

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

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

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Basic Financial Statements	7-12



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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, 2017 and 2016, 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, 2017 and 2016, 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, CPA, PC
Liberty, Missouri
May 11, 2018

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets:		
Checking	\$ 53,717	\$ 81,118
Money Market	66,562	66,521
Investments	261,061	223,000
Inventory	<u>3,130</u>	<u>1,600</u>
Total current assets	<u>384,470</u>	<u>370,639</u>
Property and equipment:		
Office furniture and equipment	24,721	21,355
Less accumulated depreciation	<u>(17,086)</u>	<u>(14,269)</u>
Net property and equipment	<u>7,635</u>	<u>7,086</u>
Other assets:		
Prepaid expenses	<u>-</u>	<u>1,329</u>
Total other assets	<u>-</u>	<u>1,329</u>
Total assets	<u>\$ 392,105</u>	<u>\$ 380,654</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ -	\$ -
Deferred revenue – dues	4,630	1,719
Payroll liabilities	<u>17,665</u>	<u>11,808</u>
Total current liabilities	<u>22,295</u>	<u>13,527</u>
Net assets:		
Unrestricted	<u>369,810</u>	<u>367,127</u>
Total net assets	<u>369,810</u>	<u>367,127</u>
Total liabilities and net assets	<u>\$ 392,105</u>	<u>\$ 380,654</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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenues, gains and losses:		
Membership dues	\$ 189,671	\$ 174,003
Fall conference	111,875	85,999
Merchandise	36,514	20,742
Realized/Unrealized gain (loss)	34,574	18,353
Workshops and seminars	31,011	38,751
Contributions	14,088	10,526
Grants	9,200	46,937
Heart of hospice awards income	8,031	8,227
Hospice statistical report	6,050	2,945
Interest income	3,529	1,918
NHPCO reimbursement	2,756	3,898
EDNA	1,775	6,025
Contract services	739	699
Miscellaneous	247	899
Total revenues, gains and losses	<u>450,060</u>	<u>419,922</u>
Expenses:		
Programs	381,638	429,207
Management and general	15,561	17,302
Membership development	11,535	11,972
Fundraising	38,543	40,485
Total expenses	<u>447,277</u>	<u>498,966</u>
Change in net assets	2,683	(79,044)
Net assets at beginning of year	<u>367,127</u>	<u>446,171</u>
Net assets at end of year	<u>\$ 369,810</u>	<u>\$ 367,127</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, 2017 AND 2016

	2017					2016				
	Programs	Management and General	Membership Development	Fundraising	Total	Programs	Management and General	Membership Development	Fundraising	Total
Expenses:										
Compensation, benefits and taxes	194,298	6,477	6,477	8,635	\$ 215,887	\$ 210,078	\$ 7,003	\$ 7,002	\$ 9,337	\$ 233,420
Conferences and workshops	106,414	4,481	1,120	-	112,015	130,454	5,493	1,373	-	137,320
Occupancy	35,200	1,173	1,174	1,564	39,111	29,854	995	995	1,327	33,171
Cost of goods sold	-	-	-	26,369	26,369	-	-	-	26,798	26,798
Meetings	9,041	476	-	-	9,517	12,883	678	-	-	13,561
Audit, accounting, and legal	6,469	1,213	404	-	8,086	5,899	1,106	369	-	7,374
Equipment rental	7,105	237	236	316	7,894	8,168	272	273	363	9,076
Bank service charges	2,757	620	1,586	550	5,513	2,224	620	1,159	444	4,447
Dues and subscriptions	3,523	274	117	-	3,914	3,965	308	132	-	4,405
Telephone	3,114	104	104	138	3,460	4,946	165	165	220	5,496
Supplies	2,857	95	95	127	3,174	2,780	93	92	124	3,089
Contract services	2,849	95	94	127	3,165	1,098	37	36	49	1,220
Depreciation	2,676	141	-	-	2,817	2,290	120	-	-	2,410
Insurance	1,685	56	56	75	1,872	2,349	78	79	104	2,610
Miscellaneous	1,634	54	54	73	1,815	2,815	94	94	125	3,128
Computer	1,269	-	-	544	1,813	3,085	-	-	1,322	4,407
Postage and printing	554	18	19	25	616	1,015	34	34	45	1,128
Travel	288	51	-	-	339	205	36	-	-	241
Memberships	90	3	3	4	100	5,099	170	169	227	5,665
Total expenses	\$ 381,733	\$ 15,565	\$ 11,536	\$ 38,543	\$ 447,377	\$ 424,108	\$ 17,132	\$ 11,803	\$ 40,258	\$ 493,301

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,683	\$ (79,044)
Adjustment to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	2,817	2,409
Interest earned	-	-
Change in current assets and liabilities		
Prepaid expenses	1,329	(1,310)
Accounts payable	-	(2,672)
Deferred revenue – dues	2,911	819
Payroll liabilities	<u>(5,857)</u>	<u>(1,873)</u>
Net cash provided (used) by operating activities	<u>3,883</u>	<u>(81,671)</u>
Cash flows from investing activities:		
Purchases of capital assets	(3,366)	(5,719)
Purchases of investments	(27,918)	(5,032)
Proceeds from investments	<u>-</u>	<u>5,783</u>
Net cash provided (used) by investing activities	<u>(31,284)</u>	<u>(4,968)</u>
Net change in cash and cash equivalents	(27,401)	(86,639)
Beginning cash and cash equivalents	<u>81,118</u>	<u>167,757</u>
Ending cash and cash equivalents	<u>\$ 53,717</u>	<u>\$ 81,118</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, 2017 and 2016, 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.

	2017	2016
Cash	\$ 53,717	\$ 81,118
Money market funds	66,562	66,521
Totals	\$ 120,279	\$ 147,639

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, 2017 and 2016 was \$2,817 and \$2,409, 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 2016, 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, 2017. 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 2017, 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. The Organization also entered into an agreement effective March 1, 2016 with Hubble Properties, LLC for retail space for the resale shop. The lease expires May 31, 2018 and will be 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, 2017 and 2016, the total occupancy expense paid amounted to \$39,111 and \$33,171 respectively. Of these amounts, \$31,200 and \$29,200 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 \$3,192 and \$3,550 for the years ended December 31, 2017 and 2016, 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 \$17,355 and \$12,947 for the years ended December 31, 2017 and 2016, 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 67% and 62% of the 2017 and 2016 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, 2017. 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, 2017 and 2016, the Organization had no uninsured cash balances.

NOTE 8 – GOING CONCERN

The change in net assets during 2016 showed a sharp increase which was reversed in 2017. This was the result of receiving the monies from a grant in late 2016, but the subsequent outflow of resources occurred in early 2017. 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 11, 2018, the date which the financial statements were available to be issued.