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

HEALTH CARE CENTER FOR THE HOMELESS, INC.
Consolidated Financial Statements
September 30, 2021 and 2020
With Independent Auditor's Reports

withum
ADVISORY TAX AUDIT

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ADVISORY TAX AUDIT

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Health Care Center for the Homeless, Inc. and Subsidiary (collectively the "Center"), which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Center as of September 30, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

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 statements of financial position and consolidating statements 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 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 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 for the year ended September 30, 2021, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 11, 2022

Health Care Center for the Homeless, Inc.
Consolidated Statements of Financial Position
September 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 1,971,907	$ 1,253,371
Patient services receivable	1,007,901	444,754
Grants receivable	1,214,593	1,068,154
Employee loan receivable	300	1,050
Prepaid expenses	315,575	324,525
Total current assets	4,510,276	3,091,854
Receivable for Ivey Lane Community Health Care Center project	3,887,530	3,887,530
Restricted cash		
Expense reserve account	58,448	71,460
Property and equipment, net	7,324,212	7,648,541
Beneficial interest in net assets of Central Florida Foundation, Inc.	29,834	25,239
Investments in limited liability companies	10,000	10,000
Other	20,281	45,281
Total assets	$ 15,840,581	$ 14,779,905
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 465,220	$ 537,615
Accrued compensation	313,300	551,631
Current maturities of long-term debt, net of $47,576 of current unamortized debt issuance costs for 2021	1,000,623	1,121,296
Current maturities of deferred support	1,253,604	323,042
Total current liabilities	3,032,747	2,533,584
Long-term debt, less current maturities, excluding $47,576 of current unamortized debt issuance costs for 2021	5,706,337	6,928,108
Deferred support, less current maturities	575,000	575,000
Total liabilities	9,314,084	10,036,692
Net assets		
Without donor restrictions	6,444,199	4,665,515
With donor restrictions	82,298	77,698
Total net assets	6,526,497	4,743,213
Total liabilities and net assets	$ 15,840,581	$ 14,779,905

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, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenue and gains						
Support						
Government grants	$ -	$ 10,870,357	$ 10,870,357	$ -	$ 8,802,447	$ 8,802,447
Private support	1,792,699	363,464	2,156,163	395,041	229,301	624,342
In-kind contributions	1,114,882	-	1,114,882	1,088,350	-	1,088,350
Patient service revenues	2,856,579	-	2,856,579	2,718,405	-	2,718,405
Net assets released from restrictions						
Satisfaction of purpose restrictions	11,229,221	(11,229,221)	-	9,096,978	(9,096,978)	-
Other activities						
Interest income	38,901	-	38,901	95	-	95
Total support, revenue and gains	17,032,282	4,600	17,036,882	13,298,869	(65,230)	13,233,639
Expenses						
Program services						
Medical clinics	11,555,083	-	11,555,083	9,593,317	-	9,593,317
Tuberculosis shelter	20,000	-	20,000	25,977	-	25,977
Housing services	2,301,558	-	2,301,558	2,405,261	-	2,405,261
Supporting services						
Management and general	1,284,485	-	1,284,485	1,245,852	-	1,245,852
Fundraising	92,472	-	92,472	117,568	-	117,568
Total expenses	15,253,598	-	15,253,598	13,387,975	-	13,387,975
Change in net assets	1,778,684	4,600	1,783,284	(89,106)	(65,230)	(154,336)
Net assets						
Beginning of year	4,665,515	77,698	4,743,213	4,754,621	142,928	4,897,549
End of year	$ 6,444,199	$ 82,298	$ 6,526,497	$ 4,665,515	$ 77,698	$ 4,743,213

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, 2021 and 2020

	2021						2020					
	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	$ 2,164	$ -	$ 40	$ 6,827	$ -	$ 9,031	$ 293	$ -	$ -	$ 17,766	$ -	$ 18,059
Bank charges	32,034	-	-	3,437	-	35,471	28,712	-	-	4,112	2	32,826
Computer and data processing	903,824	-	57,401	22,808	-	984,033	554,319	-	73,986	26,849	1,399	656,553
Conferences and training	21,420	-	8,961	18,136	30	48,547	18,142	-	4,457	1,183	-	23,782
Contracted services	116,801	-	142,502	40,219	-	299,522	55,949	-	196,930	97,492	-	350,371
Depreciation and amortization	652,858	-	48,521	24,266	-	725,645	597,850	5,977	35,951	21,766	-	661,544
Direct assistance	19	-	179,874	-	-	179,893	-	-	152,386	-	-	152,386
Dispensary	1,194,750	-	-	-	-	1,194,750	1,164,575	-	9,892	-	-	1,174,467
Dues and subscriptions	60,142	-	3,335	8,913	2,175	74,565	56,156	-	5,440	-	2,197	63,793
Insurance	258,447	-	-	65,475	-	323,922	200,648	-	39,575	75,460	-	315,683
Interest	79,341	-	-	33,224	-	112,565	1,455	-	-	119,062	-	120,517
Lab fees	536,052	-	-	-	-	536,052	470,692	-	120	40	-	470,852
Lease	64,080	20,000	31,228	56,196	-	171,504	41,188	20,000	29,009	40,323	-	130,520
Maintenance and repairs	575,144	-	37,749	63,634	-	676,527	450,404	-	35,403	44,231	-	530,038
Mammogram program	-	-	-	-	-	-	37,550	-	-	-	-	37,550
Miscellaneous	4,198	-	174	29,264	123	33,759	472	-	-	34,485	379	35,336
Personnel	5,905,132	-	1,703,178	822,076	81,733	8,512,119	5,322,388	-	1,746,823	671,225	74,980	7,815,416
Postage	934	-	(102)	4,594	65	5,491	2,110	-	88	3,290	285	5,773
Professional fees	-	-	-	37,627	-	37,627	-	-	-	36,998	-	36,998
Supplies	853,070	-	21,928	21,911	8,346	905,255	314,344	-	5,498	10,782	37,926	368,550
Taxes and licenses	5,713	-	1,245	2,792	-	9,750	11,800	-	10,192	8,151	400	30,543
Telephone	191,330	-	26,520	9,921	-	227,771	165,097	-	22,002	14,529	-	201,628
Travel	29,814	-	28,940	4,459	-	63,213	36,406	-	24,406	6,967	-	67,779
Utilities	67,816	-	10,064	8,706	-	86,586	62,767	-	13,103	11,141	-	87,011
	$ 11,555,083	$ 20,000	$ 2,301,558	$ 1,284,485	$ 92,472	$ 15,253,598	$ 9,593,317	$ 25,977	$ 2,405,261	$ 1,245,852	$ 117,568	$ 13,387,975

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, 2021 and 2020

	2021	2020
Operating activities		
Cash received from contributors and patients	$ 14,774,379	$ 11,879,442
Cash paid to suppliers and employees	(13,577,281)	(11,815,391)
Interest received	38,902	95
Interest paid	(112,566)	(110,603)
Net cash provided by (used in) operating activities	1,123,434	(46,457)
Investing activities		
Purchases of property and equipment	(391,569)	(278,077)
Cash paid for loan to employee	750	(1,050)
Net cash used in investing activities	(390,819)	(279,127)
Financing activities		
Proceeds from line of credit	-	200,000
Principal payments on line of credit	-	(300,000)
Principal payments on long-term debt	-	(245,000)
Loan costs paid	(27,091)	-
Proceeds from SBA PPP loan with Fifth Third Bank	-	1,325,100
Net cash provided by (used in) financing activities	(27,091)	980,100
Net change in cash, cash equivalents, and restricted cash	705,524	654,516
Cash, cash equivalents, and restricted cash		
Beginning of year	1,324,831	670,315
End of year*	$ 2,030,355	$ 1,324,831

* Cash, cash equivalents, and restricted cash at the end of year are comprised of the following:

	2021	2020
Cash and cash equivalents	$ 1,971,907	$ 1,253,371
Restricted cash	58,448	71,460
	$ 2,030,355	$ 1,324,831

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, 2021 and 2020

	2021	2020
Reconciliation of change in net assets to net cash provided by (used in) operating activities		
Change in net assets	$ 1,783,284	$ (154,336)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	715,898	661,544
Amortization of debt issuance costs	9,747	9,913
Forgiveness of debt	(1,325,100)	-
Changes in assets and liabilities		
Patient services receivable	(563,147)	19,599
Grants receivable	(146,439)	(420,273)
Prepaid expenses	8,950	70,589
Beneficial interest in net assets of Central Florida Foundation, Inc.	(4,595)	(732)
Other assets	25,000	-
Accounts payable and accrued expenses	(72,396)	(474,609)
Accrued compensation	(238,331)	106,194
Deferred support	930,562	135,654
Total adjustments	(659,851)	107,879
Net cash provided by (used in) operating activities	$ 1,123,433	$ (46,457)

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.

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 HCCH. As noted above, Holdings is controlled by HCCH. All intercompany transactions and balances have been eliminated. The consolidated entities are collectively referred to as the "Center."

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 consolidated 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 Center 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.

Revenue Recognition

The Center derives patient service revenue primarily from outpatient services provided to patients. The Center reports revenue from patient services at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing patient care. These amounts are due from patients, governmental programs (Medicare and Medicaid) and private insurers and include variable consideration for retrospective revenue adjustments due to settlements of audits, reviews, and investigations. Generally, the Center bills the patient and the third-party payors shortly after the services are performed. Revenue for performance obligations are satisfied at a point in time when the goods and services are provided and when the Center does not believe that it is required to provide additional goods, services, or obligations to the patient. The Center's ability to collect revenue is affected by a variety of factors, including general economic conditions and each third-party payor's and patient's financial capability.

The Center determines the transaction price based on standard billing rates for goods and services provided, reduced by contractual adjustments provided to third-party payor, discounts provided to uninsured patients, and patient responsibility in accordance with the Center's policy, and/or implicit price concessions provided to uninsured patients and patient responsibility after insurance. The Center determines its estimates of contractual adjustments based on contractual agreements, its discount policies, and its historical experience. The Center determines its estimate of implicit price concessions based on its historical collection experience for each applicable patient portfolio.

Agreements with third-party payors typically provide for payments at less than standard billing rates. A summary of the payment arrangements with major third-party payors is as follows:

- Medicare - Outpatient services are paid using prospectively determined rates according to payment classifications and for some services, fee schedules. Physician services are paid based upon the Medicare Physician Fee Schedule. Under part B of the Medicare program, the Center is reimbursed 80% of cost for covered services. The Medicare patient is responsible for 20% co-insurance for covered services.
- Medicaid - The Medicaid program operated by the State of Florida Agency for Health Care Administration ("AHCA") provides reimbursements for certain outpatient services rendered to beneficiaries of the program based upon a predetermined reimbursable cost rate.
- Private Insurers - Payment agreements with third-party payors including certain commercial insurance carriers, Health Maintenance Organizations ("HMO"), and preferred provider centers generally provide for payment using prospectively determined rates, discounts from standard billing rates, and prospectively determined daily rates.

Additionally, patients who are covered by third-party payors are responsible for related co-pays and deductibles which vary in amount. The Center also provides services to uninsured patients and offers those uninsured patients a discount from the Center's standard billing rates. The Center estimates the transaction price for patients with co-pays and deductibles and for uninsured patients based on historical collection experience and current market conditions. The initial estimate of the transaction price is determined by reducing the Center's standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price, if any, are generally recorded as an adjustment to revenue in the period of the change.

Contractual adjustments, or differences in standard billing rates and the payments derived from contractual terms with governmental and private insurers, are recorded based on management's best estimates in the period in which services are performed and a payment methodology is established with the patient. Recorded estimates for past contractual adjustments are subject to change, in large part, due to ongoing contract negotiations and regulation changes, which are typical in the U.S. healthcare industry. Revisions to estimates are recorded as contractual adjustments in the periods in which they become known and may be subject to further revisions. Subsequent changes in estimates for third-party payors that are determined to be the result of an adverse change in a payor's ability to pay are recorded as bad debt expense. Bad debt expense for the year ended September 30, 2021 was not significant.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation as well as significant regulatory action 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. In addition, the Center's contracts with private insurers may provide for a retroactive audit or review of claims. The Center believes that 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 from governmental agencies and private insurers.

Retroactive adjustments are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements, if applicable, are estimated and accrued based on settlement agreements and historical settlement experience in the period in which the related services are rendered, and adjusted in future periods as final settlements are determined. No adjustment has been recorded as the Center does not expect there to be any retrospective adjustments for services performed prior to September 30, 2021.

The summary of patient services revenue by payor source consisted of the following for the year ended September 30, 2021:

Medicaid	$ 979,928	34%
Medicare	23,465	1%
Private insurance	150,648	5%
Patient (including co-pays and deductibles)	797,173	27%
Special contracts and other	905,365	33%
Total patient services revenue	$ 2,856,579	100%

The summary of patient services revenue by payor source consisted of the following for the year ended September 30, 2020:

Medicaid	$ 830,177	31%
Medicare	53,460	2%
Private insurance	124,706	5%
Patient (including co-pays and deductibles)	699,085	26%
Special contracts and other	1,010,977	36%
Total patient services revenue	$ 2,718,405	100%

Accounting Pronouncements Issued But Not Yet Adopted

In February 2016, the Financial Accounting Standards Board ("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, as amended, is effective for fiscal years beginning after December 15, 2021. 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 consolidated financial statements.

Cash and Cash Equivalents

For the purpose of the consolidated 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.

Restricted Cash

Restricted cash includes 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.

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.

Patient Services Receivable

Substantially all of the Center's receivables are related to providing outpatient and pharmacy services to patients. Patient services receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of patient services receivable, the Center estimates implicit price concessions by each major payor type based on historical experience. Management regularly reviews data about these major payor services in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients with third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts, if necessary (for example, for payors who are known to be having financial difficulties that make the collection of receivables unlikely). For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and co-payment balances due for which third-party coverage exists for part of the bill), the Center estimates uncollectible amounts based on 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. These amounts are considered implicit price concessions and are recorded as a reduction to revenue. Beginning balances of patient services receivable at October 1, 2020 totaled $464,353.

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
Leasehold improvements	10
Equipment	5-10
Vehicles	5-10
Furniture and fixtures	3-7

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 is accounted for at cost as the Center holds less than 20% of the membership units and does not have significant influence over this entity.

Debt Issuance Costs

Debt issuance costs are presented in the consolidated statements of financial position 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, 2021 and 2020.

Functional Expenses

The cost of providing the various services and other activities has been summarized on a functional basis in the consolidated 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 $9,031 and $18,059 for the years ended September 30, 2021 and 2020, 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 consolidated 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 consolidated 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 consolidated financial statements. Management does not believe that either HCCH or Holdings has any material uncertain tax positions at September 30, 2021.

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.

Subsequent Events
The Center has evaluated subsequent events through March 11, 2022, the date which the consolidated financial statements were available to be issued. Based upon this evaluation, the Center's management has determined that no subsequent events, except as disclosed in Notes 10 and 11, occurred which require adjustment to or disclosure in the consolidated financial statements.

3. GRANTS RECEIVABLE

Grants receivable at September 30, 2021 and 2020, consisted of government grants totaling $1,214,593 and $1,068,154, respectively, which are expected to be received within one year.

4. RECEIVABLE FOR IVEY LANE COMMUNITY HEALTH CARE CENTER PROJECT

In conjunction with the New Market Tax Credit Program (see Note 8), 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 is as follows:

	2021	2020
Land and building	$ 8,465,957	$ 8,465,957
Leasehold improvements	323,398	313,409
Equipment	3,124,641	2,811,607
Vehicles	935,264	797,185
Furniture and fixtures	249,972	249,972
Construction in progress	30,163	99,696
	13,129,395	12,737,826
Less: Accumulated depreciation	5,805,183	5,089,285
	$ 7,324,212	$ 7,648,541

Depreciation expense was $715,898 and $661,544 for the years ended September 30, 2021 and 2020, respectively.

6. INVESTMENTS IN LIMITED LIABILITY COMPANIES

At September 30, 2021 and 2020, the Center had a 0.16% ownership interest, in Health Choice Care, LLC ("HCC"). HCC was formed to own, maintain, manage, and operate an Accountable Care Center. At September 30, 2021 and 2020, the Center held 108 units with a historical cost of $10,000.

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, 2021 and 2020, 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 $1,819 and $1,778, respectively, in distributions for the years ended September 30, 2021 and 2020, respectively.

8. 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.

9. DEFERRED SUPPORT

Deferred support at September 30 consists of the following:

	2021	2020
Other support that should be recognized within one year	$ 1,253,604	$ 323,042
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
Less: Current portion	(1,253,604)	(323,042)
	$ (1,253,604)	$ (323,042)

Deferred support at October 1, 2019 totaled $762,388.

10. LONG-TERM DEBT

Long-term debt at September 30 consists of the following:

	2021	2020
HCCH		
Note payable with Florida Community Loan Fund, Inc ("CDE"); interest at 4% for the first 2 years, followed by a rate of 5% at conversion to a term loan; principal payments during the first 24-month interest only period will be made and are required to bring the principal balance to a maximum of $885,000 by June 27, 2020. Because the Center was unable to satisfy this requirement, the Note did not convert and the interest rate remained at 4%. Following the initial extension to refinance, the lender provided the Center an additional 5-month extension until February 27, 2022 at which time all unpaid principal and interest will become due. The Note is collateralized by the Ivey Lane property, a mortgage, and other assets of Holdings and HCCH, and is also subject to certain financial and other covenants specified under the agreements. In February 2022, the loan maturity was extended until April 27, 2022.	$ 1,048,199	$ 1,048,199
In April 2020, the Center secured an unsecured promissory note (the “PPP Loan”) for $1,325,100 through the Paycheck Protection Program ("PPP") established under the CARES Act, and administered by the U.S. Small Business Administration (“SBA”). The PPP Loan is guaranteed by the SBA. The PPP Loan may be forgiven, in whole or in part, if the Center was eligible for the PPP Loan at the time of application, used the loan proceeds for eligible expenses within the defined covered period, and otherwise satisfied PPP requirements. The PPP Loan was made through a financial institution, has a two-year term, bears interest at 1.00% per annum, and matures in April 2022. The PPP Loan was forgiven in full on July 20, 2021.	-	1,325,100

	2021	2020
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
	6,995,699	8,320,799
Less: Debt issuance costs	288,739	271,395
Less: Current maturities	1,048,199	1,121,296
	$ 5,658,761	$ 6,928,108

Interest expense for the years ended September 30, 2021 and 2020 was $112,565 and $120,517, respectively.

Aggregate future maturities of long-term debt at September 30 are as follows:

	CDE Loan	FCNMF 25, LLC Loan	Total
2022	$ 1,048,199	$ -	$ 1,048,199
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
Thereafter	-	5,947,500	5,947,500
	$ 1,048,199	$ 5,947,500	$ 6,995,699

11. 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 4.5%. The LOC, which originally expired in October 2021, was renewed and matures in October 2022. The LOC is collateralized by real property. There was no balance owed at September 30, 2021 and 2020.

12. IN-KIND CONTRIBUTIONS

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

	2021	2020
Free use of premises for tuberculosis shelter	$ 20,000	$ 20,000
Dispensary	940,145	941,116
Lab fees	154,737	127,234
	$ 1,114,882	$ 1,088,350

13. 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 $967,816 and $607,167 for the years ended September 30, 2021 and 2020, respectively. The balances owed to HCNFL as of September 30, 2020 totaled $102,982. There were no amounts owed to HCNFL as of September 30, 2021.

14. OPERATING LEASES

The Center has a lease agreement for a facility in Kissimmee to conduct medical services. The lease was renewed in March 2020 and requires monthly rental payments of $2,100 and terminates February 2026. Rent expense for the years ended September 30, 2021 and 2020, was approximately $25,000 and $23,500, respectively.

HCCH also has a lease agreement with Holdings for a facility in Orlando to conduct medical services. This lease was effective November 2019 and is classified as an operating lease. Rent expense recorded by HCCH and rental income recorded by Holdings for the years ended September 30, 2021 and 2020, totaled approximately $77,000 and $34,000, respectively, and have been eliminated during consolidation.

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, 2021 and 2020, was approximately $76,500 and $110,500, respectively.

At September 30, 2020, future minimum leases payments, excluding eliminated payments, is as follows:

2022	$ 25,200
2023	25,200
2024	25,200
2025	25,200
2026	10,500
	$ 111,300

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30 consist of the following:

	2021	2020
Beneficial interest in net assets of Central Florida Foundation, Inc.	$ 29,834	$ 25,239
Capital and medical projects	52,464	52,459
	$ 82,298	$ 77,698

For the years ended September 30, 2021 and 2020, net assets released from restrictions due to the purpose being met totaled $11,229,221 and $9,096,978, respectively.

16. 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 $122,793 and $115,799, for the years ended September 30, 2021 and 2020, respectively.

17. 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, 2021 and 2020.

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 above 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:

	2021	2020
Level 3 - Beneficial interest in net assets of Central Florida Foundation, Inc.	$ 29,834	$ 25,239

There were no Level 1 or Level 2 investments at September 30, 2021 and 2020.

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:

	2021	2020
Balance, beginning of year	$ 25,239	$ 24,507
Interest and dividends	453	524
Realized and unrealized gains on investments	5,316	1,266
Grants	(895)	(875)
Investment expenses	(279)	(183)
Balance, end of year	$ 29,834	$ 25,239

18. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Center's financial assets available within one year of the consolidated statements of financial position date, September 30, 2021, for general expenditures are as follows:

	2021	2020
Financial assets available within one year		
Cash and cash equivalents	$ 1,971,907	$ 1,253,371
Patient services receivable	1,007,901	444,754
Grants receivable	1,214,593	1,068,154
Total financial assets available within one year	4,194,401	2,766,279
Less: Amounts unavailable for general expenditures within one year		
Donor restrictions: purpose restrictions	82,298	77,698
Debt service obligations	1,048,199	1,121,296
Total financial assets available within one year net of amounts unavailable	$ 3,063,904	$ 1,567,285

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.

19. 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. At September 30, 2021 and 2020, patient services receivable from governmental agencies/programs (Medicaid, Medicare and related programs) accounted for 11% and 19% of total patient services receivable.

Significant Grantors

For the year ended September 30, 2021, the Center received a substantial portion of its support from two funding sources. These two funding sources accounted for 51%, and 15% of the support. During the year ended September 30, 2020, the Center received a substantial portion of its support from three funding sources. These three funding sources accounted for 52%, 19%, and 10% 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 CDEs 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.

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, 2021

	HCCH	Holdings	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 1,878,636	$ 93,271	$ -	$ 1,971,907
Patient services receivable	1,007,901	-	-	1,007,901
Grants receivable	1,214,593	-	-	1,214,593
Employee loans	300	-	-	300
Prepaid expenses	315,575	-	-	315,575
Total current assets	4,417,005	93,271	-	4,510,276
Receivable for Ivey Lane Community Health Care Center project	3,887,530	-	-	3,887,530
Restricted cash				
Expense reserve account	-	58,448	-	58,448
Property and equipment, net	2,773,895	4,550,317	-	7,324,212
Beneficial interest in net assets of Central Florida Foundation, Inc.	29,834	-	-	29,834
Investments in limited liability companies	10,000	-	-	10,000
Investment in Holdings	342,220	-	(342,220)	-
Other	20,281	-	-	20,281
Due from HCCH	-	1,346,521	(1,346,521)	-
Total assets	$ 11,480,765	$ 6,048,557	$ (1,688,741)	$ 15,840,581
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$ 465,220	$ -	$ -	$ 465,220
Accrued compensation	313,300	-	-	313,300
Current maturities of long-term debt	1,000,623	-	-	1,000,623
Current maturities of deferred support	1,253,604	-	-	1,253,604
Total current liabilities	3,032,747	-	-	3,032,747
Long-term debt, less current maturities	-	5,706,337	-	5,706,337
Deferred support, less current maturities	575,000	-	-	575,000
Due to Holdings	1,346,521	-	(1,346,521)	-
Total liabilities	4,954,268	5,706,337	(1,346,521)	9,314,084
Net assets				
Without donor restrictions	6,444,199	342,220	(342,220)	6,444,199
With donor restrictions	82,298	-	-	82,298
Total net assets	6,526,497	342,220	(342,220)	6,526,497
Total liabilities and net assets	$ 11,480,765	$ 6,048,557	$ (1,688,741)	$ 15,840,581

See Independent Auditor's Report.

Health Care Center for the Homeless, Inc.
Consolidating Statement of Financial Position
September 30, 2020

	HCCH	Holdings	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 1,219,149	$ 34,222	$ -	$ 1,253,371
Patient services receivable	444,754	-	-	444,754
Grants receivable	1,068,154	-	-	1,068,154
Employee loans	1,050	-	-	1,050
Prepaid expenses	324,525	-	-	324,525
Total current assets	3,057,632	34,222	-	3,091,854
Receivable for Ivey Lane Community Health Care Center project	3,887,530	-	-	3,887,530
Restricted cash				
Expense reserve account	-	71,460	-	71,460
Property and equipment, net	2,848,510	4,800,031	-	7,648,541
Beneficial interest in net assets of Central Florida Foundation, Inc.	25,239	-	-	25,239
Investments in limited liability companies	10,000	-	-	10,000
Investment in Holdings	553,552	-	(553,552)	-
Other	45,281	-	-	45,281
Due from HCCH	-	1,346,521	(1,346,521)	-
Total assets	$ 10,427,744	$ 6,252,234	$ (1,900,073)	$ 14,779,905
Liabilities and Net Assets				
Current liabilities				
Accounts payable and accrued expenses	$ 537,615	$ -	$ -	$ 537,615
Accrued compensation	551,631	-	-	551,631
Current maturities of long-term debt	1,121,296	-	-	1,121,296
Current maturities of deferred support	323,042	-	-	323,042
Total current liabilities	2,533,584	-	-	2,533,584
Long-term debt, less current maturities	1,229,426	5,698,682	-	6,928,108
Deferred support, less current maturities	575,000	-	-	575,000
Due to Holdings	1,346,521	-	(1,346,521)	-
Total liabilities	5,684,531	5,698,682	(1,346,521)	10,036,692
Net assets				
Without donor restrictions	4,665,515	553,552	(553,552)	4,665,515
With donor restrictions	77,698	-	-	77,698
Total net assets	4,743,213	553,552	(553,552)	4,743,213
Total liabilities and net assets	$ 10,427,744	$ 6,252,234	$ (1,900,073)	$ 14,779,905

See Independent Auditor's Report.

Health Care Center for the Homeless, Inc.
Consolidating Statement of Activities
Year Ended September 30, 2021

	HCCH	Holdings	Eliminations	Total
Change in net assets without donor restrictions				
Support, revenue and gains				
Support	$ 2,907,581	$ -	$ -	$ 2,907,581
Patient services revenue	2,856,579		-	2,856,579
Interest income	26	38,875	-	38,901
Rental income	-	77,000	(77,000)	-
Equity in loss of Holdings	(211,332)	-	211,332	-
	5,552,854	115,875	134,332	5,803,061
Net assets released from restrictions				
Satisfaction of program restrictions	11,229,221	-	-	11,229,221
Total unrestricted support, revenues and gains	16,782,075	115,875	134,332	17,032,282
Expenses				
Program services	13,646,021	307,620	(77,000)	13,876,641
Supporting services	1,357,370	19,587	-	1,376,957
Total expenses	15,003,391	327,207	(77,000)	15,253,598
Change in net assets without donor restrictions	1,778,684	(211,332)	211,332	1,778,684
Changes in net assets with donor restrictions				
Support	11,233,821	-	-	11,233,821
Net assets released from restrictions	(11,229,221)	-	-	(11,229,221)
Change in net assets with donor restrictions	4,600	-	-	4,600
Change in net assets	1,783,284	(211,332)	211,332	1,783,284
Net assets				
Beginning of year	4,743,213	553,552	(553,552)	4,743,213
End of year	$ 6,526,497	$ 342,220	$ (342,220)	$ 6,526,497

See Independent Auditor’s Report.

Health Care Center for the Homeless, Inc.
Consolidating Statement of Activities
Year Ended September 30, 2020

	HCCH	Holdings	Eliminations	Total
Change in net assets without donor restrictions				
Support, revenue and gains				
Support	$ 1,483,391	$ -	$ -	$ 1,483,391
Patient services revenue	2,718,405	-	-	2,718,405
Interest income	95	-	-	95
Rental income	-	34,222	(34,222)	-
Equity in loss of Holdings	(285,267)	-	285,267	-
	3,916,624	34,222	251,045	4,201,891
Net assets released from restrictions				
Satisfaction of program restrictions	9,096,978	-	-	9,096,978
Total support, revenues and gains	13,013,602	34,222	251,045	13,298,869
Expenses				
Program services	11,816,438	242,339	(34,222)	12,024,555
Supporting services	1,286,270	77,150	-	1,363,420
Total expenses	13,102,708	319,489	(34,222)	13,387,975
Change in net assets without donor restrictions	(89,106)	(285,267)	285,267	(89,106)
Changes in net assets with donor restrictions				
Support	9,031,748	-	-	9,031,748
Net assets released from restrictions	(9,096,978)	-	-	(9,096,978)
Changes in net assets with donor restrictions	(65,230)	-	-	(65,230)
Change in net assets	(154,336)	(285,267)	285,267	(154,336)
Net assets				
Beginning of year	4,897,549	838,819	(838,819)	4,897,549
End of year	$ 4,743,213	$ 553,552	$ (553,552)	$ 4,743,213

See Independent Auditor’s Report.

Health Care Center for the Homeless, Inc.
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2021

Programs	Listing 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	$ 52,574
Subtotal for CDBG			52,574
Supportive Housing Program ("SHP")			
Passed-through from Homeless Services Network of Central Florida, Inc.	14.235	FL0561L4H071601	26,736
Passed-through from Homeless Services Network of Central Florida, Inc.	14.235	FL0471L4H071604	41,935
Subtotal for SHP			68,671
Total for U.S. Department of Housing and Urban Development			121,245
U.S. Department of Veteran Affairs			
Supportive Services for Veteran Families			
Passed-through from Homeless Services Network of Central Florida, Inc.	64.033	15FL-23	143,764
Total for U.S. Department of Veteran Affairs			143,764
U.S. Department of Health and Human Services			
Consolidated Health Centers	93.224	H80CS00240	4,988,180
Consolidated Health Centers	93.224	H8CCS35069	3,432
Consolidated Health Centers	93.224	H8DCS35985	918,540
Consolidated Health Centers	93.224	H8ECS38418	359,183
Consolidated Health Centers	93.224	H8FCS41179	525,372
Expanding Capacity for Coronavirus Testing (ECT)	93.224	C13CS32050	74,539
Subtotal for Community Health Centers			6,869,246
Substance Abuse and Mental Health Services	93.243	3H79TI080652	352,315
Total U.S. Department of Health and Human Services			7,221,561
Total federal awards			$ 7,486,570

See Independent Auditor's Report.
See accompanying 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, 2021. 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% 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, 2021, $327,025 was outstanding from the Department of Health and Human Services.

5. SUBRECIPIENTS

The Center does not provide federal funds to subrecipients.

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*

INDEPENDENT AUDITOR'S REPORT

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, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated March 11, 2022.

Report on 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") as a basis for designing 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.

Report on 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 consolidated financial statements. 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*.

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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

March 11, 2022

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ADVISORY TAX AUDIT

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Health Care Center for the Homeless, Inc.'s (the "Center") (a nonprofit Organization) 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, 2021. 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.

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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Center's compliance with the compliance requirements referred to above.

Responsibilities of Management

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Withum Smith+Brown, PC

March 11, 2022

Health Care Center for the Homeless, Inc.
Schedule of Findings and Questioned Costs
Year Ended September 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's 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 federal programs:		
Material weakness(es) identified?	___ Yes	X No
Significant deficiencies identified?	___ Yes	X None reported
Type of auditor's 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.

See Independent Auditor’s Report.