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BUSINESS ADVISORS AND
CERTIFIED PUBLIC ACCOUNTANTS

CRITICAL KNOWLEDGE
PROACTIVE INSIGHT

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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BUSINESS ADVISORS AND
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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,

	2019	2018
Assets		
Cash	$ 4,063,218	$ 3,320,558
Investments	2,792,790	2,221,767
Grants, contributions and other receivables	1,588,624	734,655
Patient accounts receivable, net of allowance for doubtful accounts and contractual adjustments of $303,360 and $164,722	51,956	72,253
Inventory	223,218	431,822
Prepaid expenses and other assets	82,465	16,975
Property and equipment, net	4,726,527	4,078,798
Total assets	$ 13,528,798	$ 10,876,828
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$ 97,546	$ 131,738
Accrued and other liabilities	272,390	212,792
Note payable	366,157	460,185
Total liabilities	736,093	804,715
Net assets:		
Without donor restrictions:		
Undesignated	6,770,468	5,504,256
Invested in property and equipment, net of related debt	4,360,370	3,618,613
Total net assets without donor restrictions	11,130,838	9,122,869
With donor restrictions	1,661,867	949,244
Total net assets	12,792,705	10,072,113
Total liabilities and net assets	$ 13,528,798	$ 10,876,828

WASATCH HOMELESS HEALTH CARE, INC.
dba Fourth Street Clinic
Statements of Activities

For the Years Ended December 31,

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

WASATCH HOMELESS HEALTH CARE, INC.
dba Fourth Street Clinic
Statements of Cash Flows

For the Years Ended December 31,

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

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	21,789	26,530

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:

	2019	2018
Grantor A	74%	94%
Grantor B	24%	*

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

1. Summary of Significant Accounting Policies
Continued

Concentrations of Credit Risk – continued

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

	2019	2018
Donor A	15%	*
Donor B	12%	*

**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:

	2019	2018
Donor A	34%	23%
Donor B	24%	*
Donor C	22%	48%

**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 *Continued*

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 *Continued*

***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:

Assets	Useful Lives
Building and improvements	15-30
Furniture and fixtures	5
Office equipment	3
Medical equipment	5-15
Computer hardware and software	3
Vehicles	5

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 *Continued*

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 *Continued*

Subsequent Events
The Clinic has evaluated events and transactions for potential recognition or disclosure through August 27, 2020, the date the accompanying financial statements were available to be issued.

2. Liquidity and Availability

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:

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

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:

	2019		2018	
Private payer	$ 2,761,271	283%	$ 3,231,749	611%
Medicaid	1,381,506	141%	821,105	155%
Medicare	217,910	22%	231,159	44%
Contractual adjustments	(3,383,308)	-346%	(3,755,395)	-710%
Net patient service revenue	$ 977,379	100%	$ 528,618	100%

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 *Continued*

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

	As of December 31, 2019			
	Level 1	Level 2	Level 3	Total
Common stock	1,344,251	$ -	$ -	$ 1,344,251
Fixed income	893,583	-	-	893,583
Mutual funds	459,756	-	-	459,756
US treasury notes	90,693	-	-	90,693
Exchange traded products	4,507	-	-	4,507
	$ 2,792,790	$ -	$ -	$ 2,792,790

	As of December 31, 2018			
	Level 1	Level 2	Level 3	Total
Common stock	$ 966,467	$ -	$ -	$ 966,467
Fixed income	778,462	-	-	778,462
Mutual funds	386,102	-	-	386,102
Exchange traded products	90,736	-	-	90,736
	$ 2,221,767	$ -	$ -	$ 2,221,767

5. Grants, Contributions and Other Receivables

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

	2019	2018
Contributions	$ 765,083	$ 20,491
Federal grants	536,467	169,888
State and local grants	209,691	61,780
Other grants	73,277	453,833
Other receivables	4,106	28,663
Total grants, contributions and other receivables	$ 1,588,624	$ 734,655

6. Property and Equipment

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

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

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:

	2019	2018
Accrued payroll	$ 163,244	$ 134,006
Accrued PTO	60,664	53,321
401k liability	43,809	13,115
Prepayment of tenant rent	4,673	12,350
Total accrued and other liabilities	$ 272,390	$ 212,792

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:

Years Ending December 31,	
2020	$ 99,035
2021	104,373
2022	109,944
2023	52,805
Total	$ 366,157

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:

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

11. Expenses by Nature and Function

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

2019

	Program Services	Management and General	Fundraising and Development	Total
Salaries and w ages	$ 2,961,260	$ 366,314	$ 167,450	$ 3,495,024
In-kind contributions - supplies and pharmaceuticals	886,235	-	35,699	921,934
In-kind contributions - service	653,312	45,979	10,980	710,271
Employee benefits	368,760	60,061	21,391	450,212
Depreciation	109,415	216,860	-	326,275
Professional services	55,012	220,442	38,017	313,471
Payroll taxes	215,309	24,049	13,978	253,336
Occupancy and telephone	105,134	89,759	2,159	197,052
Operating supplies	154,474	32,332	678	187,484
Information technology	45,683	107,120	8,145	160,948
Medical supplies and pharmaceuticals	155,433	285	-	155,718
Provider referrals	72,270	-	-	72,270
Respite housing and transportation	71,776	-	-	71,776
Advertising and promotions	2,445	2,695	45,246	50,386
Training and development	24,586	12,614	4,812	42,012
Insurance	32,613	8,511	321	41,445
Other	14,833	13,146	-	27,979
Interest	-	25,255	-	25,255
Bad Debt	-	15,561	-	15,561
Dues, subscriptions, and licenses	12,110	1,745	-	13,855
Travel	2,002	-	-	2,002
Total expenses by function	$ 5,942,662	$ 1,242,728	$ 348,876	$ 7,534,266

2018

	Program Services	Management and General	Fundraising and Development	Total
Salaries and w ages	$ 2,433,403	$ 361,752	$ 178,980	$ 2,974,135
In-kind contributions - supplies and pharmaceuticals	1,349,227	13,873	8,128	1,371,228
In-kind contributions - service	607,415	32,431	9,855	649,701
Employee benefits	313,731	79,205	24,469	417,405
Professional services	146,689	152,981	34,692	334,362
Depreciation	217,993	47,125	2,535	267,653
Information technology	120,805	109,550	3,364	233,719
Payroll taxes	167,776	37,324	10,513	215,613
Operating supplies	89,965	90,721	272	180,958
Medical supplies and pharmaceuticals	135,794	802	-	136,596
Respite housing and transportation	132,772	-	-	132,772
Occupancy and telephone	99,936	20,118	2,015	122,069
Provider referrals	99,495	-	-	99,495
Training and development	55,696	5,766	1,366	62,828
Other	19,178	18,332	-	37,510
Interest	7,216	19,237	78	26,531
Advertising and promotions	3,618	3,379	11,667	18,664
Insurance	6,559	2,270	71	8,900
Dues, subscriptions, and licenses	5,477	951	22	6,450
Travel	1,676	-	-	1,676
Total expenses by function	$ 6,014,421	$ 995,817	$ 288,027	$ 7,298,265

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:

Years Ending December 31,		
2020	$	6,236
2021		6,236
2022		6,236
2023		6,236
2024		4,158
Total	$	29,102

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 date the accompany financial statements were available to be issued.

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services			
Health Center Program	93.224	N/A	$ 1,313,656
Grants for New and Expanded Services under the Helath Center Program	93.527	N/A	1,679,874
Total expenditures of federal awards			$ 2,993,530

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.

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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

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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:

CFDA Number	Name of Federal Program or Cluster
	Health Center Program Cluster:
93.224	Health Center Program
93.527	Grants for New and Expanded Services under the Health Center Program

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.