Hospice of Amador & Calaveras

2024

For the Fiscal Year Ended June 30, 2024 with Comparative Totals for the Fiscal Year Ended June 30, 2023

Annual Financial Report

HOSPICE OF AMADOR & CALAVERAS

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HOSPICE OF AMADOR & CALAVERAS

<u>BOARD OF DIRECTORS</u>

Denise Langley- President

Julie Eckhardt - Vice President

Sonia Aramburo- Secretary

Rod W Burton- Director

Dan Fields – Director

Victoria "Joey" Ouilhoun- Director

Peggy Scott- Director

Neil Starr- Director

Luisa Almeida- Director

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Member of the American Institute of Certified Public Accountants, California Society of CPA's and AICPA Peer Review Program

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Hospice of Amador & Calaveras
Jackson, California

Opinion

We have audited the accompanying financial statements of Hospice of Amador & Calaveras (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospice of Amador & Calaveras' as of June 30, 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hospice of Amador & Calaveras' and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hospice of Amador & Calaveras' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hospice of Amador & Calaveras' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hospice of Amador & Calaveras' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Hospice of Amador & Calaveras' 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respected, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025, on our consideration of Hospice of Amador & Calaveras' 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 the effectiveness of Hospice of Amador & Calaveras' 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 Hospice of Amador & Calaveras' internal control over financial reporting and compliance.

Castillo, Bordwell & Swift

Castillo Bordwell & Swift Certified Public Accountants
Sutter Creek, California
January 16, 2025

HOSPICE OF AMADOR and CALAVERAS
STATEMENT OF FINANCIAL POSITION
June 30, 2024 with comparative totals as of June 30, 2023

ASSETS

	2024	2023
Current Assets:		
Cash and cash equivalents	$ 2,569,085	$ 2,003,068
Accounts receivable (net)- patient billings	214,934	385,007
Inventories	125,056	123,301
Prepaid expenses	43,765	37,760
Total current assets	2,952,840	2,549,136
Noncurrent Assets:		
Fixed assets:		
Buildings and improvements	2,332,364	2,323,850
Building subject to operating leases	136,021	136,021
Equipment	183,139	183,109
Land	543,620	543,620
Land improvements	76,101	76,101
	3,271,245	3,262,701
Less:accumulated depreciation	(1,090,065)	(1,008,803)
Total fixed assets	2,181,180	2,253,898
ROU asset for finance lease, net	15,992	21,584
Investments	254,628	3,928
Total noncurrent assets	2,451,800	2,279,410
TOTAL ASSETS	$ 5,404,640	$ 4,828,546

LIABILITIES AND NET ASSETS

	2024	2023
Current Liabilities:		
Accounts payable	$ 35,083	$ 32,670
Accrued expenses	101,615	88,374
Sales tax payable	9,570	8,885
Security deposits	1,035	1,035
Vacation accrual	89,157	49,293
Current portion of debt	5,578	5,348
Total current liabilities	242,038	185,605
Noncurrent Liabilities:		
Finance lease liability	16,463	21,748
Less: current portion of debt	(5,578)	(5,348)
Total noncurrent liabilities	10,885	16,400
TOTAL LIABILITES	252,923	202,005
Net Assets:		
Net Assets with donor restrictions	8,286	19,063
Net Assets without donor restrictions	5,143,431	4,607,478
TOTAL NET ASSETS	5,151,717	4,626,541
TOTAL LIABILITIES AND NET ASSETS	$ 5,404,640	$ 4,828,546

The accompanying notes are an integral part of these financial statements

HOSPICE OF AMADOR and CALAVERAS
STATEMENT OF ACTIVITIES
For the Fiscal Year Ending June 30, 2024
with comparative totals for the year ending June 30, 2023

	2024	2023
NET ASSETS without donor restrictions		
Support and Revenue		
Patient service revenue- gross billings	$ 3,976,294	$ 3,179,029
Less: contractual allowance	(1,461,646)	(1,154,137)
Patient service revenue- net billings	2,514,648	2,024,892
Thrift store revenue		
Contributions of merchandise	1,464,610	1,382,236
Sales of donated merchandise	1,562,855	1,361,521
Less: Value of merchandise sold	(1,562,855)	(1,361,521)
Net revenue from thrift stores	1,464,610	1,382,236
Contributions, special events and donations	714,118	264,098
Net assets released from restrictions	10,777	37,229
Gain (loss) on disposal of property	-	(164,980)
Net investment income	9,110	2,282
Refunds and reimbursements	2,130	93
Rental and related income	15,104	8,050
Total Support and Revenue without donor restrictions	4,730,497	3,553,900
Expenses		
Programs:		
Patient care	2,495,951	2,132,608
Supporting services:		
Thrift stores	1,046,743	992,831
Administrative	584,510	643,927
Fundraising	67,340	61,078
Total Expenses	4,194,544	3,830,444
CHANGE IN NET ASSETS without donor restrictions	**535,953**	**(276,544)**
NET ASSETS with donor restrictions		
Contributions- donor restricted	-	9,772
Net assets released from restrictions	(10,777)	(37,229)
CHANGE IN NET ASSETS with donor restrictions	**(10,777)**	**(27,457)**
INCREASE (DECREASE) IN NET ASSETS	**525,176**	**(304,001)**
NET ASSETS, beginning of year	4,626,541	4,930,542
NET ASSETS, end of year	**$ 5,151,717**	**$ 4,626,541**

The accompanying notes are an integral part of these financial statements

HOSPICE OF AMADOR and CALAVERAS
STATEMENT OF FUNCTIONAL EXPENSES
For the fiscal year ending June 30, 2024
with comparative totals for the year ending June 30, 2023

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL SUPPORTING SERVICES	TOTAL EXPENSES 6/30/24	TOTAL EXPENSES 6/30/23
	Patient Care	Thrift Stores	Admin	Fundraising			
Salaries and wages	$ 1,509,156	$ 594,473	$ 364,515	$ 41,621	$ 1,000,609	$ 2,509,765	$ 2,238,420
Payroll taxes	120,898	47,087	29,767	-	76,854	197,752	179,660
Employee benefits	101,945	63,371	33,192	-	96,563	198,508	179,189
Workers' compensation	39,672	8,302	1,423	-	9,725	49,397	61,455
Total personnel	1,771,671	713,233	428,897	41,621	1,183,751	2,955,422	2,658,724
Advertising & marketing	42,680	3,775	3,491	-	7,266	49,946	43,614
Bad debt	6,648	-	-	-	-	6,648	-
Bank and merchant fees	3,624	36,268	10,339	-	46,607	50,231	27,633
Community outreach	17,053	-	-	-	-	17,053	12,842
Consulting	8,385	100	3,850	-	3,950	12,335	60,783
Covid-19 supplies	-	-	-	-	-	-	1,476
Contract services	-	-	-	-	-	-	1,287
Dues and subscriptions	4,194	6,192	2,129	35	8,356	12,550	9,778
Education and training	5,302	440	310	92	842	6,144	4,242
Employee recognition	4,715	2,591	1,008	-	3,599	8,314	9,268
Furniture and fixtures	3,623	5,184	1,441	-	6,625	10,248	3,105
Information technology	69,956	-	5,006	-	5,006	74,962	65,958
Interest	504	-	403	-	403	907	1,082
Insurance	15,873	21,084	8,095	-	29,179	45,052	43,363
Licenses, permits and fees	5,610	3,514	1,003	-	4,517	10,127	11,775
Meetings	176	500	262	-	762	938	1,482
Miscellaneous	-	-	1,391	-	1,391	1,391	-
Patient medical and supplies	354,231	-	-	-	-	354,231	286,719
Postage	1,504	92	450	-	542	2,046	2,382
Pre-employment expense	1,417	1,531	2,931	-	4,462	5,879	3,317
Professional fees	8,427	4,025	41,512	-	45,537	53,964	34,331
Repairs and maintenance	6,133	22,504	19,568	-	42,072	48,205	64,665
Small tools and equipment	1,697	717	1,601	-	2,318	4,015	19,417
Special event supplies	-	-	-	19,536	19,536	19,536	25,674
Supplies	1,044	5,429	2,855	-	8,284	9,328	6,730
Tax-property	-	20,837	8,347	-	29,184	29,184	30,376
Telephone	59,993	18,129	4,988	-	23,117	83,110	77,867
Utilities	15,281	107,768	12,346	-	120,114	135,395	149,517
Vehicle and mileage	66,950	12,432	6,525	6,056	25,013	91,963	73,475
Volunteer expenses	3,786	3,931	878	-	4,809	8,595	6,860
Total expenses before depreciation and amortization	2,480,477	990,276	569,626	67,340	1,627,242	4,107,719	3,737,742
Depreciation	15,474	56,467	14,884	-	71,351	86,825	92,702
Total expenses	$ 2,495,951	$ 1,046,743	$ 584,510	$ 67,340	$ 1,698,593	$ 4,194,544	$ 3,830,444

The accompanying notes are an integral part of these financial statements

HOSPICE OF AMADOR and CALAVERAS
STATEMENT OF CASH FLOWS
For the fiscal year ending June 30, 2024
with comparative totals for the fiscal year ending June 30, 2023

	2024	2023
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 525,176	$ (304,001)
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Bad debt	6,647	-
Depreciation	86,825	92,702
Realized (gain) loss	-	-
(Gain) loss on disposal of property	-	120,410
Unrealized (gain) loss	(700)	(216)
Change in operating assets and liabilities:		
Accounts receivable	163,427	(205,465)
Inventories	(1,755)	(20,915)
Prepaid expenses	(6,006)	601
Promise to give	-	25,000
Accounts payable	2,412	8,542
Accrued expenses	13,241	(3,242)
Sales tax payable	685	834
Security deposit	-	(1,360)
Vacation accrual	39,864	(9,494)
Net Cash Provided by Operating Activities	829,816	(296,604)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(8,514)	(26,824)
Purchase of investments	(250,000)	-
Net Cash Provided (Used) in Investing Activities	(258,514)	(26,824)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long term debt	(5,285)	(5,162)
Net Cash Used in Financing Activities	(5,285)	(5,162)
NET INCREASE (DECREASE) IN CASH	**566,017**	**(328,590)**
CASH - BEGINNING OF YEAR	2,003,068	2,331,658
CASH - END OF YEAR	**$ 2,569,085**	**$ 2,003,068**

SUPPLEMENTAL DISCLOSURES		
Cash payments for interest	$ 907	$ 1,082
Cash payment for income tax	-	-

NOTE 1 - ORGANIZATION AND PURPOSE

Hospice of Amador & Calaveras (*HOA&C)* was established in 1982 as a non-profit Organization to serve terminally ill patients in Amador County. Hospice services, which include in-home health care and counseling services, are currently provided to patients in both Amador and Calaveras counties. The average daily patient census was 31.5 for the fiscal year ended June 30, 2024. The Organization operates a thrift store in Jackson, California and Angels Camp, California to help supplement Medicare patient billings. The Organization is governed by a nine (9) member board. The term of a Board Member is three years, and no Board Member can serve more than three consecutive terms.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Basis of Accounting -*

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This method reflects revenues and expenses in the period in which they are considered to have been earned and incurred, respectively.

B. *Net Assets -*

HOA&C reports its information regarding financial position and activities using classes which are based on donor- imposed restrictions. Accordingly, net assets and changes are classified as follows:

- With Donor Restrictions: Net assets that are subject to donor- imposed stipulations that may or will be made, either by the actions of the Organization and/or the passage of time. When a restriction expires, restricted net assets are reclassified to net assets without donor restriction.
- Without Donor Restrictions: Net assets that are not subject to donor- imposed stipulations.

Net assets may be designated for special purposes by the Board of Directors.

C. *Advertising-*

Advertising costs are charged to operations when incurred. Advertising costs for the fiscal year ended June 30th totaled $49,946.

D. *Cash and Cash Equivalents -*

Cash and cash equivalents include cash held in checking, savings and money market accounts, certificates of deposit and other highly liquid investments with original maturities of three months or less.

E. *Comparative Financial Information-*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the fiscal year ended June 30, 2023 from which the summarized information was derived. Certain amounts have been restated to conform to current year's presentation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

F. Accounts Receivable-

Accounts receivable-trade is for program service fees which are reported at the amount the Organization expects to be reimbursed from Medicare and private pay insurance companies based on approved reimbursement rates in place at the time the service is provided. The organization provides for losses using the loss-rate method. This method projected credit losses by applying an estimated loss rate to the receivables value. The estimated loss rate is based on the current collection rate of the organization.

G. Donated Services-

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. During the fiscal year ended June 30th, the Organization had approximately 101 volunteers. The time that these volunteers contribute neither requires specialized skills nor creates or enhances a nonfinancial asset; therefore, this time is not valued in the financial statements.

H. Fair Value Measurement-

Investments are reported at fair market value as of the measurement date. The realized gain or loss on investments is reported in the statement of activities. Generally accepted accounting principles defines fair value and establishes a framework for measuring a fair value hierarchy that prioritizes the inputs to value techniques. Fair value is the price that would be received upon the sale of an asset or payment upon transfer of a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 - inputs are quoted prices in active markets for identical assets or liabilities the Organization has the ability to access.
- Level 2 - inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3 - inputs are unobservable inputs for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability.

Valuation techniques used in measuring fair market value need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of the net realizable value or reflect future fair values of the investments. The use of different methodologies and/ or assumptions may result in different fair value measurements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

I. *Fixed Assets -*

Fixed assets are recorded at cost. Major renewals and improvements are capitalized, while replacements, maintenance and repairs, which do not materially extend the useful lives of the assets, are expensed. It is the Organization's current policy to capitalize expenditures for these items in excess of $5,000. Upon sale or retirement of fixed assets, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recorded. The Organization does not have a policy for implying restrictions on the contribution of fixed assets.

Depreciation on all assets is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 5 to 50 years. Depreciation expense for fiscal year ended June 30th was $86,825.

J. *Functional Expenses-*

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the organization. Management uses an allocation of number of clients served, time, usage, or benefit to allocate the indirect expenses.

Program- includes all activities related to care of patients.

Support- includes all activities related to the thrift store operations, fundraising, and internal management and accounting for program services.

Expenses allocated between program and support are cleaning, dues and subscriptions, insurance, newsletter and publication, professional fees, telephone, and utilities.

K. *Income Taxes -*

Hospice of Amador & Calaveras is a not-for-profit tax-exempt Organization under the Internal Revenue code Section 501 (c) (3), and is not considered a private foundation. The Organization is also exempt under Section 23701(d) of the California Revenue and Taxation Code. The Organization is exempt from income tax.

The Organization has followed the guidance of ASC 740, Accounting for Income Taxes which prescribes the threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The tax returns are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years, respectively, after they are filed. Management believes that all positions taken by the Organization on its federal and state tax returns are more likely than not to be sustained upon examination. Based on this evaluation, management has determined there are no positions which would necessitate any tax adjustments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

L. Inventories-

HOA&C receives significant amounts of donated used merchandise to be sold at the thrift stores. This merchandise is reflected as inventories in the financial statements at their estimated fair values at the dates of donation.

M. Leases-

The organization uses the guidance of ASC 842 Leases which prescribes a single model to classify lease based on the foundational principal that leases are financing the right to use an underlying asset. HOA&C determines if an arrangement contains a lease at the inception of a contract and classifies the agreement as a finance or operating lease at the inception of the contract. The lease commencement is the date the organization gains control of the property.

Assets acquired through contracts that meet the definition of a finance lease are recorded as capital asset and a related lease liability, with lease payments allocated between principal and interest payments, and the asset depreciated over the estimated life of the asset or lease, whichever is shorter.

Assets associated through contracts that meet the definition of an operating lease are recorded as right of use assets and the related lease liability. The asset and liability are recorded at the present value of the asset, using the incremental borrowing rate as the discount rate. Operating leases are amortized using the straight-line method over the term of the lease.

Right-of-use (ROU) assets represent the right to use short term leases with an initial term of 12 months or less are not recorded on the Statement of Net Position.

N. New Accounting Pronouncements-

In June 2016, the FASB issued Accounting Standards Update 2016-13 *Financial Instruments-Credit Losses (Topic 326) Measurement of Credit Losses on Financial Instruments* which significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. The corporation adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

O. Prepaid Items-

Prepaid balances are for payments made by Hospice of Amador & Calaveras in the current fiscal year to provide services occurring in the subsequent fiscal year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

P. *Revenues -*

Patient Service Revenue- HOA&C follows the guidance of *Topic 606 Revenue from contracts with customers,* which provides guidance to recognize revenue based on the transfer of goods or services, as well as the consideration received in exchange for the transfer. HOA&C receives client fees and Medicare income for billable patient services and recognizes these fees and income when earned. Revenue is recognized when there is persuasive evidence that an arrangement exists, services are rendered, the price is determinable, and collection is reasonably assured. Gross billings represent the customary billing rate, while the contractual allowance reduces the gross billing to the amount allowed by the third-party insurance provider.

Thrift Store Revenue- HOA&C operates a thrift store in Jackson and Angels Camp, California. These stores accept a variety of durable goods including furniture, houseware, clothing and then sells the donated items to the general public. Donations are reported at the fair market value at the time of donation. The value assigned to the donations is based on the resale value received, as the donations are typically processed and sold within 30 days.

Contributions- HOA&C has followed the guidance of ASU 2018-08 which clarifies contributions received. All contributions are recognized as revenue when they are unconditionally communicated. Contributions are recorded at fair value as support without donor restrictions, or support with donor restrictions. When a restriction expires, either when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and is reported in the statement of activities as net assets released from restriction. If the donor's restrictions are satisfied in the same period the contribution is received, the contribution is reported as without donor restriction.

Fundraising- HOA&C holds special fundraising events throughout the year, and also receives significant amounts of cash donations, for which no costs are incurred. Below is detail of the fundraising activities for the fiscal year ending June 30th:

		Special Events
Income	$	139,100
Direct Expenses		(19,536)
		119,564
Indirect Expenses		(67,804)
Net Amount	$	51,760

Ratio of Expenses to Income	*14.04%*

Rental Income- HOA&C leases office space in the administrative building to tenants with varying terms as describe in Note 8. HOA&C also receives rental income for placement of a cell phone tower.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Q. *Sales Tax-*

The Organization collects sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to record all sales tax collected as a current liability, and records all payments to the State of California as a reduction of that liability. The State of California imposed a sales tax on sales to non-exempt customers at the following rates:

- 7.75% for the Jackson thrift store
- 7.75% for the Angels Camp thrift store

R. *Use of Estimates -*

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

NOTE 3- CASH AND CASH EQUIVALENTS

The Organization maintains cash balances at several high-quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2024, the Organization's uninsured cash balances totaled $2,008,574. Management mitigates the risk of loss by following the policy to only hold funds in highly respected financial institutions.

NOTE 4- ACCOUNTS RECEIVABLE- TRADE

Beginning Balance	$	221,581
Provision for Credit Losses		(6,647)
Ending Balance	**$**	**214,934**

Collection efforts are made by Hospice staff. The organization considers 30 days unpaid as past due and 120 days as delinquent. All delinquent outstanding balances are sent to the Executive Director, who has the authority to write off individual accounts. The organization adopted a provision for credit losses of 3% applied on all trade receivables.

Accounts are written off when the Executive Director has determined:

- Written collections efforts by staff have been documented and follow company policy
- The organization has exhausted all collection efforts to third party payers

The organization does not attempt to collect from patients when payments are not received from third party payers.

NOTE 6 - INVESTMENTS

Investments consisting of corporate stocks are stated at fair value based on quoted prices in active markets (all Level 1 measurements) as described in Note 2G. Unrealized gains and losses are included in the net investment gain (loss). Investments are summarized as follows at June 30, 2024:

	Cost Basis	Fair Market Value	Net Unrealized Gain (Loss)
Bank of Marin CD	$ 250,000	$ 250,000	$ -
Corporate stocks	253	4,628	4,375
Current year unrealized gain (loss)			700
Interest income			8,410
Net Investment Income			**$ 9,110**

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2024:

Respite program	$ 2,718
Top Cop grant	5,000
Veteran's program	568
Total Donor Restricted Net Assets	**$ 8,286**

Net assets are released from restrictions during the year by incurring expenses satisfying the restricted purpose.

NOTE 8 - LEASES

Finance Leases

In April 2022, HOA&C entered into two capital copier leases for equipment. Both leases have 60-month terms with monthly payments totaling $478 and effective interest rates of 4.4%.

The following summarizes the line items in the statement of financial position which includes amounts for finance leases as of June 30th:

Equipment	27,813
Accumulated Depreciation	(11,821)
Net Equipment	$ 15,992

NOTE 8 - LEASES *(Continued)*

The following summarizes the weighted average remaining lease term and discount rate:

Weighted Average Remaining Lease Term	2.75	years
Weighted Average Discount Rate	4.40%	

The following summarizes cash flow information related to leases for the fiscal year ended June 30th:

Interest on lease liabilities included in Admin Supporting Services	$ 907

Future minimum lease payments for finance leases that have remaining terms in excess of one year as of June 30, 2024, are as follows:

Year Ending June 30:	
2025	$ 5,578
2026	5,829
2027	5,056
	$ 16,463

Lease Income

The Organization leases a land easement, and multiple office spaces in the administration building. The determination of whether an arrangement is a lease is made at the leases' inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

	Lease Term	Monthly Payment
Office Suite 101	Month to Month	$ 535
Office Suite 104	5/31/2025	$ 880

The future minimum lease receipts are as follows:

Year Ending June 30:	
2025	$ 10,560
	$ 10,560

NOTE 9 - LIQUIDITY AND RESERVES

The Organization has a policy to manage its liquidity and reserves using the following principles: management of cash flows, reserves, and risk to optimize investment returns within Board approved parameters which is consistent with the objectives, strategic goals, and mission of HOA&C, while also protecting the principal of the investment. The following table reflects the Organization's liquid financial assets as of June 30, 2024, reduced by amounts not available for general expenditures within one year:

Financial Assets available within one year:	
Cash and cash equivalents	$ 2,569,085
Accounts Receivable	214,934
Prepaid expenses	43,765
Less:	
Current portion of long term debt	(5,578)
Donor restricted funds	(8,286)
	$ 2,813,920

NOTE 10 - COMPENSATED ABSENCES

Hospice of Amador & Calaveras provides eligible staff with paid time off ("PTO") which is a combination of vacation and sick leave. PTO is recorded as a liability and an expense of HOA&C. Benefitted employees are entitled to PTO based upon their years of active service. PTO can accrue to a maximum cap. Accrued vacation time is paid to eligible employees upon termination of employment.

NOTE 11- RETIREMENT PLAN

The Organization has a 403(b)-profit sharing plan that covers all eligible employees. Each participant may elect to contribute the maximum limit by federal law. The Organization makes a 3% matching contribution. Employer contributions totaled $34,898 for the fiscal year ended June 30, 2024.

NOTE 12- RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft, damage or destruction of assets; errors or omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There were no significant reductions in insurance coverage from prior periods.

NOTE 13 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

During the fiscal year ending June 30, 2024, patient billings for Medicare account for 90% of all patient billings.

NOTE 14- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 16, 2025 the date the financial statements were available to be issued, and determined there were no significant events to report.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Hospice of Amador & Calaveras

We have audited, in accordance with the 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 Hospice of Amador & Calaveras (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hospice of Amador & Calaveras' internal control over financial reporting (internal control) as a basis for designing 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 Hospice of Amador & Calaveras' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a material weakness. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hospice of Amador & Calaveras' 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 financial statements. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Castillo, Bordwell & Swift

Castillo Bordwell & Swift
Certified Public Accountants
Sutter Creek, California
January 16, 2025