ELLIN & TUCKER

HEALTH CARE FOR THE HOMELESS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Health Care for the Homeless, Inc. (Organization), which comprise the Statements of Financial Position as of December 31, 2019 and 2018, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT, CONTINUED

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 23, 2020 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 internal control over financial reporting or on compliance. The 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.

Ellin & Tucker

ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
December 23, 2020

ASSETS

	2019	2018
ASSETS		
Cash and Cash Equivalents	$ 1,829,279	$ 3,557,806
Accounts Receivable, Net of Allowance of $64,107 in 2019 and $250,145 in 2018	159,652	791,348
Grants and Other Receivables	5,210,728	2,865,915
Investments, at Fair Value (Notes 2 and 3)	9,269,443	8,254,489
Prepaid Expenses	437,274	327,037
Property and Equipment, Net (Note 4)	10,307,145	10,754,383
Total Assets	$ 27,213,521	$ 26,550,978

LIABILITIES AND NET ASSETS

	2019	2018
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 566,572	$ 847,660
Accrued Salaries and Benefits	1,178,202	1,126,570
Accrued Vacation	157,798	165,458
Deferred Revenue	421,317	439,816
Total Liabilities	2,323,889	2,579,504
COMMITMENTS AND CONTINGENCIES (Note 6)		
NET ASSETS		
Without Donor Restrictions:		
Operating	13,659,800	12,159,907
Net Investment in Plant	10,789,150	11,376,779
Board-Designated Endowment (Note 10)	185,337	155,985
Total Without Donor Restrictions	24,634,287	23,692,671
With Donor Restrictions (Note 9)	255,345	278,803
Total Net Assets	24,889,632	23,971,474
Total Liabilities and Net Assets	$ 27,213,521	$ 26,550,978

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions						
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	2019 Total	2018 Total
SUPPORT AND REVENUE							
Public Support:							
Federal Grants	$ 10,398,269	$ -	$ -	$ 10,398,269	$ -	$ 10,398,269	$ 9,883,575
State and City Grants and Contracts	1,646,658	-	-	1,646,658	-	1,646,658	1,677,867
Contributions	2,361,541	-	-	2,361,541	-	2,361,541	2,579,789
Net Assets Released from Restrictions	37,352	-	-	37,352	(37,352)	-	-
Total Public Support	14,443,820	-	-	14,443,820	(37,352)	14,406,468	14,141,231
Patient Service Revenue, Net of Contractual Allowances	9,095,629	-	-	9,095,629	-	9,095,629	8,597,411
Other Support and Revenue:							
Non-Government Grants	1,115,264	-	-	1,115,264	-	1,115,264	961,694
Pharmaceutical Rebates	3,346,067	-	-	3,346,067	-	3,346,067	3,240,025
Other Income	1,154,214	-	29,352	1,183,566	13,894	1,197,460	(161,637)
In-Kind Contributions	104,198	-	-	104,198	-	104,198	71,548
Total Other Support and Revenue	5,719,743	-	29,352	5,749,095	13,894	5,762,989	4,111,630
Total Support and Revenue	29,259,192	-	29,352	29,288,544	(23,458)	29,265,086	26,850,272

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions						
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	2019 Total	2018 Total
EXPENSES							
Program Services	24,676,813	587,629	-	25,264,442	-	25,264,442	24,350,602
Management and General	2,232,724	-	-	2,232,724	-	2,232,724	2,336,346
Fundraising	849,762	-	-	849,762	-	849,762	840,737
Total Expenses	27,759,299	587,629	-	28,346,928	-	28,346,928	27,527,685
Change in Net Assets	1,499,893	(587,629)	29,352	941,616	(23,458)	918,158	(677,413)
NET ASSETS - BEGINNING OF YEAR	12,159,907	11,376,779	155,985	23,692,671	278,803	23,971,474	24,648,887
NET ASSETS - END OF YEAR	$ 13,659,800	$ 10,789,150	$ 185,337	$ 24,634,287	$ 255,345	$ 24,889,632	$ 23,971,474

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions					
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Public Support:						
Federal Grants	$ 9,883,575	$ -	$ -	$ 9,883,575	$ -	$ 9,883,575
State and City Grants and Contracts	1,677,867	-	-	1,677,867	-	1,677,867
Contributions	2,579,789	-	-	2,579,789	-	2,579,789
Net Assets Released from Restrictions	76,722	-	-	76,722	(76,722)	-
Total Public Support	14,217,953	-	-	14,217,953	(76,722)	14,141,231
Patient Service Revenue, Net of Contractual Allowances	8,597,411	-	-	8,597,411	-	8,597,411
Other Support and Revenue:						
Non-Government Grants	961,694	-	-	961,694	-	961,694
Pharmaceutical Rebates	3,240,025	-	-	3,240,025	-	3,240,025
Other Expense	(140,519)	-	(12,427)	(152,946)	(8,691)	(161,637)
In-Kind Contributions	71,548	-	-	71,548	-	71,548
Total Other Support and Revenue	4,132,748	-	(12,427)	4,120,321	(8,691)	4,111,630
Total Support and Revenue	26,948,112	-	(12,427)	26,935,685	(85,413)	26,850,272

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions					
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	Total
EXPENSES						
Program Services	23,901,586	449,016	-	24,350,602	-	24,350,602
Management and General	2,336,346	-	-	2,336,346	-	2,336,346
Fundraising	840,737	-	-	840,737	-	840,737
Total Expenses	27,078,669	449,016	-	27,527,685	-	27,527,685
Change in Net Assets	(130,557)	(449,016)	(12,427)	(592,000)	(85,413)	(677,413)
NET ASSETS - BEGINNING OF YEAR	12,290,464	11,825,795	168,412	24,284,671	364,216	24,648,887
NET ASSETS - END OF YEAR	$ 12,159,907	$ 11,376,779	$ 155,985	$ 23,692,671	$ 278,803	$ 23,971,474

(See Independent Auditors' Report and Accompanying Notes)

STATEMENTS OF FUNCTIONAL EXPENSES

Health Care for the Homeless, Inc.
For the Year Ended December 31, 2019
(With Comparative Totals for the Year Ended December 31, 2018)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	2019 Total	2018 Total
Salaries and Related Expenses	$ 17,287,848	$ 1,611,207	$ 535,096	$ 2,146,303	$ 19,434,151	$ 19,015,229
Conferences and Meetings	76,357	48,478	208,055	256,533	332,890	312,634
Dues and Subscriptions	194,443	2,993	6,083	9,076	203,519	124,851
Equipment	100,700	82,937	17,950	100,887	201,587	226,121
Purchase of Service and Contracts	340,772	130,096	7,500	137,596	478,368	954,887
Insurance	142,255	27,423	1,713	29,136	171,391	176,205
In-Kind Expenses	104,198	-	-	-	104,198	72,033
Miscellaneous	120,702	3,008	16,224	19,232	139,934	93,402
Occupancy	1,024,467	87,294	5,226	92,520	1,116,987	956,596
Office Supplies	288,910	68,303	35,317	103,620	392,530	419,011
Postage and Shipping	14,244	278	2,273	2,551	16,795	17,777
Professional Fees	35,876	87,651	-	87,651	123,527	127,794
Program Service Supplies	4,731,998	43,381	12,454	55,835	4,787,833	4,217,548
Telephone	214,043	39,675	1,871	41,546	255,589	211,004
Total Expenses before Depreciation and Amortization Expense	24,676,813	2,232,724	849,762	3,082,486	27,759,299	26,925,092
Depreciation and Amortization Expense	587,629	-	-	-	587,629	602,593
Total Expenses	$ 25,264,442	$ 2,232,724	$ 849,762	$ 3,082,486	$ 28,346,928	$ 27,527,685

(See Independent Auditors' Report and Accompanying Notes)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	Total
Salaries and Related Expenses	$ 16,664,485	$ 1,787,106	$ 563,638	$ 2,350,744	$ 19,015,229
Conferences and Meetings	60,528	67,644	184,462	252,106	312,634
Dues and Subscriptions	118,873	5,454	524	5,978	124,851
Equipment	135,040	73,796	17,285	91,081	226,121
Purchase of Service and Contracts	871,995	67,312	15,580	82,892	954,887
Insurance	148,572	26,008	1,625	27,633	176,205
In-Kind Expenses	72,033	-	-	-	72,033
Miscellaneous	73,184	5,524	14,694	20,218	93,402
Occupancy	878,984	73,266	4,346	77,612	956,596
Office Supplies	310,822	75,390	32,799	108,189	419,011
Postage and Shipping	17,025	85	667	752	17,777
Professional Fees	28,825	98,969	-	98,969	127,794
Program Service Supplies	4,191,943	21,967	3,638	25,605	4,217,548
Telephone	175,700	33,825	1,479	35,304	211,004
Total Expenses before Depreciation and Amortization Expense	23,748,009	2,336,346	840,737	3,177,083	26,925,092
Depreciation and Amortization Expense	602,593	-	-	-	602,593
Total Expenses	$ 24,350,602	$ 2,336,346	$ 840,737	$ 3,177,083	$ 27,527,685

(See Independent Auditors' Report and Accompanying Notes)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 918,158	$ (677,413)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used in Operating Activities:		
Depreciation	587,629	602,593
Realized and Unrealized (Gain) Loss on Investments	(776,772)	398,268
Net Changes in:		
Accounts Receivable	631,696	(281,684)
Grants and Other Receivables	(2,344,813)	(1,263,020)
Prepaid Expenses	(110,237)	(142,223)
Accounts Payable and Accrued Expenses	(281,088)	(311,365)
Accrued Salaries and Benefits	51,632	63,586
Accrued Vacation	(7,660)	(12,324)
Deferred Revenue	(18,499)	(362,306)
Net Cash Used in Operating Activities	(1,349,954)	(1,985,888)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(140,391)	(125,036)
Purchases of Investments	(4,897,052)	(350,284)
Proceeds from Sale of Investments	4,658,870	-
Net Cash Used in Investing Activities	(378,573)	(475,320)
Net Change in Cash and Cash Equivalents	(1,728,527)	(2,461,208)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	3,557,806	6,019,014
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,829,279	$ 3,557,806

(See Independent Auditors' Report and Accompanying Notes)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Health Care for the Homeless, Inc. (Organization) is a not-for-profit organization that provides health-related services, education, and advocacy to reduce the incidence and burdens of homelessness. Headquartered in Baltimore, the Organization delivers adult and pediatric medical care, mental health services, social services and case management, addiction treatment, dental care, outreach, housing, and access to employment for thousands of Marylanders annually at a variety of treatment sites throughout Maryland. The Organization is accredited for ambulatory and behavioral health by the Joint Commission.

The Organization receives a major portion of its funding from grants from the Department of Health and Human Services, State of Maryland and Federal governments.

ACCOUNTING STANDARDS CODIFICATION

All references in the financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board (FASB). The Codification is the single source of authoritative GAAP in the United States.

NEW ACCOUNTING STANDARDS ADOPTED

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended by subsequent ASUs (collectively, ASC 606) which amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The Organization adopted ASU 2014-09 effective January 1, 2019 using the modified retrospective transition method. The adoption of ASU 2014-09 did not materially impact the timing and measurement of revenue recognition. As a result, the Organization did not recognize a cumulative effect adjustment to the opening balance of net assets. The prior year comparative information has not been restarted and continues to be reported under the accounting standards in effect for those periods.

In June 2019, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies when a grant should be accounted for as a contribution or an exchange transaction. The Organization adopted ASU 2018-08 as of January 1, 2019 under the modified prospective approach. The adoption of ASU 2018-08 did not materially impact the financial statements.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements have been prepared on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, support and revenue are recorded when earned and expenses are recorded when incurred. Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Organization maintains its cash in bank deposit and brokerage accounts which, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

INVESTMENTS

Investments are reported at fair value. Changes in unrealized gains and losses are recognized in the Statements of Activities. See Note 3 for a discussion of fair value measurements.

REVENUE RECOGNITION

Restricted and unrestricted grants and contributions are recorded when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Amounts received under grant agreements are deferred and recognized as revenue when the services are performed. Contributions of assets other than cash, if received, are recorded at fair value.

Grants and contributions received are recorded as support within net assets with or without donor restrictions, depending on the existence and nature of any donor imposed restrictions. All donor-restricted support is reported as an increase in support within net assets with donor restrictions, depending on the nature of the restriction.

PATIENT SERVICE REVENUE

Patient service revenue is recognized at the time of service. Patients covered under the Section 330 Federal Grant Program receive deeply discounted services, and these discounts are taken at the time of billing. All other contractual adjustments are estimated based on historical percentages by payor and adjusted to the actual amount at the time of cash receipt. The Organization is reimbursed for the cost of providing services by the Medicare program based on the Medicare cost reimbursement principles in effect, and such reimbursements are subject to audit and retroactive adjustment by Medicare.

A provision for estimated Medicare settlements is provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded as adjustments to revenue in the Statements of Activities and changes in net assets in the year of settlement.

PHARMACEUTICAL REBATES

The Organization receives a portion of the rebates paid by pharmacy benefit managers when members in their insurance plans purchase medicine from a facility, doctor or pharmacy. The Organization also receives an administrative fee for every script that is filled at the pharmacy. Pharmacy revenue is recognized on a monthly basis as earned.

ACCOUNTS RECEIVABLE

Accounts receivable are carried on the basis of total client charges. The allowances include estimates for both accounts which may be uncollectible and third-party contractual and discount arrangements. Management determines the allowance for uncollectible accounts by identifying estimated third-party contractual discounts and allowances and using estimates of collections based on past experience. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

GRANTS AND OTHER RECEIVABLES

The Organization records grants and other receivables at cost less an allowance for doubtful accounts, which is based on management's assessment of uncollectible amounts of grants and other receivables.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or, if donated, at the estimated fair value at the date of the donation. Expenditures for property and equipment in excess of $5,000 are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets.

CHARITY CARE

The Organization is a provider defined by Section 330 of the Public Health Services Act. The Organization provides care to patients with discounts based on patient family size and income in accordance with federal poverty guidelines. The Organization is open to all patients regardless of their ability to pay. The amount not recovered is not reported as revenue as it is not expected to be paid. The Organization maintains records to identify and monitor the level of charity care it provides.

The Codification prescribes that cost be used as the measurement basis for charity care disclosure purposes and identified as the direct and indirect costs of providing charity care. The amount of charity care provided during the years ended December 31, 2019 and 2018 was $3,177,199 and $3,452,930, respectively, and estimated by allocating total patient service expenses incurred by the Organization using the ratio of uninsured patient service charges to total patient service charges.

PATIENT RECEIVABLES

Patient receivables are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

INCOME TAXES

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service has determined the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

(See Independent Auditors' Report)

The Organization follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions which do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management does not believe it has taken any tax positions that would not meet this threshold.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates of actual time or resources devoted to each program.

NOTE 2 INVESTMENTS

Investments at December 31, 2019 and 2018 consisted of the following:

	2019		2018	
	Fair Value	**Cost**	**Fair Value**	**Cost**
Cash and Cash Equivalents	$ 360,909	$ 360,909	$ 215,673	$ 215,673
Mutual Funds	3,506,242	3,394,074	3,416,942	3,620,447
Exchange Traded Funds	2,380,486	1,444,310	1,269,759	1,444,310
Fixed Income:				
U.S. Treasuries	1,060,382	1,035,919	1,250,491	1,243,202
Corporate Bonds	1,212,116	1,202,376	1,324,206	1,354,771
Municipal Bonds	180,610	179,311	276,999	281,875
Asset Backed Securities	275,154	274,112	250,122	251,045
Jewish Community Investment Fund	293,544	235,022	250,297	235,022
	$9,269,443	$8,126,033	$8,254,489	$8,646,345

(See Independent Auditors' Report)

Investment gain (loss) for the years ended December 31, 2019 and 2018 was comprised of the following:

	2019	2018
Dividends and Interest	$ 349,161	$ 184,448
Unrealized Gain (Loss)	776,493	(402,378)
Realized Gain	279	4,110
	1,125,933	(213,820)
Less: Investment Fees	39,770	34,183
	$ 1,086,163	$ (248,003)

NOTE 3 FAIR VALUE MEASUREMENTS

The Fair Value Measurements and Disclosures Topic of the Codification establishes a hierarchal disclosure framework, which prioritizes and ranks the level of market price observability used in measuring investments and other financial instruments at 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 below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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;

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.

(See Independent Auditors' Report)

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.

Below are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019.

Exchange Traded Funds: Valued at quoted prices in an active market.

Money Market and Mutual Funds: Valued at the net asset value (NAV) of shares held by the Organization at year end. NAV is based on the value of the underlying assets owned by the funds, minus its liabilities, and then divided by the number of shares outstanding. NAV is a quoted price in an active market.

Fixed Income: Valued based on yields currently available or comparable securities of issuers with similar credit ratings.

Jewish Community Investment Fund (JCIF): The Organization holds an interest in JCIF, a fund managed by the Associated Jewish Community Federal of Baltimore (Associated). JCIF has discretionary investment authority over the Organization's interest and provides periodic value assessments of the fund, which are incorporated into the Organization's financial statements. The Organization follows ASU 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (ASU 2015-07), which removed the requirement to categorize investments for which fair value is measured using the NAV of the investment as a practical expedient within the fair value hierarchy and the requirement to make certain disclosures for investments that are eligible to be measured at fair value using the NAV practical expedient.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019 and 2018:

	2019		
	Level 1	**Level 2**	**Total**
Exchange Traded Funds	$ 2,380,486	$ -	$ 2,380,486
Mutual Funds:			
Intermediate-Term Bond Funds	1,893,205	-	1,893,205
Equity Funds	1,613,037	-	1,613,037
Fixed Income:			
U.S. Treasuries	-	1,060,382	1,060,382
Corporate Bonds	-	1,212,116	1,212,116
Municipal Bonds	-	180,610	180,610
Asset Backed Securities	-	275,154	275,154
	$ 5,886,728	$ 2,728,262	8,614,990
Jewish Community Investment Fund			293,544
Total			$ 8,908,534

	2018		
	Level 1	**Level 2**	**Total**
Exchange Traded Funds	$ 1,269,759	$ -	$ 1,269,759
Mutual Funds:			
Intermediate-Term Bond Funds	2,196,298	-	2,196,298
Equity Funds	1,220,644	-	1,220,644
Fixed Income:			
U.S. Treasuries	-	1,250,491	1,250,491
Corporate Bonds	-	1,324,206	1,324,206
Municipal Bonds	-	276,999	276,999
Asset Backed Securities	-	250,122	250,122
	$ 4,686,701	$ 3,101,818	7,788,519
Jewish Community Investment Fund			250,297
Total			$ 8,038,816

(See Independent Auditors' Report)

Cash and cash equivalents are excluded from the fair value hierarchy as those items are generally measured at cost. As such, cash and cash equivalents of $360,909 and $215,673 held in the Organization's investment portfolio at December 31, 2019 and 2018, respectively, have been excluded from this table.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 and 2018 were as follows:

	2019	2018
Land	$ 1	$ 1
Building and Improvements	13,491,729	13,432,943
Equipment	1,911,976	1,857,902
Furniture and Fixtures	625,751	616,429
Construction in Progress	18,209	-
	16,047,666	15,907,275
Less: Accumulated Depreciation	5,740,521	5,152,892
Total	$ 10,307,145	$ 10,754,383

NOTE 5 LINE OF CREDIT

The Organization has a revolving line of credit, which provides for borrowings of up to $1,000,000, with interest at daily LIBOR plus 1.25% and is payable monthly in arrears. The line is collateralized by the assets of the Organization. At December 31, 2019 and 2018, no amounts were outstanding under the line of credit.

NOTE 6 COMMITMENTS AND CONTINGENCIES

Most grants and cost-reimbursable contracts specify the types of expenditures for which the grant or contract funds may be used. Certain expenses of these funds are subject to audit by the grantors and, to the extent an audit determines any expenses were disallowed, the amount is subject to refund to the grantor. Management does not believe any refund, if required, would be material. A reduction in funding level could have a significant impact on the Organization.

(See Independent Auditors' Report)

OPERATING LEASES

The Company leases various property and equipment. Minimum future annual rental payments required under operating leases at December 31, 2019 are as follows:

Year Ending December 31	2020	$ 162,675
	2021	110,496

Rent expense was $236,892 and $228,512 for the years ended December 31, 2019 and 2018, respectively.

NOTE 7 CONTRACTED SERVICES

The Organization entered into agreements with several providers to provide health care services to the homeless. The providers contracted by the Organization were paid $234,310 and $676,129 for services provided for the years ended December 31, 2019 and 2018, respectively.

NOTE 8 RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan (Plan). Each employee is eligible to participate on the anniversary date of the Plan following one year of service and a minimum of 1,000 hours of service. The Organization's annual contribution to the Plan is 5% of the participating employee's base salary. The Organization's expenses related to the Plan for the years ended December 31, 2019 and 2018 were $603,274 and $504,041, respectively.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 are restricted for the following purposes:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Third Floor Building Expansion	$ 147,139	$ 173,891
Dental Equipment	-	10,600
Net Appreciation (Depreciation) of Endowment Funds	8,206	(5,688)
Subject to Organization's Spending Policy and Appropriation:		
Investment in Perpetuity (Including Amounts Greater than Original Gift Amounts of $100,000), Which, Once Appropriated, is Expendable to Support:		
Any Activities of the Organization	100,000	100,000
Total	$ 255,345	$ 278,803

(See Independent Auditors' Report)

NOTE 10 ENDOWMENT FUNDS

The Organization's endowment consists of donor-restricted funds established to provide a source of income for ongoing operating expenses. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Organization is subject to the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) Duration and preservation of the fund
(2) Purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) Possible effect of inflation and deflation
(5) Expected total return from income and the appreciation of investments
(6) Other resources of the Organization
(7) Investment policies of the Organization

ENDOWMENT FUND COMPOSITION BY TYPE OF FUND AS OF DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 185,337	$ -	$ 185,337
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Required to be Maintained in Perpetuity by Donor	-	100,000	100,000
Accumulated Investment Gains	-	8,206	8,206
	$ 185,337	$ 108,206	$ 293,543

ENDOWMENT FUND COMPOSITION BY TYPE OF FUND AS OF DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 155,985	$ -	$ 155,985
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Required to be Maintained in Perpetuity by Donor	-	100,000	100,000
Accumulated Investment Losses	-	(5,688)	(5,688)
	$ 155,985	$ 94,312	$ 250,297

CHANGES IN ENDOWMENT FUNDS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds, January 1, 2018	$ 168,412	$ -	$ 168,412
Contributions	-	103,003	103,003
Investment Return, Net	(12,427)	(8,691)	(21,118)
Endowment Funds, December 31, 2018	155,985	94,312	250,297
Investment Return, Net	29,352	13,894	43,246
Endowment Funds, December 31, 2019	$ 185,337	$ 108,206	$ 293,543

(See Independent Auditors' Report)

UNDERWATER ENDOWMENT FUNDS

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2019. Deficiencies of this nature totaled $5,688 as of December 31, 2018 as a result of unfavorable market conditions.

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operating expenses while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner intended to produce results that exceed the price and yield results of a composite index that is a weighted blend of the indices reflecting the Organization’s target allocation while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return approximating the spending rate plus the Consumer Price Index annually. Actual returns in any given year may vary from this amount.

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objective, the Organization relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Organization’s endowment allows distributions to the extent that such distributions do not exceed a level that would erode the endowment fund’s real assets over time. In establishing this policy, the Organization considers the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average rate approximating the spending rate plus the Consumer Price Index annually. This is consistent with the objective to maintain the purchasing power of the endowment assets in perpetuity or for a donor-specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 11 CERTAIN SIGNIFICANT RISKS AND UNCERTAINTIES

The Organization receives revenue from Medicare, Medicaid, and other third-party payors. The health care industry is experiencing the effects of the federal and state governments' trend toward cost containment, as government and other third-party payors seek to impose lower reimbursement and utilization rates and negotiate reduced payment schedules with providers. These cost containment measures, combined with increasing influence of managed care payors and competition for patients, could result in reduced rates of reimbursement for services provided by the Organization.

It is not possible to fully quantify the effect of recent legislation, interpretation or administration of such legislation, or any other government initiatives of the Organization's business. Accordingly, there can be no assurance that any future health care legislation will not adversely affect the Organization's business. There can be no assurance that payments under government and third-party payor programs will be timely, remain at levels comparable to present levels, or, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Organization's financial condition and results of activities may be affected by the reimbursement process, which in the Organization's industry is complex and can involve lengthy delays between the time that revenue is recognized and reimbursement amounts are settled.

MALPRACTICE RISK

The Organization is deemed an employee of the federal government for purposes of malpractice protection and is thus covered under the Federal Tort Claims Act (FTCA). The FTCA provides malpractice coverage to eligible Public Health Service-supported programs, which applies to the Organization and its employees while providing services within the scope of employment included under grant-related activities. The Attorney General, through the United States Department of Justice, has the responsibility for the defense of the individual and/or grantee for malpractice cases approved for FTCA coverage.

NOTE 12 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available to meet cash needs for general expenditures within one year of the Statements of Financial Position date are as follows:

	2019	2018
Cash and Cash Equivalents	$ 1,829,279	$ 3,557,806
Investments	9,269,443	8,254,489
Accounts Receivable	159,652	791,348
Grants and Other Receivables	5,210,728	2,865,915
Total Financial Assets	16,469,102	15,469,558
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(100,000)	(100,000)
Donor Contributions Restricted to Specific Purposes	(155,345)	(178,803)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year before Board Designations	16,213,757	15,190,755
Board-Designated Operating Endowment	(185,337)	(155,985)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year after Board Designations	$ 16,028,420	$ 15,034,770

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has a committed line of credit, which it could draw upon, of $1,000,000. Additionally, the Organization has board-designated net assets without donor restrictions that could be made available for current operations if necessary.

NOTE 13 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 23, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and global financial markets. There is significant uncertainty around

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the breadth and duration of business disruptions related to COVID-19 as well as its impact on the global economy. Therefore, the Organization is currently unable to determine the extent of the impact to its future condition or results of operations.

In April 2020, the Organization received a loan of $3,416,300 under the Small Business Administration's (SBA) Paycheck Protection Program. Either a portion or all of the loan may be forgiven provided the funds are used for the specific purposes outlined by the Paycheck Protection Program. Any amounts not forgiven will be repaid in monthly installments including interest at 1% beginning the earlier of: a) 10 months after the end of the Covered Period, as defined, or b) the date the SBA remits the forgiven amount to the lender, through April 2022. Management anticipates that all requirements of the program will be met and the full loan amount will be forgiven, at which time the loan forgiveness income will be recognized.