

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

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

**FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Kennedy D Hales

Kennedy D. Hales, CPA, PC
Liberty, Missouri
May 8, 2017

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
Current assets:		
Checking	\$ 81,118	\$ 167,757
Money Market	66,521	86,480
Investments	223,000	202,771
Inventory	<u>1,600</u>	<u>-</u>
Total current assets	<u>370,639</u>	<u>457,008</u>
Property and equipment:		
Office furniture and equipment	21,355	15,636
Less accumulated depreciation	<u>(14,269)</u>	<u>(11,859)</u>
Net property and equipment	<u>7,086</u>	<u>3,777</u>
Other assets:		
Prepaid expenses	<u>1,329</u>	<u>2,639</u>
Total other assets	<u>1,329</u>	<u>2,639</u>
Total assets	<u>\$ 380,654</u>	<u>\$ 463,424</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ -	\$ 2,672
Deferred revenue – dues	1,719	900
Payroll liabilities	<u>11,808</u>	<u>13,681</u>
Total current liabilities	<u>13,527</u>	<u>17,253</u>
Net assets:		
Unrestricted	<u>367,127</u>	<u>446,171</u>
Total net assets	<u>367,127</u>	<u>446,171</u>
Total liabilities and net assets	<u>\$ 380,654</u>	<u>\$ 463,424</u>

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Revenues, gains and losses:		
Membership dues	\$ 174,003	\$ 183,464
Fall conference	85,999	85,718
Grants	46,937	101,688
Workshops and seminars	38,751	38,751
Merchandise	20,742	722
Unrealized gain (loss)	18,353	(14,392)
Contributions	10,526	47,596
Heart of hospice awards income	8,227	8,746
EDNA	6,025	27,486
NHPCO reimbursement	3,898	4,870
Hospice statistical report	2,945	4,105
Interest income	1,918	10,080
Miscellaneous	899	1,670
Contract services	699	5,164
Total revenues, gains and losses	<u>419,922</u>	<u>505,668</u>
Expenses:		
Programs	429,207	401,486
Management and general	17,302	16,145
Membership development	11,972	10,608
Fundraising	40,485	15,025
Total expenses	<u>498,966</u>	<u>443,264</u>
Change in net assets	(79,044)	62,404
Net assets at beginning of year	<u>446,171</u>	<u>383,767</u>
Net assets at end of year	<u>\$ 367,127</u>	<u>\$ 446,171</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, 2016 AND 2015

	2016					2015				
	Programs	Management and General	Membership Development	Fundraising	Total	Programs	Management and General	Membership Development	Fundraising	Total
Expenses:										
Compensation, benefits and taxes	210,078	7,003	7,002	9,337	\$ 233,420	\$ 181,652	\$ 6,055	\$ 6,056	\$ 8,073	\$ 201,836
Conferences and workshops	130,454	5,493	1,373	-	137,320	120,194	5,061	1,265	-	126,520
Occupancy	29,854	995	995	1,327	33,171	32,365	1,079	1,079	1,438	35,961
Cost of goods sold	-	-	-	26,798	26,798	-	-	-	-	-
Meetings	12,883	678	-	-	13,561	16,976	893	-	-	17,869
Memberships	5,099	170	169	227	5,665	-	-	-	-	-
Computer	3,085	-	-	1,322	4,407	9,134	-	-	3,915	13,049
Miscellaneous	2,815	94	94	125	3,128	7,759	259	258	345	8,621
Telephone	4,946	165	165	220	5,496	6,539	218	218	291	7,266
Audit, accounting, and legal	5,899	1,106	369	-	7,374	4,977	933	311	-	6,221
Supplies	2,780	93	92	124	3,089	5,028	168	168	223	5,587
Equipment rental	8,168	272	273	363	9,076	4,562	152	152	203	5,069
Dues and subscriptions	3,965	308	132	-	4,405	4,199	327	140	-	4,666
Bank service charges	2,224	620	1,159	444	4,447	1,814	620	832	362	3,628
Postage and printing	1,015	34	34	45	1,128	1,506	50	50	67	1,673
Insurance	2,349	78	79	104	2,610	1,409	47	46	63	1,565
Depreciation	2,290	121	-	-	2,410	1,360	72	-	-	1,432
Travel	205	36	-	-	241	1,004	177	-	-	1,181
Contract services	1,098	37	36	49	1,220	1,008	34	33	45	1,120
Total expenses	\$ 429,207	\$ 17,303	\$ 11,972	\$ 40,485	\$ 498,966	\$ 401,486	\$ 16,145	\$ 10,608	\$ 15,025	\$ 443,264

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ (79,044)	\$ 62,404
Adjustment to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	2,409	1,432
Interest earned	-	-
Change in current assets and liabilities		
Prepaid expenses	(1,310)	2,353
Accounts payable	(2,672)	(6,059)
Deferred revenue – dues	819	(24,465)
Payroll liabilities	<u>(1,873)</u>	<u>(1,252)</u>
Net cash provided (used) by operating activities	<u>(81,671)</u>	<u>34,413</u>
Cash flows from investing activities:		
Purchases of capital assets	(5,719)	(3,612)
Purchases of investments	(5,032)	(85,407)
Proceeds from investments	<u>5,783</u>	<u>89,342</u>
Net cash provided (used) by investing activities	<u>(4,968)</u>	<u>323</u>
Net change in cash and cash equivalents	(86,639)	34,736
Beginning cash and cash equivalents	<u>167,757</u>	<u>133,021</u>
Ending cash and cash equivalents	<u>\$ 81,118</u>	<u>\$ 167,757</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, 2016 and 2015, 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.

	2016	2015
Cash	\$ 81,118	\$ 167,757
Money market funds	66,521	86,480
Totals	\$ 147,639	\$ 254,237

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, 2016 and 2015 was \$2,409 and \$1,432, 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 2015, 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, 2016. 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 2016, 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, 2016. 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 2016 which might occur during the lease period. The Organization also entered into an agreement with Hubble Properties, LLC for retail space for the resale shop. The twelve month lease expired February 28, 2017 but has been extended on a month-to-month basis by both parties. Monthly payments for this space are \$1,000 per month. During the years ended December 31, 2016 and 2015, the total occupancy expense paid amounted to \$33,171 and \$35,961 respectively. Of these amounts, \$19,200 and \$19,200 was attributed to rent expense for 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 \$3,550 and \$3,352 for the years ended December 31, 2016 and 2015, 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 \$12,947 and \$10,234 for the years ended December 31, 2016 and 2015, 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 62% and 69% of the 2016 and 2015 total revenues, respectively. Should either of these sources be dramatically reduced in the future, it would greatly impact 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, 2016. 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, 2016 and 2015, the Organization had no uninsured cash balances.

NOTE 8 – GOING CONCERN

The change in net assets during 2015 showed a sharp increase which was reversed in 2016. This was the result of receiving the monies from a grant in late 2015, but the subsequent outflow of resources occurred in early 2016. This timing issue appears to be a one-time occurrence as the grant was non-renewable.

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

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 8, 2017, the date which the financial statements were available to be issued.