Health Care Center for the Homeless ®
"One Community, One Health Center"

HEALTH CARE CENTER FOR THE HOMELESS, INC.
Consolidated Financial Statements
September 30, 2019 and 2018
With Independent Auditor's Report

withum
ADVISORY TAX AUDIT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Health Care Center for the Homeless, Inc. (the "Center") (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Center as of September 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

New Accounting Pronouncement
As discussed in Note 2 to the financial statements, in fiscal year 2019, the Center adopted new accounting guidance in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958). Our opinion is not modified with respect to this matter.

Pandemic
As disclosed in Note 18 of the financial statements, management is currently evaluating the impact of the COVID-19 virus on its patients and the potential effect on the Center's revenues. While it is reasonably possible that the virus could have a negative effect on its financial condition and results of operations, the specific impact is not readily determinable as of the date of these financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental financial information, Consolidating Statement of Financial Position and Consolidating Statement of Activities, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2020, 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 solely 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 effectiveness of the Center's 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.

WithumSmith+Brown, PC

March 26, 2020

Health Care Center for the Homeless, Inc.
Consolidated Statements of Financial Position
September 30, 2019 and 2018

	2019	2018
Assets		
Current assets		
Cash and cash equivalents	$ 551,373	$ 804,610
Patient services receivable, net allowance for contractual adjustments and uncollectible accounts of 2019 – $794,668 and 2018 – $404,822	464,353	521,100
Grants receivable	647,881	367,917
Prepaid expenses	395,114	207,963
Total current assets	2,058,721	1,901,590
Receivable for Ivey Lane Community Health Care Center project	3,887,530	3,887,530
Assets limited as to use		
Interest reserve account	9,469	38,347
Expense reserve account	109,473	3,551,919
Property and equipment, net	8,032,008	4,847,496
Beneficial interest in net assets of Central Florida Foundation, Inc.	24,507	24,443
Investments in limited liability companies	10,000	10,000
Other	45,281	46,166
Total assets	$ 14,176,989	$ 14,307,491
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 1,012,224	$ 437,044
Construction contract payable	-	371,296
Accrued compensation	445,437	451,961
Line of credit	100,000	260,000
Current maturities of long-term debt	4,834	1,579,382
Current maturities of deferred support	187,388	213,377
Total current liabilities	1,749,883	3,313,060
Long-term debt, less current maturities	6,954,557	6,281,278
Deferred support, less current maturities	575,000	575,000
Total liabilities	9,279,440	10,169,338
Net assets		
Without donor restrictions	4,754,621	3,995,633
With donor restrictions	142,928	142,520
Total net assets	4,897,549	4,138,153
Total liabilities and net assets	$ 14,176,989	$ 14,307,491

The Notes to Consolidated Financial Statements are an integral part of these statements.

Health Care Center for the Homeless, Inc.
Consolidated Statements of Activities
Years Ended September 30, 2019 and 2018

	Year Ended September 30, 2019			Year Ended September 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains						
Support						
Government grants	$ -	$ 8,425,777	$ 8,425,777	$ -	$ 7,220,045	$ 7,220,045
Private support	879,539	877,004	1,756,543	659,503	1,621,165	2,280,668
In-kind contributions	1,447,832	-	1,447,832	1,827,766	-	1,827,766
Revenue, net of provision for contractual adjustments and bad debts for 2019 and 2018 of $7,068,955 and $8,627,955	2,817,587	-	2,817,587	2,551,266	-	2,551,266
Net assets released from restrictions						
Satisfaction of purpose restrictions	9,302,373	(9,302,373)	-	8,837,648	(8,837,648)	-
Other activities						
Interest income	1,199	-	1,199	1,042	-	1,042
Total support and revenue	14,448,530	408	14,448,938	13,877,225	3,562	13,880,787
Expenses						
Program services						
Medical clinics	9,532,342	-	9,532,342	10,975,257	-	10,975,257
Tuberculosis shelter	25,776	-	25,776	132,627	-	132,627
Housing Services	2,611,689	-	2,611,689	1,891,595	-	1,891,595
Supporting services						
Management and general	1,369,439	-	1,369,439	1,091,277	-	1,091,277
Fundraising	150,296	-	150,296	131,439	-	131,439
Total expenses	13,689,542	-	13,689,542	14,222,195	-	14,222,195
Change in net assets	758,988	408	759,396	(344,970)	3,562	(341,408)
Net assets						
Beginning of year	3,995,633	142,520	4,138,153	4,340,603	138,958	4,479,561
End of year	$ 4,754,621	$ 142,928	$ 4,897,549	$ 3,995,633	$ 142,520	$ 4,138,153

The Notes to Consolidated Financial Statements are an integral part of these statements.

Health Care Center for the Homeless, Inc.
Consolidated Statements of Functional Expenses
Years Ended September 30, 2019 and 2018

	Year Ended September 30, 2019						Year Ended September 30, 2018					
	Program Services			Supporting Services			Program Services			Supporting Services		
	Medical Clinics	Tuberculosis Shelter	Housing Services	Management and General	Fundraising	Total	Medical Clinics	Tuberculosis Shelter	Housing Services	Management and General	Fundraising	Total
Advertising	$ 734	$ -	$ 75	$ 20,911	$ -	$ 21,720	$ 809	$ -	$ -	$ 19,727	$ -	$ 20,536
Bank charges	35,703	-	-	6,809	-	42,512	21,253	-	-	4,552	164	25,969
Computer and data processing	385,080	-	86,541	13,992	1,688	487,301	438,804	3,615	15,873	2,049	5,693	466,034
Conferences and training	13,227	-	4,768	4,581	-	22,576	23,187	-	2,423	2,578	239	28,427
Contracted services	173,401	-	188,620	109,998	-	472,019	210,779	-	-	22,055	-	232,834
Depreciation and amortization	463,011	4,345	7,760	15,822	-	490,938	381,315	3,721	11,181	19,016	53	415,286
Direct assistance	983	-	193,050	-	-	194,033	13,897	-	212,984	1,200	-	228,081
Dispensary	1,427,466		30,547	-	-	1,458,013	1,859,964	-	-	1,150	-	1,861,114
Dues and subscriptions	23,045	-	5,625	30,976	741	60,387	39,488	-	-	54,437	1,315	95,240
Insurance	300,000	-	1,151	9,632	-	310,783	214,753	-	-	-	-	214,753
Interest	-	-	169	139,040	-	139,209	-	-	785	7,638	-	8,423
Lab fees	523,233	-	270	-	-	523,503	483,405	1,430	-	-	-	484,835
Lease	88,898	20,000	39,998	1,656	-	150,552	84,023	20,000	39,000	2,886	-	145,909
Maintenance and repairs	385,333	567	27,879	37,841	90	451,710	365,876	23,616	23,411	16,561	483	429,947
Mammogram program	25,870	-	-	-	-	25,870	25,480	-	-	-	-	25,480
Miscellaneous	6,999	-	1,835	27,288	469	36,591	15,481	1,088	5,453	66,826	27,831	116,679
Personnel	5,073,866	-	1,920,106	814,644	77,255	7,885,871	6,153,045	64,004	1,506,729	731,287	74,794	8,529,859
Postage	3,128	-	114	1,632	416	5,290	4,093	-	4	2,337	1,742	8,176
Professional fees	5,440	-	-	37,916	25,000	68,356	-	-	-	45,425	-	45,425
Supplies	371,371	-	10,090	57,845	44,423	483,729	449,482	708	3,289	43,820	17,976	515,275
Taxes and licenses	18,078	-	3,966	859	-	22,903	14,387	180	220	2,033	-	16,820
Telephone	118,754	-	25,186	19,077	77	163,094	77,438	7,621	10,823	19,229	439	115,550
Travel	40,738	-	49,085	14,473	137	104,433	45,548	-	47,487	20,999	290	114,324
Utilities	47,984	864	14,854	4,447	-	68,149	52,750	6,644	11,933	5,472	420	77,219
	$ 9,532,342	$ 25,776	$ 2,611,689	$ 1,369,439	$ 150,296	$ 13,689,542	$ 10,975,257	$ 132,627	$ 1,891,595	$ 1,091,277	$ 131,439	$ 14,222,195

The Notes to Consolidated Financial Statements are an integral part of these statements.

Health Care Center for the Homeless, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Operating activities		
Cash received from contributors and patients	$ 12,750,637	$ 11,378,142
Cash paid to suppliers and employees	(11,229,173)	(11,949,218)
Interest received	1,199	1,042
Interest paid	(129,295)	(8,423)
Net cash provided by (used in) operating activities	1,393,368	(578,457)
Investing activities		
Net change in assets limited as to use	3,471,324	(3,590,266)
Purchases of property and equipment	(4,046,746)	(738,638)
Cash paid for Ivey Lane Community Health Care Center project	-	(3,887,530)
Net cash used in investing activities	(575,422)	(8,216,434)
Financing activities		
Proceeds from line of credit	100,000	260,000
Principal payments on line of credit	(260,000)	-
Principal payments on long-term debt	(911,183)	(3,525)
Payments on capital lease obligation	-	(11,724)
Proceeds from note payable with Florida Community Loan Fund, Inc.	-	2,200,000
Proceeds from notes payable with FCNMF 25, LLC	-	5,947,500
Debt issuance costs paid	-	(291,222)
Net cash provided by (used in) financing activities	(1,071,183)	8,101,029
Change in cash and cash equivalents	(253,237)	(693,862)
Cash and cash equivalents		
Beginning of year	804,610	1,498,472
End of year	$ 551,373	$ 804,610

The Notes to Consolidated Financial Statements are an integral part of these statements.

Health Care Center for the Homeless, Inc.
Consolidated Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Reconciliation of change in net assets to net cash provided by (used in) operating activities		
Change in net assets	$ 759,396	$ (341,408)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	490,938	415,286
Amortization of debt issuance costs	9,914	-
Changes in assets and liabilities		
Patient services receivable	56,747	20,411
Grants receivable	(279,964)	7,790
Prepaid expenses	(187,151)	92,335
Beneficial interest in net assets of Central Florida Foundation, Inc.	(64)	(694)
Other assets	885	(25,000)
Accounts payable and accrued expenses	575,180	32,941
Accrued compensation	(6,524)	(78,774)
Deferred support	(25,989)	(701,344)
Total adjustments	633,972	(237,049)
Net cash provided by (used in) operating activities	$ 1,393,368	$ (578,457)

Noncash investing and financing activities

Capital expenditures financed with accounts payable at September 30, 2018 amounted to $371,296.

The Notes to Consolidated Financial Statements are an integral part of these statements.

1. ORGANIZATION

Nature of Operations

Health Care Center for the Homeless, Inc. (the "Center") provides quality health care and supportive housing 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.

In April 2018, HCCH Holdings, Inc. ("Holdings") was formed by Health Care Center for the Homeless, Inc. ("HCCH") in order to facilitate the construction of a new 12,000 square foot facility located at 4426 Old Winter Garden Road, Orlando Florida that opened in 2019 and serves as a clinical operation. Holdings is controlled by HCCH through a common board. Financing of the facility was made possible with a New Market Tax Credit allocation from FCNMF 25, LLC ("FCNMF") and Florida Community Loan Fund, Inc., a permanent $5.8 million loan from FCNMF, and approximately $1.3 million in conditional promises to give (see Notes 9 and 10).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

In conformity with accounting principles generally accepted in the United States of America, the Center's financial statements are consolidated with Holdings, a Florida corporation, incorporated for the exclusive benefit of Health Care Center for the Homeless, Inc. As noted above, Holdings is controlled by HCCH. All intercompany transactions and balances have been eliminated.

Use of Estimates

In preparing the consolidated 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 restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations. These assets may, however, be subject to Board designation.

Net assets with donor restrictions – Net assets that are subject to donor-imposed stipulations. These stipulations either require the Organization to maintain the net asset permanently, generally permitting all or part of the income earned on related investments for general or specific purposes, or be met either by the completion of a stipulated action and/or the passage of time.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Center considers all short-term debt securities purchased with an original maturity of three months or less to be cash equivalents.

Assets Limited as to Use

Assets limited as to use include funds in restricted bank accounts reserved for the Ivey Lane Community Health Center construction project. The funds are deposited as cash and cash equivalents and are recorded at cost, which approximates fair value.

Patient Services Receivable

Patient accounts receivable are receivables for patient services. These receivables are reported at the estimated net realizable amounts from patients, third-party payors, and others, including retroactive adjustments under payment agreements with third-party payors. The Center has agreements with third-party payors that generally provide for payments to the Center at amounts different from its established rates. For uninsured patients, the Center recognizes revenues based on established rates, subject to certain discounts as determined by the Center which are recorded as a deduction to patient service revenue. An estimated provision for contractual adjustments and uncollectible accounts is recorded that results in accounts receivable being reported at the net amount expected to be received. The Center reports accounts services receivable prior to assessing the patient's ability to pay.

The Center is paid a prospectively determined rate for the majority of care and services provided (principally Medicare, Medicaid, and certain insurers). These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Medicare payments are received on a prospective determined rate with final settlement determined after submission of annual cost reports. Medicaid payments are received on regulatory established rates which are adjusted each year for inflation. Management believes accounts receivable has been recorded at estimated realizable value including estimates for retroactive adjustments, if any, resulting from regulatory matters or other adjustments under payment agreements. All other accounts receivable are recorded at published charges with contractual allowances deducted to arrive at accounts receivable, net.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action and in the normal course of business, the Center is subject to contractual reviews and audits. As a result, there is at least a reasonable possibility that recorded estimates will change in the near term. The Center believes it is in compliance with applicable laws and regulations governing the Medicare and Medicaid programs and that adequate provisions have been made for any adjustments that may result from final settlements.

Patient accounts receivable are reduced by an allowance for contractual adjustments and doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payor sources to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for contractual adjustments and doubtful accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the discounted standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. At September 30, 2019 and 2018, patient services receivable was net of an allowance for doubtful accounts of $794,668 and $404,822, respectively.

Grants and Contributions

The Center receives grant funding from certain private foundations. Revenue from these grants is recognized only to the extent of expenditures under the terms of the grant. Grant amounts awarded in excess of obligations incurred are recorded as deferred support.

Revenue from government grants and contracts designated for use in specific activities is recognized in the period when the expenditures have been incurred in compliance with the grantor's restrictions. Cash received in excess of revenue recognized is recorded as refundable advances.

Grants receivable are stated at net realizable value. In determining whether or not to record an allowance for doubtful accounts, management makes a judgmental determination based on an evaluation of the facts and circumstances related to each account. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is uncollectible.

Contributions, including unconditional promises to give, are recorded as made. All contributions are reported as an increase in net assets without donor restrictions unless specifically restricted by the donor. All donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction is satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. 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.

Property and Equipment

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

Description	Estimated Life (Years)
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 Health Choice Care, LLC and Prestige MSO Holdco, LLC are accounted for at cost.

Debt Issuance Costs

Debt issuance costs are presented in the balance sheets as a direct deduction from the carrying amount of the related debt liability. Direct fees and costs incurred to obtain long-term financing are being amortized over the term of the respective loan on a straight-line basis, which approximates the effective interest method.

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, 2019 and 2018.

Functional Expenses

The cost of providing the various services and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been charged to program services or supporting services based on a combination of specific identification and allocation by management.

Directly identifiable expenses are charged to programs and supporting services. Management and general administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support of the Center. Such expenses have been allocated across Program and Supporting Services based on the proportion of payroll related to the program or other supporting service versus the total Center payroll. Depreciation is allocated on the basis of estimated usage of the related property and equipment.

Advertising

Advertising costs are expensed as incurred. Advertising expenses were $21,720 and $20,536 for the years ended September 30, 2019 and 2018, respectively.

Income Taxes

HCCH is a nonprofit Center 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. Holdings is a separate taxable entity in the United States.

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 both HCCH and Holdings in their respective tax returns. HCCH's status as an exempt Center is defined as an income tax position under these requirements. While management believes it has complied with the Internal Revenue Code, the sustainability of some income tax positions taken by both HCCH and Holdings in their 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 either HCCH or Holdings have any material uncertain tax positions at September 30, 2019.

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

New Accounting Pronouncement Adopted in Current Year

During 2019, the Center adopted ASU 2016-14 – *Not-for-profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit's liquidity, financial performance and cash flows. The main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and the recognition of underwater endowment funds as a reduction in net assets with donor restrictions. This guidance also enhances disclosures for board designated endowments, composition of net assets without donor restrictions, liquidity and presentation of expenses by both their natural and functional classification.

A recap of the net asset classification driven by the adoption of ASU 2016-14 as of October 1, 2018 is as follows:

	September 30, 2018		
Net Asset Classification	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
As previously presented			
Unrestricted	$ 3,995,633	$ -	$ 3,995,633
Temporarily restricted	-	142,520	142,520
Net assets as previously presented	$ 3,995,633	$ 142,520	$ 4,138,153

Significant Accounting Pronouncements

Revenue

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 "Revenue from Contracts with Customers (Topic 606)", which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 ("ASC 606"). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements. ASC 606 will be effective for the Center beginning January 1, 2019. ASC 606 will be effective for non-public entities for annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. ASC 606 allows for either "full retrospective" adoption, meaning the standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. The center is currently evaluating the impact of adoption of ASC 606. At this time, management believes that ASC 606 will not have a material impact on its consolidated financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

Leases

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement.

ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Center is currently evaluating the impact of its pending adoption of ASU 2016-02 on its financial statements.

Subsequent Events

The Center has evaluated subsequent events through March 26, 2020, the date which the financial statements were available to be issued. Except as disclosed in Note 18, the Center's management has determined that no subsequent events occurred which require adjustment to or disclosure in the financial statements.

3. GRANTS RECEIVABLE

Grants receivable at September 30, 2019 and 2018, consisted of government grants totaling $547,881 and $367,917, respectively, and are expected to mature within one year.

Deferred support at September 30, 2019 and 2018, consists of the following:

	2019	2018
Other support that should be recognized within one year.	$ 187,388	$ 213,377
Grant contract for land acquisition requiring the Ivey Lane Community Health Care Center project be completed by November 2021 and the Center to occupy and operate the medical facility into November 2021, contract creates a collateral interest to the grantor in the property for the duration of the condition.	575,000	575,000
	762,388	788,377
Less current portion	(187,388)	(213,377)
	$ 575,000	$ 575,000

The grant contract for land acquisition was signed in November 2016. The Center did not record this acquisition during year ended September 30, 2017. It was recorded retrospectively in 2018, after the closing of the facility and related financing, which occurred on June 28, 2018. There was no effect on net assets.

In addition to grants receivable, at September 30, 2018, the Center had received promises to give in the amount of approximately $1.5 million, which were conditioned upon incurring future expenses related to the Ivey Lane Community Health Care Center project. During 2019, all conditions were met but only $1.3 million was received related to this promise to give.

4. RECEIVABLE FOR IVEY LANE COMMUNITY HEALTH CARE CENTER PROJECT

In conjunction with the New Market Tax Credit Program (see Note 9), the Center advanced TNT-HCCH NMTC Fund, LLC $3,887,530 which accrues interest at 1% and requires annual interest only payments commencing December 2018 and annual principal and interest payments of $225,678 commencing December 2026 until maturity in December 2044.

5. PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30, 2019 and 2018, is as follows:

	2019	2018
Land and building	$ 8,440,957	$ 3,599,429
Leasehold improvements	313,409	260,063
Equipment	2,702,805	2,500,342
Vehicles	752,606	730,805
Furniture and fixtures	249,972	132,474
Construction in progress	-	1,561,186
	12,459,749	8,784,299
Less accumulated depreciation	4,427,741	3,936,803
	$ 8,032,008	$ 4,847,496

Depreciation expense was $490,938 and $415,286 for the years ended September 30, 2019 and 2018, respectively.

6. INVESTMENTS IN LIMITED LIABILITY COMPANIES

The Center has a .26% ownership interest in Health Choice Care, LLC (“HCC”) at September 30, 2019 and 2018. HCC was formed to own, maintain, manage, and operate an Accountable Care Center. At September 30, 2019 and 2018, the Center held 100 units with a historical cost of $10,000.

The Center had a 0.02% ownership interest in Prestige MSO HoldCo, LLC (“MSO”). MSO owned a 49.0% interest in Community Care of Florida, LLC (“CCF”). CCF was formed to provide support services for an independent Center that operates under a contract with the Agency for Health Care Administration (“AHCA”). During 2019, the Board of Directors of MSO voted to dissolve the organization. There is no recorded value for this interest as of September 30, 2019 and 2018.

7. 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, 2019 and 2018, 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 $1,768 and $1,746, respectively, in distributions for the years ended September 30, 2019 and 2018.

8. LINE OF CREDIT

The Center has a $300,000 revolving line of credit (“LOC”) with a financial institution. The LOC bears interest at prime plus 1.50% with a floor rate of 4%. The LOC matures in July 2020. The LOC is collateralized by real property. The balance owed at September 30, 2019 and 2018, was $100,000 and $260,000, respectively.

9. NEW MARKET TAX CREDIT

Holdings participates in a New Market Tax Credit (NMTC) Program. NMTC programs were established as part of the Community Renewal Tax Relief Act of 2000. The program aims to revitalize low-income and impoverished communities in the United States by providing tax credit incentives to investors in certified community development projects. The tax credit for investors equals 39% of the investment, and investors receive the tax credit over a seven-year period. A community development entity (CDE) is required to participate and has the primary mission of providing financing for these projects.

10. LONG-TERM DEBT

Long-term debt at September 30, 2019 and 2018, consist of the following:

	2019	2018
HCCH		
Note payable with Florida Community Loan Fund, Inc (CDE); interest at 4% for the first 2 years, followed by a rate of 5%; principal payments during the first 24-month interest only period will be made with certain conditional grants (see Note 3) Thereafter, monthly payments based on 30-year amortization until maturity in June 2030. Collateralized by Ivey Lane property, a mortgage, and other assets of Holdings and HCCH and are also subject to certain financial and other covenants specified under the agreements	$ 1,293,199	$ 2,200,000
Vehicle loan, collateralized by business assets, payable in monthly installments of $354 including interest at 6.030%, matures in September 2019.	-	4,382
Holdings		
Promissory Notes A and Note B with FCNMF 25, LLC; interest at 1.174%; interest only payments through November 2026; annual payments of $253,311 commencing December 2026; matures December 2052. Collateralized by the Ivey Lane property and other assets of Holdings and HCCH and are also subject to certain financial and other covenants specified under the agreements		
Promissory Note A	3,887,530	3,887,530
Promissory Note B	2,059,970	2,059,970
	7,240,699	8,151,882
Less debt issuance costs	281,308	291,222
Less current maturities	4,834	1,579,382
	$ 6,954,557	$ 6,281,278

Interest expense for the years ended September 30, 2019 and 2018, was $139,209 and $8,423, respectively.

Future maturities of long-term debt at September 30, 2019, are as follows:

2020	$ 4,834
2021	19,952
2022	20,973
2023	22,046
2024	23,174
Thereafter	7,149,719
	$ 7,240,699

11. IN-KIND CONTRIBUTIONS

Support and program service expenses contain in-kind contributions for the years ended September 30, 2019 and 2018, as follows:

	2019	2018
Free use of premises for tuberculosis shelter	$ 20,000	$ 20,000
Dispensary	1,280,043	1,691,606
Lab fees	147,789	116,160
	$ 1,447,832	$ 1,827,766

12. 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 totaled $449,562 and $459,903 for the years ended September 30, 2019 and 2018, respectively. The balances owed to HCNFL as of September 30, 2019 and 2018, totaled $107,444 and $62,372, respectively.

13. LEASES

The Center has a lease agreement for a facility in Kissimmee to conduct medical services. The lease expired in February 2020 and is classified as an operating lease. The lease is currently being renegotiated. Rent expense for the years ended September 30, 2019 and 2018, was $21,000.

The Center has several short-term lease agreements for equipment and facility usage. The total amount of lease expense for the years ended September 30, 2019 and 2018, was approximately $131,000 $126,000, respectively.

14. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2019 and 2018, consist of the following:

	2019	2018
Beneficial interest in net assets of Central Florida Foundation, Inc.	$ 24,507	$ 24,443
Capital and medical projects	118,421	118,077
	$ 142,928	$ 142,520

15. RETIREMENT PROGRAM

Prior to January 1, 2018, the Center maintained a Simple Plan Retirement Program for substantially all employees. Effective January 1, 2018, the Center started a defined-contribution plan as prescribed by Section 403(b) of the Internal Revenue Code and began the termination process for the previous plan. Employer contributions are based on a match of employee deferrals and amounted to $131,817 and $125,129 for the years ended September 30, 2019 and 2018, respectively.

16. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes 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 are described as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

- Level 2 – Inputs to the valuation methodology include:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability; and
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodology used at September 30, 2019 and 2018

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 preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following investment is reported at fair value in the accompanying consolidated statements of financial position using Level 3 inputs as of September 30, 2019 and 2018:

	2019	2018
Level 3 – Beneficial interest in net assets of Central Florida Foundation, Inc.	$ 24,507	$ 24,443

There were no Level 1 or Level 2 investments at September 30, 2019 and 2018.

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, 2019 and 2018:

	2019	2018
Balance, beginning of year	$ 24,443	$ 23,749
Interest and dividends	512	488
Realized and unrealized gains on investments	600	1,254
Grants	(870)	(859)
Investment expenses	(178)	(189)
Balance, end of year	$ 24,507	$ 24,443

17. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Center's financial assets available within one year of the statement of financial position date, September 30, 2019, for general expenditures are as follows

Cash and cash equivalents	$ 551,373
Patient accounts receivable, net	464,353
Grants and other receivable	647,881
Total financial assets available within one year	1,663,607
Less: Amounts unavailable for general expenditures within one year	
Donor Restrictions: purpose restrictions	142,928
Debt service obligations	4,834
Total financial assets available within one year net of amounts unavailable	$ 1,658,773

As part of the Center's liquidity management, it has a policy to structure its financial assets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

18. CONCENTRATIONS AND CONTINGENCIES

Risks and Uncertainties

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash and cash equivalents, patient services receivable, and grants receivable. At times during the year, the Center's cash balances may exceed federally insured limits of $250,000. The Center places its cash with multiple financial institutions and has not experienced losses in any such accounts.

Grants receivable credit risk is limited due to the nature of the grants. The Center regularly monitors its grants receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. The Center considers all grants as collectible. Patient services receivables are due from managed care organizations and patients in and around Orange County. Risk is limited due to the large number of individually insignificant accounts which comprise the Center's customer base, thus spreading the default risk. No single customer represents greater than 10% of total patient services receivable.

Significant Grantors

The Center received a substantial portion of its support from three funding sources for the year ended September 30, 2019. These three funding sources accounted for 40%, 19%, and 12% of the support. During the year ended September 30, 2018, two funding sources accounted for 37% and 16% of the support. A significant reduction in the level of this support may have an effect on the Center's programs and activities.

Costs reflected in the consolidated 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 a program has not been determined, if any. No provision for any liability that may result has been made in the consolidated financial statements.

Litigation

In the ordinary course of business, the Center may be subject to litigation claims including patient and employee claims. Patients and employees are generally covered by the Center's insurance carrier, subject to deductibles, and the Center does not believe any such claims will have a material adverse effect on the Center's operations.

Compliance

Compliance with laws and regulations governing the Medicare and Medicaid programs is subject to government review and interpretation, as well as significant regulatory action including fines, penalties, and possible exclusion from the Medicare and Medicaid programs. In addition, under the Medicare program, if the federal government makes a formal demand for reimbursement, even related to contested items, payment must be made for those items before the provider is given an opportunity to appeal and resolve the issue.

Medical Malpractice

The Center maintains its medical malpractice coverage under the Federal Tort Claims Act ("FTCA"). FTCA provides malpractice coverage to eligible PHS-Supported programs and applies to the Center and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the U.S. Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage. The Center maintains an insurance policy for coverage in addition to the coverage under FTCA.

Exercise of Investment Fund Put and Call Agreement ("Option Agreement")

The Center has entered into an option agreement which provides Call Option with the right to purchase TNT-HCCH NMTC Fund, LLC's 99.99% equity interest in the CDE's upon the seventh anniversary date of the agreement (June 2025), the tax credit investment period. It is anticipated that this option will be exercised, at which time Call Option will assume the right to collect the CDE Loan and it will inherit the obligation of the FCNMF 25, LLC Loan (See Note 10). At that time, it is expected that all assumed loans will be forgiven.

19. SUBSEQUENT EVENT

As a result of the COVID-19 virus, patient encounters may decline and some of the Center's funders are closing their operations, which is expected to have an impact on the Center's operations in the near future. Management is evaluating the impact and adjusting operations for the potential decrease in patient service revenues and federal and state funding. There has been no adjustments to the financial statements as of December 31, 2019 for any anticipated impact to the financial statements

Health Care Center for the Homeless ®
"One Community, One Health Center"

SUPPLEMENTARY INFORMATION

Health Care Center for the Homeless, Inc.
Consolidating Statement of Financial Position
September 30, 2019

	HCCH	Holdings	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 531,612	$ 19,761	$ -	$ 551,373
Patient services receivable, net allowance	464,353	-	-	464,353
Grants receivable	647,881	-	-	647,881
Prepaid expenses	395,114	-	-	395,114
Total current assets	2,038,960	19,761	-	2,058,721
Receivable for Ivey Lane Community Health Care Center project	3,887,530	-	-	3,887,530
Assets limited as to use				
Interest reserve account	-	9,469	-	9,469
Expense reserve account	-	109,473	-	109,473
Total assets limited as to use	-	118,942	-	118,942
Property and equipment, net	3,007,265	5,024,743	-	8,032,008
Beneficial interest in net assets of Central Florida Foundation, Inc.	24,507	-	-	24,507
Investments in limited liability companies	10,000	-	-	10,000
Investment in Holdings	838,818	-	(838,818)	-
Other	45,281	-	-	45,281
Due from HCCH	-	1,366,398	(1,366,398)	-
Total assets	$ 9,852,361	$ 6,529,844	$ (2,205,216)	$ 14,176,989
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$ 1,012,224	$ -	$ -	$ 1,012,224
Accrued compensation	445,437	-	-	445,437
Line of credit	100,000	-	-	100,000
Current maturities of long-term debt	4,834	-	-	4,834
Current maturities of deferred support	187,388	-	-	187,388
Total current liabilities	1,749,883	-	-	1,749,883
Long-term debt, less current maturities	1,263,531	5,691,026	-	6,954,557
Deferred support, less current maturities	575,000	-	-	575,000
Due to Holdings	1,366,398	-	(1,366,398)	-
Total liabilities	4,954,812	5,691,026	(1,366,398)	9,279,440
Net Assets				
Without donor restrictions	4,754,621	838,818	(838,818)	4,754,621
With donor restrictions	142,928	-	-	142,928
Total net assets	4,897,549	838,818	(838,818)	4,897,549
Total liabilities and net assets	$ 9,852,361	$ 6,529,844	$ (2,205,216)	$ 14,176,989

See Independent Auditor’s Report.

Health Care Center for the Homeless, Inc.
Consolidating Statement of Financial Position
September 30, 2018

	HCCH	Holdings	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 804,610	$ -	$ -	$ 804,610
Patient services receivable, net allowance	521,100	-	-	521,100
Grants receivable	367,917	-	-	367,917
Prepaid expenses	207,963	-	-	207,963
Total current assets	1,901,590	-	-	1,901,590
Receivable for Ivey Lane Community Health Care Center project	3,887,530	-	-	3,887,530
Assets limited as to use				
Interest reserve account	-	38,347	-	38,347
Expense reserve account	-	3,551,919	-	3,551,919
Total assets limited as to use	-	3,590,266	-	3,590,266
Property and equipment, net	3,286,309	1,561,187	-	4,847,496
Beneficial interest in net assets of Central Florida Foundation, Inc.	24,443	-	-	24,443
Investments in limited liability companies	10,000	-	-	10,000
Investment in Holdings	932,679	-	(932,679)	-
Other	46,166	-	-	46,166
Due from HCCH	-	1,464,596	(1,464,596)	-
Total assets	$ 10,088,717	$ 6,616,049	$ (2,397,275)	$ 14,307,491
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$ 437,044	$ -	$ -	$ 437,044
Construction contract payable	371,296	-	-	371,296
Accrued compensation	451,961	-	-	451,961
Line of credit	260,000	-	-	260,000
Current maturities of long-term debt	1,579,382	-	-	1,579,382
Current maturities of deferred support	213,377	-	-	213,377
Total current liabilities	3,313,060	-	-	3,313,060
Long-term debt, less current maturities	597,908	5,683,370	-	6,281,278
Deferred support, less current maturities	575,000	-	-	575,000
Due to Holdings	1,464,596	-	(1,464,596)	-
Total liabilities	5,950,564	5,683,370	(1,464,596)	10,169,338
Net Assets				
Without donor restrictions	3,995,633	932,679	(932,679)	3,995,633
With donor restrictions	142,520	-	-	142,520
Total net assets	4,138,153	932,679	(932,679)	4,138,153
Total liabilities and net assets	$ 10,088,717	$ 6,616,049	$ (2,397,275)	$ 14,307,491

See Independent Auditor’s Report.

Health Care Center for the Homeless, Inc.
Consolidating Statement of Activities
Year Ended September 30, 2019

	HCCH	Holdings	Eliminations	Total
Changes in net assets without donor restrictions				
Support, revenue and gains				
Support	$ 2,327,371	$ -	$ -	$ 2,327,371
Program service revenue, net	2,817,587	-	-	2,817,587
Interest income	1,199	-	-	1,199
Equity in loss of Holdings	(93,861)	-	93,861	-
	5,052,296	-	93,861	5,146,157
Net assets released from restrictions				
Satisfaction of program restrictions	9,302,373	-	-	9,302,373
Total unrestricted support, revenues and gains	14,354,669	-	93,861	14,448,530
Expenses				
Program services	12,093,930	75,877	-	12,169,807
Supporting services	1,501,751	17,984	-	1,519,735
Total expenses	13,595,681	93,861	-	13,689,542
Change in net assets without donor restrictions	758,988	(93,861)	93,861	758,988
Changes in net assets with donor restrictions				
Support	9,302,781	-	-	9,302,781
Net assets released from restrictions	(9,302,373)	-	-	(9,302,373)
Change in net assets with donor restrictions	408	-	-	408
Change in net assets	759,396	(93,861)	93,861	759,396
Net assets at beginning of year	4,138,153	-	-	4,138,153
Net assets at end of year	$ 4,897,549	$ (93,861)	$ 93,861	$ 4,897,549

See Independent Auditor’s Report.

Health Care Center for the Homeless, Inc.
Consolidating Statement of Activities
Year Ended September 30, 2018

	HCCH	Holdings	Eliminations	Total
Changes in net assets without donor restrictions				
Support, revenue and gains				
Support	$ 2,487,269	$ -	$ -	$ 2,487,269
Program service revenue, net	2,551,266	-	-	2,551,266
Interest income	1,042	-	-	1,042
	5,039,577	-	-	5,039,577
Net assets released from restrictions				
Satisfaction of program restrictions	8,837,648	-	-	8,837,648
Toil support, revenues and gains	13,877,225	-	-	13,877,225
Expenses				
Program services	12,999,479	-	-	12,999,479
Supporting services	1,222,716	-	-	1,222,716
Total expenses	14,222,195	-	-	14,222,195
Change in net assets without donor restrictions	(344,970)	-	-	(344,970)
Changes in net assets with donor restrictions				
Support	8,841,210	-	-	8,841,210
Net assets released from restrictions	(8,837,648)	-	-	(8,837,648)
Changes in net assets with donor restrictions	3,562	-	-	3,562
Change in net assets	(341,408)	-	-	(341,408)
Net assets at beginning of year	4,479,561	-	-	4,479,561
Net assets at end of year	$ 4,138,153	$ -	$ -	$ 4,138,153

See Independent Auditor’s Report.

Health Care Center for the Homeless, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2019

Programs	CFDA Number	Contract Number	Grant Expenditures
U.S. Department of Housing and Urban Development			
Community Development Block Grant ("CDBG")			
Received from Orange County, Florida	14.218	None	$ 44,126
Subtotal for CDBG			44,126
Supportive Housing Program ("SHP")			
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0561L4H071601	178,050
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0471L4H071503	16,294
Received from Homeless Services Network of Central Florida, Inc.	14.235	FL0471L4H071604	33,617
Subtotal for SHP			227,961
Total for U.S. Department of Housing and Urban Development			272,087
U.S. Department of Veteran Affairs			
Supportive Services for Veteran Families			
Received from Homeless Services Network of Central Florida, Inc.	64.033	15FL-23	302,176
Total for U.S. Department of Veteran Affairs			302,176
U.S. Department of Health and Human Services			
Consolidated Health Centers	93.224	H80CS00240	4,323,912
Consolidated Health Centers	93.224	C13CS32050	186,467
Subtotal for Community Health Centers			4,510,379
Substance Abuse and Mental Health Services	93.243	3H79TI080652	302,350
HIV Care Formula Grants			
Received from State of Florida Department of Health	93.917	OA-224	10,344
Total U.S. Department of Health and Human Services			4,823,073
Total federal awards			$ 5,397,336

See Independent Auditor's Report.
See Notes to Schedule of Expenditures of Federal Awards.

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Center under programs of the federal government for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Center.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. INDIRECT COST RATE

The Center does not have a federally negotiated indirect cost rate and has not elected to use the 10 percent de minimis cost rate.

4. RECEIVABLE FROM DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Center submits requests for reimbursement to the Department of Health and Human Services on a periodic basis. At September 30, 2019, $73,006 was outstanding from the Department of Health and Human Services.

5. SUBRECIPIENTS

The Center does not provide federal funds to subrecipients.

INDEPENDENT AUDITOR'S 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.

We have audited, 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, the consolidated financial statements of Health Care Center for the Homeless, Inc. (the "Center") (a nonprofit Center), which comprise the consolidated statement of financial position as of September 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 26, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

WithumSmith+Brown, PC

March 26, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Health Care Center for the Homeless, Inc.'s (the "Center") (a nonprofit Center) compliance with the types of compliance requirements described in the *OMB 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2019.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

WithumSmith+Brown, PC

March 26, 2020

Health Care Center for the Homeless, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2019

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements were prepared with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiencies identified?	______ Yes	X None reported
Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards Programs

Internal control over major programs:		
Material weakness(es) identified?	______ Yes	X No
Significant deficiencies identified?	______ 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 2CFR 200.516(a) or Chapter (10.656 for nonprofit organizations)?	______ Yes	X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.224	Consolidated Health Centers

Dollar threshold used to distinguish between Type A and Type B programs	$ 750,000	
Auditee qualified as low-risk auditee?	X Yes	______ No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR AUDIT FINDINGS AND CORRECTIVE ACTION PLAN

No matters were reported.