HEALTH CARE FOR THE HOMELESS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

HEALTH CARE for the HOMELESS INC.

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INDEPENDENT AUDITORS' REPORT

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

OPINION

We audited the accompanying financial statements of Health Care for the Homeless, Inc. (Organization) (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2022 and 2021, the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021 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.

BASIS FOR OPINION

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the 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 audits. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT 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 and for 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.

In preparing the 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 within one year after the date that the financial statements are available to be issued.

AUDITORS' RESPONSIBILITIES FOR THE AUDITS OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

INDEPENDENT AUDITORS' REPORT, CONTINUED

control. Misstatements, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 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 matters regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards,* we also issued our report dated September 26, 2023 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
September 26, 2023

ASSETS

	2022	2021
ASSETS		
Cash and Cash Equivalents	$ 5,427,443	$ 5,676,339
Accounts Receivable, Net of Allowance of $2,755,012 and $1,257,921, Respectively	762,290	2,036,530
Grants and Other Receivables	6,201,174	7,128,249
Investments, at Fair Value (Notes 2 and 3)	8,923,813	10,217,729
Due from Related Party (Note 4)	2,000,000	1,958,166
Prepaid Expenses	217,605	362,839
Property and Equipment, Net (Note 5)	10,885,612	9,660,589
Total Assets	$ 34,417,937	$ 37,040,441

LIABILITIES AND NET ASSETS

	2022	2021
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 3,074,173	$ 2,439,897
Accrued Salaries and Benefits	1,078,019	1,103,087
Accrued Vacation	574,987	559,457
Deferred Revenue	569,237	1,038,825
Total Liabilities	5,296,416	5,141,266
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS		
Without Donor Restrictions:		
Operating	14,982,269	19,445,198
Net Investment in Plant	9,372,222	9,794,216
Board-Designated Endowment (Note 12)	203,768	245,762
Total Without Donor Restrictions	24,558,259	29,485,176
With Donor Restrictions (Note 11)	4,563,262	2,413,999
Total Net Assets	29,121,521	31,899,175
Total Liabilities and Net Assets	$ 34,417,937	$ 37,040,441

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions						
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	2022 Total	2021 Total
SUPPORT AND REVENUE							
Public Support:							
Federal Grants	$ 11,274,931	$ -	$ -	$ 11,274,931	$ -	$ 11,274,931	$ 11,230,412
State and City Grants and Contracts	1,535,516	-	-	1,535,516	-	1,535,516	1,438,962
Contributions	2,395,130	-	-	2,395,130	2,369,190	4,764,320	2,728,082
Net Assets Released from Restrictions	195,942	-	-	195,942	(195,942)	-	-
Total Public Support	15,401,519	-	-	15,401,519	2,173,248	17,574,767	15,397,456
Patient Service Revenue, Net of Contractual Allowances	6,194,580	-	-	6,194,580	-	6,194,580	6,395,684
Other Support and Revenue:							
Non-Government Grants	125,421	-	-	125,421	-	125,421	310,789
Pharmaceutical Rebates	3,968,026	-	-	3,968,026	-	3,968,026	3,841,633
Other Income	778,323	-	-	778,323	-	778,323	35,274
In-Kind Contributions	73,618	-	-	73,618	-	73,618	93,059
Total Other Support and Revenue	4,945,388	-	-	4,945,388	-	4,945,388	4,280,755
Total Support and Revenue	26,541,487	-	-	26,541,487	2,173,248	28,714,735	26,073,895

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions						
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	2022 Total	2021 Total
EXPENSES							
Program Services	23,503,262	421,994	-	23,925,256	-	23,925,256	23,585,429
Management and General	5,225,602	-	-	5,225,602	-	5,225,602	3,684,620
Fundraising	1,095,565	-	-	1,095,565	-	1,095,565	826,742
Total Expenses	29,824,429	421,994	-	30,246,423	-	30,246,423	28,096,791
Change in Net Assets before Debt Forgiveness and Investment Income (Loss)	(3,282,942)	(421,994)	-	(3,704,936)	2,173,248	(1,531,688)	(2,022,896)
DEBT FORGIVENESS INCOME (Note 7)	-	-	-	-	-	-	3,416,300
INVESTMENT (LOSS) INCOME	(1,179,987)	-	(41,994)	(1,221,981)	(23,985)	(1,245,966)	1,011,877
Change in Net Assets	(4,462,929)	(421,994)	(41,994)	(4,926,917)	2,149,263	(2,777,654)	2,405,281
NET ASSETS – BEGINNING OF YEAR	19,445,198	9,794,216	245,762	29,485,176	2,413,999	31,899,175	29,493,894
NET ASSETS – END OF YEAR	$ 14,982,269	$ 9,372,222	$ 203,768	$ 24,558,259	$ 4,563,262	$ 29,121,521	$ 31,899,175

(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	$ 11,230,412	$ -	$ -	$ 11,230,412	$ -	$ 11,230,412
State and City Grants and Contracts	1,438,962	-	-	1,438,962	-	1,438,962
Contributions	2,548,082	-	-	2,548,082	180,000	2,728,082
Net Assets Released from Restrictions	26,752	-	-	26,752	(26,752)	-
Total Public Support	15,244,208	-	-	15,244,208	153,248	15,397,456
Patient Service Revenue, Net of Contractual Allowances	6,395,684	-	-	6,395,684	-	6,395,684
Other Support and Revenue:						
Non-Government Grants	310,789	-	-	310,789	-	310,789
Pharmaceutical Rebates	3,841,633	-	-	3,841,633	-	3,841,633
Other Income	35,274	-	-	35,274	-	35,274
In-Kind Contributions	93,059	-	-	93,059	-	93,059
Total Other Support and Revenue	4,280,755	-	-	4,280,755	-	4,280,755
Total Support and Revenue	25,920,647	-	-	25,920,647	153,248	26,073,895

(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	23,098,152	487,277	-	23,585,429	-	23,585,429
Management and General	3,684,620	-	-	3,684,620	-	3,684,620
Fundraising	826,742	-	-	826,742	-	826,742
Total Expenses	27,609,514	487,277	-	28,096,791	-	28,096,791
Change in Net Assets before Debt Forgiveness and Investment Income (Loss)	(1,688,867)	(487,277)	-	(2,176,144)	153,248	(2,022,896)
DEBT FORGIVENESS INCOME (Note 7)	3,416,300	-	-	3,416,300	-	3,416,300
INVESTMENT INCOME (LOSS)	958,433	-	34,016	992,449	19,428	1,011,877
Change in Net Assets	2,685,866	(487,277)	34,016	2,232,605	172,676	2,405,281
NET ASSETS – BEGINNING OF YEAR	16,759,332	10,281,493	211,746	27,252,571	2,241,323	29,493,894
NET ASSETS – END OF YEAR	$ 19,445,198	$ 9,794,216	$ 245,762	$ 29,485,176	$ 2,413,999	$ 31,899,175

(See Independent Auditors' Report and Accompanying Notes)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	2022 Total	2021 Total
Salaries and Related Expenses	$ 14,013,645	$ 4,093,280	$ 732,316	$ 4,825,596	$ 18,839,241	$ 18,402,168
Conferences and Meetings	61,558	21,184	64,139	85,323	146,881	137,861
Dues and Subscriptions	247,001	2,484	390	2,874	249,875	241,348
Equipment	333,526	197,858	13,604	211,462	544,988	466,589
Purchase of Service and Contracts	225,890	465,421	18,303	483,724	709,614	745,157
Insurance	133,360	44,236	-	44,236	177,596	181,925
In-Kind Expenses	74,118	-	-	-	74,118	93,059
Miscellaneous	137,154	27,080	34,374	61,454	198,608	258,547
Occupancy	1,396,718	9,584	-	9,584	1,406,302	1,035,445
Office Supplies	225,656	145,855	48,102	193,957	419,613	233,671
Postage and Shipping	13,612	1,931	10,919	12,850	26,462	19,281
Professional Fees	177,563	150,947	25,521	176,468	354,031	73,294
Program Service Supplies	6,289,360	30,468	147,897	178,365	6,467,725	5,397,745
Telephone	174,101	35,274	-	35,274	209,375	323,424
Total Expenses before Depreciation and Amortization Expense	23,503,262	5,225,602	1,095,565	6,321,167	29,824,429	27,609,514
Depreciation and Amortization Expense	421,994	-	-	-	421,994	487,277
Total Expenses	$ 23,925,256	$ 5,225,602	$ 1,095,565	$ 6,321,167	$ 30,246,423	$ 28,096,791

(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	$ 15,071,511	$ 2,675,426	$ 655,231	$ 3,330,657	$ 18,402,168
Conferences and Meetings	56,149	5,731	75,981	81,712	137,861
Dues and Subscriptions	223,303	12,316	5,729	18,045	241,348
Equipment	147,421	307,890	11,278	319,168	466,589
Purchase of Service and Contracts	457,924	287,233	-	287,233	745,157
Insurance	132,474	49,451	-	49,451	181,925
In-Kind Expenses	93,059	-	-	-	93,059
Miscellaneous	168,876	59,017	30,654	89,671	258,547
Occupancy	1,030,470	4,975	-	4,975	1,035,445
Office Supplies	113,948	82,018	37,705	119,723	233,671
Postage and Shipping	9,236	862	9,183	10,045	19,281
Professional Fees	16,026	57,268	-	57,268	73,294
Program Service Supplies	5,395,402	1,362	981	2,343	5,397,745
Telephone	182,353	141,071	-	141,071	323,424
Total Expenses before Depreciation and Amortization Expense	23,098,152	3,684,620	826,742	4,511,362	27,609,514
Depreciation and Amortization Expense	487,277	-	-	-	487,277
Total Expenses	$ 23,585,429	$ 3,684,620	$ 826,742	$ 4,511,362	$ 28,096,791

(See Independent Auditors' Report and Accompanying Notes)

	2022	2021
OPERATING ACTIVITIES		
Change in Net Assets	$ (2,777,654)	$ 2,405,281
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	421,994	487,277
Realized and Unrealized Loss (Gain) on Investments	1,395,374	(692,681)
Forgiveness of Debt Income	-	(3,416,300)
Net Changes in:		
Accounts Receivable	1,274,240	(925,620)
Grants and Other Receivables	927,075	(2,312,064)
Prepaid Expenses	145,234	28,551
Accounts Payable and Accrued Expenses	634,276	1,024,839
Accrued Salaries and Benefits	(25,068)	145,299
Accrued Vacation	15,530	(55,507)
Deferred Revenue	(469,588)	740,373
Net Cash Provided by (Used in) Operating Activities	1,541,413	(2,570,552)
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,647,017)	(303,226)
Advances to Related Party	(41,834)	(1,206,391)
Purchases of Investments	(6,653,724)	(1,251,337)
Proceeds from Sale of Investments	6,552,266	983,167
Net Cash Used in Investing Activities	(1,790,309)	(1,777,787)
Net Change in Cash and Cash Equivalents	(248,896)	(4,348,339)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	5,676,339	10,024,678
CASH AND CASH EQUIVALENTS – END OF YEAR	$ 5,427,443	$ 5,676,339

(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, the state of Maryland, and the federal government.

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.

BASIS OF ACCOUNTING AND PRESENTATION

The financial statements were 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.

(See Independent Auditors' Report)

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 prescription 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 accounts that 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. As of January 1, 2022, accounts receivable, net of allowance, totaled $1,110,910.

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 because 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, 2022 and 2021 was $3,457,773 and $3,447,479, 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 collectibility 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 are 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 determined the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

The Organization follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the Organization's 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 took any tax positions that would not meet this threshold.

FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 2 INVESTMENTS

Investments at December 31, 2022 and 2021 consisted of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	$ 83,914	$ 83,914	$ 209,511	$ 209,511
Mutual Funds	5,109,840	5,147,467	4,799,969	4,124,569
Exchange Traded Funds	2,488,555	2,281,589	3,259,572	2,268,115
Fixed Income:				
U.S. Treasuries	921,357	912,431	853,094	855,132
Corporate Bonds	-	-	498,419	497,681
Municipal Bonds	-	-	81,705	82,604
Asset-Backed Securities	-	-	129,333	130,486
Jewish Community Investment Fund	320,147	235,022	386,126	235,022
	$ 8,923,813	$ 8,660,423	$ 10,217,729	$ 8,403,120

Investment gain for the years ended December 31, 2022 and 2021 was comprised of the following:

	2022	2021
Dividends and Interest	$ 149,408	$ 319,196
Unrealized (Loss) Gain	(1,395,297)	685,396
Realized (Loss) Gain	(77)	7,285
	(1,245,966)	1,011,877
Less: Investment Fees	48,361	50,873
	$ (1,294,327)	$ 961,004

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).

(See Independent Auditors' Report)

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.

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 were no changes in the methodologies used at December 31, 2022 and 2021.

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 Federation 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 the FASB's Fair Value Measurement – Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share section of the Codification, which does not require categorization of 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, 2022 and 2021:

	2022		
	Level 1	**Level 2**	**Total**
Exchange Traded Funds	$ 2,488,555	$ -	$ 2,488,555
Mutual Funds:			
Intermediate-Term Bond Funds	1,955,550	-	1,955,550
Equity Funds	3,154,290	-	3,154,290
Fixed Income:			
U.S. Treasuries	-	921,357	921,357
	$ 7,598,395	$ 921,357	8,519,752
Jewish Community Investment Fund			320,147
Total			$ 8,839,899

	2021		
	Level 1	**Level 2**	**Total**
Exchange Traded Funds	$ 3,259,572	$ -	$ 3,259,572
Mutual Funds:			
Intermediate-Term Bond Funds	2,156,938	-	2,156,938
Equity Funds	2,643,031	-	2,643,031
Fixed Income:			
U.S. Treasuries	-	853,094	853,094
Corporate Bonds	-	498,419	498,419
Municipal Bonds	-	81,705	81,705
Asset-Backed Securities	-	129,333	129,333
	$ 8,059,541	$ 1,562,551	9,622,092
Jewish Community Investment Fund			386,126
Total			$ 10,008,218

Cash and cash equivalents are excluded from the fair value hierarchy because those items are generally measured at cost. As such, cash and cash equivalents of $83,914 and $209,511 held in the Organization's investment portfolio at December 31, 2022 and 2021, respectively, were excluded from this table.

NOTE 4 DUE FROM RELATED PARTY

The Organization owns a .0049% interest in Sojourner Place at Preston LLC (Sojourner Place), which was created to develop an affordable and supportive housing project in Baltimore City. The Organization has a loan receivable from Sojourner Place in the principal amount of $2,000,000 with interest at 7.25% per annum. As of December 31, 2022 and 2021, accrued interest receivable and the allowance for accrued interest receivable on the loan was approximately $210,000 and $65,000, respectively. The interest receivable is being fully reserved based on the cash flow projections of the project. As of December 31, 2022, the Organization has a receivable for developer fee revenue in the approximate amount of $700,000 from Sojourner Place.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2022 and 2021 were as follows:

	2022	2021
Land	$ 1	$ 1
Building and Improvements	14,096,369	13,496,722
Equipment	3,288,295	2,256,453
Furniture and Fixtures	658,396	625,751
Construction in Progress	-	17,117
	18,043,061	16,396,044
Less: Accumulated Depreciation	7,157,449	6,735,455
Total	$ 10,885,612	$ 9,660,589

NOTE 6 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 Bloomberg Short-Term Bank Yield Index plus 1.25% and is payable monthly in arrears. The line is collateralized by the assets of the Organization. At December 31, 2022 and 2021, no amounts were outstanding under the line of credit.

NOTE 7 PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a loan of $3,416,300 under the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The Organization used the funds primarily for payroll costs during the 24-week period beginning in April 2020 in accordance with the terms of the PPP. The Organization applied for forgiveness of the loan under the terms of the PPP and received notification from the SBA that the loan was forgiven. Forgiveness income is included in other income in Statement of Activities for the year ended December 31, 2021. PPP loans are subject to audit for six years by the U.S. Department of Treasury, SBA, or lender; as a result of such audit adjustments to the recognition of revenue could be required.

NOTE 8 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.

NOTE 9 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 $217,645 and $214,015 for services provided for the years ended December 31, 2022 and 2021, respectively.

NOTE 10 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. During the years ended December 31, 2022 and 2021, the Organization's annual contribution to the Plan was 2% of the participant's base salary. The Organization's expenses related to the Plan for the years ended December 31, 2022 and 2021 were $262,088 and $232,946, respectively.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 were restricted for the following purposes:

	2022	2021
Subject to Expenditure for Specified Purpose:		
Third Floor Building Expansion	$ 66,883	$ 93,635
Sojourner Place Project	2,180,000	2,180,000
Supportive Housing Development	2,200,000	-
Net Appreciation of Endowment Funds	16,379	40,364
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	$ 4,563,262	$ 2,413,999

NOTE 12 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 interprets 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 interprets

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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, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 203,768	$ -	$ 203,768
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Required to Be Maintained in Perpetuity by Donor	-	100,000	100,000
Accumulated Investment Gains	-	16,379	16,379
	$ 203,768	$ 116,379	$ 320,147

ENDOWMENT FUND COMPOSITION BY TYPE OF FUND AS OF DECEMBER 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Funds	$ 211,746	$ -	$ 211,746
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Required to Be Maintained in Perpetuity by Donor	-	100,000	100,000
Accumulated Investment Gains	34,016	40,364	74,380
	$ 245,762	$ 140,364	$ 386,126

(See Independent Auditors' Report)

CHANGES IN ENDOWMENT FUNDS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds – January 1, 2021	$ 211,746	$ 120,936	$ 332,682
Investment Return, Net	34,016	19,428	53,444
Endowment Funds – December 31, 2021	245,762	140,364	386,126
Investment Return, Net	(41,994)	(23,985)	(65,979)
Endowment Funds – December 31, 2022	$ 203,768	$ 116,379	$ 320,147

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, 2022 and 2021.

RETURN OBJECTIVES AND RISK PARAMETERS

The Organization 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.

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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 13 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 14 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 were as follows:

	2022	2021
Cash and Cash Equivalents	$ 5,427,443	$ 5,676,339
Investments	8,923,813	10,217,729
Accounts Receivable	762,290	2,036,530
Grants and Other Receivables	6,201,174	7,128,249
Total Financial Assets	21,314,720	25,058,847
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(100,000)	(100,000)
Donor Contributions Restricted to Specific Purposes	(4,463,262)	(2,313,999)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year before Board Designations	16,751,458	22,644,848
Board-Designated Operating Endowment	(203,768)	(245,762)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year after Board Designations	$ 16,547,690	$ 22,399,086

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 15 SUBSEQUENT EVENTS

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through September 26, 2023, the date the financial statements were available to be issued.

(See Independent Auditors' Report)