CARE FOR THE HOMELESS AND AFFILIATE

Consolidated Financial Statements
(Together with Independent Auditors' Report)

Years Ended December 31, 2021 and 2020

and

Single Audit Reports and Schedule as Required by the Office of Management and Budget Uniform Guidance

For the Year Ended December 31, 2021

CARE FOR THE HOMELESS AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)

YEARS ENDED DECEMBER 31, 2021 AND 2020

AND

SINGLE AUDIT REPORTS AND SCHEDULE AS REQUIRED BY THE OFFICE OF MANAGEMENT AND BUDGET UNIFORM GUIDANCE

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITORS' REPORT

The Board of Directors of
Care for the Homeless and Affiliate
New York, NY

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Care for the Homeless and Affiliate (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Report on 2020 Consolidated Financial Statements

The consolidated financial statements of Care for the Homeless and Affiliate as of and for the year ended December 31, 2020 were audited by other auditors whose report dated August 24, 2021 expressed an unmodified opinion on those consolidated statements.

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 Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' 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 auditors' 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 audit.

- 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 Organization'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 Organization'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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards ("SEFA") for the year ended December 31, 2021, (shown on page 19), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 GAAS. 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 September 29, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 Organization's internal control over financial reporting and compliance.

Mayer Hoffman McCann CPAs

New York, NY
September 29, 2022

CARE FOR THE HOMELESS AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 2D and 12A)	$ 1,034,050	$ 664,863
Investments (Notes 2E, 4 and 5)	2,350,040	2,130,515
Government grants and contracts receivable (Notes 2F and 2H)	8,467,465	10,262,945
Accounts receivable - patients, net (Notes 2G, 2H and 6)	913,138	942,197
Contributions receivable (Notes 2H and 2O)	402,901	100,500
Prepaid expenses and other assets	123,400	237,447
Total current assets	13,290,994	14,338,467
Escrow deposits (Note 2I)	27,548	132,548
Property and equipment, net (Notes 2J and 7)	9,430,353	9,044,926
TOTAL ASSETS	$ 22,748,895	$ 23,515,941
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	$ 4,161,305	$ 4,075,139
Refundable advances from grantors (Note 2F)	5,236,041	5,984,701
Deferred revenues (Note 2K)	108,787	100,826
Loans payable - current (Note 8)	973,298	569,590
Total current liabilities	10,479,431	10,730,256
Deferred rent (Notes 2L and 9A)	1,484,169	1,750,202
Loans payable (Note 8)	6,216,168	7,693,954
TOTAL LIABILITIES	18,179,768	20,174,412
COMMITMENTS AND CONTINGENCIES (Note 9)		
NET ASSETS		
Without donor restrictions (Note 2C)	3,337,647	2,737,075
With donor restrictions (Notes 2C and 10)	1,231,480	604,454
TOTAL NET ASSETS	4,569,127	3,341,529
TOTAL LIABILITIES AND NET ASSETS	$ 22,748,895	$ 23,515,941

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

CARE FOR THE HOMELESS AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	For the Year Ended December 31, 2021			For the Year Ended December 31, 2020		
	Without Donor Restrictions	**With Donor Restrictions**	**Total 2021**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total 2020**
REVENUE						
Net patient services revenues (net of contractual allowances) (Note 2M)	$ 4,332,200	$ -	$ 4,332,200	$ 3,373,001	$ -	$ 3,373,001
Public Health Services Section 330(h) - contract (Notes 2F and 12B)	8,164,008	-	8,164,008	7,672,122	-	7,672,122
NYC Department of Homeless Services - contract (Notes 2F and 12B)	9,064,944	-	9,064,944	9,044,591	-	9,044,591
Government grants and contracts (Note 2F)	10,720,244	-	10,720,244	11,924,168	-	11,924,168
Total government grants and contracts revenue	27,949,196	-	27,949,196	28,640,881	-	28,640,881
Net investment return (Note 4)	220,279	-	220,279	212,431	-	212,431
Contributions (Note 2O)	352,153	1,017,717	1,369,870	1,301,785	757,670	2,059,455
Other income	687,928	-	687,928	931,344	-	931,344
Paycheck Protection Program loan forgiveness (Note 8)	1,208,028	-	1,208,028	-	-	-
Loss on fixed assets disposal (Note 7)	(202,458)	-	(202,458)	-	-	-
Net assets released from restrictions	390,691	(390,691)	-	877,095	(877,095)	-
Total support and other income	2,656,621	627,026	3,283,647	3,322,655	(119,425)	3,203,230
TOTAL REVENUE	34,938,017	627,026	35,565,043	35,336,537	(119,425)	35,217,112
EXPENSES						
Program services:						
Medical clinics	14,112,760	-	14,112,760	15,613,641	-	15,613,641
Residential services	13,735,357	-	13,735,357	11,286,511	-	11,286,511
Total program services	27,848,117	-	27,848,117	26,900,152	-	26,900,152
Supporting services:						
Management and general	5,003,024	-	5,003,024	4,353,025	-	4,353,025
Fundraising and development	388,935	-	388,935	487,078	-	487,078
Total supporting services	5,391,959	-	5,391,959	4,840,103	-	4,840,103
TOTAL EXPENSES	33,240,076	-	33,240,076	31,740,255	-	31,740,255
CHANGE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION	1,697,941	627,026	2,324,967	3,596,282	(119,425)	3,476,857
Depreciation	(1,097,369)	-	(1,097,369)	(1,058,197)	-	(1,058,197)
CHANGE IN NET ASSETS	600,572	627,026	1,227,598	2,538,085	(119,425)	2,418,660
Net assets - beginning of year	2,737,075	604,454	3,341,529	198,990	723,879	922,869
NET ASSETS - END OF YEAR	$ 3,337,647	$ 1,231,480	$ 4,569,127	$ 2,737,075	$ 604,454	$ 3,341,529

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

CARE FOR THE HOMELESS AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for the Year Ended December 31, 2020)

	Program Services			Supporting Services				
	Medical Clinics	Residential Services	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	2021 Total	2020 Total
Salaries	$ 6,269,409	$ 3,884,254	$ 10,153,663	$ 2,284,158	$ 257,989	$ 2,542,147	$ 12,695,810	$ 12,161,047
Payroll taxes and employee benefits (Note 11)	1,531,896	949,102	2,480,998	567,133	63,040	630,173	3,111,171	2,506,182
Total salaries and related costs	7,801,305	4,833,356	12,634,661	2,851,291	321,029	3,172,320	15,806,981	14,667,229
Medical provider expenses	3,197,690	1,211,877	4,409,567	-	-	-	4,409,567	3,877,720
Consulting and professional services	435,869	2,181,320	2,617,189	819,679	5,504	825,183	3,442,372	3,445,800
Laboratory	173,332	-	173,332	-	-	-	173,332	452,272
Consumable supplies	1,500,616	870,909	2,371,525	42,831	1,546	44,377	2,415,902	2,951,822
Occupancy (Note 9A)	149,489	3,164,592	3,314,081	402,374	18,960	421,334	3,735,415	3,566,929
Travel expenses	69,715	86,267	155,982	30,840	1,127	31,967	187,949	166,701
Maintenance, repair and equipment	179,726	574,608	754,334	165,733	3,863	169,596	923,930	932,022
Insurance	17,528	231,945	249,473	145,402	15,708	161,110	410,583	338,890
Telecommunication	156,710	83,263	239,973	162,065	5,445	167,510	407,483	351,410
Membership and dues	339,638	12,353	351,991	96,442	9,787	106,229	458,220	316,896
Publication, printing, and postage	18,813	8,358	27,171	7,178	5,731	12,909	40,080	52,435
Recruitment/publication	71,600	-	71,600	139,036	-	139,036	210,636	126,087
Fundraising	729	-	729	982	235	1,217	1,946	-
Interest (Note 8)	-	448,664	448,664	6,571	-	6,571	455,235	492,787
Miscellaneous	-	27,845	27,845	132,600	-	132,600	160,445	1,255
Total operating expenses before depreciation	14,112,760	13,735,357	27,848,117	5,003,024	388,935	5,391,959	33,240,076	31,740,255
Depreciation (Note 7)	69,068	861,473	930,541	166,828	-	166,828	1,097,369	1,058,197
TOTAL EXPENSES	$ 14,181,828	$ 14,596,830	$ 28,778,658	$ 5,169,852	$ 388,935	$ 5,558,787	$ 34,337,445	$ 32,798,452

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

CARE FOR THE HOMELESS AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services			Supporting Services			
	Medical Clinics	Residential Services	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	Total
Salaries	$ 5,496,536	$ 4,009,519	$ 9,506,055	$ 2,393,322	$ 261,670	$ 2,654,992	$ 12,161,047
Payroll taxes and employee benefits (Note 11)	1,098,127	877,625	1,975,752	478,152	52,278	530,430	2,506,182
Total salaries and related costs	6,594,663	4,887,144	11,481,807	2,871,474	313,948	3,185,422	14,667,229
Medical provider expenses	3,877,720	-	3,877,720	-	-	-	3,877,720
Consulting and professional services	1,510,645	1,157,014	2,667,659	681,213	96,928	778,141	3,445,800
Laboratory	452,272	-	452,272	-	-	-	452,272
Consumable supplies	1,707,477	1,017,014	2,724,491	192,583	34,748	227,331	2,951,822
Occupancy (Note 9A)	171,557	3,142,416	3,313,973	239,354	13,602	252,956	3,566,929
Travel expenses	42,373	85,455	127,828	35,319	3,554	38,873	166,701
Maintenance, repair and equipment	574,396	296,416	870,812	51,173	10,037	61,210	932,022
Insurance	153,117	115,870	268,987	63,143	6,760	69,903	338,890
Telecommunication	205,990	84,233	290,223	58,085	3,102	61,187	351,410
Membership and dues	300,392	615	301,007	15,756	133	15,889	316,896
Publication, printing, and postage	23,039	7,528	30,567	17,852	4,016	21,868	52,435
Recruitment/publication	-	-	-	125,837	250	126,087	126,087
Interest (Note 8)	-	492,787	492,787	-	-	-	492,787
Miscellaneous	-	19	19	1,236	-	1,236	1,255
Total operating expenses before depreciation	15,613,641	11,286,511	26,900,152	4,353,025	487,078	4,840,103	31,740,255
Depreciation (Note 7)	162,552	836,022	998,574	59,623	-	59,623	1,058,197
TOTAL EXPENSES	$ 15,776,193	$ 12,122,533	$ 27,898,726	$ 4,412,648	$ 487,078	$ 4,899,726	$ 32,798,452

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

CARE FOR THE HOMELESS AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1,227,598	$ 2,418,660
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,097,369	1,058,197
Loss from fixed assets disposal	202,458	-
Net realized and unrealized gain on investments	(195,676)	(175,247)
Forgiveness of Paycheck Protection Program loan	(1,208,028)	-
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Government grants and contracts receivable	1,795,480	(6,504,637)
Accounts receivable - patients	29,059	192,450
Contributions receivable	(302,401)	(30,000)
Prepaid expenses and other assets	114,047	(65,463)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	86,166	318,199
Refundable advances from grantors	(748,660)	1,445,036
Deferred revenues	7,961	(1,371)
Deferred rent	(266,033)	(317,794)
Net Cash Provided by (Used in) Operating Activities	1,839,340	(1,661,970)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(504,983)	(37,184)
Proceeds from sale of investments	481,134	200,000
Purchases of property and equipment	(1,685,254)	(745,253)
Net Cash Used in Investing Activities	(1,709,103)	(582,437)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of loan payable	(566,050)	(517,114)
Loan proceeds received	700,000	2,450,000
Net Cash Provided by Financing Activities	133,950	1,932,886
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	264,187	(311,521)
Cash, Cash Equivalents and Restricted Cash - beginning of year	797,411	1,108,932
CASH, CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 1,061,598	$ 797,411
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	$ 455,235	$ 492,787
Non-Cash Financing Activity:		
Forgiveness of Paycheck Protection Program loan	$ 1,208,028	$ -

NOTE 1 – ORGANIZATION AND TAX STATUS

Care for the Homeless ("CFH") provides, coordinates and arranges primary care, health education, HIV counseling and testing, early intervention services for those infected with HIV/AIDS, social services and behavioral health services to homeless people at more than 24 homeless clinics, shelters, soup kitchens and drop-in centers. CFH is licensed by the New York State Department of Health under Article 28 of the Public Health Law to operate clinics as diagnostic and treatment centers, which are designated as federally qualified health centers. CFH's outreach team members also address the long-range needs of homeless people by improving their access to services and public benefits and helping them develop necessary life skills and advocating for appropriate public policies.

CFH's affiliate, Jerome Avenue Care for the Homeless Housing Development Fund Corporation ("Jerome"), operates Susan's Place, a 200-bed transitional residential shelter. Jerome has a net asset deficiency (without donor restrictions) of $1,812,186 at December 31, 2021. CFH has advanced funds to Jerome to assist in meeting Jerome's operating needs and will continue to do so as necessary. Based on this funding, as well as Jerome's projected revenues and expenses, Jerome believes it will continue to meet its obligations through 2021.

CFH and Jerome, (collectively, "the Organization"), are not-for-profit corporations, which are tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The corporations are also exempt from state and local taxes.

The consolidated financial statements include the activities and net assets of CFH and Jerome. CFH Jerome, Inc. (a dormant organization), is a sole member of Jerome. CFH is a sole member of CFH Jerome, Inc.

In 2021, the Organization provided services to more than 7,845 homeless men, women and children.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ***Basis of Accounting and Use of Estimates*** - The Organization's consolidated financial statements have been prepared on the accrual basis of accounting. The Organization adheres to accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Organization's management to make estimates and assumptions that affect certain reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates.

B. ***Principles of Consolidation*** - The consolidated financial statements include the activities of CFH and Jerome. All significant intercompany balances and transactions have been eliminated in consolidation.

C. ***Basis of Presentation*** - The Organization maintains its net assets under the following two classes:

- Net assets without donor restrictions – represents net assets that are not subject to donor-imposed stipulations.

- Net assets with donor restrictions – represents net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. The Organization reports donor restricted contributions as an increase in net assets without donor restrictions, provided the restrictions are met in the same year the contributions are received.

D. ***Cash, Cash Equivalents and Restricted Cash*** - The Organization considers all highly liquid instruments acquired with maturities of three months or less to be cash equivalents. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

	December 31, 2021	December 31, 2020
Cash and cash equivalents	$ 1,034,050	$ 664,863
Escrow deposits	27,548	132,548
Total	$ 1,061,598	$ 797,411

E. ***Investments and Fair Value Measurements*** - Investments are recorded at fair value. Fair value measurements are the prices that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 5.

F. ***Government Grants*** - Government grants are recorded as revenues to the extent that expenses have been incurred for the purposes specified by the grantors and in accordance with Accounting Standards Update ("ASU") 2018-08. To the extent amounts received exceed amounts spent, the Organization establishes refundable advances from governmental sources. Any revenue for contracts that has not yet been earned is reclassified as refundable advances from grantors on the consolidated statements of financial position.

G. ***Accounts Receivable - Patients*** - The collection of receivables from third-party payors and patients is the Organization's primary source of cash for operations and is critical to its operating performance.

H. ***Allowance for Uncollectible Receivables*** - The Organization determines whether an allowance for uncollectible receivables should be provided based on management's assessment of the aged basis of its receivables, creditworthiness of its donors and borrowers, current economic conditions and historical information. As of December 31, 2021 and 2020, the Organization determined that an allowance of $1,658,476 and $829,972, respectively, and contractual allowances of $2,135,284 and $2,528,915, respectively, were necessary for accounts receivable – patients, and no allowance was necessary for government grants and contracts receivable. The Organization generally does not charge interest on past due accounts. Accounts receivable – patients are written off when deemed uncollectible. As of December 31, 2021 and 2020, the Organization determined that no allowance was necessary for contributions receivable.

I. ***Escrow Deposits*** - Cash in escrow deposits represents cash being held in a maintenance fund, which is required by the Low-Income Investment Fund (Note 8).

J. ***Property and Equipment*** - Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the lease. The Organization capitalizes all property and equipment having a cost of $1,000 or more and a useful life of at least one year.

K. ***Deferred Revenues*** - Fees collected that relate to programs and/or events that will occur in future periods have been recorded as deferred revenues and will be recognized in the period earned.

L. ***Deferred Rent*** - The Organization leases real property under various operating leases. Rent expense is recorded on the straight-line basis. The portion of rent expense accrued due to straight-lining of the lease is reflected as deferred rent on the accompanying consolidated statements of financial position.

M. ***Patient Services Revenue*** - The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include predetermined fee schedules and discounted charges. Service fees are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including retroactive adjustments under reimbursement agreements with third-party payors, which are subject to audit by administrating agencies. These adjustments are accrued on an estimated basis and are adjusted in future periods as final settlements are determined. The Organization provides care to certain patients under Medicaid and Medicare payment arrangements. Laws and regulations governing the Medicaid and Medicare programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Self-pay revenue is recorded at published charges with charitable care deducted to arrive at gross self-pay patient revenue. Contractual allowances are then deducted to arrive at net self-pay patient revenue before provision for doubtful accounts.

The Organization bills government agencies, third-party payors and individuals after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year, therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2020. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. The Organization determines the transaction price based on established rates and contracts for services provided. Program service fees consist of revenues for the following programs:

Patient revenue services as of December 31, 2021 consists of the following:

	Gross Charges	Contractual and Charitable Allowance and Price Concessions	Net Patient Service Revenue
Medicaid	$ 1,159,675	$ (81,724)	$ 1,077,951
Medicaid Managed Care	2,861,853	(1,954,654)	907,199
Medicare	618,184	(421,281)	196,903
Commercial	253,383	(182,685)	70,698
Total			2,252,751
New York State Medicaid Wrap			1,202,733
Safety Net payment			809,903
COVID Vaccination			51,800
COVID Human Resources & Services Administration			15,013
Total			$ 4,332,200

Patient revenue services as of December 31, 2020 consists of the following:

	Gross Charges	Contractual and Charitable Allowance and Price Concessions	Net Patient Service Revenue
Medicaid	$ 1,896,450	$ (600,935)	$ 1,295,515
Medicaid Managed Care	2,501,828	(2,241,937)	259,891
Medicare	890,627	(732,627)	158,000
Commercial	141,335	(11,211)	130,124
Total			1,843,530
New York State Medicaid Wrap			821,010
Safety Net			708,461
Total			$ 3,373,001

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. ***Charity Care*** - The Organization is open to all patients, regardless of their ability to pay. In the ordinary course of business, the Organization renders services to patients who are financially unable to pay for healthcare. The Organization provides care to these patients who meet certain criteria under its sliding fee discount policy without charge or at amounts less than the established rates. Because the Organization does not pursue a collection of amounts determined to qualify as charity care, they are not reported as revenue.

The costs associated with the charitable care services provided are estimated by applying the cost-to charge ratio from the most recently filed cost report to the amount of the gross uncompensated charges for the patients receiving charity care net of Safety Net payment. Total such costs amounted to $620,860 and $817,289 for the years ended December 31, 2021 and 2020, respectively.

O. ***Contributions*** - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions receivable as of December 31, 2021 and 2020 are due within one year.

All contributions are considered to be without donor restrictions use unless specifically restricted by the donor. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

P. ***Donated Services*** - Donated services are reported as contributions when the services create or enhance nonfinancial assets, require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind. Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services have not been recorded in the consolidated financial statements as they do not meet the criteria outlined above. There were no donated services during the years ended December 31, 2021 and 2020.

Q. ***Functional Allocation of Expenses*** - The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on usage or other equitable bases established by management. The expenses that are allocated include salaries and payroll taxes and employee benefits, which are allocated on the basis of time and effort, and occupancy, depreciation, insurance, and interest expense, which are allocated on a square footage basis.

R. ***Reclassifications -*** Certain line items in the December 31, 2020 consolidated financial statements have been reclassified to conform to the December 31, 2021 presentation. Such reclassifications had no effect on net assets previously reported.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, within one year of the consolidated statement of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	$ 1,034,050	$ 664,863
Investments	2,350,040	2,130,515
Contributions receivable	402,901	100,500
Government grants and contracts receivable	8,467,465	10,262,945
Accounts receivable – patients, net	913,138	942,197
Total	13,167,594	14,101,020
Less: Net assets with donor restrictions	(1,231,480)	(604,454)
Total	$ 11,936,114	$ 13,496,566

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term, liquid investments. In addition, the Organization has a maximum line of credit totaling $2,250,000 with a financial institution (Note 9C), which can be drawn upon if needed.

NOTE 4 – INVESTMENTS

Investments consist of the following as of December 31:

	2021	2020
Money market funds	$ 60,405	$ 64,506
Mutual funds	481,040	500,437
U.S. Government bonds	299,775	272,082
Corporate bonds	164,703	187,196
Equities	1,344,117	1,106,294
	$ 2,350,040	$ 2,130,515

Investment return consists of the following for the years ended December 31:

	2021	2020
Interest and dividends	$ 46,220	$ 56,333
Realized gain	87,965	39,601
Unrealized gain	107,711	135,646
Investment expenses	(21,617)	(19,149)
Net Investment Income	$ 220,279	$ 212,431

NOTE 5 – FAIR VALUE MEASUREMENTS

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

The fair value hierarchy defines three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Investments in money market funds, mutual funds and equities are valued using market prices in active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Investments in government bonds and corporate bonds are valued using quoted prices in inactive markets (Level 2). Level 2 instrument valuations are obtained from similar assets or model derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. Investments are subject to market volatility which could substantially change their fair values in the near term.

NOTE 5 – FAIR VALUE MEASUREMENTS (Continued)

Financial assets carried at fair value as of December 31, 2021 are measured by fair value hierarchy level as follows:

	Level 1	Level 2	Total
Money market funds	$ 60,405	$ -	$ 60,405
Mutual funds	481,040	-	481,040
U.S. Government bonds	-	299,775	299,775
Corporate bonds	164,703	-	164,703
Equities	1,344,117	-	1,344,117
	$ 2,050,265	$ 299,775	$ 2,350,040

Financial assets carried at fair value as of December 31, 2020 are measured by fair value hierarchy level as follows:

	Level 1	Level 2	Total
Money market funds	$ 64,506	$ -	$ 64,506
Mutual funds	500,437	-	500,437
U.S. Government bonds	-	272,082	272,082
Corporate bonds	187,196	-	187,196
Equities	1,106,294	-	1,106,294
	$ 1,858,433	$ 272,082	$ 2,130,515

NOTE 6 – ACCOUNTS RECEIVABLE – PATIENTS, NET

Patient services receivable consist of the following as of December 31, 2021:

	Gross Charges	Contractual and Charitable Allowance and Price Concessions	Net Patient Service Receivable
Medicaid	$ 764,894	$ (515,833)	$ 249,061
Medicaid Managed Care	1,729,315	(1,405,810)	323,505
Medicare	557,587	(526,889)	30,698
Commercial	188,225	(181,225)	7,000
Self Pay	1,164,003	(1,164,003)	-
Total	4,404,024	(3,793,760)	610,264
Safety Net payment			251,074
COVID Vaccination			51,800
Total			$ 913,138

NOTE 6 – ACCOUNTS RECEIVABLE – PATIENTS, NET (Continued)

Patient services receivable consist of the following as of December 31, 2020:

	Gross Charges	Contractual and Charitable Allowance and Price Concessions	Net Patient Service Receivable
Medicaid	$ 600,388	$ (359,320)	$ 241,068
Medicaid Managed Care	1,011,455	(902,763)	108,692
Medicare	465,745	(396,745)	69,000
Commercial	161,080	(152,959)	8,121
Self Pay	1,547,100	(1,547,100)	-
Total	3,785,768	(3,358,887)	426,881
Safety Net payment			515,316
Total			$ 942,197

NOTE 7 – PROPERTY AND EQUIPMENT, NET

Property and equipment consists of the following as of December 31:

	2021	2020	Estimated Useful Lives
Furniture and equipment	$ 2,822,345	$ 2,792,852	5 Years
Leasehold improvements	14,852,657	14,467,224	10 - 21 Years
Vehicles	388,697	348,258	5 Years
Construction in progress	2,532,868	1,505,437	
	20,596,567	19,113,771	
Less: Accumulated depreciation	(11,166,214)	(10,068,845)	
	$ 9,430,353	$ 9,044,926	

For the years ended December 31, 2021 and 2020, depreciation expense amounted to $1,097,369 and $1,058,197, respectively. During the year ended December 31, 2021, the Organization wrote off and recorded a loss of $202,458 from fixed assets disposal included in the accompanying consolidated statements of activities.

NOTE 8 – LOANS PAYABLE

In 2007, Jerome borrowed $10,077,137 from the Low-Income Investment Fund to finance the construction of Susan's Place. The loan is being paid by the DHS directly to the Low-Income Investment Fund as part of the debt service component of the reimbursement for the operations of Susan's Place. As of December 31, 2021 and 2020, there was $5,233,585 and $5,803,175 outstanding, respectively. The interest rate is fixed at 8.09% and interest expense was $448,664 and $492,787 for the years ended December 31, 2021 and 2020, respectively. The loan matures on August 1, 2028 and the improvements, which are carried as leasehold improvements, are collateral for the Low-Income Investment Fund loan. As part of the loan, Jerome is required to contribute $10,000 annually into a maintenance fund (Note 2I). These funds can be used as needed for capital expenditures.

In addition, the Organization borrowed $1,600,000 and $900,000 from its existing line of credit as of December 31, 2021 and 2020, respectively (Note 9C).

On March 27, 2020, in response to COVID-19, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). Among many other provisions, to help businesses retain employees, the CARES Act provides relief to qualifying businesses through a program called the Paycheck Protection Program (“PPP”). Participating in the PPP enables the business to obtain a loan from the Small Business Administration (“SBA”) sector of the government. If the proceeds from the loan are used for specified purposes, some or all of the loan can be forgiven.

NOTE 8 – LOANS PAYABLE (Continued)

The Organization applied for this loan through an SBA authorized lender and received $1.2 million for CFH and $350,000 for Jerome in May 2020.The Organization has opted to account for the proceeds as a loan under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 470, *Debt*, until the loan is, in part or wholly forgiven, and the Organization has been "legally released." The outstanding loan balance, including 1% accrued interest, amounted to approximately $336,000 and $1,560,000 as of December 31, 2021 and 2020, respectively.

The Organization received forgiveness from the lender that $1.2 million of the PPP loan was fully forgiven on June 14, 2021. During the year ended December 31, 2021, CFH recognized $1,208,028 of gain resulting from the forgiveness upon legal release of its obligation from the bank and or SBA.

Future annual principal payments for the years ending after December 31, 2021 and thereafter are as follows:

2022	$ 2,217,417
2023	1,025,142
2024	725,457
2025	786,373
2026	852,403
Thereafter	1,582,674
	$ 7,189,466

NOTE 9 – COMMITMENTS AND CONTINGENCIES

A. ***Operating Lease***

In 2011, CFH entered into a ten-year operating lease agreement with 30 East 33rd St. Realty LLC, which expired on December 31, 2020. The lease agreement was extended for another ten-year period from January 1, 2021 to December 31, 2030. CFH also rents space for one of its clinics on a month-to-month basis. In November 2018, CFH entered into a ten-year operating lease for space for a clinic at 91 Junius Street in Brooklyn, New York, which expires on October 31, 2028. In December 2018, CFH also signed a lease for a building for a new health center at 427-429 West 52nd Street in New York, New York. The lease term and rental payments for 427-429 West 52nd Street commenced on June 1, 2019 and the occupancy costs are reimbursed by government grants and contract funding.

As of March 1, 2005, Jerome began leasing space under an operating lease agreement, which expires in February 2027. The 1911-21 Jerome Avenue lease is noncancelable, unless the landlord plans to sell the premises and the tenant is given the first right of refusal (Article 29 of the lease agreement). There are no other cancellation clauses in the lease.

Rent credits and charges are accounted for on a straight-line basis over the life of the lease, which gives rise to a timing difference that is reflected as deferred rent in the accompanying consolidated statements of financial position, amounting to $1,484,169 and $1,750,202 as of December 31, 2021 and 2020, respectively.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Presented below are the minimum rental payments under operating leases for the years ending after December 31, 2021 and thereafter:

	CFH	Jerome	Total
2022	$ 2,408,017	$ 885,563	$ 3,293,580
2023	1,416,304	912,130	2,328,434
2024	420,045	939,494	1,359,539
2025	432,647	967,678	1,400,325
2026	445,627	996,709	1,442,336
Thereafter	1,742,336	170,250	1,912,586
	$ 6,864,976	$ 4,871,824	$ 11,736,800

The total rent expense for real property for the years ended December 31, 2021 and 2020 amounted to $2,981,416 and $2,870,296, respectively.

B. ***Third-Party Contingencies***

The Organization is responsible for reporting to, and is regulated by, various third parties, among which are the Centers for Medicare and Medicaid Services ("CMS") and the New York State Department of Health ("DOH"). These agencies, as well as the New York State Office of Attorney General's Medicaid Fraud Control Unit, the Internal Revenue Service, the New York State Office of the Attorney General's Charities Bureau, the Office of Inspector General, and other agencies have the right to audit the Organization. These agencies have the right to audit fiscal, as well as programmatic compliance (i.e., clinical documentation, among other compliance requirements).

The Organization is licensed by the DOH to operate an Article 28 Diagnostic and Treatment Center and has been designated as a Federally Qualified Health Center ("FQHC"). As an FQHC, the Organization is reimbursed by the DOH a Medicaid fee-for-service rate, as well as a supplemental payment rate known as a "wrap" payment.

The healthcare industry is subject to voluminous and complex laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral law, and false claims prohibitions.

C. ***Line of Credit***

The Organization has a bank revolving line of credit with a $1,750,000 limit. The line is secured by the assets of the Organization. Under the terms of the agreement, borrowings will bear an interest rate equal to the Secured Overnight Financing Rate ("SOFR") plus 3%. The Organization borrowed $1,600,000 and $900,000 under the line of credit as of December 31, 2021 and 2020, respectively (Note 8). On January 28, 2022, the line was renewed through March 28, 2023 with a $2,250,000 credit limit. As of September 29, 2022, there were $2,150,000 borrowings from the line.

D. ***Income Tax***

The Organization believes it has no uncertain income tax positions as of December 31, 2021 and 2020 in accordance with ASC Topic 740, "Income Taxes", which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were restricted for the following purposes as of December 31:

	2021	2020
Medical and other equipment	$ 18,579	$ 149,009
Health care	1,197,031	437,629
Outreach and enrollment	14,941	16,469
Mobile van	929	929
Client supplies	-	418
	$ 1,231,480	$ 604,454

Net assets released from restrictions amounted to $390,691 and $877,095 for the years ended December 31, 2021 and 2020, respectively.

NOTE 11 – PENSION PLAN

The Organization maintains a defined contribution plan for all eligible employees who have completed one year of service. During the years ended December 31, 2021 and 2020, CFH made contributions of $217,475 and $163,465, respectively, to the plan.

NOTE 12 – CONCENTRATIONS

A. Cash and cash equivalents that potentially subject the Organization to a concentration of credit risk include cash accounts with various financial institutions that exceeded the Federal Deposit Insurance Corporation ("FDIC") insurance limits by approximately $745,000 and $241,000 as of December 31, 2021 and 2020, respectively.

B. The PHS Section 330(h) and the DHS grants represent approximately 48% and 47% of total consolidated operating revenues in the accompanying consolidated statements of activities for the years ended December 31, 2021 and 2020, respectively.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the consolidated statement of financial position through September 29, 2022, the date the consolidated financial statements were available to be issued.

CARE FOR THE HOMELESS AND AFFILIATE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
U.S. Department of Health and Human Services				
Health Center Program Cluster:				
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless and Public Housing Primary Care)	93.224		$ 6,713,161	$ 892,219
American Rescue Plan Act Funding for Health Centers	93.224		1,161,991	-
Health Center Coronavirus Aid, Relief, and Economic Security (CARES) Act Funding	93.224		205,763	-
Expanding Capacity for Coronavirus Testing (ECT)	93.224		82,478	-
Total Health Center Program Cluster			8,163,393	892,219
Passed through Primary Care Development Corp.				
Immunization Cooperative Agreements	93.268	CDC-RFA-IP19-1901	120,565	-
COVID-19 Provider Relief Funds Period 1	93.498		78,978	-
COVID-19 Provider Relief Funds Period 2	93.498		101,444	-
Total Provider Relief Funds			180,422	-
Total U.S. Department of Health and Human Services			8,464,380	892,219
AMOUNTS PROVIDED TO SUBRECIPIENTS				**$ 892,219**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 8,464,380**	

See independent auditors' report and notes to the schedule of expenditures of federal awards.

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the financial activity of the federally assisted programs of Care for the Homeless and Affiliate (the "Organization") for the year ended December 31, 2021. The information in the 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* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, except for amounts passed through to subrecipients which are reported on a cash basis and the ALN 93.498 which is reported in accordance with the Health Resources and Services Administration’s Provider Relief Fund Reporting Portal. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

NOTE 3 – INDIRECT COST RATES

The Organization has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 4—PROVIDER RELIEF FUNDS (FEDERAL ASSISTANCE LISTING # 93.498)

The Organization received Provider Relief Funds during 2020 which were spent in 2020. The amounts received from Period 1 (April 10, 2020 – June 30, 2020) and Period 2 (July 1, 2020 – December 31, 2020) are reported on the Schedule for the year ended December 31, 2021.

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors of
Care for the Homeless and Affiliate
New York, NY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Care for the Homeless and Affiliate (collectively, the "Organization"), which comprise the consolidated statement of financial position as of December 31, 2021, 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 September 29, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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 Organization'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.*

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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffman McCann CPAs

New York, NY
September 29, 2022

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

The Board of Directors of
Care for the Homeless and Affiliate
New York, NY

Report on Compliance for Major Federal Program

Opinion on Major Federal Program

We have audited the Care for the Homeless and Affiliates' (collectively, the "Organization") compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget ("OMB") Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

Basis for Opinion on 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 of America; 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 *Auditors' Responsibilities for the Audit of Compliance* section of our report. We are required to be independent of the Organization 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 the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 Organization's federal programs.

Auditors' 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 Organization'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 Organization's compliance with the requirements of the 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 Organization'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 Organization'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 Organization'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 *Auditors' 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.

Mayer Hoffman McCann CPAs

New York, NY
September 29, 2022

CARE FOR THE HOMELESS AND AFFILIATE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Section I—Summary of Auditors' Results

Consolidated Financial Statements

Type of Auditors' report issued:	Unmodified			
Internal control over financial reporting:				
Material weaknesses identified?		Yes	X	No
Significant deficiency identified not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major program:				
Material weaknesses identified?		Yes	X	No
Significant deficiency identified not considered to be material weaknesses?		Yes	X	None reported
Type of auditors' report issued on compliance for major program:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?		Yes	X	No

Identification of major program:

- Assistance Listing Number 93.224 - Health Center Program Cluster

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 Findings

None.

CARE FOR THE HOMELESS AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

Prior Year Finding:

No matters were reported.