Wasatch Homeless Health Care, Inc.  
dba Fourth Street Clinic

Financial Statements  
and Single Audit Information  
For the Years Ended December 31, 2019 and 2018  
Together with Independent Auditors’ Reports
WASATCH HOMELESS HEALTH CARE, INC.  
dba Fourth Street Clinic  
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INDEPENDENT AUDITORS’ REPORT

To the Board of Directors
Wasatch Homeless Health Care, Inc.
dba Fourth Street Clinic

Report on the Financial Statements
We have audited the accompanying financial statements of Wasatch Homeless Health Care, Inc. dba Fourth Street Clinic (the Clinic) which comprise the statement of financial position as of December 31, 2019, the related statements of activities and cash flows for the year then ended, and the related notes to 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 error or fraud.

Auditors’ Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 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 error or fraud. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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. dba Fourth Street Clinic and affiliates as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements
The financial statements of Wasatch Homeless Health Care, Inc. dba Fourth Street Clinic as of December 31, 2018 and for the year then ended, were audited by other auditors whose report dated July 25, 2019, expressed an unmodified opinion on those statements.

Supplementary 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 for the year ended December 31, 2019, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance), 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 August 27, 2020, on our consideration of the Clinic'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. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Clinic's internal control over financial reporting and compliance.

Tanner LLC
August 27, 2020
## WASATCH HOMELESS HEALTH CARE, INC.
dba Fourth Street Clinic
Statements of Financial Position
As of December 31,

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 4,063,218</td>
<td>$ 3,320,558</td>
</tr>
<tr>
<td>Investments</td>
<td>2,792,790</td>
<td>2,221,767</td>
</tr>
<tr>
<td>Grants, contributions and other receivables</td>
<td>1,588,624</td>
<td>734,655</td>
</tr>
<tr>
<td>Patient accounts receivable, net of allowance for doubtful accounts and contractual adjustments of $303,360 and $164,722</td>
<td>51,956</td>
<td>72,253</td>
</tr>
<tr>
<td>Inventory</td>
<td>223,218</td>
<td>431,822</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>82,465</td>
<td>16,975</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>4,726,527</td>
<td>4,078,798</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 13,528,798</strong></td>
<td><strong>$ 10,876,828</strong></td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$ 97,546</td>
<td>$ 131,738</td>
</tr>
<tr>
<td>Accrued and other liabilities</td>
<td>272,390</td>
<td>212,792</td>
</tr>
<tr>
<td>Note payable</td>
<td>366,157</td>
<td>460,185</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>736,093</strong></td>
<td><strong>804,715</strong></td>
</tr>
</tbody>
</table>

**Net assets:**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undesignated</td>
<td>6,770,468</td>
<td>5,504,256</td>
</tr>
<tr>
<td>Invested in property and equipment, net of related debt</td>
<td>4,360,370</td>
<td>3,618,613</td>
</tr>
<tr>
<td><strong>Total net assets without donor restrictions</strong></td>
<td><strong>11,130,838</strong></td>
<td><strong>9,122,869</strong></td>
</tr>
<tr>
<td>With donor restrictions</td>
<td>1,661,867</td>
<td>949,244</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>12,792,705</strong></td>
<td><strong>10,072,113</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
WASATCH HOMELESS HEALTH CARE, INC.  
dba Fourth Street Clinic  
Statements of Activities  
For the Years Ended December 31,

<table>
<thead>
<tr>
<th>Changes in net assets without donor restrictions:</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues, support and net gains:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net patient service revenue</td>
<td>$ 977,379</td>
<td>$ 528,618</td>
</tr>
<tr>
<td>Federal and state contracts and grants</td>
<td>4,006,968</td>
<td>2,928,597</td>
</tr>
<tr>
<td>Other grants and contributions</td>
<td>1,656,339</td>
<td>1,751,235</td>
</tr>
<tr>
<td>In-kind contributions - supplies and pharmaceuticals</td>
<td>808,613</td>
<td>1,416,554</td>
</tr>
<tr>
<td>Donated professional and other services</td>
<td>580,752</td>
<td>651,650</td>
</tr>
<tr>
<td>Net investment gain (loss)</td>
<td>379,512</td>
<td>(48,615)</td>
</tr>
<tr>
<td>Rental income</td>
<td>124,535</td>
<td>114,489</td>
</tr>
<tr>
<td>Other revenue</td>
<td>85,902</td>
<td>133,350</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>922,235</td>
<td>647,229</td>
</tr>
<tr>
<td>Total revenues, support, and net gains</td>
<td>9,542,235</td>
<td>8,123,107</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program service expenses</td>
<td>5,942,662</td>
<td>6,014,421</td>
</tr>
<tr>
<td>Support service expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management and general</td>
<td>1,242,728</td>
<td>995,817</td>
</tr>
<tr>
<td>Fundraising and development</td>
<td>348,876</td>
<td>288,027</td>
</tr>
<tr>
<td>Total support service expenses</td>
<td>1,591,604</td>
<td>1,283,844</td>
</tr>
<tr>
<td>Total expenses</td>
<td>7,534,266</td>
<td>7,298,265</td>
</tr>
<tr>
<td>Increase in net assets without donor restrictions</td>
<td>$ 2,007,969</td>
<td>$ 824,842</td>
</tr>
</tbody>
</table>

| Changes in net assets with donor restrictions: |      |      |
| Other grants and contributions                  | $ 1,634,858 | $ 456,521 |
| Net assets released from restrictions           | (922,235) | (647,229) |
| Increase (decrease) in net assets with donor restrictions | 712,623 | (190,708) |
| Net assets with donor restrictions, beginning of the year | 949,244 | 1,139,952 |
| Net assets with donor restrictions, end of the year | 1,661,867 | 949,244 |
| Increase in net assets                          | 2,720,592 | 634,134 |
| Net assets, beginning of the year               | 10,072,113 | 9,437,979 |
| Net assets, end of the year                     | $ 12,792,705 | $ 10,072,113 |

See accompanying notes to financial statements.
<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$ 2,720,592</td>
<td>$ 634,134</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>326,275</td>
<td>267,653</td>
</tr>
<tr>
<td>(Gains) losses on investments, net</td>
<td>(379,512)</td>
<td>48,615</td>
</tr>
<tr>
<td>Allowance for doubtful accounts and contractual adjustments on accounts receivables</td>
<td>138,638</td>
<td>98,693</td>
</tr>
<tr>
<td>Loss on disposal of fixed assets</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>Change in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants, contributions and other receivables</td>
<td>(853,969)</td>
<td>(2,611)</td>
</tr>
<tr>
<td>Patient accounts receivable</td>
<td>(118,341)</td>
<td>(133,720)</td>
</tr>
<tr>
<td>Inventory</td>
<td>208,604</td>
<td>(44,851)</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>(65,490)</td>
<td>59,573</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(34,192)</td>
<td>14,339</td>
</tr>
<tr>
<td>Accrued and other liabilities</td>
<td>59,598</td>
<td>22,418</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>2,002,503</td>
<td>964,243</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from the sale of investments</td>
<td>920,159</td>
<td>588,122</td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(974,304)</td>
<td>(5,567)</td>
</tr>
<tr>
<td>Purchases of investments</td>
<td>(1,111,670)</td>
<td>(639,186)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(1,165,815)</td>
<td>(56,631)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments on note payable</td>
<td>(94,028)</td>
<td>(89,287)</td>
</tr>
<tr>
<td>Net change in cash</td>
<td>742,660</td>
<td>818,325</td>
</tr>
<tr>
<td>Cash, beginning of the year</td>
<td>3,320,558</td>
<td>2,502,233</td>
</tr>
<tr>
<td>Cash, end of the year</td>
<td>$ 4,063,218</td>
<td>$ 3,320,558</td>
</tr>
</tbody>
</table>

**Supplemental disclosure of cash flow information:**

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash paid during the year for interest</td>
<td>21,789</td>
<td>26,530</td>
</tr>
</tbody>
</table>
1. Summary of Significant Accounting Policies

Organization
Wasatch Homeless Health Care, Inc. dba Fourth Street Clinic (the Clinic) is a not-for-profit 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.

Basis of Presentation
The financial statements of the Clinic have been prepared in accordance with accounting principles generally accepted in the United State of America (US GAAP), which require the Clinic to report information regarding its financial position and activities according to the following net asset classifications, as applicable:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Clinic. These net assets may be used at the discretion of the Clinic’s management and Board of Trustees.

Net assets with donor restrictions: Net assets subject to restrictions imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Clinic or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulates the funds be maintained in perpetuity.

Use of Estimates
The preparation of financial statements in conformity with US GAAP 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 expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk
Concentrations of federal and state contracts and grants revenue as of December 31, 2019 and 2018 were as follows:

<table>
<thead>
<tr>
<th>Grantor</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantor A</td>
<td>74%</td>
<td>94%</td>
</tr>
<tr>
<td>Grantor B</td>
<td>24%</td>
<td>*</td>
</tr>
</tbody>
</table>

*grantor did not account for 10% or more of revenue and support in the respective year.
Concentrations of Credit Risk – continued

Concentrations of other grants and contributions revenue as of December 31, 2019 and 2018 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor A</td>
<td>15%</td>
<td>*</td>
</tr>
<tr>
<td>Donor B</td>
<td>12%</td>
<td>*</td>
</tr>
</tbody>
</table>

*donor did not account for 10% or more of revenue and support in the respective year.

Concentrations of grants, contributions, and other receivables as of December 31, 2019 and 2018 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor A</td>
<td>34%</td>
<td>23%</td>
</tr>
<tr>
<td>Donor B</td>
<td>24%</td>
<td>*</td>
</tr>
<tr>
<td>Donor C</td>
<td>22%</td>
<td>48%</td>
</tr>
</tbody>
</table>

*donor did not account for 10% or more of receivables in the respective year

The Clinic maintains cash in bank deposit accounts which, at times, exceed federally insured limits. As of December 31, 2019, the Clinic had approximately $164,000 of cash that exceeded federally insured limits. To date, the Clinic has not experienced a loss of or lack of access to its invested cash; however, no assurance can be provided that access to the Clinic’s cash will not be impacted by adverse conditions in the financial markets.

Investments

The Clinic records investments at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statement of financial position. Unrealized gains and losses, net of investment management fees, are included in the change in net assets.

Grants and Contributions Receivable

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.
1. Summary of Significant Accounting Policies

Grants and Contributions Receivable – continued
The net discount on multi-year promises to give was $14,398 and $0 as of December 31, 2019 and 2018, respectively. The allowance for uncollectible contributions receivable is determined based on management’s evaluation of the collectability of individual promises.

Grants receivable are carried at the amount earned less the amount of cash received from the grantor. All grants are due during the year ended December 31, 2020.

Patient Receivables
Patient receivables are uncollateralized patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient accounts receivable are reduced, from the gross amount billed, by contractual adjustments and an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Clinic analyzes its past history and identifies trends for each of its payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

Inventory
Inventories of pharmaceuticals are presented at the lower of cost (first-in, first-out) or net realizable value.

Property and Equipment
The Clinic capitalizes all expenditures for property and equipment for which the cost exceeds $5,000 and are recorded at cost, or if donated, at fair value on the date of donation. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.
1. **Summary of Significant Accounting Policies**

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### Property and Equipment - continued

Depreciation of property and equipment and amortization of leasehold improvements are calculated using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Useful Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and improvements</td>
<td>15-30</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>5</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3</td>
</tr>
<tr>
<td>Medical equipment</td>
<td>5-15</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>3</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5</td>
</tr>
</tbody>
</table>

### Revenue Recognition

Patient services revenue is recognized in accordance with the terms of service contracts as the services are provided and when collection is reasonably assured.

Certain revenues are recognized under cost reimbursement type contracts as eligible costs are reimbursed up to an annual maximum and when collection is reasonably assured.

### Contributions

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

If a donor restriction expires in the same reporting period in which the support was initially recognized, that support is reported as an increase in net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and other changes in net assets as net assets released from restrictions.
1. Summary of Significant Accounting Policies

**Donated Services and In-kind Contributions**
Donations of in-kind contributions are recorded as support at their estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated item to a specific purpose.

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by individuals possessing those skills, and would otherwise be purchased by the Clinic. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs and assignments; however, those services generally do not meet the above criteria.

**Allocation of Expenses**
The Clinic’s policy is to allocate various indirect expenses of administrative overhead to program services, fundraising, and public relations based on direct costs and employee count.

**Advertising Costs**
Advertising costs are expensed when incurred. Advertising expenses were $50,386 and $18,664 for the years ended December 31, 2019 and 2018, respectively.

**Income Taxes**
The Clinic is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under state of Utah regulations, and as such, is not subject to federal or state income taxes on exempt purpose income. The Clinic is subject to taxation on unrelated business income, if any.

A liability for uncertain tax positions initially needs to be recognized in the financial statements when it is more-likely-than-not the position will not be sustained upon examination by tax authorities. As of December 31, 2019 and 2018, the Clinic had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**Adoption of New Accounting Standard**
During the year ended December 31, 2019, the Clinic adopted ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made. This update is intended to assist organizations in determining whether donations should be recorded as contributions subject to topic 958, Not-for-Profit Entities, or exchange transactions subject to other guidance, and determining whether a contribution is conditional. The adoption of this standard did not result in any significant changes to the Clinic’s policies pertaining to accounting for contributions. As required by this ASU, the provisions were adopted as of January 1, 2019 and no change to net assets for the year ended December 31, 2018 was required.
1. Summary of Significant Accounting Policies

2. Liquidity and Availability

Subsequent Events

Financial assets which are available for general expenditure, meaning they are without donor or other restrictions limiting their use within one year of the most recent date of the statement of financial position, comprise the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$4,063,218</td>
<td>$3,320,558</td>
</tr>
<tr>
<td>Investments</td>
<td>2,792,790</td>
<td>2,221,767</td>
</tr>
<tr>
<td>Grants, contributions and other receivables</td>
<td>1,588,624</td>
<td>734,655</td>
</tr>
<tr>
<td>Patient accounts receivable, net</td>
<td>51,956</td>
<td>72,253</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td><strong>8,496,588</strong></td>
<td><strong>5,649,223</strong></td>
</tr>
<tr>
<td><strong>Less amounts not available to be used within one year:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets invested in property and equipment</td>
<td>(4,360,370)</td>
<td>(3,618,613)</td>
</tr>
<tr>
<td>Net assets with donor purpose restrictions</td>
<td>(1,561,867)</td>
<td>(949,244)</td>
</tr>
<tr>
<td><strong>(5,922,237)</strong></td>
<td><strong>(4,567,857)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Financial assets available to be used for general expenditures within one year</strong></td>
<td><strong>$2,574,351</strong></td>
<td><strong>$1,081,376</strong></td>
</tr>
</tbody>
</table>

The Clinic regularly monitors liquidity in order to meet its operating needs and other contractual commitments using budgets and cash flow projections, while also striving to maximize the investment of its available funds.

Operations are funded primarily from government agencies, private donors, and third-party payors. The Clinic's receivables are primarily due from government agencies and third-parties. Credit risk associated with receivables is considered to be limited because the amounts are due from known sources.

The statement of cash flows identifies the sources and uses of the Clinic's cash that generated positive cash flows from operating activities during the years ended December 31, 2019 and 2018 of approximately $2,003,000 and $964,000, respectively.
3. Net Patient Service Revenue

Services for patients with no insurance or government medical coverage are reviewed based on the Federal Poverty Level (FPL) guidelines. Patients that are at 200% or below of FPL pay a nominal fee for services. This is referred to as the Sliding Fee Scale.

The Clinic has agreements with third-party payors that provide for payments to the Clinic at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

**Medicare:** Services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. The Clinic is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Clinic and audits thereof by the Medicare fiscal intermediary. The Clinic’s Medicare cost reports have been settled by the Medicare Administrative Contractor through the year ended December 31, 2018.

**Medicaid:** Outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per outpatient ambulatory patient group. Clinical services are paid on a fixed fee schedule.

**Regulatory**

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is a reasonable possibility that recorded amounts will change by a material amount in the near term. In recent years, as a result of nationwide investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the Medicare and Medicaid programs.
3. Net Patient Service Revenue Continued

Regulatory – continued

In addition, an increasing number of the operations or practices of not-for-profit health care providers have been challenged or questioned to determine if they are consistent with the regulatory requirements for tax-exempt organizations. These challenges are broader than concerns about compliance with federal and state statutes and regulations of core business practices of the health care organizations. The laws and regulations regarding these practices are also subject to interpretation and challenge. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, community benefit, executive compensation, exemption of property from real property taxation, and others. The Clinic expects that the level of review and audit to which it and other health care providers are subject will increase. There can be no assurance that regulatory authorities will not challenge the Clinic’s compliance with these laws and regulations or that the laws and regulations themselves will not be subject to challenge, and it is not possible to determine the effect, if any, such claims or penalties would have on the Clinic.

Concentration of gross revenues by all payers accounted for the following percentages of the Clinic’s patient service revenues for the years ended December 31:

<table>
<thead>
<tr>
<th>payer</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private payer</td>
<td>$2,761,271</td>
<td>$3,231,749</td>
</tr>
<tr>
<td>Medicaid</td>
<td>$1,381,506</td>
<td>$821,105</td>
</tr>
<tr>
<td>Medicare</td>
<td>$217,910</td>
<td>$231,159</td>
</tr>
<tr>
<td>Contractual adjustments</td>
<td>$(3,383,308)</td>
<td>$(3,755,395)</td>
</tr>
<tr>
<td><strong>Net patient service revenue</strong></td>
<td><strong>$977,379</strong></td>
<td><strong>$528,618</strong></td>
</tr>
</tbody>
</table>

4. Investments at Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs according to valuation methodologies used to measure fair value:

- **Level 1**: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities.
- **Level 2**: Prices that are based on inputs not quoted in active markets, but corroborated by market data.
- **Level 3**: Unobservable inputs that are used when little or no market data is available.
4. Investments at Fair Value

Assets measured at fair value on a recurring basis are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>1,344,251</td>
<td>$ -</td>
<td>$ -</td>
<td>$1,344,251</td>
</tr>
<tr>
<td>Fixed income</td>
<td>893,583</td>
<td>-</td>
<td>-</td>
<td>893,583</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>459,756</td>
<td>-</td>
<td>-</td>
<td>459,756</td>
</tr>
<tr>
<td>US treasury notes</td>
<td>90,693</td>
<td>-</td>
<td>-</td>
<td>90,693</td>
</tr>
<tr>
<td>Exchange traded products</td>
<td>4,507</td>
<td>-</td>
<td>-</td>
<td>4,507</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,792,790</strong></td>
<td>$ -</td>
<td>$ -</td>
<td><strong>$2,792,790</strong></td>
</tr>
</tbody>
</table>

As of December 31, 2019

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>966,467</td>
<td>$ -</td>
<td>$ -</td>
<td>$966,467</td>
</tr>
<tr>
<td>Fixed income</td>
<td>778,462</td>
<td>-</td>
<td>-</td>
<td>778,462</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>386,102</td>
<td>-</td>
<td>-</td>
<td>386,102</td>
</tr>
<tr>
<td>Exchange traded products</td>
<td>90,736</td>
<td>-</td>
<td>-</td>
<td>90,736</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,221,767</strong></td>
<td>$ -</td>
<td>$ -</td>
<td><strong>$2,221,767</strong></td>
</tr>
</tbody>
</table>

As of December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>$ 966,467</td>
<td>$ -</td>
<td>$ -</td>
<td>$966,467</td>
</tr>
<tr>
<td>Fixed income</td>
<td>778,462</td>
<td>-</td>
<td>-</td>
<td>778,462</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>386,102</td>
<td>-</td>
<td>-</td>
<td>386,102</td>
</tr>
<tr>
<td>Exchange traded products</td>
<td>90,736</td>
<td>-</td>
<td>-</td>
<td>90,736</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,221,767</strong></td>
<td>$ -</td>
<td>$ -</td>
<td><strong>$2,221,767</strong></td>
</tr>
</tbody>
</table>

5. Grants, Contributions and Other Receivables

Grants, contributions and other receivables consisted of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$765,083</td>
<td>$20,491</td>
</tr>
<tr>
<td>Federal grants</td>
<td>536,467</td>
<td>169,888</td>
</tr>
<tr>
<td>State and local grants</td>
<td>209,691</td>
<td>61,780</td>
</tr>
<tr>
<td>Other grants</td>
<td>73,277</td>
<td>453,833</td>
</tr>
<tr>
<td>Other receivables</td>
<td>4,106</td>
<td>28,663</td>
</tr>
<tr>
<td><strong>Total grants, contributions and other receivables</strong></td>
<td><strong>$1,588,624</strong></td>
<td><strong>$734,655</strong></td>
</tr>
</tbody>
</table>
6. **Property and Equipment**  

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

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and improvements</td>
<td>$3,629,923</td>
<td>$3,540,782</td>
</tr>
<tr>
<td>Land</td>
<td>$1,898,271</td>
<td>$1,898,271</td>
</tr>
<tr>
<td>Medical and office equipment</td>
<td>$677,964</td>
<td>$517,504</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$650,914</td>
<td>-</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>$66,969</td>
<td>$260,095</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$45,219</td>
<td>$45,219</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td><strong>$6,969,260</strong></td>
<td><strong>$6,261,871</strong></td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>(2,242,733)</td>
<td>(2,183,073)</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td><strong>$4,726,527</strong></td>
<td><strong>$4,078,798</strong></td>
</tr>
</tbody>
</table>

Depreciation and amortization expense for property and equipment for the years ended December 31, 2019 and 2018 totaled $326,275 and $267,653, respectively.

7. **Accrued and Other Liabilities**  

Accrued and other liabilities consisted of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued payroll</td>
<td>$163,244</td>
<td>$134,006</td>
</tr>
<tr>
<td>Accrued PTO</td>
<td>$60,664</td>
<td>$53,321</td>
</tr>
<tr>
<td>401k liability</td>
<td>$43,809</td>
<td>$13,115</td>
</tr>
<tr>
<td>Prepayment of tenant rent</td>
<td>$4,673</td>
<td>$12,350</td>
</tr>
<tr>
<td><strong>Total accrued and other liabilities</strong></td>
<td><strong>$272,390</strong></td>
<td><strong>$212,792</strong></td>
</tr>
</tbody>
</table>
8. Note Payable  
The Clinic has a note payable to a bank, which is payable in monthly installments of $9,651 and bears interest at 5.14%. The note is collateralized by the building and is due May 2023. Future principal maturities at December 31, 2019 are as follows:

<table>
<thead>
<tr>
<th>Years Ending December 31,</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>99,035</td>
</tr>
<tr>
<td>2021</td>
<td>104,373</td>
</tr>
<tr>
<td>2022</td>
<td>109,944</td>
</tr>
<tr>
<td>2023</td>
<td>52,805</td>
</tr>
<tr>
<td>Total</td>
<td>366,157</td>
</tr>
</tbody>
</table>

9. Leasing Activities  
The Clinic leases out a portion of its building on a month to month basis. Expenses attributable to these leasing activities, including depreciation, interest, taxes, insurance and other leased property management expenses are included in the management and general expenses and totaled $74,709 and $90,877 for the years ended December 31, 2019 and 2018, respectively. Gross rental income recognized during the years ended December 31, 2019 and 2018 totaled $124,535 and $114,489, respectively.

10. Net Assets With Donor Restrictions  
Net assets with donor restrictions are restricted for the following purposes as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nurse care manager program</td>
<td>513,554</td>
<td>495,387</td>
</tr>
<tr>
<td>Integrated behavioral health</td>
<td>400,000</td>
<td>-</td>
</tr>
<tr>
<td>Time restricted donations</td>
<td>385,602</td>
<td>-</td>
</tr>
<tr>
<td>Respite</td>
<td>115,023</td>
<td>64,880</td>
</tr>
<tr>
<td>Dental services</td>
<td>83,308</td>
<td>72,470</td>
</tr>
<tr>
<td>Waiting room</td>
<td>65,019</td>
<td>-</td>
</tr>
<tr>
<td>Wellness and cardio</td>
<td>44,348</td>
<td>51,453</td>
</tr>
<tr>
<td>Diabetes</td>
<td>16,874</td>
<td>1,892</td>
</tr>
<tr>
<td>Smoking cessation</td>
<td>16,849</td>
<td>16,761</td>
</tr>
<tr>
<td>Women’s program</td>
<td>14,678</td>
<td>14,678</td>
</tr>
<tr>
<td>Vision services</td>
<td>4,112</td>
<td>1,936</td>
</tr>
<tr>
<td>Cancer initiative</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>-</td>
<td>3,000</td>
</tr>
<tr>
<td>Electronic health records</td>
<td>-</td>
<td>224,287</td>
</tr>
<tr>
<td>Total net assets with donor restrictions</td>
<td>$1,661,867</td>
<td>$949,244</td>
</tr>
</tbody>
</table>
11. Expenses by Nature and Function

Expenses by nature and function for the years ended December 31 are as follows:

### 2019

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising and Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>2,961,260 $</td>
<td>366,314 $</td>
<td>167,450 $</td>
<td>3,495,024 $</td>
</tr>
<tr>
<td>In-kind contributions - supplies and pharmaceuticals</td>
<td>886,235 $</td>
<td>-</td>
<td>35,699 $</td>
<td>921,934 $</td>
</tr>
<tr>
<td>In-kind contributions - service</td>
<td>653,312 $</td>
<td>45,979 $</td>
<td>10,980 $</td>
<td>710,271 $</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>368,760 $</td>
<td>60,061 $</td>
<td>21,391 $</td>
<td>450,212 $</td>
</tr>
<tr>
<td>Depreciation</td>
<td>199,415 $</td>
<td>216,860 $</td>
<td>-</td>
<td>326,275 $</td>
</tr>
<tr>
<td>Professional services</td>
<td>55,012 $</td>
<td>220,442 $</td>
<td>38,017 $</td>
<td>313,471 $</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>215,309 $</td>
<td>24,049 $</td>
<td>13,978 $</td>
<td>253,335 $</td>
</tr>
<tr>
<td>Occupancy and telephone</td>
<td>105,134 $</td>
<td>89,759 $</td>
<td>2,159 $</td>
<td>197,052 $</td>
</tr>
<tr>
<td>Operating supplies</td>
<td>154,474 $</td>
<td>32,332 $</td>
<td>678 $</td>
<td>187,484 $</td>
</tr>
<tr>
<td>Information technology</td>
<td>45,683 $</td>
<td>107,120 $</td>
<td>8,145 $</td>
<td>160,948 $</td>
</tr>
<tr>
<td>Medical supplies and pharmaceuticals</td>
<td>135,433 $</td>
<td>286 $</td>
<td>-</td>
<td>155,718 $</td>
</tr>
<tr>
<td>Provider referrals</td>
<td>72,270 $</td>
<td>-</td>
<td>-</td>
<td>72,270 $</td>
</tr>
<tr>
<td>Respite housing and transportation</td>
<td>71,776 $</td>
<td>-</td>
<td>-</td>
<td>71,776 $</td>
</tr>
<tr>
<td>Advertising and promotions</td>
<td>2,445 $</td>
<td>2,695 $</td>
<td>45,246 $</td>
<td>50,386 $</td>
</tr>
<tr>
<td>Training and development</td>
<td>24,586 $</td>
<td>12,614 $</td>
<td>4,812 $</td>
<td>42,012 $</td>
</tr>
<tr>
<td>Insurance</td>
<td>32,613 $</td>
<td>8,511 $</td>
<td>321 $</td>
<td>41,445 $</td>
</tr>
<tr>
<td>Other</td>
<td>14,833 $</td>
<td>13,146 $</td>
<td>-</td>
<td>27,979 $</td>
</tr>
<tr>
<td>Interest</td>
<td>-</td>
<td>25,255 $</td>
<td>-</td>
<td>25,255 $</td>
</tr>
<tr>
<td>Bad Debt</td>
<td>-</td>
<td>15,561 $</td>
<td>-</td>
<td>15,561 $</td>
</tr>
<tr>
<td>Dues, subscriptions, and licenses</td>
<td>12,110 $</td>
<td>1,745 $</td>
<td>-</td>
<td>13,855 $</td>
</tr>
<tr>
<td>Travel</td>
<td>2,002 $</td>
<td>-</td>
<td>-</td>
<td>2,002 $</td>
</tr>
<tr>
<td><strong>Total expenses by function</strong></td>
<td><strong>5,942,662 $</strong></td>
<td><strong>1,242,728 $</strong></td>
<td><strong>348,876 $</strong></td>
<td><strong>7,534,266 $</strong></td>
</tr>
</tbody>
</table>

### 2018

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising and Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>2,433,403 $</td>
<td>361,752 $</td>
<td>178,980 $</td>
<td>2,974,135 $</td>
</tr>
<tr>
<td>In-kind contributions - supplies and pharmaceuticals</td>
<td>1,349,227 $</td>
<td>13,873 $</td>
<td>8,128 $</td>
<td>1,371,228 $</td>
</tr>
<tr>
<td>In-kind contributions - service</td>
<td>607,415 $</td>
<td>32,431 $</td>
<td>9,855 $</td>
<td>649,701 $</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>313,731 $</td>
<td>79,205 $</td>
<td>24,469 $</td>
<td>417,405 $</td>
</tr>
<tr>
<td>Professional services</td>
<td>146,689 $</td>
<td>152,981 $</td>
<td>34,692 $</td>
<td>334,362 $</td>
</tr>
<tr>
<td>Depreciation</td>
<td>217,993 $</td>
<td>47,125 $</td>
<td>2,535 $</td>
<td>267,653 $</td>
</tr>
<tr>
<td>Information technology</td>
<td>120,805 $</td>
<td>109,550 $</td>
<td>3,364 $</td>
<td>233,719 $</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>167,776 $</td>
<td>13,734 $</td>
<td>10,513 $</td>
<td>215,613 $</td>
</tr>
<tr>
<td>Operating supplies</td>
<td>89,965 $</td>
<td>90,721 $</td>
<td>272 $</td>
<td>180,958 $</td>
</tr>
<tr>
<td>Medical supplies and pharmaceuticals</td>
<td>135,794 $</td>
<td>602 $</td>
<td>-</td>
<td>136,396 $</td>
</tr>
<tr>
<td>Respite housing and transportation</td>
<td>132,772 $</td>
<td>-</td>
<td>-</td>
<td>132,772 $</td>
</tr>
<tr>
<td>Occupancy and telephone</td>
<td>99,936 $</td>
<td>20,118 $</td>
<td>2,015 $</td>
<td>122,069 $</td>
</tr>
<tr>
<td>Provider referrals</td>
<td>99,495 $</td>
<td>-</td>
<td>-</td>
<td>99,495 $</td>
</tr>
<tr>
<td>Training and development</td>
<td>55,696 $</td>
<td>5,766 $</td>
<td>1,366 $</td>
<td>62,828 $</td>
</tr>
<tr>
<td>Other</td>
<td>19,178 $</td>
<td>18,332 $</td>
<td>37,510 $</td>
<td>45,031 $</td>
</tr>
<tr>
<td>Interest</td>
<td>7,216 $</td>
<td>3,379 $</td>
<td>11,667 $</td>
<td>18,664 $</td>
</tr>
<tr>
<td>Advertising and promotions</td>
<td>6,559 $</td>
<td>2,270 $</td>
<td>71 $</td>
<td>8,900 $</td>
</tr>
<tr>
<td>Insurance</td>
<td>5,477 $</td>
<td>951 $</td>
<td>22 $</td>
<td>6,450 $</td>
</tr>
<tr>
<td>Dues, subscriptions, and licenses</td>
<td>1,676 $</td>
<td>-</td>
<td>-</td>
<td>1,676 $</td>
</tr>
<tr>
<td><strong>Total expenses by function</strong></td>
<td><strong>6,014,421 $</strong></td>
<td><strong>995,817 $</strong></td>
<td><strong>288,027 $</strong></td>
<td><strong>7,298,265 $</strong></td>
</tr>
</tbody>
</table>
12. Employee Benefit Plans

The Clinic participates in a defined contribution plan for employees who meet certain eligibility and service requirements. The Clinic contributes 4% of an employee’s eligible earnings. The Clinic made contributions to the plan totaling $141,015 and $100,675 during the years ended December 31, 2019 and 2018, respectively.

13. Commitments and Contingencies

Operating Lease

During 2019 the Clinic entered into an operating lease for equipment. As of December 31, 2019, future minimum lease payments under the non-cancelable operating lease were as follows:

<table>
<thead>
<tr>
<th>Years Ending December 31</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
<td>$6,236</td>
</tr>
<tr>
<td></td>
<td>2021</td>
<td>$6,236</td>
</tr>
<tr>
<td></td>
<td>2022</td>
<td>$6,236</td>
</tr>
<tr>
<td></td>
<td>2023</td>
<td>$6,236</td>
</tr>
<tr>
<td></td>
<td>2024</td>
<td>$4,158</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$29,102</td>
</tr>
</tbody>
</table>

Federal Interest in Building

As a condition of a federal grant to fund the remodel/expansion of the Clinic’s facilities, the Clinic has signed a “Notice of Federal Interest” limiting the Clinic’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.

Long Term Contracts

The Clinic has entered into numerous agreements with government agencies and private entities related to mental health and other services. The terms of these agreements may require adjustments to be made to revenues earned and received or expenses incurred, based on events which are not currently determinable. The amount of these adjustments, if any, is also not currently estimable. Such adjustments could be material to the consolidated financial statements.
14. Subsequent Event

The COVID-19 pandemic has caused disruption through voluntary and mandated closing of businesses throughout the United States. While the disruption is expected to be temporary, there is considerable economic uncertainty at this time. Currently, the effects of the pandemic on the Clinic's financial condition or activities cannot be reasonably estimated. The extent of the impact of the pandemic on the Clinic's operations will depend on the duration and effectiveness of government mitigation policies. In 2020, the Clinic was awarded additional federal funding from The Department of Health and Human Services for $905,998 of which it had received $416,682 as of August 27, 2020 the date the accompany financial statements were available to be issued.
### Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Wasatch Homeless Health Care, Inc. dba Fourth Street Clinic (the Clinic) under programs of the federal government for the year ended December 31, 2019.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Clinic, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Clinic.

### Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

No federal financial assistance has been provided to subrecipients.

### Note 3 – Indirect Cost Rate

The Clinic does not draw for indirect administrative expenses and has not elected to use the 10% de minimis cost rate.
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Wasatch Homeless Health Care, Inc. dba Fourth Street Clinic

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 Care, Inc. dba Fourth Street Clinic (the Clinic), which comprise the statement of financial position as of December 31, 2019, the related statements of activities and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated August 27, 2020.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Clinic’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 the Clinic’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Clinic’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Clinic’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 Clinic’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 Clinic’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tanner LLC
August 27, 2020
INDEPENDENT AUDITORS’ REPORT ON
COMPLIANCE FOR THE MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Wasatch Homeless Health Care, Inc. dba Fourth Street Clinic

Report on Compliance for the Major Federal Program
We have audited Wasatch Homeless Care, Inc. dba Fourth Street Clinic (the Clinic) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the major federal program of the Clinic for the year ended December 31, 2019. The Clinic’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility
Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

Auditors’ Responsibility
Our responsibility is to express an opinion on compliance for the Clinic’s major federal program 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance 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 the Clinic’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 the major federal program. However, our audit does not provide a legal determination of the Clinic’s compliance.
Opinion on Major Federal Program
In our opinion, Wasatch Homeless Care, Inc. dba Fourth Street Clinic complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

Report on Internal Control over Compliance
Management of the Clinic 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 of compliance, we considered the Clinic’s internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Tanner LLC
August 27, 2020
Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified opinion

Internal control over financial reporting:

Material weakness(es) identified? __ yes X no

Significant deficiency(ies) 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 program:

Material weakness identified? ___ yes X no

Significant deficiency(ies) identified that are not considered to be material weaknesses? ___ yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ___ yes X no

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>93.224</td>
<td>Health Center Program Cluster:</td>
</tr>
<tr>
<td>93.527</td>
<td>Health Center Program</td>
</tr>
<tr>
<td></td>
<td>Grants for New and Expanded Services under the Health Center Program</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ___ yes X no
Findings - Financial Statement Audit

There were no financial statement findings noted during the audit for the year ended December 31, 2019.

Findings and Questioned Costs – Major Federal Award Program Audit

There were no major federal award program findings during the audit for the year ended December 31, 2019.
2018-001

Finding:
The Clinic did not reconcile all account balances prior to the audit. Additionally, the financial statements, related footnotes, and journal entries were not properly prepared prior to the audit.

Criteria or Specific Requirement:
Management is responsible for the fair presentation of the annual financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and posting all period-end reconciling adjustments.

Condition:
During the course of the engagement, the auditor proposed a material audit adjustment to the Clinic's recorded account balance for federal grant revenue, which if not recorded, would have resulted in a material misstatement of the Clinic's financial statements and schedule of expenditures of federal awards. The auditors also proposed additional audit adjustments to current liabilities and expenses, to investments and donations, and to net assets with donor restrictions. Management accepted and posted these adjustments. The auditors also proposed significant corrections to the financial statements and related footnotes.

Recommendation:
Reconciliations of account balances should be prepared and reviewed periodically throughout the year, and prior to the audit. Financial statements, related footnotes and journal entries prepared by the Finance Director should also be reviewed and approved.

Current Status:
Corrective action was taken by the Clinic. The Clinic now reconciles all account balances, prepares the financial statements, related footnotes, and journal entries prior to the audit.
2018-002

Finding:
The Clinic did not reconcile all account balances prior to the audit. Additionally, the financial statements, related footnotes, and journal entries were not properly prepared prior to the audit.

Criteria or Specific Requirement:
Internal controls should exist to ensure that all required reports are reviewed in comparison to supporting documentation before submitting reports to federal agencies. Health centers supported by the Health Center Program Cluster are required by the Office of Management and Budget notice No. 0915-0193 to submit an annual Universal Report containing certain financial and nonfinancial/statistical information to the Bureau of Primary Health Care’s Uniform Data System (UDS).

Condition:
The auditor noted the number of non-nursing medical visits reported on the Universal Report was overstated by 2,466 visits when compared to the Clinic’s supporting health information records.

Recommendation:
Internal controls should exist to ensure that all elements of the required reports are reviewed in comparison to supporting documentation before submitting reports to federal agencies.

Current Status:
Corrective action was taken by the Clinic. The Clinic now reconciles all account balances, prepares the financial statements, related footnotes, and journal entries prior to the audit.