

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

Orlando, Florida

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended September 30, 2015 and 2014

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 statement of financial position as of September 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year 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.

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, 2015 and 2014, 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.

Prior Period Financial Statements

The financial statements for the year ended September 30, 2014, were audited by Averett Warmus Durkee, who merged with WithumSmith+Brown, PC effective January 1, 2016, and they expressed an unqualified opinion on the statements in their report dated February 19, 2015. No auditing procedures have been performed with respect to the September 30, 2014, financial statements since that date.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2016, 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.



Orlando, Florida
February 22, 2016

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Statements of Financial Position
September 30, 2015 and 2014**

Assets	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 2,100,607	\$ 1,299,323
Accounts receivable	112,204	67,811
Grants receivable	307,651	131,164
Prepaid expenses	<u>223,681</u>	<u>157,068</u>
Total current assets	2,744,143	1,655,366
Property and Equipment, net	2,690,684	2,857,610
Beneficial Interest in Net Assets of Central Florida Foundation, Inc.	21,328	22,915
Investments in Limited Liability Companies	12,633	11,353
Other	<u>6,621</u>	<u>2,021</u>
Total assets	<u><u>\$ 5,475,409</u></u>	<u><u>\$ 4,549,265</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 192,847	\$ 103,836
Accrued compensation	320,532	231,018
Other accrued expenses	11,752	12,598
Notes payable, current maturities	6,684	3,132
Current obligation under capital lease	13,070	12,496
Current maturities of deferred support	<u>595,254</u>	<u>127,921</u>
Total current liabilities	1,140,139	491,001
Notes Payable, less current maturities	13,787	5,476
Obligation Under Capital Lease, noncurrent	25,704	41,035
Deferred Support, less current maturities	<u>177,186</u>	<u>177,186</u>
Total liabilities	<u>1,356,816</u>	<u>714,698</u>
Net Assets:		
Unrestricted	3,986,692	3,693,002
Temporarily restricted	<u>131,901</u>	<u>141,565</u>
Total net assets	<u>4,118,593</u>	<u>3,834,567</u>
Total liabilities and net assets	<u><u>\$ 5,475,409</u></u>	<u><u>\$ 4,549,265</u></u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Statements of Activities
Years Ended September 30, 2015 and 2014**

	Year Ended September 30, 2015			Year Ended September 30, 2014		
	<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	\$ -	\$ 5,187,526	\$ 5,187,526	\$ -	\$ 4,105,297	\$ 4,105,297
Private support	370,494	111,968	482,462	370,866	20,134	391,000
In-kind contributions	1,520,311	-	1,520,311	1,502,734	-	1,502,734
Revenue, net of provision for contractual adjustments and bad debts for 2015 and 2014 of \$471,153 and \$782,606	1,955,271	-	1,955,271	1,636,509	-	1,636,509
Net assets released from restrictions:						
Satisfaction of purpose restrictions	<u>5,309,158</u>	<u>(5,309,158)</u>	<u>-</u>	<u>4,139,590</u>	<u>(4,139,590)</u>	<u>-</u>
Total support and revenue	<u>9,155,234</u>	<u>(9,664)</u>	<u>9,145,570</u>	<u>7,649,699</u>	<u>(14,159)</u>	<u>7,635,540</u>
Expenses:						
Program services:						
Medical clinics	7,483,987	-	7,483,987	6,622,829	-	6,622,829
Tuberculosis shelter	104,038	-	104,038	63,256	-	63,256
Supporting services:						
Management and general	1,159,969	-	1,159,969	752,783	-	752,783
Fundraising	<u>113,550</u>	<u>-</u>	<u>113,550</u>	<u>149,412</u>	<u>-</u>	<u>149,412</u>
Total expenses	<u>8,861,544</u>	<u>-</u>	<u>8,861,544</u>	<u>7,588,280</u>	<u>-</u>	<u>7,588,280</u>
Increase (Decrease) in Net Assets	293,690	(9,664)	284,026	61,419	(14,159)	47,260
Net Assets, beginning 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>
Net Assets, end of year	<u>\$ 3,986,692</u>	<u>\$ 131,901</u>	<u>\$ 4,118,593</u>	<u>\$ 3,693,002</u>	<u>\$ 141,565</u>	<u>\$ 3,834,567</u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Statements of Cash Flows
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities:		
Cash received from contributors and patients	\$ 7,871,812	\$ 6,160,457
Cash paid to suppliers and employees	(6,925,280)	(5,683,652)
Interest received	1,488	679
Interest paid	(288)	(3,076)
Net cash provided by operating activities	<u>947,732</u>	<u>474,408</u>
Cash Flows From Investing Activities:		
Other investing activities	-	(436)
Cash paid for security deposits	(5,000)	-
Purchases of property and equipment	(122,274)	(221,895)
Purchase of limited liability company membership units	(1,280)	(11,353)
Net cash used in investing activities	<u>(128,554)</u>	<u>(233,684)</u>
Cash Flows From Financing Activities:		
Principal payments on notes payable	(3,137)	(3,025)
Payments on capital lease obligation	(14,757)	(11,952)
Net cash used in financing activities	<u>(17,894)</u>	<u>(14,977)</u>
Net Increase in Cash and Cash Equivalents	801,284	225,747
Cash and Cash Equivalents, beginning of year	<u>1,299,323</u>	<u>1,073,576</u>
Cash and Cash Equivalents, end of year	<u>\$ 2,100,607</u>	<u>\$ 1,299,323</u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Statements of Cash Flows – Continued
Years Ended September 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities:		
Increase in net assets	\$ <u>284,026</u>	\$ <u>47,260</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	304,199	280,125
Amortization of loan costs	400	555
Changes in assets and liabilities:		
Accounts receivable	(44,392)	24,940
Grants receivable	(176,487)	(30,543)
Prepaid expenses	(66,613)	(13,656)
Beneficial interest in net assets of Central Florida Foundation, Inc.	1,587	(505)
Accounts payable	89,011	59,836
Accrued compensation	89,514	66,336
Other accrued expenses	(846)	5,622
Deferred support	<u>467,333</u>	<u>34,438</u>
 Total adjustments	 <u>663,706</u>	 <u>427,148</u>
 Net cash provided by operating activities	 <u>\$ <u>947,732</u></u>	 <u>\$ <u>474,408</u></u>

Noncash Investing and Financing Activities:

During the year ended September 30, 2015, a vehicle was purchased with a note payable for \$15,000.

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, 2015 and 2014**

	Year Ended September 30, 2015					Year Ended September 30, 2014				
	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	\$ 5,340	\$ -	\$ 15,777	\$ -	\$ 21,117	\$ 7,240	\$ -	\$ 28,921	\$ -	\$ 36,161
Advertising	4,059	-	11,210	-	15,269	12,972	-	4,211	-	17,183
Bank Charges	11,046	-	2,506	-	13,552	7,907	-	1,661	-	9,568
Computer and Data Processing	212,561	64	87,415	125	300,165	195,136	-	80,584	-	275,720
Conferences and Training	31,616	189	5,305	762	37,872	26,715	-	7,006	1,406	35,127
Contracted Services	142,497	-	2,410	-	144,907	170,369	-	-	21,750	192,119
Depreciation and Amortization	125,986	26,656	151,480	477	304,599	264,857	12,298	2,782	743	280,680
Direct Assistance	15,304	-	118	-	15,422	7,156	-	-	-	7,156
Dispensary	1,452,854	-	-	-	1,452,854	1,417,840	-	-	-	1,417,840
Dues and Subscriptions	9,859	130	17,175	1,884	29,048	8,366	-	10,292	1,733	20,391
Food	-	-	-	-	-	-	400	-	-	400
Insurance	78,086	17,333	16,363	1,819	113,601	106,885	4,796	6,756	940	119,377
Interest	276	-	12	-	288	3,056	-	20	-	3,076
Lab Fees	369,103	-	-	-	369,103	339,357	-	1,120	-	340,477
Lease	32,312	20,000	446	-	52,758	24,707	20,000	-	-	44,707
Maintenance and Repairs	170,449	9,156	17,137	544	197,286	124,727	14,739	7,023	1,258	147,747
Mammogram Program	25,680	-	-	-	25,680	23,595	-	-	-	23,595
Miscellaneous	13,732	148	20,901	1,883	36,664	5,304	1,227	10,515	2,775	19,821
Personnel	4,327,984	23,216	743,213	91,783	5,186,196	3,426,473	3,875	539,325	95,215	4,064,888
Postage	2,164	-	3,140	1,372	6,676	2,593	-	1,535	1,423	5,551
Supplies	316,427	3,155	26,725	11,848	358,155	320,215	36	16,353	20,931	357,535
Taxes and Licenses	10,208	214	3,079	-	13,501	12,589	-	2,808	-	15,397
Telephone	45,593	624	7,841	173	54,231	39,453	853	8,552	26	48,884
Travel	44,418	2,508	19,542	525	66,993	43,421	9	19,897	867	64,194
Utilities	36,433	645	8,174	355	45,607	31,896	5,023	3,422	345	40,686
	<u>\$ 7,483,987</u>	<u>\$ 104,038</u>	<u>\$ 1,159,969</u>	<u>\$ 113,550</u>	<u>\$ 8,861,544</u>	<u>\$ 6,622,829</u>	<u>\$ 63,256</u>	<u>\$ 752,783</u>	<u>\$ 149,412</u>	<u>\$ 7,588,280</u>

See accompanying notes.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements September 30, 2015 and 2014

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

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. There were no significant estimates at September 30, 2015 and 2014.

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 that are not subject to donor-imposed stipulations.

Temporarily Restricted – 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.

Cash and Cash Equivalents

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

Receivables

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. There was no allowance for doubtful accounts at September 30, 2015 and 2014.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Notes to Financial Statements – Continued
September 30, 2015 and 2014**

1. Summary of Significant Accounting Policies – Continued:

Property and Equipment

Property and equipment is recorded at cost. Depreciation is calculated by the straight-line method over the following estimated useful lives.

Building	20 years
Leasehold improvements	10 years
Equipment	5 – 10 years
Vehicles	5 – 10 years
Furniture and fixtures	3 – 7 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.

Grants and 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.

Revenues from government agency contracts and fees are recognized in the period in which the Center provides the service.

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, 2015 and 2014.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Notes to Financial Statements – Continued
September 30, 2015 and 2014**

1. Summary of Significant Accounting Policies – Continued:

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Center is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management does not believe that the Center has any material uncertain tax positions at September 30, 2015 and 2014. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

There are no tax related interest or penalties reflected in these financial statements.

Subsequent Events

The Center's management has evaluated subsequent events through February 22, 2016, the date which the financial statements were available to be issued and has determined that no events occurred which require disclosure in or adjustment to the financial statements.

2. Cash and Cash Equivalents:

As of September 30, 2015, the Center had demand accounts in five high credit quality financial institutions. The Center's accounts are federally insured up to \$250,000 per institution. These accounts, from time to time, exceed the federally insured limit.

3. Grants Receivable:

Grants receivable at September 30, 2015 and 2014, consisted of government grants totaling \$307,651 and \$131,164, respectively, and are expected to mature within one year.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Notes to Financial Statements – Continued
September 30, 2015 and 2014**

3. Grants Receivable – Continued:

Deferred support at September 30, 2015 and 2014, consists of the following:

	2015	2014
Other support that should be recognized within one year.	\$ 595,254	\$ 127,921
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
	772,440	305,107
Less current portion	(595,254)	(127,921)
	\$ 177,186	\$ 177,186

4. Property and Equipment:

A summary of property and equipment at September 30, 2015 and 2014, is as follows:

	2015	2014
Land and building	\$ 3,024,429	\$ 3,017,780
Leasehold improvements	260,063	254,733
Equipment	1,467,402	1,369,261
Vehicles	686,222	671,723
Furniture and fixtures	104,510	85,208
Construction in progress	-	6,649
	5,542,626	5,405,354
Less accumulated depreciation	2,851,942	2,547,744
	\$ 2,690,684	\$ 2,857,610

Depreciation expense was \$304,199 and \$280,125 for the years ended September 30, 2015 and 2014, respectively.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued
September 30, 2015 and 2014

5. Investments in Limited Liability Companies:

The Center has a .013% ownership interest in Prestige Health Choice, LLC (“Prestige”) at September 30, 2015 and 2014. Prestige is engaged in managed health care activities. At September 30, 2015 and 2013, the Center held 128 units.

The Center has a .26% ownership interest in Health Choice Care, LLC (“HCC”) at September 30, 2015 and 2014, respectively. HCC was formed to own, maintain, manage, and operate an Accountable Care Organization. At September 30, 2015 and 2014, the Center held 100 units.

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, 2015 and 2014, 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 the 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. The Center received \$1,729 and \$1,641, respectively, in distributions for the years ended September 30, 2015 and 2014.

7. Notes Payable:

Notes payable at September 30, 2015 and 2014, consists of the following:

	<u>2015</u>	<u>2014</u>
Vehicle loan, collateralized by business assets, payable in monthly installments of \$282 including interest at 3.5%, matures in May 2017	\$ 5,471	\$ 8,608
Vehicle loan, collateralized by business assets, payable in monthly installments of \$354 including interest at 6.030%, matures in September 2019	<u>15,000</u>	<u>-</u>
	20,471	8,608
Less current maturities	<u>(6,684)</u>	<u>(3,132)</u>
	<u>\$ 13,787</u>	<u>\$ 5,476</u>

Interest expense for the years ended September 30, 2015 and 2014, was \$288 and \$3,076, respectively.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued
September 30, 2015 and 2014

7. Notes Payable – Continued:

Future maturities of notes payable at September 30, 2015, are as follows:

Year ending September 30,	
2016	\$ 6,684
2017	5,880
2018	3,880
2019	4,027
	<u>20,471</u>
	<u>\$ 20,471</u>

The Center has a \$300,000 bank revolving line of credit which matures April 5, 2016. 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, 2015 and 2014.

8. In-Kind Contributions:

Support and program service expenses contain in-kind contributions for the years ended September 30, 2015 and 2014, as follows:

	<u>2015</u>	<u>2014</u>
Free use of premises for tuberculosis shelter	\$ 20,000	\$ 20,000
Dispensary	1,337,509	1,312,821
Lab fees	161,452	168,413
Supplies	1,350	1,500
	<u>\$ 1,520,311</u>	<u>\$ 1,502,734</u>

9. Related Parties:

The Center is a member of Health Choice Network of Florida, Inc. (“HCNFL”), an association for federally qualified health centers, which provides substantial support services to the Center’s operations in terms of information technology, finance, electronic health records, managed care, and other clinical services. The amounts paid to HCNFL for this support was \$293,139 and \$235,113 for the years ended September 30, 2015 and 2014, respectively. As of September 30, 2015 and 2014, there was \$37,879 and \$1,178, respectively, due to HCNFL.

10. 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, 2015 and 2014, was \$18,000 and \$6,000, respectively.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued
September 30, 2015 and 2014

10. Leases – Continued:

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, 2015 and 2014, accumulated depreciation in the statement of financial position included \$26,194 and \$13,097 relating to the equipment under capital lease. For the years ended September 30, 2015 and 2014, depreciation expense reported in the statement of activities was \$13,097.

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, 2015:

	Capital Lease	Operating Lease
Year Ending September 30,		
2016	\$ 14,650	\$ 18,000
2017	14,650	19,750
2018	12,390	21,000
2019	-	21,000
Thereafter	-	8,750
Total minimum lease payments	41,690	\$ <u>88,500</u>
Less amount representing interest	2,916	
Total present value of minimum payments	38,774	
Current obligations	13,070	
Long-term obligations	\$ 25,704	

11. Temporarily Restricted Net Assets:

Temporarily restricted net assets at September 30, 2015 and 2014, consist of the following:

	2015	2014
Beneficial interest in net assets of Central Florida Foundation, Inc.	\$ 21,328	\$ 22,915
Capital and medical projects	110,573	118,650
	\$ 131,901	\$ 141,565

12. 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 \$80,037 and \$47,926 for the years ended September 30, 2015 and 2014, respectively.

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Notes to Financial Statements – Continued
September 30, 2015 and 2014

13. 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, 2015 and 2014.

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.

The following table sets forth by level, within the fair value hierarchy, the Center’s assets measured at fair value at September 30, 2015 and 2014:

	2015	2014
Level 3 – Beneficial interest in net assets of Central Florida Foundation, Inc.	\$ <u>21,328</u>	\$ <u>22,915</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, 2015 and 2014:

	2015	2014
Balance, beginning of year	\$ 22,915	\$ 22,410
Interest and dividends	179	281
Realized and unrealized gains on investments	(717)	1,335
Grants	(853)	(810)
Investment expenses	(196)	(301)
Balance, end of year	\$ 21,328	\$ 22,915

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Notes to Financial Statements – Continued
September 30, 2015 and 2014**

14. Concentrations and Contingencies:

The Center received a substantial portion of its support from three funding sources. The three funding sources accounted for 48%, 21%, and 12% of support for the year ended September 30, 2015. These same funding sources accounted for 40%, 25%, and 14% of support for the year ended September 30, 2014. 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

We have audited the financial statements of Health Care Center for the Homeless, Inc., as of and for the year ended September 30, 2015, and have issued our report thereon dated February 22, 2016, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

WithumSmith+Brown, PC

Orlando, Florida
February 22, 2016

HEALTH CARE CENTER FOR THE HOMELESS, INC.

**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2015**

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	\$ 44,990	\$ 44,990
Total for CDBG			<u>44,990</u>	<u>44,990</u>
Supportive Housing Program ("SHP"):				
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0095L4H071306	80,342	80,342
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0095L4H071407	80,383	80,383
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0471L4H071200	8,196	8,196
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0471L4H071301	27,446	27,446
Total for SHP			<u>196,367</u>	<u>196,367</u>
Total for U.S. Department of Housing and Urban Development			<u>241,357</u>	<u>241,357</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	95,136	95,136
U.S. Department of Health and Human Services:				
Consolidated Health Centers				
	93.224	H80CS00240	3,207,983	3,207,983
HIV Testing Program:				
Received from the State of Florida Department of Health	93.940	OA-168	18,290	18,290
Received from the State of Florida Department of Health	93.940	OA-189	52,610	52,610
Total for U.S. Department of Health and Human Services			<u>3,278,883</u>	<u>3,278,883</u>
Total Federal Awards			<u>3,615,376</u>	<u>\$ 3,615,376</u>
State and Local:				
Orange County, Florida			1,004,911	
State of Florida			567,239	
Total of State and Local Programs			<u>1,572,150</u>	
			\$ 5,187,526	

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, 2015, 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 22, 2016.

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.

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.

Withum Smith + Brown, PC

Orlando, Florida
February 22, 2016

**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, 2015. 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.

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, 2015.

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.



Orlando, Florida
February 22, 2016

HEALTH CARE CENTER FOR THE HOMELESS, INC.

Schedule of Findings and Questioned Costs
Year Ended September 30, 2015

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.