ELLIN & TUCKER

HEALTH CARE FOR THE HOMELESS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We audited the accompanying financial statements of Health Care for the Homeless, Inc. (Organization), which comprise the Statements of Financial Position as of December 31, 2020 and 2019, 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 Organization'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 Organization'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 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, 2020 and 2019 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 also issued our report dated May 31, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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
May 31, 2022

ASSETS

	2020	2019
ASSETS		
Cash and Cash Equivalents	$ 10,024,678	$ 1,829,279
Accounts Receivable, Net of Allowance of $784,935 and $64,107, Respectively	1,110,910	159,652
Grants and Other Receivables	4,816,185	5,210,728
Investments, at Fair Value (Notes 2 and 3)	9,256,878	9,269,443
Due from Related Party (Note 4)	751,775	-
Prepaid Expenses	391,390	437,274
Property and Equipment, Net (Note 5)	9,844,640	10,307,145
Total Assets	$ 36,196,456	$ 27,213,521

LIABILITIES AND NET ASSETS

	2020	2019
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,415,058	$ 566,572
Accrued Salaries and Benefits	957,788	1,178,202
Accrued Vacation	614,964	157,798
Deferred Revenue	298,452	421,317
Paycheck Protection Program Loan Payable (Note 7)	3,416,300	-
Total Liabilities	6,702,562	2,323,889
COMMITMENTS AND CONTINGENCIES (Note 8)		
NET ASSETS		
Without Donor Restrictions:		
Operating	16,759,332	13,659,800
Net Investment in Plant	10,281,493	10,789,150
Board-Designated Endowment (Note 12)	211,746	185,337
Total Without Donor Restrictions	27,252,571	24,634,287
With Donor Restrictions (Note 11)	2,241,323	255,345
Total Net Assets	29,493,894	24,889,632
Total Liabilities and Net Assets	$ 36,196,456	$ 27,213,521

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions						
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	2020 Total	2019 Total
SUPPORT AND REVENUE							
Public Support:							
Federal Grants	$ 10,290,436	$ -	$ -	$ 10,290,436	$ -	$ 10,290,436	$ 10,398,269
State and City Grants and Contracts	1,580,881	-	-	1,580,881	-	1,580,881	1,646,658
Contributions	3,062,428	-	-	3,062,428	2,000,000	5,062,428	2,361,541
Net Assets Released from Restrictions	26,752	-	-	26,752	(26,752)	-	-
Total Public Support	14,960,497	-	-	14,960,497	1,973,248	16,933,745	14,406,468
Patient Service Revenue, Net of Contractual Allowances	8,837,431	-	-	8,837,431	-	8,837,431	9,095,629
Other Support and Revenue:							
Non-Government Grants	521,461	-	-	521,461	-	521,461	1,175,129
Pharmaceutical Rebates	4,004,672	-	-	4,004,672	-	4,004,672	3,346,067
Other Income	1,001,346	-	26,409	1,027,755	12,730	1,040,485	1,137,595
In-Kind Contributions	152,787	-	-	152,787	-	152,787	104,198
Total Other Support and Revenue	5,680,266	-	26,409	5,706,675	12,730	5,719,405	5,762,989
Total Support and Revenue	29,478,194	-	26,409	29,504,603	1,985,978	31,490,581	29,265,086

(See Independent Auditors' Report and Accompanying Notes)

	Without Donor Restrictions						
	Operating	Net Investment in Plant	Board Designated	Total	With Donor Restrictions	2020 Total	2019 Total
EXPENSES							
Program Services	20,948,144	507,657	-	21,455,801	-	21,455,801	25,264,442
Management and General	4,554,241	-	-	4,554,241	-	4,554,241	2,232,724
Fundraising	876,277	-	-	876,277	-	876,277	849,762
Total Expenses	26,378,662	507,657	-	26,886,319	-	26,886,319	28,346,928
Change in Net Assets	3,099,532	(507,657)	26,409	2,618,284	1,985,978	4,604,262	918,158
NET ASSETS - BEGINNING OF YEAR	13,659,800	10,789,150	185,337	24,634,287	255,345	24,889,632	23,971,474
NET ASSETS - END OF YEAR	$ 16,759,332	$ 10,281,493	$ 211,746	$ 27,252,571	$ 2,241,323	$ 29,493,894	$ 24,889,632

(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	$ 10,398,269	$ -	$ -	$ 10,398,269	$ -	$ 10,398,269
State and City Grants and Contracts	1,646,658	-	-	1,646,658	-	1,646,658
Contributions	2,361,541	-	-	2,361,541	-	2,361,541
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
Patient Service Revenue, Net of Contractual Allowances	9,095,629	-	-	9,095,629	-	9,095,629
Other Support and Revenue:						
Non-Government Grants	1,175,129	-	-	1,175,129	-	1,175,129
Pharmaceutical Rebates	3,346,067	-	-	3,346,067	-	3,346,067
Other Expense	1,094,349	-	29,352	1,123,701	13,894	1,137,595
In-Kind Contributions	104,198	-	-	104,198	-	104,198
Total Other Support and Revenue	5,719,743	-	29,352	5,749,095	13,894	5,762,989
Total Support and Revenue	29,259,192	-	29,352	29,288,544	(23,458)	29,265,086

(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	24,676,813	587,629	-	25,264,442	-	25,264,442
Management and General	2,232,724	-	-	2,232,724	-	2,232,724
Fundraising	849,762	-	-	849,762	-	849,762
Total Expenses	27,759,299	587,629	-	28,346,928	-	28,346,928
Change in Net Assets	1,499,893	(587,629)	29,352	941,616	(23,458)	918,158
NET ASSETS - BEGINNING OF YEAR	12,159,907	11,376,779	155,985	23,692,671	278,803	23,971,474
NET ASSETS - END OF YEAR	$ 13,659,800	$ 10,789,150	$ 185,337	$ 24,634,287	$ 255,345	$ 24,889,632

(See Independent Auditors' Report and Accompanying Notes)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total Supporting Services	2020 Total	2019 Total
Salaries and Related Expenses	$ 13,790,560	$ 3,949,819	$ 619,720	$ 4,569,539	$ 18,360,099	$ 19,434,151
Conferences and Meetings	41,862	5,413	195,114	200,527	242,389	332,890
Dues and Subscriptions	185,948	998	499	1,497	187,445	203,519
Equipment	209,823	194,988	13,450	208,438	418,261	201,587
Purchase of Service and Contracts	368,857	169,868	-	169,868	538,725	478,368
Insurance	167,933	32,373	2,023	34,396	202,329	171,391
In-Kind Expenses	139,854	-	-	-	139,854	104,198
Miscellaneous	131,745	16,673	26,496	43,169	174,914	139,934
Occupancy	896,718	82,596	4,552	87,148	983,866	1,116,987
Office Supplies	214,548	25,815	10,215	36,030	250,578	392,530
Postage and Shipping	13,528	47	363	410	13,938	16,795
Professional Fees	50,644	30,385	-	30,385	81,029	123,527
Program Service Supplies	4,531,654	8,738	2,097	10,835	4,542,489	4,787,833
Telephone	204,470	36,528	1,748	38,276	242,746	255,589
Total Expenses before Depreciation and Amortization Expense	20,948,144	4,554,241	876,277	5,430,518	26,378,662	27,759,299
Depreciation and Amortization Expense	507,657	-	-	-	507,657	587,629
Total Expenses	$ 21,455,801	$ 4,554,241	$ 876,277	$ 5,430,518	$ 26,886,319	$ 28,346,928

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

(See Independent Auditors' Report and Accompanying Notes)

	2020	2019
OPERATING ACTIVITIES		
Change in Net Assets	$ 4,604,262	$ 918,158
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities:		
Depreciation	507,657	587,629
Realized and Unrealized Gain on Investments	(841,473)	(776,772)
Net Changes in:		
Accounts Receivable	(951,258)	631,696
Grants and Other Receivables	394,543	(2,344,813)
Prepaid Expenses	45,884	(110,237)
Accounts Payable and Accrued Expenses	848,486	(281,088)
Accrued Salaries and Benefits	(220,414)	51,632
Accrued Vacation	457,166	(7,660)
Deferred Revenue	(122,865)	(18,499)
Net Cash Provided by (Used in) Operating Activities	4,721,988	(1,349,954)
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(45,152)	(140,391)
Advances to Related Party	(751,775)	-
Purchases of Investments	(3,419,487)	(4,897,052)
Proceeds from Sale of Investments	4,273,525	4,658,870
Net Cash Provided by (Used in) Investing Activities	57,111	(378,573)
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	3,416,300	-
Net Change in Cash and Cash Equivalents	8,195,399	(1,728,527)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,829,279	3,557,806
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,024,678	$ 1,829,279

(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.

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, 2020 and 2019 was $1,252,834 and $3,177,199, 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 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, 2020 and 2019 consisted of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	$ 163,823	$ 163,823	$ 360,909	$ 360,909
Mutual Funds	4,194,257	3,700,097	3,506,242	3,394,074
Exchange Traded Funds	2,976,100	2,337,581	2,380,486	1,444,310
Fixed Income:				
U.S. Treasuries	800,686	777,644	1,060,382	1,035,919
Corporate Bonds	603,445	586,357	1,212,116	1,202,376
Municipal Bonds	41,116	40,154	180,610	179,311
Asset Backed Securities	144,769	150,636	275,154	274,112
Jewish Community Investment Fund	332,682	235,022	293,544	235,022
	$ 9,256,878	$ 7,991,314	$ 9,269,443	$ 8,126,033

Investment gain for the years ended December 31, 2020 and 2019 was comprised of the following:

	2020	2019
Dividends and Interest	$ 186,996	$ 349,161
Unrealized Gain	839,676	776,493
Realized Gain	1,797	279
	1,028,469	1,125,933
Less: Investment Fees	41,599	39,770
	$ 986,870	$ 1,086,163

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:

(See Independent Auditors' Report)

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, 2020 and 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 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 Accounting Standards Update 2015-07, Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share, 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, 2020 and 2019:

	2020		
	Level 1	**Level 2**	**Total**
Exchange Traded Funds	$ 2,976,100	$ -	$ 2,976,100
Mutual Funds:			
Intermediate-Term Bond Funds	1,990,840	-	1,990,840
Equity Funds	2,203,417	-	2,203,417
Fixed Income:			
U.S. Treasuries	-	800,686	800,686
Corporate Bonds	-	603,445	603,445
Municipal Bonds	-	41,116	41,116
Asset Backed Securities	-	144,769	144,769
	$ 7,170,357	$ 1,590,016	8,760,373
Jewish Community Investment Fund			332,682
Total			$ 9,093,055

	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

(See Independent Auditors' Report)

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 $163,823 and $360,909 held in the Organization's investment portfolio at December 31, 2020 and 2019, respectively, were excluded from this table.

NOTE 4 DUE FROM RELATED PARTY

The Organization owns a 49% interest in Sojourner Place at Preston LLC (Sojourner Place), which was created to develop an affordable and supportive housing project in Baltimore City. At December 31, 2020, the Organization advanced $751,775 on behalf of Sojourner Place.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2020 and 2019 were as follows:

	2020	2019
Land	$ 1	$ 1
Building and Improvements	13,496,722	13,491,729
Equipment	1,970,344	1,911,976
Furniture and Fixtures	625,751	625,751
Construction in Progress	-	18,209
	16,092,818	16,047,666
Less: Accumulated Depreciation	6,248,178	5,740,521
Total	$ 9,844,640	$ 10,307,145

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 LIBOR plus 1.25% and is payable monthly in arrears. The line is collateralized by the assets of the Organization. At December 31, 2020 and 2019, 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 funds were used primarily for payroll costs during the 24-week period beginning in April 2020 in accordance with the terms of the PPP. The Organization submitted the SBA loan forgiveness application and, subsequent to December 31, 2020, received notification from the SBA that the loan was forgiven. Forgiveness income for the entire loan amount will be recognized in 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. As of December 31, 2020, the proceeds were recorded as a loan because the Organization had not yet received forgiveness notification from the SBA and lender.

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.

OPERATING LEASES

The Organization leases various property and equipment. Future minimum annual rental payments required under operating leases are as follows:

Year Ending December 31,	2021	$ 110,496

Rent expense was $217,052 and $236,892 for the years ended December 31, 2020 and 2019, respectively.

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 $345,740 and $234,310 for services provided for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, the Organization’s annual contribution to the Plan was 2% and 5% of the participant’s base salary, respectively. The Organization’s expenses related to the Plan for the years ended December 31, 2020 and 2019 were $190,572 and $603,274, respectively.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020 and 2019 were restricted for the following purposes:

	2020	2019
Subject to Expenditure for Specified Purpose:		
Third Floor Building Expansion	$ 120,387	$ 147,139
Sojourner Place Project	2,000,000	-
Net Appreciation of Endowment Funds	20,936	8,206
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	$ 2,241,323	$ 255,345

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 UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the

(See Independent Auditors' Report)

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, 2020:

	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	26,409	20,936	47,345
	$ 211,746	$ 120,936	$ 332,682

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 Losses	-	8,206	8,206
	$ 185,337	$ 108,206	$ 293,543

(See Independent Auditors' Report)

CHANGES IN ENDOWMENT FUNDS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Funds, January 1, 2019	$ 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
Investment Return, Net	26,409	12,730	39,139
Endowment Funds, December 31, 2020	$ 211,746	$ 120,936	$ 332,682

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, 2020 and 2019.

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.

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 healthcare 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:

	2020	2019
Cash and Cash Equivalents	$ 10,024,678	$ 1,829,279
Investments	9,256,878	9,269,443
Accounts Receivable	1,110,910	159,652
Grants and Other Receivables	4,816,185	5,210,728
Total Financial Assets	25,208,651	16,469,102
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(100,000)	(100,000)
Donor Contributions Restricted to Specific Purposes	(2,141,323)	(155,345)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year before Board Designations	22,967,328	16,213,757
Board-Designated Operating Endowment	(211,746)	(185,337)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year after Board Designations	$ 22,755,582	$ 16,028,420

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 May 31, 2022, the date the financial statements were available to be issued.

(See Independent Auditors' Report)