

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

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

**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

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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, 2018 and 2017, 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, 2018 and 2017, 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 CPA

Kennedy D. Hales, CPA, PC
Liberty, Missouri
August 27, 2019

MISSOURI HOSPICE AND PALLIATIVE CARE ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Checking	\$ 20,258	\$ 53,717
Money Market	46,627	66,562
Investments	240,483	261,061
Inventory	<u>1,854</u>	<u>3,130</u>
Total current assets	<u>309,222</u>	<u>384,470</u>
Property and equipment:		
Office furniture and equipment	28,884	24,721
Less accumulated depreciation	<u>(16,915)</u>	<u>(17,086)</u>
Net property and equipment	<u>11,969</u>	<u>7,635</u>
Total assets	<u>\$ 321,191</u>	<u>\$ 392,105</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ -	\$ -
Deferred revenue – dues	6,377	4,630
Payroll liabilities	<u>9,629</u>	<u>17,665</u>
Total current liabilities	<u>16,006</u>	<u>22,295</u>
Net assets:		
Without donor restrictions	<u>305,185</u>	<u>369,810</u>
Total net assets	<u>305,185</u>	<u>369,810</u>
Total liabilities and net assets	<u>\$ 321,191</u>	<u>\$ 392,105</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Revenues, gains and losses:		
Membership dues	\$ 191,273	\$ 189,671
Fall conference	129,935	111,875
Merchandise	42,015	36,514
Workshops and seminars	30,613	31,011
Grants	19,570	9,200
Interest income	11,183	3,529
Heart of hospice awards income	6,240	8,031
Hospice statistical report	5,294	6,050
Contributions	3,870	14,088
EDNA	3,000	1,775
NHPCO reimbursement	2,099	2,756
Miscellaneous	361	247
Contract services	291	739
Realized/Unrealized gain (loss)	<u>(31,719)</u>	<u>34,574</u>
Total revenues, gains and losses	<u>414,025</u>	<u>450,060</u>
Expenses:		
Programs	400,380	381,624
Management and general	16,709	15,695
Membership development	12,072	11,558
Fundraising	<u>49,489</u>	<u>38,500</u>
Total expenses	<u>478,650</u>	<u>447,377</u>
Change in net assets	(64,625)	2,683
Net assets at beginning of year	<u>369,810</u>	<u>367,127</u>
Net assets at end of year	<u>\$ 305,185</u>	<u>\$ 369,810</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, 2018 AND 2017

	2018					2017				
	Programs	Management and General	Membership Development	Fundraising	Total	Programs	Management and General	Membership Development	Fundraising	Total
Expenses:										
Compensation, benefits and taxes	201,883	6,729	6,729	8,973	\$ 224,314	\$ 193,317	\$ 6,444	\$ 6,444	\$ 8,592	\$ 214,797
Conferences and workshops	120,102	5,057	1,264	-	126,423	106,414	4,481	1,120	-	112,015
Cost of goods sold	-	-	-	36,602	36,602	-	-	-	26,369	26,369
Occupancy	31,610	1,054	1,053	1,405	35,122	35,200	1,173	1,174	1,564	39,111
Telephone and internet	7,704	257	257	342	8,560	3,114	104	104	138	3,460
Meetings	7,533	396	-	-	7,929	9,041	476	-	-	9,517
Audit, accounting, and legal	5,534	1,038	345	-	6,917	7,341	1,376	459	-	9,176
Computer and website	4,622	462	463	1,056	6,603	1,269	-	-	544	1,813
Bank service charges	2,877	863	1,438	575	5,753	2,757	620	1,585	551	5,513
Equipment rental	4,170	139	139	185	4,633	7,105	237	236	316	7,894
Miscellaneous	3,736	125	124	166	4,151	1,634	54	54	73	1,815
Dues and subscriptions	3,686	287	123	-	4,096	3,523	274	117	-	3,914
Depreciation	2,629	138	-	-	2,767	2,676	141	-	-	2,817
Insurance	1,812	60	60	81	2,013	1,685	56	56	75	1,872
Supplies	1,362	45	45	61	1,513	2,857	95	95	127	3,174
Postage and printing	584	19	20	26	649	554	18	19	25	616
Memberships	383	13	12	17	425	-	-	-	-	-
Travel	153	27	-	-	180	288	51	-	-	339
Contract services	-	-	-	-	-	2,849	95	94	127	3,165
Total expenses	\$ 400,380	\$ 16,709	\$ 12,072	\$ 49,489	\$ 478,650	\$ 378,775	\$ 15,600	\$ 11,463	\$ 38,374	\$ 444,212

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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ (64,625)	\$ 2,683
Adjustment to reconcile increase in net assets to cash provided by operating activities:		
Depreciation	2,767	2,817
Interest earned	-	-
Change in current assets and liabilities		
Inventory	1,275	-
Prepaid expenses	-	1,329
Deferred revenue – dues	1,747	2,911
Payroll liabilities	<u>(8,036)</u>	<u>(5,857)</u>
Net cash provided (used) by operating activities	<u>(66,872)</u>	<u>3,883</u>
Cash flows from investing activities:		
Purchases of capital assets	(4,163)	(3,366)
Purchases of investments	-	(27,918)
Proceeds from investments	<u>37,576</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>33,413</u>	<u>(31,284)</u>
Net change in cash and cash equivalents	(33,459)	(27,401)
Beginning cash and cash equivalents	<u>53,717</u>	<u>81,118</u>
Ending cash and cash equivalents	<u>\$ 20,258</u>	<u>\$ 53,717</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 net assets without donor restrictions unless there are donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions.

C. Basis of Presentation

Net assets and revenue, gains and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or the passage of time.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The Organization utilizes FASB ASC 985-605, “Not-for-Profit Revenue Recognition”. This standard requires that unconditional promises to give be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

All contributions are considered to be classified as without donor restriction unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or specific purposes are reported as net assets with donor restriction. However, if a restriction is met in the same time period in which the contribution is received, the Organization reports the revenue as net assets without donor restrictions. Conditional promises to give are not included as revenue until the conditions are substantially met. At December 31, 2018 and 2017, 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.

	2018	2017
Cash	\$ 20,258	\$ 53,717
Money market funds	<u>46,627</u>	<u>66,562</u>
Totals	<u>\$ 66,885</u>	<u>\$ 120,279</u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2018 and 2017 was \$2,767 and \$2,817, respectively.

F. 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.

G. 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).

H. 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.

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

NOTE 2 – CASH AVAILABLE FOR OPERATIONS

The Organization's working capital and cash flows have seasonal variations during the year attributable to the annual cash receipts for memberships and a variance in the admissions over the course of the year. To manage liquidity, the Organization maintains a line of credit at the Central Bank of the Midwest that is drawn upon as needed during the year to manage cash flow and is repaid in full by the end of the fiscal year.

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available include Board-approved appropriation from donor-restricted amounts that are available for general expenditure in the following year.

NOTE 3 – INVESTMENTS

In 2017, 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 at Edward Jones.

NOTE 4 – 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 was 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, 2018 and 2017, the total occupancy expense paid amounted to \$35,122 and \$39,111 respectively. Of these amounts, \$31,200 and \$31,200 was attributed to rent expense for each period.

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

NOTE 5 – 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.

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 2018 and 2017 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 – 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 \$3,075 and \$3,192 for the years ended December 31, 2018 and 2017, 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 \$15,527 and \$17,355 for the years ended December 31, 2018 and 2017, respectively.

NOTE 8 – 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, 2018. 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, 2018 and 2017, the Organization had no uninsured cash balances.

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

NOTE 9 – 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. The change in net assets in 2018 appears to be from a negative turn in the financial markets at the end of 2018 coupled with additional expenses to make the resale facility operable.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 27, 2019, the date which the financial statements were available to be issued.