



# Center for Hospice Care

choices to make the most of life™

**ANNUAL REPORT**  
**December 31, 2020**

Preliminary Draft

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

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Mishawaka, Indiana

## ANNUAL REPORT

December 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The Center for Hospice and Palliative Care, Inc. and Affiliates  
d/b/a Center for Hospice Care and Hospice Foundation  
Mishawaka, Indiana

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of The Center for Hospice and Palliative Care, Inc. and Affiliates d/b/a Center for Hospice Care and Hospice Foundation (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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, we 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Center for Hospice and Palliative Care, Inc. and Affiliates d/b/a Center for Hospice Care and Hospice Foundation as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2021, on our consideration of The Center For Hospice and Palliative Care, Inc. and Affiliates d/b/a Center for Hospice Care and Hospice Foundation's 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 The Center For Hospice and Palliative Care, Inc. and Affiliates d/b/a Center for Hospice Care and Hospice Foundation's 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 The Center For Hospice and Palliative Care, Inc. and Affiliates d/b/a Center for Hospice Care and Hospice Foundation's internal control over financial reporting and compliance.

Respectfully submitted,

Certified Public Accountants

Elkhart, Indiana  
May 14, 2021

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**CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES**

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Mishawaka, Indiana

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	12,078,904	7,356,809
Patient receivables, net	2,413,173	4,193,765
Other receivables	56,408	186,345
Grants receivable	1,000,000	1,000,000
Pledges receivable	229,847	513,862
Prepaid expenses	1,030,199	669,036
Investments	5,028,636	4,796,274
<b>Total Current Assets</b>	<b>21,837,167</b>	<b>18,716,091</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land and land improvements	4,676,174	4,494,508
Buildings	23,066,536	15,655,979
Leasehold improvements	7,355	7,355
Furniture and equipment	5,133,332	5,567,546
Construction in progress	255,838	8,075,550
<b>Total</b>	<b>33,139,235</b>	<b>33,800,938</b>
Accumulated depreciation	(6,670,193)	(7,245,478)
<b>Net Property and Equipment</b>	<b>26,469,042</b>	<b>26,555,460</b>
<b>OTHER ASSETS</b>		
Investments	26,288,683	22,338,464
Pledges receivable, net	195,569	244,392
Perpetual easement	97,123	97,123
Beneficial interest in assets held by community foundations	761,355	697,088
<b>Total Other Assets</b>	<b>27,342,730</b>	<b>23,377,067</b>
<b>TOTAL ASSETS</b>	<b>75,648,939</b>	<b>68,648,618</b>

*The Notes to Consolidated Financial Statements are an integral part of this statement.*

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**CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES**

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Mishawaka, Indiana

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	1,153,304	965,379
Accrued payroll and benefits	1,047,932	977,993
Medicare liability	1,153,309	0
<b>Total Current Liabilities</b>	<b>3,354,545</b>	<b>1,943,372</b>
<b>LONG-TERM LIABILITIES</b>		
Multiple advance term note payable	11,987,266	11,987,266
<b>Total Long-Term Liabilities</b>	<b>11,987,266</b>	<b>11,987,266</b>
<b>TOTAL LIABILITIES</b>	<b>15,341,811</b>	<b>13,930,638</b>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Board designated for endowment	761,355	697,088
Undesignated	54,898,904	47,677,777
<b>Total Without Donor Restrictions</b>	<b>55,660,259</b>	<b>48,374,865</b>
With Donor Restrictions	4,646,869	6,343,115
<b>TOTAL NET ASSETS</b>	<b>60,307,128</b>	<b>54,717,980</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>75,648,939</b>	<b>68,648,618</b>

*The Notes to Consolidated Financial Statements are an integral part of this statement.*

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**CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES**

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Mishawaka, Indiana

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Net patient service revenue	22,650,426	0	22,650,426
Adult day services (MADS)	178,508	0	178,508
Federal grants	1,395,016	0	1,395,016
Bequests, contributions, and grants	1,421,367	268,100	1,689,467
Investment income, net of fees	1,841,834	0	1,841,834
Interest and other income	72,312	14,058	86,370
Special event revenue	200,437	0	200,437
<b>Total Public Support and Revenue</b>	<b>27,759,900</b>	<b>282,158</b>	<b>28,042,058</b>
Net assets released from restrictions:			
Satisfaction of restrictions	2,174,298	(2,174,298)	0
<b>FUNCTIONAL EXPENSES</b>			
Program services	20,497,144	0	20,497,144
Management and general	3,888,708	0	3,888,708
Fundraising	461,661	0	461,661
<b>Total Functional Expenses</b>	<b>24,847,513</b>	<b>0</b>	<b>24,847,513</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>5,086,685</b>	<b>(1,892,140)</b>	<b>3,194,545</b>
<b>NON-OPERATING REVENUES AND LOSSES</b>			
Net unrealized gains on investments	2,144,854	195,894	2,340,748
Change in beneficial interest in assets held by community foundations	64,267	0	64,267
Loss on disposal of assets	(10,412)	0	(10,412)
<b>Total Non-Operating Revenues</b>	<b>2,198,709</b>	<b>195,894</b>	<b>2,394,603</b>
<b>CHANGE IN NET ASSETS</b>	<b>7,285,394</b>	<b>(1,696,246)</b>	<b>5,589,148</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>48,374,865</b>	<b>6,343,115</b>	<b>54,717,980</b>
<b>NET ASSETS, END OF YEAR</b>	<b>55,660,259</b>	<b>4,646,869</b>	<b>60,307,128</b>

*The Notes to Consolidated Financial Statements are an integral part of this statement.*

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**CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES**

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Mishawaka, Indiana

**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Net patient service revenue	23,013,920	0	23,013,920
Adult day services (MADS)	356,770	0	356,770
Bequests, contributions, and grants	1,126,627	1,940,384	3,067,011
Investment income, net of fees	836,349	0	836,349
Interest and other income	38,875	0	38,875
Special event revenue	596,815	0	596,815
Less: costs of direct benefits to donors	(34,429)	0	(34,429)
Net revenues from special events	562,386	0	562,386
<b>Total Public Support and Revenue</b>	<b>25,934,927</b>	<b>1,940,384</b>	<b>27,875,311</b>
Net assets released from restrictions:			
Satisfaction of restrictions	1,372,788	(1,372,788)	0
Net assets reclassified as a result of donor imposed restrictions	(177,048)	177,048	0
<b>FUNCTIONAL EXPENSES</b>			
Program services	20,975,787	0	20,975,787
Management and general	3,602,275	0	3,602,275
Fundraising	605,880	0	605,880
<b>Total Functional Expenses</b>	<b>25,183,942</b>	<b>0</b>	<b>25,183,942</b>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>1,946,725</b>	<b>744,644</b>	<b>2,691,369</b>
<b>NON-OPERATING REVENUES</b>			
Net unrealized gains on investments	3,206,473	56,486	3,262,959
Change in beneficial interest in assets held by community foundations	78,445	0	78,445
Loss on sale of assets held for sale	(8,371)	0	(8,371)
<b>Total Non-Operating Revenues</b>	<b>3,276,547</b>	<b>56,486</b>	<b>3,333,033</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,223,272</b>	<b>801,130</b>	<b>6,024,402</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>43,151,593</b>	<b>5,541,985</b>	<b>48,693,578</b>
<b>NET ASSETS, END OF YEAR</b>	<b>48,374,865</b>	<b>6,343,115</b>	<b>54,717,980</b>

*The Notes to Consolidated Financial Statements are an integral part of this statement.*



# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2020

	<b>Total Program Services</b>	<b>Supporting Services</b>		<b>Total Support Services</b>	<b>Total</b>
		<b>Management and General</b>	<b>Fund Raising</b>		
Salaries and wages	10,176,734	2,239,259	147,776	2,387,035	12,563,769
Temporary staff	198,691	50,100	6,651	56,751	255,442
Employment expense	2,291,865	499,726	30,582	530,308	2,822,173
Education	42,806	10,644	1,345	11,989	54,795
Travel	278,894	25,744	0	25,744	304,638
Supplies inventory	369,432	0	0	0	369,432
HMB direct care	2,435,696	0	0	0	2,435,696
MHB direct care	60,996	0	0	0	60,996
PHB direct care	279,969	0	0	0	279,969
SHB direct care	74,690	0	0	0	74,690
Hospice House expense	31,348	0	0	0	31,348
Hospice outreach	516,641	0	0	0	516,641
Office expense	374,448	103,845	18,098	121,943	496,391
Dues	92,960	22,402	2,498	24,900	117,860
Insurance	239,551	57,936	6,564	64,500	304,051
Public awareness	438,708	0	0	0	438,708
Professional fees	57,008	116,190	31,936	148,126	205,134
Software maintenance	303,720	72,872	7,977	80,849	384,569
Volunteer awards and expense	9,142	0	0	0	9,142
Buildings and grounds	540,992	124,476	11,065	135,541	676,533
Telephone	477,341	98,759	3,229	101,988	579,329
Depreciation	651,753	288,123	94,856	382,979	1,034,732
Bad debt expense	172,869	33,784	0	33,784	206,653
Miscellaneous expense	71,375	19,416	680	20,096	91,471
CADS expense	176,107	34,416	0	34,416	210,523
Interest	133,408	91,016	38,322	129,338	262,746
Event expense	0	0	60,082	60,082	60,082
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>20,497,144</b>	<b>3,888,708</b>	<b>461,661</b>	<b>4,350,369</b>	<b>24,847,513</b>

*The Notes to Consolidated Financial Statements are an integral part of this statement.*

# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	<b>Total Program Services</b>	<b>Supporting Services</b>		<b>Total Support Services</b>	<b>Total</b>
		<b>Management and General</b>	<b>Fund Raising</b>		
Salaries and wages	10,288,458	2,104,650	186,397	2,291,047	12,579,505
Temporary staff	225,535	40,893	434	41,327	266,862
Employment expense	2,598,542	530,096	46,050	576,146	3,174,688
Education	84,298	24,127	6,321	30,448	114,746
Travel	327,744	46,236	0	46,236	373,980
Supplies inventory	280,206	0	0	0	280,206
HMB direct care	2,614,689	0	0	0	2,614,689
MHB direct care	31,121	0	0	0	31,121
PHB direct care	312,330	0	0	0	312,330
SHB direct care	89,588	0	0	0	89,588
Hospice House expense	30,907	0	0	0	30,907
Hospice outreach	780,004	0	0	0	780,004
Office expense	506,895	118,253	19,330	137,583	644,478
Dues	68,016	15,603	2,410	18,013	86,029
Insurance	219,171	48,923	6,818	55,741	274,912
Public awareness	416,103	0	0	0	416,103
Professional fees	53,217	72,552	29,262	101,814	155,031
Software maintenance	205,922	49,991	9,210	59,201	265,123
Volunteer awards and expense	15,916	0	0	0	15,916
Buildings and grounds	384,501	83,835	10,571	94,406	478,907
Telephone	412,860	84,459	7,482	91,941	504,801
Depreciation	459,550	192,533	76,956	269,489	729,039
Bad debt expense	121,286	24,879	2,245	27,124	148,410
Miscellaneous expense	99,188	27,625	682	28,307	127,495
CADS expense	210,540	37,593	0	37,593	248,133
Interest	139,200	100,027	52,364	152,391	291,591
Event expense	0	0	183,777	183,777	183,777
Total Expenses	20,975,787	3,602,275	640,309	4,242,584	25,218,371
Less direct donor benefits netted in revenues	0	0	(34,429)	(34,429)	(34,429)
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>20,975,787</b>	<b>3,602,275</b>	<b>605,880</b>	<b>4,208,155</b>	<b>25,183,942</b>

*The Notes to Consolidated Financial Statements are an integral part of this statement.*

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**CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES**

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Mishawaka, Indiana

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES</b>		
Change in net assets	5,589,148	6,024,402
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,034,732	729,039
Loss on sale of assets held for sale	10,412	8,371
Provision for doubtful accounts	(75,000)	(25,000)
Net realized (gain) loss on investments	(1,043,644)	110
Net unrealized gain on investments	(2,340,748)	(3,262,959)
Change in beneficial interest in assets held by community foundations	(64,267)	(78,445)
Adjustments for changes in operating assets and liabilities:		
Patient receivables	1,855,592	604,065
Other receivables	129,937	(106,140)
Grants receivable	0	(628,081)
Pledges receivable	332,838	222,813
Prepaid expenses	(361,163)	(163,738)
Accounts payable	187,925	(1,024,494)
Accrued payroll and benefits	69,939	166,236
Medicare liability	1,153,309	0
Donations for capital acquisitions	(389,181)	(2,089,125)
<b>Net Cash Flows Provided By Operating Activities</b>	<b>6,089,829</b>	<b>377,054</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(958,726)	(779,024)
Proceeds from sale of investments	3,525,698	30,879
Purchase of investments	(4,323,887)	(867,338)
Purchase of property held for sale	0	(119,484)
Proceeds from sale of property held for sale	0	338,682
<b>Net Cash Flows Used In Investing Activities</b>	<b>(1,756,915)</b>	<b>(1,396,285)</b>
<b>CASH FLOWS PROVIDED BY FINANCING ACTIVITIES</b>		
Donations for capital acquisitions	389,181	2,089,125
<b>Net Cash Flows Provided By Financing Activities</b>	<b>389,181</b>	<b>2,089,125</b>
<b>CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>4,722,095</b>	<b>1,069,894</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<b>7,356,809</b>	<b>6,286,915</b>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF YEAR</b>	<b>12,078,904</b>	<b>7,356,809</b>
<b>SUPPLEMENTARY DISCLOSURE OF CASH FLOWS</b>		
Interest paid	262,746	291,591
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Acquisition of property and equipment with financing		
Cost of property and equipment	0	9,012,036
Loan	0	(9,012,036)

*The Notes to Consolidated Financial Statements are an integral part of this statement.*

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NATURE OF BUSINESS

The Center for Hospice and Palliative Care, Inc. d/b/a Center for Hospice Care ("Hospice"), is an independent, community-based, not-for-profit corporation that achieves its mission of "improving the quality of living" by providing comprehensive hospice and home health care services to eligible patients and their families; as well as grief counseling and community education to any interested parties within its service area. Hospice provides services to the following counties within northern Indiana: St. Joseph, Marshall, Starke, Fulton, Kosciusko, LaPorte, Elkhart, LaGrange, and Porter. No person is ever turned away due to a lack of insurance or ability to pay.

Hospice is the sole member of Center for Adult Day Services, LLC, which provides adult day services. The operating activity is reflected within Hospice's Consolidated Statement of Activities as adult day services. The related expenses are a component of the program services expense within the Consolidated Statements of Activities.

The Foundation for the Center for Hospice and Palliative Care, Inc., d/b/a Hospice Foundation and d/b/a Honoring Choices Indiana-North Central (the "Foundation") is a not-for-profit corporation organized for educational and general charitable purposes to support the operational needs of Hospice.

Hospice and the Foundation have a related purpose and also share a common Executive Committee of their board of directors. In addition, there is an economic interest relationship between them.

Global Partners in Care ("GPIC") is a 501(c)(3) not-for-profit organization dedicated to "support compassionate care where the need is great, and the resources are few". GPIC began in 1999 to facilitate partnerships between U.S. based Hospice Programs and those primarily in Sub-Saharan Africa. These partnerships were designed to provide financial and programmatic support to these countries. In 2004, GPIC became an affiliated organization of the National Hospice and Palliative Care Organization ("NHPCO"), the oldest and largest national organization for hospice programs and professionals in the United States of America. Over the years, the partnerships have expanded to include hospice programs in other developing countries outside of Sub-Saharan Africa. The Foundation assumed GPIC's operating activities from NHPCO during 2017 with the transfer of GPIC's net assets in the amount of \$124,338. GPIC's financial activities are reflected within the consolidated financial statements pursuant to current accounting standards surrounding business combinations for not-for-profit organizations.

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Hospice, the Foundation and GPIC (collectively referred to as the "Organization"). All significant inter-organizational accounts and transactions have been eliminated in consolidation.

#### BASIS OF PRESENTATION

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) on the accrual basis of accounting.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

The Organization adheres to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, which sets standards for reporting on financial statements of nonprofit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

### USE OF ESTIMATES

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

### CASH AND CASH EQUIVALENTS

For purposes of the Consolidated Statements of Cash Flows, the Organization considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at a local bank and is insured up to the limits by the FDIC. It is common throughout the course of operations for the Organization's cash balance to exceed the insured limits.

The Organization had \$115,714 and \$161,063 of restricted cash at December 31, 2020 and 2019 which is classified as a current asset and is restricted for use in the programs described in Note 8.

### GRANTS RECEIVABLE

Grants receivable represent amounts earned and due from a 1:1 matching grant that was awarded to the Organization, and are considered fully collectible by management. The Organization uses the allowance method to determine uncollectible grants receivable. Management has determined no allowance for doubtful accounts is necessary for grants receivable at December 31, 2020 or 2019. Under the terms of the grant agreement, the Organization must comply with certain terms and conditions, including matching the grant funds with an equivalent amount of qualifying contributions for the purpose of establishing an endowment held in perpetuity as outlined in the grant agreement. Grants receivable at December 31, 2020 and 2019 of \$1,000,000 represent the matching amount due from the donor in accordance with the terms of the matching grant.

### PLEDGES RECEIVABLE

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on management's analysis of specific promises made. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until the conditions are substantially met.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Organization did not receive any donor-restricted or donated assets during the years ended December 31, 2020 or 2019.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was \$1,034,732 and \$729,039 for the years ended December 31, 2020 and 2019, respectively. The Organization had \$255,838 and \$8,075,550 of construction in progress which was not depreciated as of December 31, 2020 and 2019, respectively.

A summary of the range of lives by asset category follows:

Land and land improvements	7 - 25 years
Buildings	5 - 40 years
Leasehold improvements	20 years
Furniture and equipment	3 - 20 years

### FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

### MEDICAL MALPRACTICE LIABILITY CLAIMS

The Organization recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### REVENUE AND PATIENT RECEIVABLES

#### *Net Patient Service Fees Revenue*

In January 2016, the Center for Medicare and Medicaid Services (CMS) implemented reforms to the hospice payment system that represented the first changes to the payment structure since its inception in 1983. Formerly, the Routine Home Care (RHC) level of care - nationally representing 94% of all Medicare hospice days - was paid at a single, uniform daily rate. As a result of the reforms, Medicare now pays two per diem rates for RHC. A higher reimbursement rate is paid for the first sixty days of a hospice episode, which nationally is \$199 and \$195 per day at December 31, 2020 and 2019, respectively. For days beyond the sixtieth day, the per diem drops to a lower rate, which nationally is \$157 and \$154 per day at December 31, 2020 and 2019, respectively. A service intensity add-on is available at an hourly rate, which nationally is \$60 and \$58 per hour at December 31, 2020 and 2019, respectively, for any visit by a registered nurse or social worker during the last seven days of life. The maximum billing for the service intensity add-on is four hours per day, and these payment rates are adjusted for geographic variation across markets and Hospice's various RHC rates are up to 11% lower than the national rates.

Hospice organizations are subject to two specific payment limit caps under the Medicare hospice benefit. One limit relates to the Medicare inpatient care days that exceed 20% of the total Medicare days of hospice care provided for the year. The Organization did not exceed the 20% cap related to inpatient days in 2020 or 2019. The second limit relates to an aggregate Medicare reimbursement cap calculated by the Medicare fiscal intermediary. The Organization did not exceed the Medicare cap for the years ended December 31, 2020 and 2019.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. The Organization recognizes revenue based on the day when services are performed, episodically, or on a per visit basis for patients in an amount that reflects the consideration the Organization expects to be entitled to receive in exchange for those services. Approximately 94% and 93% of the Organization's net patient service revenue came from Medicare reimbursement for the years ended December 31, 2020 and 2019, respectively. A significant reduction in this level of support may have a material effect on the Organization's programs and activities.

#### *Patient Receivables*

Patient receivables consist primarily of unpaid amounts billed to patients and third-party payers and are stated at the amount management expects to collect from outstanding balances. Contractual adjustments, discounts, and an allowance for doubtful accounts are recorded to report receivables for health care services at net realizable value. Patient receivables are presented net of an allowance for doubtful accounts, which is estimated to be \$175,000 and \$250,000 at December 31, 2020 and 2019, respectively. Factors considered in determining collectibility include past collection history, an aged analysis of receivables, and management's experience and knowledge of the industry and its clientele. Past due receivables are determined based on contractual terms. The Organization does not accrue interest on any patient receivables. Gross patient receivables were \$2,567,893 and \$4,393,853 at December 31, 2020 and 2019, respectively.

#### *Adult Day Services (MADS)*

Hospice operates an adult day care program. The service revenue is recorded at established reimbursement rates at the time of service. Payments are received through third party payers or privately. Any difference between third party payments and billed services is estimated and recorded as a contractual adjustment. Patient receivables from Adult day services are \$20,280 and \$49,912 at December 31, 2020 and 2019, respectively.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### *Charity Care*

The Organization determines each patient's ability to pay during the admission process. When a patient meets certain criteria, part or all of the patient's charges are deemed charity care and are not collected. Because the Organization does not pursue collection of amounts determined to qualify as charity care, those amounts are excluded from net patient service revenue. Charity care charges, at rates similar to those charged to patients and third parties, write-offs and other unreimbursed services approximated \$2,300,200 and \$2,576,900 for the years ended December 31, 2020 and 2019, respectively (unaudited).

### CONTRIBUTIONS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the consolidated financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are received.

### CONTRIBUTED MATERIALS AND SERVICES

In order to recognize donated services as contributions in the consolidated financial statements the services must require special skills, be provided by individuals who possess those skills, and typically need to be purchased if not contributed. A number of unpaid volunteers that have made significant contributions of their time to the Organization's various programs. The value of the contributed time is not reflected in the accompanying consolidated financial statements since the volunteers' time does not meet the requirements for recognition. The value of volunteer hours not recognized approximated \$172,000 and \$418,000 for the years ended December 31, 2020 and 2019, respectively (unaudited).

The Organization also received in-kind contributions of \$56,565 and \$34,751 of donated television and radio advertising for the years ended December 31, 2020 and 2019, respectively. These amounts are included in Bequests, contributions, and grants on the Consolidated Statements of Activities.

### FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and other activities have been summarized on a functional basis in the Consolidated Statements of Activities. Accordingly, certain costs have been allocated between program and supporting services benefited.



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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages; Temporary staff; Employment expense; Education; Office expenses; Dues; Insurance; Professional fees; Software maintenance; Building & grounds; Telephone; Depreciation; Bad debt; Miscellaneous; CADS expenses	Time and effort

The remainder of expenses are assigned to the respective functional category by method of direct assignment or estimated actual usage.

There were no costs of direct benefits to donors for special events during the year ended December 31, 2020 because of the postponement of in-person special events.

### INCOME TAXES

Hospice, the Foundation and GPIC are all not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the organizations are not private foundations within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, all three organizations have concluded that there are no uncertain tax positions requiring recognition in these consolidated financial statements. The evaluation was performed for all federal and state tax periods still subject to examination. Each organization's 2017 through 2019 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

### CONCENTRATION OF CREDIT RISK

Financial instruments with potential credit risk consists of cash and cash equivalents and accounts receivable. Concentration of credit risk with respect to cash generally relates to deposits held at the bank which may exceed the amount of insurance provided on the deposits and the potential inability to access liquidity in the financial institutions where the cash is concentrated. The risk is managed as the cash may be redeemed upon demand and is maintained in a financial institution with reputable credit, and, therefore, bears minimal credit risk.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### RECENT ADOPTION OF ACCOUNTING PRONOUNCEMENTS

On November 17, 2016, the FASB issued Accounting Standards Update ("ASU") 2016-18, *Restricted Cash (Topic 230)* ("ASU 2016-18"), which addresses classification and presentation of changes in restricted cash on the Consolidated Statements of Cash Flows. ASU 2016-18 requires an entity's reconciliation of the beginning-of-period and end-of-period total amounts shown on the statement of cash flows to include in cash and cash equivalents amounts generally described as restricted cash and restricted cash equivalents. ASU 2016-18 is effective for public business entities for annual periods beginning after December 15, 2017 and interim periods within those fiscal years. It is effective for annual periods beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019 for all other entities. The Organization adopted ASU 2016-18 for the fiscal year ended December 31, 2019.

On May 28, 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* and later, various subsequent amendments (collectively "ASC 606"). This standard outlines a single comprehensive model for companies to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition, including industry-specific guidance. ASC 606 requires that revenue is recognized when a customer obtains control of a good or service, which is when a customer has the ability to direct the use of and obtain benefits of the good or service. The Organization adopted ASC 606 for the fiscal year ended December 31, 2019 using the modified retrospective method applied to all contracts not completed as of January 1, 2019. The adoption of ASC 606 did not result in a material change in the accounting for any revenue streams.

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The standard was intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. ASU 2018-08 is effective for resource recipients for annual periods beginning after December 15, 2018. The Organization adopted ASU 2018-08 for the fiscal year ended December 31, 2019. The adoption of this ASU did not result in any material changes in the accounting for contributions received.

### FUTURE ADOPTION OF ACCOUNTING PRONOUNCEMENT

The Organization has not yet implemented ASU 2016-02, *Leases (Topic 842)* which was issued by FASB in February 2016. This ASU affects any entity that enters into a lease, with some specified scope exceptions. The main difference between previous GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. Lessor accounting will not fundamentally change. Operating lease income will be recognized on a straight line basis over the lease term. The amendments in this ASU are currently effective for fiscal years beginning after December 15, 2021. The Organization is in the process of assessing the effect of this ASU on these consolidated financial statements.

### RECLASSIFICATIONS

Certain items in the 2019 consolidated financial statements have been reclassified to conform with 2020 presentation. The reclassifications have no effect on total assets, liabilities, net assets, changes in net assets, or net cash flows as previously reported.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization has working capital of \$18,482,622 and \$16,772,719 and average days cash on hand of 183 and 107 as of December 31, 2020 and 2019, respectively.

The table below represents financial assets available for general expenditures within one year at December 31:

Financial assets at year end:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	11,963,190	7,195,746
Patient receivables, net	2,413,173	4,193,765
Other receivables	56,408	186,345
Pledges receivable, net	198,689	20,095
Investments	28,012,891	22,690,845
Assets limited to use:		
Board designated	761,355	697,088
Donor restricted	4,646,869	6,343,115
<b>Total financial assets:</b>	<b>48,052,575</b>	<b>41,326,999</b>
Less amounts not available to be used within one year:		
Grants receivable	(1,000,000)	(1,000,000)
Pledges receivable, net	(195,569)	(244,392)
Board designated with liquidity horizons greater than one year	(761,355)	(697,088)
Long term investment pool (including donor restricted endowments invested in perpetuity of \$1,472,550 and \$472,550 for 2020 and 2019, respectively)	(26,288,683)	(22,338,464)
<b>Financial assets available to meet general expenditures within one year:</b>	<b>19,806,968</b>	<b>17,047,055</b>

The Organization has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations (Note 8). Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year.

Additionally, the Organization maintains a \$2,000,000 line of credit as described in Note 9. There were no borrowings on the line of credit at December 31, 2020 or 2019. The Organization also has a multiple advance term loan described in Note 9, which is used to finance construction costs. The multiple advance term loan is secured by an investment account included in the Long term investment pool amounts above with a fair value of \$17,020,838 and \$14,464,237 at December 31, 2020 and 2019, respectively.

The Organization operates under the premises of three pools of financial assets. Pool One represents cash on hand of approximately 90 days of operations. Pool Two represents intermediate investments of approximately 90 days of operations. Pool Three represents long term investments.

### NOTE 3 - PLEDGES RECEIVABLE

The Organization has received pledges for a capital campaign that encompasses numerous projects throughout the Organization's campus in Mishawaka, including the construction of a new inpatient care facility that was placed in service during 2020. Pledges due in periods greater than one year have been discounted using the five-year Treasury Bill rate based on the initial year of pledge, which has deemed commensurate with the credit risk of the donors. Additionally, management does not believe an allowance for uncollectible pledges is necessary for the years ended December 31, 2020 or 2019. Also included in pledges receivable are various pledges for other purposes beyond the scope of the capital campaign.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Pledges receivable are due to be collected as follows for the years ending December 31:

2021	229,847
2022	182,980
2023	14,905
2024	1,333
2025	70
Pledges receivable before discount	429,135
Less present value discounted based on treasury rates	(3,719)
Pledges receivable, net	425,416

The pledges receivable are shown on the Consolidated Statements of Financial Position net of allowance and present value discount, and are due as follows:

	<u>2020</u>	<u>2019</u>
Current	229,847	513,862
Non-current	195,569	244,392
Total	425,416	758,254

### NOTE 4 - FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under ASC 820 are described below:

#### Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Organization uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs were not available.

# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

The Organization utilized the market approach to approximate its value of Level 3 investments held by Community Foundations. Given a pool of assets whose total is known, the Organization can approximate its share of the total pooled investment using rates of return applied to known contribution amounts. The Organization used fund statements provided by the Community Foundations that include detail of contributions and withdrawals to adjust the fair value of its assets. The Organization is familiar with the Community Foundations and their investment bases which include a variety of investments including domestic (small and large cap) and global equities, fixed income securities, hedge funds, and other investments. The investments are classified as Level 3 since the fund agreements provide for the irrevocable transfer of assets to the Community Foundations.

The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 31, 2020:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Observable Units (Level 2)	Unobservable Inputs (Level 3)
Bond funds	7,603,364	7,603,364	0	0
Fixed income mutual funds	263,954	263,954	0	0
Equity mutual funds	18,421,365	18,421,365	0	0
Beneficial interest in assets held by Community Foundations	761,355	0	0	761,355
<b>Total</b>	<b>27,050,038</b>	<b>26,288,683</b>	<b>0</b>	<b>761,355</b>

The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 31, 2019:

	Fair Value	Quoted Prices In Active Markets For Identical Assets (Level 1)	Observable Units (Level 2)	Unobservable Inputs (Level 3)
Bond funds	6,811,739	6,811,739	0	0
Fixed income mutual funds	(225,393)	(225,393)	0	0
Equity mutual funds	15,752,118	15,752,118	0	0
Beneficial interest in assets held by Community Foundations	697,088	0	0	697,088
<b>Total</b>	<b>23,035,552</b>	<b>22,338,464</b>	<b>0</b>	<b>697,088</b>

Investment return for the the years ended December 31:

	<u>2020</u>	<u>2019</u>
Interest and dividends	830,429	867,338
Realized gains (losses)	1,043,644	(110)
Unrealized gains	2,340,748	3,262,959
Investment management fees	(32,239)	(30,879)
Change in beneficial interest in assets held by Community Foundations	64,267	78,445
<b>Investment return</b>	<b>4,246,849</b>	<b>4,177,753</b>

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

The following summarizes the two primary investment pools of funds which reflect the Organization's investment policy at December 31:

	<u>2020</u>	<u>2019</u>
Intermediate pool	5,028,636	4,796,274
Long term pool	26,288,683	22,338,464
<b>Total</b>	<b>31,317,319</b>	<b>27,134,738</b>

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### NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS

The Organization has entered into agreements with the Community Foundation of St. Joseph County, Inc., Marshall County Community Foundations, Inc., Community Foundation of Elkhart County, Inc. and the Unity Foundation of La Porte County (the "Community Foundations") in which the Organization has established funds for the purpose of providing support to the Organization. The Organization expects to receive the income earned on the assets held in perpetuity, but will never receive the assets held in the fund. Distributions from the fund are currently based upon each Community Foundation's individual spending policy. Annual distributions from the fund are reported in Bequests, contributions, and grants on the Consolidated Statements of Activities. Net realized and unrealized gains (losses) are reported as Change in beneficial interest in assets held by community foundations.

The agreements provide the Community Foundations the power to modify any restrictions or conditions on the distribution of funds to any specified charitable organizations if such restrictions become, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable need of the area served by the Community Foundations.

The Organization has made contributions to the Community Foundations and designated itself as the beneficiary. These contributions along with appreciation (depreciation) on the monies are presented as Beneficial interest in assets held by community foundations on the Consolidated Statements of Activities. Additionally, donors will contribute directly to the funds. These contributions are not considered to be assets of the Organization, but the Organization receives its annual distribution, as described above, based on the total value of the fund.

The following is a summary by Community Foundation at December 31, 2020:

	Contributed by <u>Organization</u>	Contributed by Others	Total Fair Value
St. Joseph County	573,350	1,047,723	1,621,073
Marshall County	169,728	1,317	171,045
Elkhart County	12,210	68,275	80,485
La Porte County	6,067	50	6,117
<b>Total</b>	<b>761,355</b>	<b>1,117,365</b>	<b>1,878,720</b>

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

The following is a summary by Community Foundation at December 31, 2019:

	Contributed by <u>Organization</u>	Contributed by Others	Total Fair Value
St. Joseph County	510,658	933,162	1,443,820
Marshall County	169,924	1,218	171,142
Elkhart County	10,988	46,482	57,470
La Porte County	5,518	0	5,518
Total	697,088	980,862	1,677,950

The Organization received distributions totaling \$82,251 and \$74,325, respectively, during the years ended December 31, 2020 and 2019.

### NOTE 6 - ENDOWMENTS

The Organization's endowment funds were established to provide financial support for the Organization in perpetuity. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Organization have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Organization classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the board of directors appropriates amounts for expenditure and any purpose restrictions have been met unless the amounts are earned and expended in the same period, in which case amounts are included in net assets without donor restrictions.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policy of the Organization

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### RETURN OBJECTIVES, RISK PARAMETERS AND STRATEGIES FOR ACHIEVING OBJECTIVES

The Organization has adopted investment and spending policies, approved by the board of directors. Fund assets are to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Organization. Fund assets will be managed as a balanced portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of fund equity investments will be to maximize the long-term real growth of portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against a prolonged decline in the market value of portfolio equity investments. Cash investments will, under normal circumstances, only be considered as temporary portfolio holdings, and will be used for fund liquidity needs or to facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.

### SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

For the purpose of making distributions, the Organization makes use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments. The distribution of fund assets will be permitted to the extent that such distributions do not exceed a level that would erode the fund's real assets over time. The Organization's Investment Committee will seek to reduce the variability of annual Fund distributions by factoring past spending and portfolio asset values into its current spending decisions. The Investment Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the fund's spending policy, its target asset allocation, or both.

The Organization's board designated endowment consists of pooled funds invested and managed by four area county community foundations. Because the investments were initiated by action of the board of directors, the net assets associated with the endowment valuations, both principal and subsequent accumulations, are classified as net assets without donor restrictions. Because the Organization's endowments are maintained by the Community Foundations, the spending policies of those foundations are followed. Spending policies are determined by the foundations and are generally 5% of a moving average of each fund's historical market value, but may be periodically evaluated and modified based on current economic conditions.

The following is a summary of endowment net asset composition by type of fund at December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Totals
Beneficial interests in Community Foundations	761,355	0	761,355
Donor restricted endowments funds	0	2,752,370	2,752,370
<b>Endowment net assets, end of year</b>	<b>761,355</b>	<b>2,752,370</b>	<b>3,513,725</b>

The following is a summary of the changes in endowment net assets for the year ended December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Totals
Endowment net assets, beginning of year	697,088	2,556,476	3,253,564
Investment return	101,305	195,894	297,199
Appropriations and expenditures	(37,038)	0	(37,038)
<b>Endowment net assets, end of year</b>	<b>761,355</b>	<b>2,752,370</b>	<b>3,513,725</b>



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**CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES**

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Mishawaka, Indiana

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020 and 2019

The following is a summary of endowment net asset composition by type of fund at December 31, 2019:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
Beneficial interests in Community Foundations	697,088	0	697,088
Donor restricted endowment funds	0	2,556,476	2,556,476
<b>Endowment net assets, end of year</b>	<b>697,088</b>	<b>2,556,476</b>	<b>3,253,564</b>

The following is a summary of the changes in endowment net assets for the year ended December 31, 2019:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Totals</u>
Endowment net assets, beginning of year	618,643	1,243,829	1,862,472
Contributions	0	1,181,791	1,181,791
Investment return	112,347	56,485	168,832
Reclassifications	0	74,371	74,371
Appropriations and expenditures	(33,902)	0	(33,902)
<b>Endowment net assets, end of year</b>	<b>697,088</b>	<b>2,556,476</b>	<b>3,253,564</b>

Of the funds in the "With Donor Restrictions" category, \$2,472,550 at December 31, 2020 and 2019 are to be retained in perpetuity in accordance with donor agreements. The remainder of endowments with donor restrictions results from investment return on those assets.

**NOTE 7 - PERPETUAL EASEMENT**

During 2017, the Organization collaborated with the City of Mishawaka in acquiring property for the purposes of improving the aesthetics of the Organization's campus and the completion of the eastern extension of the City of Mishawaka's river walk project. The ensuing transactions resulted in the Organization's purchase of the property, and subsequent sale of the property to the city of Mishawaka. In addition to cash proceeds, the City of Mishawaka granted the Organization an exclusive, perpetual easement on the land that will be used for parking in connection with the Organization's Center for Palliative Care. The easement has been valued at \$97,123, the difference between the purchase price paid by the Organization, and the cash consideration made by the City of Mishawaka.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
<b>Subject to expenditure for specified purposes:</b>		
Capital Campaign	1,420,861	3,170,581
Camp Evergreen	128,645	88,921
We Believe	9,337	13,472
Road to Hope	11,033	41,323
Fellowships	254,100	200,000
Education Outreach	250,000	250,000
GPIC	39,770	46,558
Honoring Choices	46,773	49,033
MADS scholarships	13,800	10,677
	<u>2,174,319</u>	<u>3,870,565</u>
<b>Donor-restricted endowments subject to spending policy and appropriation:</b>		
Endowments invested in perpetuity	1,472,550	472,550
Fellowship match to be invested in perpetuity	1,000,000	2,000,000
	<u>2,472,550</u>	<u>2,472,550</u>
<b>Total net assets with donor restrictions</b>	<u>4,646,869</u>	<u>6,343,115</u>

### NOTE 9 - LINE OF CREDIT AND NOTE PAYABLE

During 2020, the Organization renewed its \$2,000,000 revolving line of credit agreement with a local financial institution. The agreement continues to require monthly payments at an interest rate defined as 1% below the prime rate reported in the Wall Street Journal's *Money Rates* column with a floor of 3%, which resulted in a rate of 3% at December 31, 2020. The new agreement is unsecured, and matures on June 30, 2022. There were no outstanding borrowings at December 31, 2020 or 2019.

During 2018, the Organization executed a \$12,000,000 multiple term advance promissory note payable with a local financial institution payable in full on the loan due date of March 31, 2023. The outstanding borrowings were \$11,987,266 at both December 31, 2020 and 2019. The interest rate is defined as 1.40% below the prime rate reported in the Wall Street Journal's *Money Rates* column, which resulted in a rate of 1.85% and 3.35% at December 31, 2020 and 2019, respectively. Interest only payments are made monthly by the Organization until the time at which the note converts to a term note payable which is scheduled to occur in 2023. Terms of repayment will be determined at the time of conversion. The promissory note is secured by a certain brokerage account.

### NOTE 10 - LEASE COMMITMENTS

Hospice has a lease with an unrelated third party for office space that expires annually on January 31. The lease automatically renews unless prior notice of the intent to not renew is given 90-days in advance of the termination date. The monthly rent payments are set at \$1,730, the rate that has been in effect since 2006.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

Hospice also signed a month-to-month lease with an unrelated third party for an office suite. Lease payments of \$2,061 were due monthly and ended upon completion of a new office suite, which was completed in July 2019. At that point, a five-year lease commenced with monthly payments of \$4,664.

Hospice has also signed two lease agreements for copiers with three-year terms requiring monthly payments of \$745 and \$227, respectively. The agreements terminate in April 2022 and May 2022, respectively.

Future minimum rental payments under the leases are as follows at December 31:

2021	69,360
2022	59,109
2023	55,965
2024	27,983
<b>Total future minimum rental payments</b>	<b>212,417</b>

Total rent expense was \$88,390 and \$69,630 for the years ended December 31, 2020 and 2019, respectively.

### NOTE 11 - EMPLOYEE BENEFITS

The Organization provides a tax sheltered annuity for its eligible employees. For 2020 and 2019, the board of directors has elected to match up to 25% of the eligible employee's contribution, not to exceed \$4,000 annually. The Organization contributed \$123,172 and \$114,028 to the plan for the years ended December 31, 2020 and 2019, respectively.

### NOTE 12 - SELF-FUNDED HEALTH INSURANCE

The Organization maintains a self-funded medical insurance plan that is optional for all full-time employees and their eligible dependents. The amounts funded by the Organization are based on medical claims processed and submitted for payment on a weekly basis by a third-party plan administrator. The Organization purchased a stop-loss liability insurance policy (reinsurance) that reimburses the Organization for individual participant claims incurred in excess of \$125,000 with a maximum limit of liability of \$2,078,745 and \$1,928,602 for the years ended December 31, 2020 and 2019, respectively.

As of December 31, 2020, the Organization's self-funded health insurance plan was funded in the amount of \$665,883 as a result of plan contributions in excess of medical claims incurred but not paid. This amount has been reported as a component of Prepaid expenses within the Consolidated Statements of Financial Position. As of December 31, 2019, the Organization's self-funded health insurance plan was funded in the amount of \$299,468 as a result of plan contributions in excess of medical claims incurred but not paid. This amount has been reported as a component of Prepaid expenses within the Consolidated Statements of Financial Position. The expense under this plan for the years ended December 31, 2020 and 2019 was \$1,610,643 and \$2,030,318, respectively.

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# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2020 and 2019

### NOTE 13 - MEDICAL MALPRACTICE CLAIMS

The Organization purchases malpractice insurance subject to a deductible through an agent from a commercial carrier to insure against claims resulting from services provided. Management does not expect any claims to exceed malpractice insurance coverage. Claims are limited by statute and are covered via the Organization's participation in the Indiana Patient Compensation Fund. Claim liabilities are to be determined without consideration of insurance recoveries. Expected recoveries are presented separately. Based upon management's evaluation of the current period and historical claims experience, no accrual has been made for medical malpractice costs for the years ended December 31, 2020 and 2019. However, because of the risk of providing health care services, it is possible that an event has occurred which will be the basis of a future material claim.

### NOTE 14 - CONTINGENCIES

The Organization is subject to oversight from CMS and reviews of past claims that arise in the ordinary course of business. In January 2021, the Organization received results from a review conducted by a contractor hired by CMS over past services provided to select patients from 2017 through 2019. In February 2021, the Organization received formal demand letters for deemed overpayments for years 2017 through 2019 totaling \$1,153,309. These amounts are reflected as Medicare liability on the Consolidated Statements of Financial Position and a reduction of Net patient service revenue on the Consolidated Statement of Activities for the year ended December 31, 2020. The overpayment amounts were recouped by CMS by withholding amounts from gross Medicare payments due the Organization in 2021. The Organization is appealing the results of the review and believes there will be a significant recoupment, however, that amount is not able to be estimated at the date of issuance of these consolidated financial statements.

### NOTE 15 - COVID-19 OUTBREAK

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. As part of the CARES Act, the Organization received \$1,395,016 in relief funds from the pool of funds distributed to Medicare providers. This is reflected in Federal grants on the Consolidated Statements of Activities. Management is actively monitoring the global situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2021.

Although the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Organization's results of future operations, financial position, and liquidity in 2021.

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**CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES**

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Mishawaka, Indiana

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020 and 2019

**NOTE 16 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 14, 2021, the date the consolidated financial statements were available to be issued. As discussed in Note 14, the Organization received results in January 2021 of a review performed by a contractor of CMS. No other events or transactions occurred during this period which require recognition or disclosure in the consolidated financial statements.

Preliminary Draft

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
The Center for Hospice and Palliative Care, Inc. and Affiliates  
Mishawaka, Indiana

We have audited the consolidated financial statements of The Center for Hospice and Palliative Care, Inc. and Affiliates d/b/a Center for Hospice Care and Hospice Foundation as of and for the years ended December 31, 2020 and 2019, and our report thereon dated May 14, 2021, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The following Consolidating Statements of Financial Position and Consolidating Statements of Activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Respectfully submitted,

Certified Public Accountants

Elkhart, Indiana  
May 14, 2021

# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2020

(See Independent Auditor's Report on Supplementary Information)

<u>ASSETS</u>	<u>Hospice</u>	<u>Foundation</u>	<u>GPIC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	9,047,965	2,730,124	300,815	0	12,078,904
Patient receivables, net	2,413,173	0	0	0	2,413,173
Other receivables	0	100,683	15,725	(60,000)	56,408
Grants receivable	0	1,000,000	0	0	1,000,000
Pledges receivable	0	229,847	0	0	229,847
Prepaid expenses	1,017,717	12,482	0	0	1,030,199
Investments	0	5,028,636	0	0	5,028,636
Due from affiliate	17,656,908	0	0	(17,656,908)	0
Total Current Assets	30,135,763	9,101,772	316,540	(17,716,908)	21,837,167
<b>PROPERTY AND EQUIPMENT</b>					
Land and land improvements	0	4,676,174	0	0	4,676,174
Buildings	0	23,066,536	0	0	23,066,536
Leasehold improvements	0	7,355	0	0	7,355
Furniture and equipment	5,133,332	0	0	0	5,133,332
Construction in progress	0	255,838	0	0	255,838
Total	5,133,332	28,005,903	0	0	33,139,235
Accumulated depreciation	2,696,657	3,973,536	0	0	6,670,193
Net Property and Equipment	2,436,675	24,032,367	0	0	26,469,042
<b>OTHER ASSETS</b>					
Investments	0	26,288,683	0	0	26,288,683
Pledges receivable, net	0	195,569	0	0	195,569
Perpetual easement	0	97,123	0	0	97,123
Beneficial interest in assets held by community foundations	0	761,355	0	0	761,355
Beneficial interest in assets of Foundation	31,023,280	0	0	(31,023,280)	0
Beneficial interest in assets of GPIC	0	237,333	0	(237,333)	0
Total Other Assets	31,023,280	27,580,063	0	(31,260,613)	27,342,730
<b>TOTAL ASSETS</b>	<b>63,595,718</b>	<b>60,714,202</b>	<b>316,540</b>	<b>(48,977,521)</b>	<b>75,648,939</b>

# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2020

(See Independent Auditor's Report on Supplementary Information)

<u>LIABILITIES AND NET ASSETS</u>	<u>Hospice</u>	<u>Foundation</u>	<u>GPIC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	1,087,349	46,748	79,207	(60,000)	1,153,304
Accrued payroll and benefits	1,047,932	0	0	0	1,047,932
Medicare liability	1,153,309	0	0	0	1,153,309
Due to affiliate	0	17,656,908	0	(17,656,908)	0
<b>Total Current Liabilities</b>	<b>3,288,590</b>	<b>17,703,656</b>	<b>79,207</b>	<b>(17,716,908)</b>	<b>3,354,545</b>
<b>LONG-TERM LIABILITIES</b>					
Multiple advance term note payable	0	11,987,266	0	0	11,987,266
<b>Total Long-Term Liabilities</b>	<b>0</b>	<b>11,987,266</b>	<b>0</b>	<b>0</b>	<b>11,987,266</b>
<b>TOTAL LIABILITIES</b>	<b>3,288,590</b>	<b>29,690,922</b>	<b>79,207</b>	<b>(17,716,908)</b>	<b>15,341,811</b>
<b>NET ASSETS</b>					
<b>Without Donor Restrictions</b>					
Board designated for endowment	761,355	761,355	0	(761,355)	761,355
Undesignated	54,898,904	25,628,856	200,346	(25,829,202)	54,898,904
<b>Total Without Donor Restrictions</b>	<b>55,660,259</b>	<b>26,390,211</b>	<b>200,346</b>	<b>(26,590,557)</b>	<b>55,660,259</b>
<b>With Donor Restrictions</b>					
<b>Total Net Assets</b>	<b>60,307,128</b>	<b>31,023,280</b>	<b>237,333</b>	<b>(31,260,613)</b>	<b>60,307,128</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>63,595,718</b>	<b>60,714,202</b>	<b>316,540</b>	<b>(48,977,521)</b>	<b>75,648,939</b>



# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2019

(See Independent Auditor's Report on Supplementary Information)

<u>ASSETS</u>	<u>Hospice</u>	<u>Foundation</u>	<u>GPIC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	4,736,590	2,352,760	267,459	0	7,356,809
Patient receivables	4,193,765	0	0	0	4,193,765
Other receivables	0	246,345	0	(60,000)	186,345
Grants receivable	0	1,000,000	0	0	1,000,000
Pledges receivable	0	513,862	0	0	513,862
Prepaid expenses	641,575	27,461	0	0	669,036
Investments	0	4,796,274	0	0	4,796,274
Due from affiliate	17,064,826	0	0	(17,064,826)	0
<b>Total Current Assets</b>	<b>26,636,756</b>	<b>8,936,702</b>	<b>267,459</b>	<b>(17,124,826)</b>	<b>18,716,091</b>
<b>PROPERTY AND EQUIPMENT</b>					
Land and land improvements	0	4,494,508	0	0	4,494,508
Buildings	0	15,655,979	0	0	15,655,979
Leasehold improvements	0	7,355	0	0	7,355
Furniture and equipment	5,567,546	0	0	0	5,567,546
Construction in progress	0	8,075,550	0	0	8,075,550
<b>Total</b>	<b>5,567,546</b>	<b>28,233,392</b>	<b>0</b>	<b>0</b>	<b>33,800,938</b>
Accumulated depreciation	3,860,109	3,385,369	0	0	7,245,478
<b>Net Property and Equipment</b>	<b>1,707,437</b>	<b>24,848,023</b>	<b>0</b>	<b>0</b>	<b>26,555,460</b>
<b>OTHER ASSETS</b>					
Investments	0	22,338,464	0	0	22,338,464
Pledges receivable, net	0	244,392	0	0	244,392
Perpetual easement	0	97,123	0	0	97,123
Beneficial interest in assets held by community foundations	0	697,088	0	0	697,088
Beneficial interest in assets of Foundation	28,216,987	0	0	(28,216,987)	0
Beneficial interest in assets of GPIC	0	180,530	0	(180,530)	0
<b>Total Other Assets</b>	<b>28,216,987</b>	<b>23,557,597</b>	<b>0</b>	<b>(28,397,517)</b>	<b>23,377,067</b>
<b>TOTAL ASSETS</b>	<b>56,561,180</b>	<b>57,342,322</b>	<b>267,459</b>	<b>(45,522,343)</b>	<b>68,648,618</b>

# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2019

(See Independent Auditor's Report on Supplementary Information)

<b><u>LIABILITIES AND NET ASSETS</u></b>	<u>Hospice</u>	<u>Foundation</u>	<u>GPIC</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	865,207	73,243	86,929	(60,000)	965,379
Accrued payroll and benefits	977,993	0	0	0	977,993
Due to affiliate	0	17,064,826	0	(17,064,826)	0
Total Current Liabilities	1,843,200	17,138,069	86,929	(17,124,826)	1,943,372
<b>LONG-TERM LIABILITIES</b>					
Multiple advance term note payable	0	11,987,266	0	0	11,987,266
Total Long-Term Liabilities	0	11,987,266	0	0	11,987,266
<b>TOTAL LIABILITIES</b>	<b>1,843,200</b>	<b>29,125,335</b>	<b>86,929</b>	<b>(17,124,826)</b>	<b>13,930,638</b>
<b>NET ASSETS</b>					
Without Donor Restrictions					
Board designated for endowment	697,088	697,088	0	(697,088)	697,088
Undesignated	47,677,777	21,176,784	135,321	(21,312,105)	47,677,777
Total Without Donor Restrictions	48,374,865	21,873,872	135,321	(22,009,193)	48,374,865
With Donor Restrictions					
Total Net Assets	6,343,115	6,343,115	45,209	(6,388,324)	6,343,115
Total Net Assets	54,717,980	28,216,987	180,530	(28,397,517)	54,717,980
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>56,561,180</b>	<b>57,342,322</b>	<b>267,459</b>	<b>(45,522,343)</b>	<b>68,648,618</b>

# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

(See Independent Auditor's Report on Supplementary Information)

<u>Net assets without donor restrictions:</u>	<u>Hospice</u>	<u>Foundation</u>	<u>GPIC</u>	<u>Eliminations</u>	<u>Total</u>
Public Support and Revenue:					
Net patient service revenue	22,650,426	0	0	0	22,650,426
Adult day services (MADS)	178,508	0	0	0	178,508
Federal grants	1,395,016	0	0	0	1,395,016
Bequests, contributions, and grants	56,565	1,068,691	466,871	(170,760)	1,421,367
Investment income, net of fees	0	1,841,834	0	0	1,841,834
Interest and other income	50,515	18,269	63,528	(60,000)	72,312
Special events, net	0	200,437	0	0	200,437
<b>Total Public Support and Revenue</b>	<b>24,331,030</b>	<b>3,129,231</b>	<b>530,399</b>	<b>(230,760)</b>	<b>27,759,900</b>
Net assets released from restriction	258	2,165,818	8,222	0	2,174,298
<u>Expenses:</u>					
Program Services	18,572,457	1,686,167	409,280	(170,760)	20,497,144
Management and general	2,979,364	905,028	64,316	(60,000)	3,888,708
Fundraising	0	461,661	0	0	461,661
<b>Total Expenses</b>	<b>21,551,821</b>	<b>3,052,856</b>	<b>473,596</b>	<b>(230,760)</b>	<b>24,847,513</b>
<b>Change in net assets without donor restrictions from operations</b>	<b>2,779,467</b>	<b>2,242,193</b>	<b>65,025</b>	<b>0</b>	<b>5,086,685</b>
<u>Non-operating revenues:</u>					
Net unrealized gain on investments	0	2,144,854	0	0	2,144,854
Change in beneficial interest in assets held by community foundations	0	64,267	0	0	64,267
Loss on sale of assets held for sale	(10,412)	0	0	0	(10,412)
Change in beneficial interest in Foundation	4,516,339	0	0	(4,516,339)	0
Change in beneficial interest in GPIC	0	65,025	0	(65,025)	0
<b>Total non-operating revenues</b>	<b>4,505,927</b>	<b>2,274,146</b>	<b>0</b>	<b>(4,581,364)</b>	<b>2,198,709</b>
<b>Change in net assets without donor restrictions</b>	<b>7,285,394</b>	<b>4,516,339</b>	<b>65,025</b>	<b>(4,581,364)</b>	<b>7,285,394</b>
<u>Net assets with donor restrictions</u>					
Bequests, contributions, and grants	0	268,100	0	0	268,100
Interest and other income	14,058	0	0	0	14,058
Net unrealized gain on investments	0	195,894	0	0	195,894
Net assets released from restriction	(258)	(2,165,818)	(8,222)	0	(2,174,298)
Change in beneficial interest in Foundation	(1,710,046)	0	0	1,710,046	0
Change in beneficial interest in GPIC	0	(8,222)	0	8,222	0
<b>Change in net assets with donor restrictions</b>	<b>(1,696,246)</b>	<b>(1,710,046)</b>	<b>(8,222)</b>	<b>1,718,268</b>	<b>(1,696,246)</b>
<b>CHANGE IN NET ASSETS</b>	<b>5,589,148</b>	<b>2,806,293</b>	<b>56,803</b>	<b>(2,863,096)</b>	<b>5,589,148</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>54,717,980</b>	<b>28,216,987</b>	<b>180,530</b>	<b>(28,397,517)</b>	<b>54,717,980</b>
<b>NET ASSETS, END OF YEAR</b>	<b>60,307,128</b>	<b>31,023,280</b>	<b>237,333</b>	<b>(31,260,613)</b>	<b>60,307,128</b>

# CENTER FOR HOSPICE AND PALLIATIVE CARE, INC. AND AFFILIATES

Mishawaka, Indiana

## CONSOLIDATING STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

(See Independent Auditor's Report on Supplementary Information)

<b><u>Net assets without donor restrictions:</u></b>	<b><u>Hospice</u></b>	<b><u>Foundation</u></b>	<b><u>GPIC</u></b>	<b><u>Eliminations</u></b>	<b><u>Total</u></b>
Public Support and Revenue:					
Net patient service revenue	23,013,920	0	0	0	23,013,920
Adult day services (MADS)	356,770	0	0	0	356,770
Bequests, contributions, and grants	34,751	678,539	542,194	(128,857)	1,126,627
Investment income, net of fees	0	836,349	0	0	836,349
Interest and other income	30,144	8,731	60,000	(60,000)	38,875
Special events, net	0	562,386	0	0	562,386
<b>Total Public Support and Revenue</b>	<b>23,435,585</b>	<b>2,086,005</b>	<b>602,194</b>	<b>(188,857)</b>	<b>25,934,927</b>
Net assets released from restriction	0	1,372,788	0	0	1,372,788
Net assets reclassified as a result of donor imposed restrictions	0	(177,048)	0	0	(177,048)
<b>Expenses:</b>					
Program Services	18,972,829	1,648,117	483,698	(128,857)	20,975,787
Management and general	2,760,960	832,376	68,939	(60,000)	3,602,275
Fundraising	0	605,880	0	0	605,880
<b>Total Expenses</b>	<b>21,733,789</b>	<b>3,086,373</b>	<b>552,637</b>	<b>(188,857)</b>	<b>25,183,942</b>
<b>Change in net assets without donor restrictions from operations</b>	<b>1,701,796</b>	<b>195,372</b>	<b>49,557</b>	<b>0</b>	<b>1,946,725</b>
<b>Non-operating revenues:</b>					
Net unrealized loss on investments	0	3,206,473	0	0	3,206,473
Change in beneficial interest in assets held by community foundations	0	78,445	0	0	78,445
Loss on sale of assets held for sale	0	(8,371)	0	0	(8,371)
Change in beneficial interest in Foundation	3,521,476	0	0	(3,521,476)	0
Change in beneficial interest in GPIC	0	49,557	0	(49,557)	0
<b>Total non-operating revenues</b>	<b>3,521,476</b>	<b>3,326,104</b>	<b>0</b>	<b>(3,571,033)</b>	<b>3,276,547</b>
<b>Change in net assets without donor restrictions</b>	<b>5,223,272</b>	<b>3,521,476</b>	<b>49,557</b>	<b>(3,571,033)</b>	<b>5,223,272</b>
<b>Net assets with donor restrictions:</b>					
Bequests, contributions, and grants	0	1,937,972	2,412	0	1,940,384
Net unrealized loss on investments	0	56,486	0	0	56,486
Net assets released from restriction	0	(1,372,788)	0	0	(1,372,788)
Net assets reclassified as a result of donor imposed restrictions	0	177,048	0	0	177,048
Change in beneficial interest in Foundation	801,130	0	0	(801,130)	0
Change in beneficial interest in GPIC	0	2,412	0	(2,412)	0
<b>Change in net assets with donor restrictions</b>	<b>801,130</b>	<b>801,130</b>	<b>2,412</b>	<b>(803,542)</b>	<b>801,130</b>
<b>CHANGE IN NET ASSETS</b>	<b>6,024,402</b>	<b>4,322,606</b>	<b>51,969</b>	<b>(4,374,575)</b>	<b>6,024,402</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>48,693,578</b>	<b>23,894,381</b>	<b>128,561</b>	<b>(24,022,942)</b>	<b>48,693,578</b>
<b>NET ASSETS, END OF YEAR</b>	<b>54,717,980</b>	<b>28,216,987</b>	<b>180,530</b>	<b>(28,397,517)</b>	<b>54,717,980</b>

FEDERAL AWARDS

Preliminary Draft