	(830)	(863)
Investment expenses	(162)	(138)
Balance, end of year	<u>\$ 19,676</u>	<u>\$ 18,510</u>



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REPORT OF INDEPENDENT AUDITORS ON THE SUPPLEMENTARY DATA

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 basic financial statements of Health Care Center for the Homeless, Inc. taken as a whole. The accompanying schedule of expenditures of financial awards on page 14 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Averett Warmus Durkee Osburn Henning

Orlando, Florida
February 17, 2011

HEALTH CARE CENTER FOR THE HOMELESS, INC.
SCHEDULE OF EXPENDITURES OF FINANCIAL AWARDS
YEAR ENDED SEPTEMBER 30, 2010

	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Grant Revenue</u>	<u>Grant Expenditures</u>
FEDERAL PROGRAMS				
<u>U.S. Department of Housing and Urban Development</u>				
Community Development Block Grant (CDBG):				
Received from Orange County, Florida	14.219	None	\$ 89,094	\$ 89,094
Supportive Housing Program (SHP):				
Received from Orange County, Florida	14.235	FL0095B4H070801	71,669	71,669
Received from Orange County, Florida	14.235	FL0095B5H070802	90,430	90,430
Total for SHP			<u>162,099</u>	<u>162,099</u>
Total for U.S. Department of Housing and Urban Development			<u>251,193</u>	<u>251,193</u>
<u>U.S. Department of Health and Human Services</u>				
Community Health Centers	93.224	H80CS00240	1,200,430	1,200,430
ARRA - Increase Services to Health Centers	93.703	H8BCS11801	150,064	150,064
ARRA - Capital Improvement Program	93.703	C81CS14460	229,817	229,817
HIV Testing Program:				
Received from the State of Florida Department of Health	93.940	OA-118	75,000	75,000
Total for U.S. Department of Health and Human Services			<u>1,655,311</u>	<u>1,655,311</u>
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter Grant:				
Received from Orange County, Florida	97.024	None	6,188	6,188
Total Federal Awards			<u>1,912,692</u>	<u>\$ 1,912,692</u>
STATE AND LOCAL PROGRAMS				
Orange County, Florida			1,128,846	
State of Florida			<u>144,931</u>	
Total of State and Local Programs			<u>1,273,777</u>	
			<u>\$ 3,186,469</u>	

BASIS OF PRESENTATION:

This schedule of financial 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*. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.



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**REPORT OF INDEPENDENT AUDITORS 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 the financial statements of Health Care Center for the Homeless, Inc. (the Center) as of and for the year ended September 30, 2010, and have issued our report thereon dated February 17, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Auerett Warmus Durkee Osburn Henning

Orlando, Florida
February 17, 2011



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO 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

Compliance

We have audited the compliance of Health Care Center for the Homeless, Inc. (the Center) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2010. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, the Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2010.

Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

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

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

Aurett Warmus Durkee Osburn Henning

Orlando, Florida
February 17, 2011

**HEALTH CARE CENTER FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2010**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiencies identified not considered to be material weaknesses? yes none reported

Type of auditor’s report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.224	Community Health Centers
93.703	ARRA – Increase Services to Health Centers
93.703	ARRA – Capital Improvement Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes no

**HEALTH CARE CENTER FOR THE HOMELESS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2010**

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

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.