

**WASATCH HOMELESS HEALTH CARE, INC.**

FINANCIAL STATEMENTS  
AND REPORTS IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*  
AND OMB CIRCULAR A-133

Years Ended December 31, 2012 and 2011

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Wasatch Homeless Health Care, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Wasatch Homeless Health Care, Inc. (a Utah nonprofit organization) which comprise the statements of financial position as of December 31, 2012 and 2011, 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.

#### *Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's 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 auditor considers 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 significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wasatch Homeless Health Care, Inc. as of December 31, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated May 14, 2013 on our consideration of Wasatch Homeless Health Care, Inc.'s internal control over financial reporting and 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 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 Wasatch Homeless Health Care, Inc.'s internal control over financial reporting and compliance.

*Squire & Company, PC*

Orem, Utah  
May 14, 2013

**WASATCH HOMELESS HEALTH CARE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

December 31, 2012 and 2011

	2012	2011
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 894,003	\$ 1,148,588
Accounts receivable	141,255	136,274
Grants receivable	341,340	401,340
Inventory	271,559	260,930
Investments	617,806	69,015
Prepaid expenses	22,492	18,518
Total current assets	2,288,455	2,034,665
<b>Certificate of Deposit</b>	233,862	230,639
<b>Net Fixed Assets</b>	3,205,512	3,117,064
Total assets	<u>\$ 5,727,829</u>	<u>\$ 5,382,368</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 167,170	\$ 76,829
Accrued expenses	128,795	142,129
Current portion of note payable	68,858	65,547
Total current liabilities	364,823	284,505
<b>Note Payable</b> , less current portion	863,539	922,178
<b>Deferred Wages Payable</b>	88,488	69,016
Total liabilities	1,316,850	1,275,699
<b>Net Assets:</b>		
Unrestricted:		
Designated for fixed assets, net of related debt	2,273,114	2,129,339
Undesignated	1,887,865	1,670,430
Temporarily restricted	250,000	306,900
Total net assets	4,410,979	4,106,669
Total liabilities and net assets	<u>\$ 5,727,829</u>	<u>\$ 5,382,368</u>

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

**WASATCH HOMELESS HEALTH CARE, INC.**  
**STATEMENTS OF ACTIVITIES**

Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Grant revenues:						
Federal	\$ 2,164,606	\$ -	\$ 2,164,606	\$ 2,024,332	\$ -	\$ 2,024,332
State and local	66,997	-	66,997	78,422	-	78,422
Foundation and private	508,266	231,800	740,066	417,483	306,900	724,383
Total grant revenues	2,739,869	231,800	2,971,669	2,520,237	306,900	2,827,137
Other revenues and support:						
In-kind contributions - goods	2,662,812	-	2,662,812	2,726,485	-	2,726,485
In-kind contributions - services	291,047	-	291,047	386,051	-	386,051
Donations	530,809	-	530,809	540,609	-	540,609
Contracts	41,696	-	41,696	74,484	-	74,484
Meaningful use incentive	100,000	-	100,000	86,000	-	86,000
Patient insurance	469,099	-	469,099	447,583	-	447,583
Rent revenue, net of rent expenses	(33,863)	-	(33,863)	(6,580)	-	(6,580)
Other	35,119	-	35,119	20,320	-	20,320
Total other revenues and support	4,096,719	-	4,096,719	4,274,952	-	4,274,952
Net assets released from restrictions	288,700	(288,700)	-	289,542	(289,542)	-
Total revenues and support	7,125,288	(56,900)	7,068,388	7,084,731	17,358	7,102,089
Expenses:						
Program services	5,901,184	-	5,901,184	6,030,376	-	6,030,376
Administrative services	614,034	-	614,034	514,690	-	514,690
Fundraising	248,860	-	248,860	270,554	-	270,554
Total expenses	6,764,078	-	6,764,078	6,815,620	-	6,815,620
<b>Change in Net Assets</b>	361,210	(56,900)	304,310	269,111	17,358	286,469
<b>Net Assets at Beginning of Year</b>	3,799,769	306,900	4,106,669	3,530,658	289,542	3,820,200
<b>Net Assets at End of Year</b>	<u>\$ 4,160,979</u>	<u>\$ 250,000</u>	<u>\$ 4,410,979</u>	<u>\$ 3,799,769</u>	<u>\$ 306,900</u>	<u>\$ 4,106,669</u>

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

**WASATCH HOMELESS HEALTH CARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2012

	Program Services	Administrative Services	Fundraising	Total
<b>Expenses:</b>				
Salaries and wages	\$ 1,442,780	\$ 353,339	\$ 136,958	\$ 1,933,077
Payroll taxes and benefits	301,495	114,117	35,736	451,348
Outside services	97,826	-	-	97,826
Supplies and minor equipment	107,041	9,049	4,951	121,041
Insurance	5,243	3,550	112	8,905
Interest	24,940	1,061	531	26,532
Facilities	48,027	1,955	941	50,923
Communications	38,049	1,293	2,136	41,478
Training and travel	56,582	1,557	4,922	63,061
Dues and license	31,539	1,076	788	33,403
Fundraising events	4,661	-	43,610	48,271
Printing and postage	5,280	765	5,950	11,995
Respite housing and transportation	93,621	-	-	93,621
In-kind contributions - supplies and pharmaceuticals	2,653,326	2,750	-	2,656,076
In-kind contributions - volunteer labor	287,242	3,806	-	291,048
Contracted services	268,819	105,369	7,428	381,616
Health Choice Network of Utah	260,000	-	-	260,000
Pharmaceuticals	54,694	-	-	54,694
Other	10,836	4,751	-	15,587
Depreciation	109,183	9,596	4,797	123,576
Total expenses	<u>\$ 5,901,184</u>	<u>\$ 614,034</u>	<u>\$ 248,860</u>	<u>\$ 6,764,078</u>

The accompanying notes are an integral part of this financial statement.

**WASATCH HOMELESS HEALTH CARE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended December 31, 2011

	Program Services	Administrative Services	Fundraising	Total
<b>Expenses:</b>				
Salaries and wages	\$ 1,489,306	\$ 324,459	\$ 168,344	\$ 1,982,109
Payroll taxes and benefits	311,886	108,427	29,751	450,064
Outside services	78,602	-	-	78,602
Supplies and minor equipment	83,794	9,858	2,840	96,492
Insurance	3,020	3,698	189	6,907
Interest	19,982	3,122	1,249	24,353
Facilities	54,090	2,697	1,079	57,866
Communications	32,003	1,371	1,989	35,363
Training and travel	35,819	1,855	5,870	43,544
Dues and license	32,524	1,282	667	34,473
Fundraising events	1,003	-	29,144	30,147
Printing and postage	3,620	1,313	9,156	14,089
Respite housing and transportation	93,507	-	-	93,507
In-kind contributions - supplies and pharmaceuticals	2,754,489	216	6,100	2,760,805
In-kind contributions - volunteer labor	385,732	319	-	386,051
Contracted services	257,803	39,772	7,170	304,745
Health Choice Network of Utah	241,429	-	-	241,429
Pharmaceuticals	48,800	-	-	48,800
Other	3,502	2,290	-	5,792
Depreciation	99,465	14,011	7,006	120,482
Total expenses	<u>\$ 6,030,376</u>	<u>\$ 514,690</u>	<u>\$ 270,554</u>	<u>\$ 6,815,620</u>

The accompanying notes are an integral part of this financial statement.



**WASATCH HOMELESS HEALTH CARE, INC.**  
**STATEMENTS OF CASH FLOWS**

Years Ended December 31, 2012 and 2011

	2012	2011
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 304,310	\$ 286,469
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	163,083	170,770
Investment loss recognized	371	5,818
In-kind contributions	(6,958)	(1,800)
Changes in operating assets and liabilities:		
Accounts and grants receivable	55,019	(65,408)
Inventory	(10,629)	38,567
Prepaid expenses	(3,974)	5,987
Accounts payable	90,341	(86,479)
Accrued expenses	(13,334)	29,491
Deferred wages payable	19,472	(22,590)
Net cash provided by operating activities	597,701	360,825
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investments	6,470	28,970
Purchase of certificate of deposit	(3,223)	(230,639)
Purchases of fixed assets	(251,531)	(51,811)
Purchases of investments	(548,674)	(7,490)
Net cash used by investing activities	(796,958)	(260,970)
<b>Cash Flows from Financing Activities:</b>		
Repayment of note payable	(55,328)	(301,782)
<b>Net Change in Cash</b>	(254,585)	(201,927)
<b>Cash at Beginning of Year</b>	1,148,588	1,350,515
<b>Cash at End of Year</b>	\$ 894,003	\$ 1,148,588

**Supplemental Data:**

The Center paid \$50,242 and \$64,191 in interest during the years ended December 31, 2012 and 2011, respectively. The Center paid no income taxes during those years.

The Center had no noncash investing or financing activities during the years ended December 31, 2012 and 2011.

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

## **WASATCH HOMELESS HEALTH CARE, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 1. Summary of Significant Accounting Policies**

The financial statements of Wasatch Homeless Health Care, Inc. (the Center) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Business Activity – Wasatch Homeless Health Care, Inc. is a nonprofit organization located in Salt Lake City, Utah, created for the purpose of, but not limited to, providing primary medical, dental, pharmacy, and mental health services to indigent and homeless persons. The Center operates under the name “Fourth Street Clinic.”

Accounts Receivable – The Center’s accounts receivable consist of amounts due from Medicaid, Medicare, and other amounts due from local sources. No allowance for doubtful accounts has been established as the Center deems all amounts to be fully collectible.

Inventory – Inventory consists of pharmaceuticals for Center patients. Inventory is valued at current market value provided by the Center’s 340B pharmaceutical suppliers using the first-in, first-out method.

Fixed Assets – Fixed assets with a cost of \$1,500 or more are capitalized and depreciated over their estimated useful lives using the straight-line method of depreciation (see Note 3). Donated equipment is recorded at estimated fair value at the time of donation.

Maintenance, repairs and renewals, which neither materially add value to the property nor prolong its useful economic life, are charged to expense as incurred.

Revenue Recognition – The Center recognizes revenue when services are provided to the patient. Grant revenues are recognized when qualifying expenses have been incurred and all other grant requirements have been met. Contributions received with restrictions that are met in the same reporting period are treated as unrestricted support. Promises to give are recognized in the period the promise was made.

Donated Services and Supplies – Donated services are recognized as contributions at fair value when the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Donated supplies are recognized as contributions when the supplies would otherwise be purchased by the Center and are recorded at fair value (manufacturer’s wholesale price).

Income Taxes – The Center is exempt from federal income tax under Section 501(a) of the Internal Revenue Code (except on net income derived from unrelated business activities) and is classified as a Section 501(c)(3) public charity. Also, the Center is not subject to state income taxes. The Center believes it has appropriate support for any tax positions taken and as such does not have any uncertain tax positions that are significant to the financial statements. The Center’s federal Returns of Organization Exempt from Income Taxes (Forms 990) are open for audit by the Internal Revenue Service for three years after they are filed.

Allocation of Costs – Direct costs are charged to the appropriate function. Indirect costs are allocated to the functions based on personnel costs and square footage used.

**WASATCH HOMELESS HEALTH CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

Net Assets – The source of funds received by the Center is primarily from grants and donations. Net assets can be used to further the purpose of the Center. Donations specifically restricted by the donor or restricted by time are recorded as temporarily restricted net assets. When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. The Board has designated a portion of net assets to indicate that such assets are not available for appropriation.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and support and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – The Center has evaluated subsequent events through May 14, 2013, the date the financial statements were available to be issued.

**Note 2. Investments**

Investments are carried at fair value based on quoted prices in active markets (all level 1 measurements – quoted prices in active markets) and consist of the following at December 31, 2012 and 2011, respectively:

	<u>2012</u>	<u>2011</u>
Common stock	\$ 98,279	\$ -
Equity mutual funds	86,753	67,807
Bond mutual funds	432,774	1,208
	<u>\$ 617,806</u>	<u>\$ 69,015</u>

Investment return for the years ended December 31, 2012 and 2011 is summarized as follows:

	<u>2012</u>	<u>2011</u>
Dividend income	\$ 8,571	\$ 829
Net investment gains (losses)	19,637	(6,412)
Total investment income (loss)	<u>\$ 28,208</u>	<u>\$ (5,583)</u>

**WASATCH HOMELESS HEALTH CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Fixed Assets**

Fixed assets held by the Center at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>	<u>Estimated Useful Lives (Years)</u>
Land	\$ 1,898,271	\$ 1,898,271	N/A
Construction in progress	159,148	-	N/A
Building and improvements	1,516,023	1,512,465	15 to 30 years
Office equipment	65,907	60,819	3 to 5 years
Computer equipment	223,186	153,860	3 to 5 years
Medical equipment	81,355	69,010	5 to 15 years
Computer software	56,781	54,716	3 to 5 years
	<u>4,000,671</u>	<u>3,749,141</u>	
Accumulated depreciation	<u>(795,159)</u>	<u>(632,077)</u>	
Net fixed assets	<u>\$ 3,205,512</u>	<u>\$ 3,117,064</u>	

**Note 4. Line of Credit**

The Center has established a line of credit of \$52,000 at a bank. No amount was outstanding on this line of credit at December 31, 2012 and 2011. The interest rate on the line of credit is prime plus 6.75 percent.

**Note 5. Note Payable**

During 2012, the Center refinanced the note on its building. The note is payable in monthly installments of \$9,651 and bears interest at 5.14 percent. The mortgage is collateralized by the building and is due May 2023. There is a prepayment penalty should the Center retire the note before August 2017. The balance owed was \$932,397 and \$987,725 at December 31, 2012 and 2011, respectively.

Future principal maturities at December 31, 2012 are as follows:

<u>Year Ending December 31,</u>	
2013	\$ 68,858
2014	72,534
2015	76,406
2016	80,380
2017	84,774
Thereafter	<u>549,445</u>
	<u>\$ 932,397</u>

**WASATCH HOMELESS HEALTH CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. In-kind Donations**

The Center receives donated services in the form of medical, dental, and other professional resources provided to the Center at no charge.

The Center receives donated supplies in the form of prescription drugs, immunizations, and medical supplies at no charge. The manufacturer's wholesale price of these supplies is recognized as a donation.

The total value of in-kind donations for the year ended December 31, 2012 and 2011 is as follows:

	<u>2012</u>	<u>2011</u>
Donated services	\$ 291,047	\$ 386,051
Donated pharmaceuticals	2,613,374	2,688,286
Donated supplies	<u>49,438</u>	<u>38,199</u>
Total	<u>\$ 2,953,859</u>	<u>\$ 3,112,536</u>

**Note 7. Concentrations**

At December 31, 2012, the Center's book balance of cash accounts totaled \$894,003 and the bank balance was \$911,101, of which \$833,541 is covered by federal depository and securities investor insurance.

The Center receives much of its revenue as a service provider under grants from public and private sources. These grants funded 42 and 40 percent of total revenues for the years ended December 31, 2012 and 2011, respectively.

During 2012, the Center was awarded a federal grant totaling \$2,928,599 to remodel/expand its existing facilities as well equip these facilities. At December 31, 2012, the Center had expended \$34,873 of the grant funds. The remaining grant funds are anticipated to be used during the year ending December 31, 2013.

**Note 8. Retirement Plans**

The Center participates in a defined contribution plan for employees who meet certain eligibility and service requirements. The Center contributes 4 percent of an employee's eligible earnings. The Center made contributions to the plan totaling \$54,776 and \$60,844 during the years ended December 31, 2012 and 2011, respectively.

The Center sponsors a nonqualified deferred compensation plan covering eligible management-level employees. Plan benefits are based on the employee's current compensation. The Center owes \$88,488 and \$69,016 to these employees at December 31, 2012 and 2011, respectively, reported as "deferred wages payable" on the statement of financial position.

**WASATCH HOMELESS HEALTH CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 8. Retirement Plans (Continued)**

In an effort to provide the funds necessary to pay these benefits to its employees upon retirement or leaving the Center's employment, the Center has placed \$87,746 and \$69,015 in an investment account at December 31, 2012 and 2011, respectively.

**Note 9. Commitments**

During 2012, the Center entered into an agreement for construction management services and an agreement for architectural services. The estimated cost of these services is \$226,760, of which \$29,857 had been spent at December 31, 2012. The remaining commitment of \$196,903 will be paid during the year ended December 31, 2013 and will be paid for by federal grant funds (see Note 7).

**Note 10. Contingencies**

Disallowed Costs – The Center receives funds from government and private entities to perform specific services. The grantors reserve the right to perform certain audit work in addition to the services performed by the Center's independent auditors. Disallowed costs, if any, resulting from such additional work, would need to be repaid by the Center from unrestricted funds. Management does not believe that any significant costs will be incurred by the Center if such additional work should occur.

Federal Interest in Building – As a condition of a federal grant to fund the remodel/expansion of the Center's facilities (see Notes 7 and 14), the Center has signed a "Notice of Federal Interest" limiting the Center's ability to mortgage, sell, transfer, or change the use of its facilities without approval by the U.S. Department of Health and Human Services, Health Resources and Services Administration.

Unemployment Insurance – The Center maintains a self-insurance program for unemployment claims. Costs are accrued based on the maximum amount a terminated employee can claim against the Center as of the balance sheet date. The total accrued liability for self-insurance totaled \$0 and \$10,591 at December 31, 2012 and 2011, respectively.

**WASATCH HOMELESS HEALTH CARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Leasing Activities**

The Center leases office space to tenants under noncancelable operating leases with terms of one to five years. The following is a schedule by year of future minimum rentals under these leases at December 31, 2012:

<u>Year Ending</u> <u>December 31,</u>	
2013	\$ 50,295
2014	40,669
2015	<u>27,371</u>
	<u>\$ 118,335</u>

Rent revenue is shown net of related expenses on the statements of activities as follows for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Rent revenue	\$ 87,641	\$ 139,338
Depreciation	(39,507)	(50,288)
Mortgage interest	(23,528)	(38,090)
Property taxes	(16,432)	(22,633)
Salaries and wages	(11,812)	(15,917)
Payroll taxes and benefits	(2,363)	(3,674)
Contracted services	(7,126)	(2,230)
Facilities	(20,286)	(12,331)
Supplies and minor equipment	<u>(450)</u>	<u>(755)</u>
Rent revenue, net of rent expenses	<u>\$ (33,863)</u>	<u>\$ (6,580)</u>

**Note 12. Subsequent Events**

Subsequent to year end, the Center entered into a construction contract for the remodel/expansion of its existing facilities totaling \$1,578,296. This construction project is anticipated to be completed before December 31, 2013 and will be paid for by federal grant funds (see Note 7).

The Center has evaluated subsequent events through May 14, 2013, the date the financial statements were available to be issued.

REPORTS IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*  
AND OMB CIRCULAR A-133

Year Ended December 31, 2012



**WASATCH HOMELESS HEALTH CARE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended December 31, 2012

Grantor/Pass-through Grantor/Program Title	CFDA Number	Receivable (Deferral) 12/31/2011	Received	Expended	Receivable (Deferral) 12/31/2012
<b>U.S. Department of Housing and Urban Development:</b>					
Passed through Salt Lake County:					
Community Development Block Grants/Entitlement Grants	14.218	\$ 10,000	\$ 25,000	\$ 20,000	\$ 5,000
Passed through Salt Lake City:					
Community Development Block Grants/Entitlement Grants	14.218	11,041	29,551	38,509	19,999
		21,041	54,551	58,509	24,999
<b>U.S. Department of Health and Human Services:</b>					
Direct:					
Consolidated Health Centers	93.224	-	1,078,236	1,078,236	-
Affordable Care Act Grants for Capital Development in Health Centers	93.526	-	34,873	34,873	-
Affordable Care Act Grants for New and Expanded Services under the Health Centers Program	93.527	-	640,146	640,146	-
ARRA - Health Center Integrated Services Development Initiative	93.703 *	-	260,000	260,000	-
Passed through Association for Utah Community Health:					
Environmental Public Health and Emergency Response	93.070	-	21,497	21,497	-
Immunization Grants	93.268	3,968	10,719	10,730	3,979
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	9,180	17,000	10,320	2,500
Passed through Utah Department of Health:					
Prevention and Public Health Fund Affordable Care Act - Immunization Program	93.539	-	-	25,000	25,000
		13,148	2,062,471	2,080,802	31,479
<b>Federal Emergency Management Agency:</b>					
Direct:					
Emergency Food and Shelter National Board Program	97.024	-	12,623	25,295	12,672
Total federal awards		<u>\$ 34,189</u>	<u>\$ 2,129,645</u>	<u>\$ 2,164,606</u>	<u>\$ 69,150</u>

\* Indicates program is funded by Recovery Act

The accompanying notes are an integral part of this schedule.

**WASATCH HOMELESS HEALTH CARE, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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**Note A. General**

The schedule of expenditures of federal awards presents the activity of all federal award programs of Wasatch Homeless Health Care, Inc. (the Center). All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule. The schedule reports the federal awards expended on the accrual basis of accounting.

**Note B. Subrecipients of Federal Award Programs**

Amounts provided to a subrecipient of the Center for the year ended December 31, 2012 are as follows:

<u>CFDA</u>	<u>Program Title</u>	<u>Amount</u>
93.703	ARRA - Health Center Integrated Services Development Initiative	\$ 260,000



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Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards*

Board of Directors  
Wasatch Homeless Health Care, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Wasatch Homeless Health Care, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 14, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wasatch Homeless Health Care, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wasatch Homeless Health Care, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Wasatch Homeless Health Care, Inc.'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Wasatch Homeless Health Care, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain

provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Squire & Company, PC". The signature is written in a cursive, flowing style.

Orem, Utah  
May 14, 2013



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## Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

Board of Directors  
Wasatch Homeless Health Care, Inc.

### **Report on Compliance for Each Major Federal Program**

We have audited Wasatch Homeless Health Care, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Wasatch Homeless Health Care, Inc.'s major federal programs for the year ended December 31, 2012. Wasatch Homeless Health Care, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Wasatch Homeless Health Care, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wasatch Homeless Health Care, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wasatch Homeless Health Care, Inc.'s compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, Wasatch Homeless Health Care, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

## Report on Internal Control Over Compliance

Management of Wasatch Homeless Health Care, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered Wasatch Homeless Health Care, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wasatch Homeless Health Care, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Orem, Utah  
May 14, 2013

**WASATCH HOMELESS HEALTH CARE, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended December 31, 2012

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No matters were reported in the prior year.

**WASATCH HOMELESS HEALTH CARE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2012

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I. Summary of auditor's results:

*Financial Statements:*

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified?      \_\_\_ yes      X no

-Significant deficiencies identified that are 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 programs:

-Material weaknesses identified?      \_\_\_ yes      X no

- Significant deficiencies identified that are not considered to be material weaknesses?  
    \_\_\_ yes      X none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?      \_\_\_ yes      X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Health Centers Cluster:
93.224	Consolidated Health Centers
93.527	Affordable Care Act Grants for New and Expanded Services under the Health Centers Program

Dollar threshold used to distinguish between type A and type B programs:      \$ 300,000

Auditee qualified as low-risk auditee?      X yes      \_\_\_ no

II. Financial statement findings:

No matters were reported.

III. Federal award findings and questioned costs:

No matters were reported.