

**MISSOURI HOSPICE AND PALLIATIVE
CARE ASSOCIATION, INC.**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Missouri Hospice and Palliative Care Association, Inc.
Jefferson City, Missouri

Report on the Financial Statements

I have audited the accompanying financial statements of Missouri Hospice and Palliative Care Association, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missouri Hospice and Palliative Care Association, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Kenney D Hales

Kenney D. Hales, CPA, PC
Liberty, Missouri
July 15, 2016

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>2014</u>
Current assets:		
Checking	\$ 167,757	\$ 133,021
Money Market	86,480	85,407
Investments	<u>202,771</u>	<u>207,779</u>
Total current assets	<u>457,008</u>	<u>426,207</u>
Property and equipment:		
Office furniture and equipment	15,636	12,024
Less accumulated depreciation	<u>(11,859)</u>	<u>(10,426)</u>
Net property and equipment	<u>3,777</u>	<u>1,598</u>
Other assets:		
Prepaid expenses	<u>2,639</u>	<u>4,992</u>
Total other assets	<u>2,639</u>	<u>4,992</u>
Total assets	<u>\$ 463,424</u>	<u>\$ 432,797</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 2,672	\$ 8,731
Deferred revenue – dues	900	25,365
Payroll liabilities	<u>13,681</u>	<u>14,934</u>
Total current liabilities	<u>17,253</u>	<u>49,030</u>
Net assets:		
Unrestricted	<u>446,171</u>	<u>383,767</u>
Total net assets	<u>446,171</u>	<u>383,767</u>
Total liabilities and net assets	<u>\$ 463,424</u>	<u>\$ 432,797</u>

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

MISSOURI HOSPICE & PALLIATIVE CARE ORGANIZATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

<u>Expenses:</u>	2015					2014				
		Management	Membership			Management	Membership			
	Programs	and General	Development	Fundraising	Total	Programs	and General	Development	Fundraising	Total
Compensation, benefits and taxes	181,652	6,055	6,056	8,073	\$ 201,836	\$ 142,529	\$ 4,751	\$ 4,750	\$ 6,335	\$ 158,365
Conferences and workshops	120,194	5,061	1,265	-	126,520	109,507	4,611	1,153	-	115,271
Occupancy	32,365	1,079	1,079	1,438	35,961	13,221	441	440	588	14,690
Meetings	16,976	893	-	-	17,869	14,323	754	-	-	15,077
Computer	9,134	-	-	3,915	13,049	7,923	-	-	3,396	11,319
Miscellaneous	7,759	259	258	345	8,621	2,666	89	89	118	2,962
Telephone	6,539	218	218	291	7,266	6,183	206	206	275	6,870
Audit, accounting, and legal	4,977	933	311	-	6,221	6,494	1,218	406	-	8,118
Supplies	5,028	168	168	223	5,587	1,497	50	49	67	1,663
Equipment rental	4,562	152	152	203	5,069	6,458	215	216	287	7,176
Dues and subscriptions	4,199	327	140	-	4,666	2,095	163	70	-	2,328
Bank service charges	1,814	620	832	362	3,628	1,153	620	302	230	2,305
Postage and printing	1,506	50	50	67	1,673	1,437	48	48	64	1,597
Insurance	1,409	47	46	63	1,565	1,688	56	57	75	1,876
Depreciation	1,360	72	-	-	1,432	860	45	-	-	905
Travel	1,004	177	-	-	1,181	320	56	-	-	376
Contract services	1,008	34	33	45	1,120	5,097	170	169	227	5,663
Total expenses	\$ 401,486	\$ 16,145	\$ 10,608	\$ 15,025	\$ 443,264	\$ 323,451	\$ 13,493	\$ 7,955	\$ 11,662	\$ 356,561

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

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues, gains and losses:		
Membership dues	\$ 183,464	\$ 173,650
Grants	101,688	450
Fall conference	85,718	71,746
Contributions	47,596	16,077
Workshops and seminars	38,751	38,687
EDNA	27,486	16,169
Interest income	10,080	8,106
Heart of hospice awards income	8,746	7,235
Contract services	5,164	6,417
NHPCO reimbursement	4,870	5,089
Hospice statistical report	4,105	6,285
Miscellaneous	1,670	-
Merchandise	722	3,989
Unrealized gain (loss)	<u>(14,392)</u>	<u>2,689</u>
Total revenues, gains and losses	<u>505,668</u>	<u>356,589</u>
Expenses:		
Programs	401,486	323,451
Management and general	16,145	13,493
Membership development	10,608	7,955
Fundraising	<u>15,025</u>	<u>11,662</u>
Total expenses	<u>443,264</u>	<u>356,561</u>
Change in net assets	62,404	28
Net assets at beginning of year	<u>383,767</u>	<u>383,739</u>
Net assets at end of year	<u>\$ 446,171</u>	<u>\$ 383,767</u>

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

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 62,404	\$ 28
Adjustment to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	1,432	905
Interest earned	-	(8,106)
Change in current assets and liabilities		
Prepaid expenses	2,353	5,183
Accounts payable	(6,059)	5,420
Deferred revenue – dues	(24,465)	19,826
Payroll liabilities	<u>(1,252)</u>	<u>(602)</u>
Net cash provided by operating activities	<u>34,413</u>	<u>22,654</u>
 Cash flows from investing activities:		
Purchases of capital assets	(3,612)	(1,030)
Purchases of investments	(85,407)	(2,689)
Proceeds from investments	<u>89,342</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>323</u>	<u>(3,719)</u>
 Net change in cash and cash equivalents	34,736	18,935
 Beginning cash and cash equivalents	<u>133,021</u>	<u>114,086</u>
 Ending cash and cash equivalents	<u>\$ 167,757</u>	<u>\$ 133,021</u>

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

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Missouri Hospice and Palliative Care Association, Inc. (The Organization) was incorporated in 1980 as a Missouri general not-for-profit corporation. The purpose of the Organization is to promote the hospice concept of care for terminally ill patients and their families; to promote an understanding among health care professionals of the needs and resources available to the terminally ill patient and family; to promote communication among existing hospice programs and developing programs within Missouri and at the regional and national levels of the National Hospice Association; to promote improved health care legislation, regulation of standards for hospice care at all governmental levels and responsive reimbursement plans; to promote education for the general public pertinent to the hospice concept; and to promote research in the field of hospice care.

The Organization is supported primarily by members' dues and assessments, the fall conference, workshop fees, and grants. Membership is comprised primarily of associations providing hospice care.

B. Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recorded as increases in unrestricted net assets unless there are donor-imposed restrictions. Expenses are recorded as decreases in unrestricted net assets.

C. Basis of Presentation

The Organization presents its net assets and its revenues based upon the existence of donor-imposed restrictions into these classes: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets—Net assets that are available for use, but expendable only for those purposes specified by the grantor.

Permanently restricted net assets—Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports that support as unrestricted. At December 31, 2015 and 2014, the Organization had no restricted net assets.

D. Cash and Cash Equivalents

For the purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as certificates of deposits, money market funds and other investments, with an original maturity of three months or less when purchased. The following is the composition of the combined amounts appearing in the financial statements.

	2015	2014
Cash	\$ 167,757	\$ 132,543
Money market funds	86,480	478
Totals	\$ 254,237	\$ 133,021

E. Property, Equipment and Depreciation

Property and equipment are capitalized when the value is greater than \$500. Purchased assets are recorded at cost; donated assets are recorded at estimated fair value. Expenditures for additions and major improvements that significantly extend the useful life of an asset are capitalized. Maintenance and repairs which are not considered to extend the useful life are charged to expense when incurred. When an asset is retired or disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the statement of activities. Depreciation is provided on the straight-line basis over estimated useful lives ranging from five to forty years. Depreciation expense for the years ended December 31, 2015 and 2014 was \$1,432 and \$905, respectively.

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.

G. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

H. Management estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Income Tax Status

The Organization is a not-for profit organization that is exempt from income taxes under Internal Revenue Code Section 501 (c)(3). The Organization has also been classified as an entity that is not a private foundation within the meaning of 509 (a) and qualifies for deductible contributions as provided by Section 170 (b)(1)(A)(vi).

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefitted.

NOTE 2 – INVESTMENTS

In 2014, Investments consisted of three certificates of deposit at United Consumers Credit Union in varying amounts with maturity periods extending up to 24 months. The maturity dates of these investments are February 17, 2015. The investments are recorded at fair value and the interest earned on each investment is rolled back into the certificate of deposit at the maturity date. In 2015, these monies were transferred to a mutual fund account which is managed by a professional investment advisor.

NOTE 3 – LEASE COMMITMENT

The Organization's lease agreement to rent an office facility from Gordon Brothers, LLC in Jefferson City, Missouri effective February 1, 2015. The five year lease requires a \$1,600 deposit and monthly payments of \$1,600. The Organization is also responsible for their proportionate share (24%) of any increase in real property taxes after the year 2015 which might occur during the lease period. During the years ended December 31, 2015 and 2014, the total occupancy expense paid amounted to \$35,961 and \$14,690 respectively. Of these amounts, \$19,200 and \$10,800 was attributed to rent expense for the each period.

NOTE 4 – COMPILING MEMBERSHIP FIGURES

The procedure used by the Organization for compiling membership figures as reported to the board of directors provides an accurate count of the membership listing.

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – EMPLOYEE BENEFITS

A. 403 (b) Retirement Plan

An IRA through Edward Jones is provided for all employees who are eighteen years old and have completed one year of service may participate. The Organization provides 2% of each eligible employee's salary per year. Contributions made by employees are strictly on a volunteer basis. Total retirement expense was \$3,352 and \$1,899 for the years ended December 31, 2015 and 2014, respectively.

B. Health Plan

The Organization provides a health insurance plan, which is designed to provide protection against major health-related expenses and pays the premium at 100% for individual coverage of the Executive Director. Total health insurance expense was \$10,234 and \$9,154 for the years ended December 31, 2015 and 2014, respectively.

NOTE 6 – CONCENTRATION OF REVENUES

The Organization receives the majority of its revenues from two sources, membership dues and the fall conference. These two sources represent 69% and 69% of the 2015 and 2014 total revenues, respectively. Should either of these sources be dramatically reduced in the future, it would have a great impact on the operations of the organizations.

NOTE 7 – CONCENTRATION OF RISK

The Organization maintains its cash balances at UMB Bank and the United Consumers Credit Union. The balances at UMB Bank are insured by the Federal Deposit Insurance Corporation to a limit of \$250,000 at December 31, 2015. The balances at the United Consumers Credit Union of these accounts are insured by the National Credit Union Administration up to \$250,000. At December 31, 2015 and 2014, the Organization had no uninsured cash balances.

NOTE 8 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 15, 2016, the date which the financial statements were available to be issued.