

Hospice
of
Amador
&
Calaveras

2025

For the Fiscal Year Ended June 30, 2025
with Comparative Totals for the Fiscal
Year Ended June 30, 2024

**Annual
Financial
Report**

HOSPICE OF AMADOR & CALAVERAS

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HOSPICE OF AMADOR & CALAVERAS

BOARD OF DIRECTORS

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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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, 2025, 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, 2025, 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.

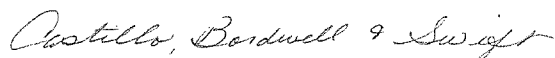
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Hospice of Amador & Calaveras' 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 16, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, 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 November 14, 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 Certified Public Accountants
Sutter Creek, California
November 14, 2025

HOSPICE OF AMADOR and CALAVERAS
STATEMENT OF FINANCIAL POSITION
June 30, 2025 with comparative totals as of June 30, 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current Assets:		
Cash and cash equivalents	\$ 2,806,807	\$ 2,569,085
Accounts receivable (net)- trade	373,911	214,934
Accounts receivable (net)- refunds	8,775	-
Employee advance	234	-
Inventories	132,269	125,056
Prepaid expenses	59,795	43,765
Total current assets	<u>3,381,791</u>	<u>2,952,840</u>
Noncurrent Assets:		
Fixed assets:		
Buildings and improvements	2,332,364	2,332,364
Building subject to operating leases	136,021	136,021
Equipment	183,139	183,139
Land	543,620	543,620
Land improvements	76,101	76,101
	<u>3,271,245</u>	<u>3,271,245</u>
Less: accumulated depreciation	(1,169,313)	(1,090,065)
Total fixed assets	<u>2,101,932</u>	<u>2,181,180</u>
Right of Use asset for finance lease, net	10,429	15,992
Investments	293,446	254,628
Total noncurrent assets	<u>2,405,807</u>	<u>2,451,800</u>
TOTAL ASSETS	<u>\$ 5,787,598</u>	<u>\$ 5,404,640</u>

LIABILITIES AND NET ASSETS

	<u>2025</u>	<u>2024</u>
Current Liabilities:		
Accounts payable	\$ 47,044	\$ 35,083
Accrued expenses	117,022	101,615
Sales tax payable	10,658	9,570
Security deposits	1,035	1,035
Vacation accrual	101,060	89,157
Current portion of debt	5,829	5,578
Total current liabilities	<u>282,648</u>	<u>242,038</u>
Noncurrent Liabilities:		
Finance lease liability	10,885	16,463
Less: current portion of debt	(5,829)	(5,578)
Total noncurrent liabilities	<u>5,056</u>	<u>10,885</u>
TOTAL LIABILITIES	<u>287,704</u>	<u>252,923</u>
Net Assets:		
Net Assets with donor restrictions	5,841	8,286
Net Assets without donor restrictions	<u>5,494,053</u>	<u>5,143,431</u>
TOTAL NET ASSETS	5,499,894	5,151,717
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,787,598</u>	<u>\$ 5,404,640</u>

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, 2025
with comparative totals for the year ending June 30, 2024

	<u>2025</u>	<u>2024</u>
NET ASSETS without donor restrictions		
Support and Revenue		
Patient service revenue- gross billings	\$ 4,662,538	\$ 3,976,294
Less: contractual allowance	<u>(1,538,228)</u>	<u>(1,461,646)</u>
Patient service revenue- net billings	3,124,310	2,514,648
Thrift store revenue		
Contributions of merchandise	1,583,815	1,464,610
Sales of donated merchandise	1,575,757	1,562,855
Less: Value of merchandise sold	<u>(1,575,757)</u>	<u>(1,562,855)</u>
Net revenue from thrift stores	1,583,815	1,464,610
Contributions, special events and donations	362,735	714,118
Net assets released from restrictions	2,445	10,777
Net investment income	58,171	9,110
Refunds and reimbursements	15	2,130
Rental and related income	<u>9,385</u>	<u>15,104</u>
Total Support and Revenue without donor restrictions	<u>5,140,876</u>	<u>4,730,497</u>
Expenses		
Programs:		
Patient care	2,908,291	2,495,951
Supporting services:		
Thrift stores	1,114,572	1,046,743
Administrative	693,471	584,510
Fundraising	<u>73,920</u>	<u>67,340</u>
Total Expenses	<u>4,790,254</u>	<u>4,194,544</u>
CHANGE IN NET ASSETS without donor restrictions	<u>350,622</u>	<u>535,953</u>
NET ASSETS with donor restrictions		
Net assets released from restrictions	<u>(2,445)</u>	<u>(10,777)</u>
CHANGE IN NET ASSETS with donor restrictions	<u>(2,445)</u>	<u>(10,777)</u>
INCREASE (DECREASE) IN NET ASSETS	348,177	525,176
NET ASSETS, beginning of year	5,151,717	4,626,541
NET ASSETS, end of year	<u>\$ 5,499,894</u>	<u>\$ 5,151,717</u>

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, 2025
with comparative totals for the year ending June 30, 2024

	PROGRAM SERVICES	SUPPORTING SERVICES			TOTAL SUPPORTING SERVICES	TOTAL EXPENSES 6/30/25	TOTAL EXPENSES 6/30/24
	Patient Care	Thrift Stores	Admin	Fundraising			
Salaries and wages	\$ 1,694,220	\$ 633,550	\$ 477,191	\$ 48,698	\$ 1,159,439	\$ 2,853,659	\$ 2,509,765
Payroll taxes	143,424	54,404	39,912	-	94,316	237,740	197,752
Employee benefits	107,691	54,017	40,579	-	94,596	202,287	198,508
Workers' compensation	45,114	10,337	2,260	-	12,597	57,711	49,397
Total personnel	1,990,449	752,308	559,942	48,698	1,360,948	3,351,397	2,955,422
Advertising & marketing	54,901	6,288	3,381	-	9,669	64,570	49,946
Bad debt	28,506	-	-	-	-	28,506	6,648
Bank and merchant fees	-	43,739	4,138	-	47,877	47,877	50,231
Community outreach	34,554	-	-	-	-	34,554	17,053
Consulting	7,891	-	2,880	-	2,880	10,771	12,335
Dues and subscriptions	4,871	666	3,651	-	4,317	9,188	12,550
Education and training	3,643	666	569	-	1,235	4,878	6,144
Employee recognition	6,760	4,458	2,155	-	6,613	13,373	8,314
Furniture and fixtures	888	2,857	220	-	3,077	3,965	10,248
Information technology	94,225	-	2,872	-	2,872	97,097	74,962
Interest	323	-	290	-	290	613	907
Insurance	19,695	22,852	6,128	-	28,980	48,675	45,052
Licenses, permits and fees	4,246	2,887	1,140	-	4,027	8,273	10,127
Meetings	122	898	138	-	1,036	1,158	938
Miscellaneous	50	634	1,169	-	1,803	1,853	1,391
Patient medical and supplies	419,261	-	-	-	-	419,261	354,231
Postage	2,104	132	498	-	630	2,734	2,046
Pre-employment expense	3,301	1,195	186	-	1,381	4,682	5,879
Professional fees	7,285	4,030	33,258	-	37,288	44,573	53,964
Repairs and maintenance	6,131	25,712	19,067	-	44,779	50,910	48,205
Small tools and equipment	4,071	1,091	1,090	-	2,181	6,252	4,015
Special event supplies	-	-	-	25,222	25,222	25,222	19,536
Supplies	8,068	10,381	3,019	-	13,400	21,468	9,328
Tax-property	-	21,236	8,514	-	29,750	29,750	29,184
Telephone	63,890	18,348	6,560	-	24,908	88,798	83,110
Utilities	16,447	123,058	14,614	-	137,672	154,119	135,395
Vehicle and mileage	105,796	13,052	6,366	-	19,418	125,214	91,963
Volunteer expenses	2,492	2,510	710	-	3,220	5,712	8,595
Total expenses before depreciation and amortization	2,889,970	1,058,998	682,555	73,920	1,815,473	4,705,443	4,107,719
Depreciation	18,321	55,574	10,916	-	66,490	84,811	86,825
Total expenses	<u>\$ 2,908,291</u>	<u>\$ 1,114,572</u>	<u>\$ 693,471</u>	<u>\$ 73,920</u>	<u>\$ 1,881,963</u>	<u>\$ 4,790,254</u>	<u>\$ 4,194,544</u>

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, 2025
with comparative totals for the fiscal year ending June 30, 2024

	<u>2025</u>	<u>2024</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 348,177	\$ 525,176
Adjustments to reconcile change in net assets to net cash provided (used) in operating activities:		
Bad debt	28,506	6,648
Depreciation	84,811	86,825
Unrealized (gain) loss	(60)	(700)
Change in operating assets and liabilities:		
Accounts receivable	(196,493)	163,427
Inventories	(7,213)	(1,755)
Prepaid expenses	(16,031)	(6,006)
Accounts payable	11,962	2,413
Accrued expenses	15,408	13,241
Sales tax payable	1,088	685
Vacation accrual	11,903	39,864
Net Cash Provided by Operating Activities	<u>282,058</u>	<u>829,818</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(8,514)
Purchase of investments	(38,758)	(250,000)
Net Cash Provided (Used) in Investing Activities	<u>(38,758)</u>	<u>(258,514)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long term debt	(5,578)	(5,285)
Net Cash Used in Financing Activities	<u>(5,578)</u>	<u>(5,285)</u>
NET INCREASE (DECREASE) IN CASH	237,722	566,019
CASH - BEGINNING OF YEAR	<u>2,569,085</u>	<u>2,003,066</u>
CASH - END OF YEAR	<u>\$ 2,806,807</u>	<u>\$ 2,569,085</u>
SUPPLEMENTAL DISCLOSURES		
Cash payments for interest	\$ 613	\$ 907
Cash payment for income tax	-	-

The accompanying notes are an integral part of these financial statements

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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 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 \$64,570.

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, 2024 from which the summarized information was derived. Certain amounts have been restated to conform to current year's presentation.

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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 projects 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 116 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.

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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 imposing 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 \$84,811.

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, 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.

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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 leases based on the foundational principle 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 with an initial term of 12 months or less are not recorded on the Statement of Net Position.

N. 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.

O. 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.

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

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:

	<u>Special Events</u>
Income	\$ 140,740
Direct Expenses	<u>(25,222)</u>
	115,518
Indirect Expenses	<u>(41,572)</u>
Net Amount	<u><u>\$ 73,946</u></u>
Ratio of Expenses to Income	17.92%

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.

P. 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
- 8.75% for the Angels Camp thrift store (as of October 1, 2024)

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

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

Q. *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, 2025, the Organization's uninsured cash balances totaled \$2,778,914. 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	\$	408,282
Direct write off		(15,041)
Provision for Credit Losses		(19,330)
Ending Balance	\$	<u>373,911</u>

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. In the current year, the organization increased the provision loss from 3% to 5% of the total 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.

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 - 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 2H. Unrealized gains and losses are included in the net investment gain (loss). Investments are summarized as follows at June 30, 2025:

	<u>Cost Basis</u>	<u>Fair Market Value</u>	<u>Net Unrealized Gain (Loss)</u>
Bank of Marin CD	\$ 260,884	\$ 260,884	\$ -
Edward Jones CD	\$ 28,000	\$ 27,994	(6)
Corporate stocks	253	4,568	4,315
Current year unrealized gain (loss)			(60)
Interest income			58,231
Net Investment Income			<u>\$ 58,171</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2025:

Respite program	\$ 756
Top Cop grant	484
Veteran's program	4,601
Total Donor Restricted Net Assets	<u>\$ 5,841</u>

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

NOTE 7 - 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	<u>(17,384)</u>
Net Equipment	<u>\$ 10,429</u>

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - LEASES *(Continued)*

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

Weighted Average Remaining Lease Term	1.75	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	\$ 613
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Future minimum lease payments for finance leases that have remaining terms in excess of one year as of June 30, 2025, are as follows:

<u>Year Ending June 30:</u>	
2026	5,829
2027	5,056
	<u><u>\$ 10,885</u></u>

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.

	<u>Lease Term</u>	<u>Monthly Payment</u>
Office Suite 104A	4/24/2027	\$ 750
Office Suite 104B	3/4/2026	\$ 750

Lease Assets

The following is an analysis of the carrying amounts of the underlying assets related to operating leases:

Building	136,021
Accumulated Depreciation	(41,294)
Net Building	<u><u>\$ 94,727</u></u>

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 - LEASES *(Continued)*

The future minimum lease receipts are as follows:

2026	\$ 15,000
2027	7,500
	<u>\$ 22,500</u>

NOTE 8 - 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, 2025, reduced by amounts not available for general expenditures within one year:

Financial Assets available within one year:

Cash and cash equivalents	\$ 2,806,807
Accounts Receivable	382,921
Less:	
Current portion of long term debt	(5,829)
Donor restricted funds	(5,841)
	<u>\$ 3,178,058</u>

NOTE 9 - 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 10- 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 \$53,151 for the fiscal year ended June 30, 2025.

HOSPICE OF AMADOR & CALAVERAS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 11- 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 12 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

During the fiscal year ending June 30, 2025, patient billings for Medicare account for 94% of all patient billings.

NOTE 13- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 14, 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, 2025, 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 November 14, 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.

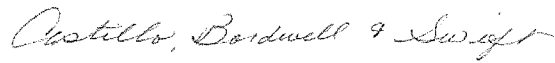
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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
Certified Public Accountants
Sutter Creek, California
November 14, 2025