

HOSPICE OF GREEN COUNTRY, INC.

Financial Statements

Year Ended December 31, 2018

With

Independent Auditor's Report

HOSPICE OF GREEN COUNTRY, INC.

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Independent Auditor's Report

Board of Directors
Hospice of Green Country, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hospice of Green Country, Inc. which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Hospice of Green Country, Inc. as of December 31, 2018, 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.

Effect of Adopting New Accounting Standard

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

MORSE & CO., PLLC

Tulsa, Oklahoma
June 18, 2019

**HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Cash and cash equivalents	\$ 35,162
Cash and cash equivalents - restricted	493,707
Accounts receivable, net of allowance for doubtful accounts of \$15,500	193,149
Pledges receivable - restricted	42,500
Prepaid expenses	9,397
Other assets	13,737
Investments	490,308
Beneficial interest in Irrevocable Charitable Remainder Unitrust	12,427
Beneficial interest in assets held by Tulsa Community Foundation	92,564
Property and equipment, net of accumulated depreciation	<u>2,723</u>
Total assets	<u><u>\$ 1,385,674</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 47,761
Accrued payroll	38,921
Accrued paid time off	17,091
Other liability	1,699
Deferred revenue	<u>2,900</u>
Total liabilities	<u>108,372</u>
Net assets without donor restrictions	636,104
Net assets with donor restrictions	<u>641,198</u>
Total net assets	<u>1,277,302</u>
Total liabilities and net assets	<u><u>\$ 1,385,674</u></u>

See independent auditor's report and accompanying notes to financial statements

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restriction	With Donor Restriction	Total
Revenue			
Net patient service revenue	\$ 1,319,981	\$ -	\$ 1,319,981
Contributions, grants, and bequests, net of fundraising expenses of \$13,950	152,589	423,339	575,928
Resale store sales	87,698	-	87,698
Unrealized losses on investments	(60,999)	-	(60,999)
Realized gain on investments, net of fees of \$4,373	13,613	-	13,613
Gain on disposal of assets	91	-	91
Interest income	8,497	-	8,497
Other income	5,660	-	5,660
Net assets released from restrictions	351,379	(351,379)	-
Total revenues	<u>1,878,509</u>	<u>71,960</u>	<u>1,950,469</u>
Expenses			
Program services	1,716,278	-	1,716,278
Management and general	322,683	-	322,683
Fundraising	63,365	-	63,365
Total expenses	<u>2,102,326</u>	<u>-</u>	<u>2,102,326</u>
Increase (decrease) in net assets	(223,817)	71,960	(151,857)
Net assets, beginning of year	<u>859,921</u>	<u>569,238</u>	<u>1,429,159</u>
Net assets, end of year	<u>\$ 636,104</u>	<u>\$ 641,198</u>	<u>\$ 1,277,302</u>

See independent auditor's report and accompanying notes to financial statements

HOSPICE OF GREEN COUNTRY, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

Cash flow from operating activities	
Change in net assets	\$ (151,857)
Adjustments to reconcile change in net assets to cash provided by (used for) by operating activities:	
Depreciation	3,186
Gain on sale of asset	(91)
Bad debt expense	15,702
Unrealized loss (gain) on investments	60,999
Realized loss (gain) on sale of investments, net	(13,612)
Changes in assets and liabilities:	
Accounts receivable	(83,135)
Pledges receivable	62,500
Prepaid expenses	(9,120)
Other assets	(3,011)
Accounts payable	1,119
Accrued payroll	9,134
Accrued paid time off	(4,433)
Other liability	(879)
Deferred revenue	<u>(2,100)</u>
Net cash provided by (used for) operating activities	<u>(115,598)</u>
 Cash flow from investing activities	
Proceeds from sale of investments	<u>24,090</u>
 Net cash provided by (used for) investing activities	<u>24,090</u>
 Change in cash and cash equivalents	(91,508)
 Cash and cash equivalents, beginning of year	<u>620,377</u>
 Cash and cash equivalents, end of year	<u><u>\$ 528,869</u></u>

See independent auditor's report and accompanying notes to financial statements

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 889,385	\$ 187,129	\$ 42,700	\$ 1,119,214
Employee insurance and payroll taxes	182,009	12,544	7,467	202,020
Medications	130,490	-	-	130,490
Rent	67,225	37,709	-	104,934
Computer	49,135	6,656	4,053	59,844
Program expenses	52,591	-	2,651	55,242
Contract labor	51,891	-	-	51,891
Mileage-direct	49,693	-	-	49,693
DME	48,256	-	-	48,256
Medical supplies	25,834	-	-	25,834
Other	21,082	4,182	-	25,264
Outreach	21,135	-	-	21,135
Bank, accounting, and payroll	2,787	18,289	-	21,076
Telephone	17,205	3,727	-	20,932
Workers compensation	14,166	3,215	1,125	18,506
Other benefits	15,543	2,138	722	18,403
Bad debt expense	-	15,702	-	15,702
Insurance	7,796	7,796	-	15,592
Postage and printing	10,772	-	3,003	13,775
Equipment	10,782	2,856	22	13,660
General supplies	10,025	1,930	332	12,287
Other patient expenses	8,100	-	-	8,100
Dues and subscriptions	5,594	952	957	7,503
Consulting expenses	2,359	4,500	-	6,859
Sales tax expense	6,778	-	-	6,778
Utilities	5,374	616	-	5,990
Other/moving expenses	-	3,900	-	3,900
Outpatient	3,510	-	-	3,510
Depreciation expense	-	3,186	-	3,186
Continuing education	1,242	1,371	220	2,833
Ambulance	2,280	-	-	2,280
Mileage-non patient related	48	1,781	113	1,942
Maintenance	1,290	577	-	1,867
EAP and flex spending benefit	-	1,802	-	1,802
Pass-throughs	990	-	-	990
Lab and imaging	911	-	-	911
Service contracts	-	125	-	125
Total	\$ 1,716,278	\$ 322,683	\$ 63,365	\$ 2,102,326

See independent auditor's report and accompanying notes to financial statements.

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Hospice of Green Country, Inc. (the Organization) is a nonprofit agency specializing in care for people with limited life expectancy. The Organization provides services throughout Northeastern Oklahoma.

The Organization offers additional services in order to serve the community including Courtesy Care, Stay At Home, and Pet Peace of Mind services.

Courtesy Care allows patients with no means of paying for costly end-of-life care to receive the full array of hospice services. No differentiation in care and services provided is made between those served through Courtesy Care and those with Medicare or private insurance.

Stay At Home services help meet the needs of patients who lack adequate support to remain home at the end of life. The Organization assists patients in accessing special services that support their safety and quality of life.

Pet Peace of Mind services are also provided to assist hospice patients who are unable to maintain appropriate routine health care and nutrition for their animal companions due to mounting medical expenses or caregiver disability.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of the Organization and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose and is disclosed separately in Note 7.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Contributions received with donor-imposed restrictions are recorded as unrestricted if the restrictions are met within the same period. Contributions for which restrictions are not met in the same period are recognized as temporarily restricted. All contributions are considered available for unrestricted use unless specifically restricted by the donor or subject to other legal restrictions.

Fair Value Measurements

The Organization records certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Inputs into valuation techniques are categorized into three levels, with the highest priority given to Level 1 and the lowest priority given to Level 3, as described below.

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 in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Generally unobservable inputs, which are developed based on the best information available and may include the Organization's own internal data.

Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization defines cash equivalents to be short term, highly-liquid investments with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available.

Investments

Investments in equity securities with readily determinable fair market values and all investments in debt securities are measured at fair value in the statement of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in net assets.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable represent patient service revenue billed to clients that was uncollected at December 31, 2018. Accounts receivable are short-term, non-interest bearing, uncollateralized reimbursements from Medicare and are reported at billed amounts less an allowance for doubtful accounts. Accounts outstanding longer than the contractual terms are considered past due. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of the accounts receivable. The Company reviews the adequacy of the allowance for uncollectible accounts receivable on a regular basis. Management determined at December 31, 2018 an allowance of \$15,500 was necessary.

Pledges Receivable

The Organization has elected the fair value option for valuing pledges receivable. The fair value option was chosen to measure pledges in order to mitigate volatility in reported changes in net assets. Pledges are recorded at their estimated fair value when received and revalued annually. Management believes that pledges receivable at December 31, 2018 are collectible and that an allowance for doubtful accounts is not necessary.

Property and Equipment

Property and equipment are shown in the balance sheet at cost or at estimated fair market value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Lives range from three to twenty years. Depreciation expense is then allocated to the respective programs based on usage.

Additions and improvements that extend the useful lives of assets are capitalized. Expenditures for repairs and maintenance are expensed as incurred. The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$1,500 with an estimated useful life of over one year.

The Organization records impairment to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by the Organization, based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded during the year ended December 31, 2018.

Net Patient Service Revenue

Net patient service revenue represents the estimated net realized amounts from patients, third-party payers, and others for services rendered.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resale Store

The Organization operates a resale store, Sophisticated Seconds, located in Tulsa, Oklahoma. The items held for sale were provided by donor contributions. The resale operations are considered incidental to the service programs performed by the Organization. Therefore, the initial contribution of the items held for sale are not recognized as in-kind revenue. As the items are sold, the Organization recognizes sales.

Charity Care

The Organization has a policy of providing charity care ("Courtesy Care Program") to patients who are unable to pay. Such patients are identified based on financial information obtained from the patient and subsequent analysis. Since the Organization does not expect payment, estimated charges for charity care are not included in revenue. Total estimated expenses for charity care were \$244,316 in 2018.

Advertising

The Organization expenses advertising costs as incurred. Advertising expense amounted to \$17,574 for the year ended December 31, 2018.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other various expenses which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code. The Organization has been classified as a publicly-supported organization which is not a private foundation under Section 501(a) of the code.

The Organization has adopted the provisions from FASB Accounting Standards Codification Topic ASC 740-10. As of December 31, 2018 the unrecognized tax benefit accrual was zero. The Organization will recognize future interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. The Organization is no longer subject to examinations by taxing authorities for years before 2015.

(Continued)

**HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources and the lack of consistency in the type of information provided about expenses. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly.

Subsequent Events

The Organization has evaluated subsequent events through June 18, 2019, the date the financial statements were available to be issued.

NOTE 2 - FAIR VALUE MEASUREMENTS

Assets measured at fair value on a recurring basis at December 31, 2018 are as follows:

Investments	\$ 490,308
Beneficial interest in Irrevocable Charitable Remainder Unitrust	12,427
Beneficial interest in assets held by Tulsa Community Foundation	92,564
Pledges receivable	42,500
Total	\$ 637,799

The fair value of these assets were determined as follows:

	Quoted Prices in Active Markets of Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 490,308	\$ -	\$ -
Beneficial interest in Irrevocable Charitable Remainder Unitrust	-	12,427	-
Beneficial interest in assets held by Tulsa Community Foundation	-	92,564	-
Pledges receivable	-	0	42,500
Total assets measured at fair value	\$ 490,308	\$ 104,991	\$ 42,500

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a reconciliation of changes in the fair value of the Organization's net financial assets classified as Level 3 in the fair value hierarchy:

Pledges receivable:	
Balance, beginning of year	\$ 105,000
New pledges	17,500
Pledges collected	<u>(80,000)</u>
Balance, end of year	<u>\$ 42,500</u>

NOTE 3 - INVESTMENTS

Investments are presented in the financial statements at fair market value and are summarized as follows:

	<u>Market Value</u>	<u>Cost</u>
Equity investments	\$ 292,821	\$ 276,416
Fixed income investments	<u>197,487</u>	<u>204,242</u>
	<u>\$ 490,308</u>	<u>\$ 480,658</u>

Investment income and gains and losses on investments consist of the following for the year ended December 31, 2018:

Realized gain on investments	\$ 17,986
Unrealized gain (loss) on investments	(60,999)
Investment fees	<u>(4,373)</u>
Total	<u>\$ (47,386)</u>

NOTE 4 - BENEFICIAL INTEREST IN IRREVOCABLE CHARITABLE REMAINDER UNITRUST

The Organization has been named a 28.33% beneficiary of an Irrevocable Charitable Remainder Unitrust, which provides for a distribution of 28.33% of the Unitrust corpus to the Organization upon the death of the net income beneficiary. The Organization has recorded the estimated discounted value of this final distribution of Unitrust corpus using a present value factor with an estimated date of collection in 2038.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION

The Organization has established a trust fund with Tulsa Community Foundation. The trust was established for the benefit of the Organization. However, if the Organization ceases to exist as a qualified charitable organization, the Foundation will continue to hold the funds and make distributions to other similar organizations.

(Continued)

**HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY TULSA COMMUNITY FOUNDATION
(CONTINUED)**

Distributions from the fund are made in accordance with a spending policy adopted by the Foundation's board. The spending policy allows for a steady and predictable level of distribution while maintaining amounts invested. In unusual circumstances of need or opportunity, the Organization may request a distribution of all or a portion of the Fund upon two-thirds vote of the Board of Directors. The Foundation may grant the request if it concludes the distribution is neither unreasonable nor inconsistent with the charitable purposes of the Foundation and the Organization; however, the Foundation had the ultimate unilateral authority and control of all property in the Fund. The trust investments have been recognized as a beneficial interest in the Foundation's net assets on the Organization's statement of financial position.

The Organization has additional investments with the Tulsa Community Foundation of \$6,143 at December 31, 2018, respectively, which includes contributions made by others for the benefit of Hospice of Green Country, Inc. The Organization has the power to modify the donor's stipulations under certain conditions as the Organization monitors the changing needs of the community. As such, this amount is not included as an asset, but distributions are recorded when received.

NOTE 6 - PROPERTY AND EQUIPMENT

At December 31, 2018 property and equipment were as follows:

Computer equipment	\$ 240,885
Office furniture and fixtures	23,061
	<u>263,946</u>
Accumulated depreciation	(261,223)
	<u><u>\$ 2,723</u></u>
Property and equipment, net	

Depreciation expense for the year ended December 31, 2018 was \$3,186.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 net assets with donor restrictions are available for the following purposes:

Courtesy Care	\$ 365,386
Beneficial interest in Tulsa Community Foundation	92,564
Pet Peace of Mind	86,136
Stay at Home program	45,485
Capital project	39,200
Beneficial interest in Irrevocable Charitable Remainder Unitrust	12,427
	<u>12,427</u>
Total	<u><u>\$ 641,198</u></u>

(Continued)

**HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018**

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The following net assets were released from donor restriction by incurring expenses satisfying the restrictions or by the occurrence of events specified by the donors:

Courtesy Care	\$ 244,316
Educational outreach	81,987
Net change in beneficial interest in assets held by Tulsa Community Foundation	10,166
Stay at Home program	8,340
Net change in beneficial interest in Irrevocable Charitable Remainder Unitrust	4,655
Pet Peace of Mind	1,915
Total	\$ 351,379

NOTE 8 - LEASES

The Organization leases various equipment and facilities under operating leases expiring at various dates through June, 2023. Rent expense totaled \$104,934 for the year ended December 31, 2018.

Minimum future lease payments for the operating leases are as follows:

<u>Year Ending December 31</u>	
2019	\$ 97,119
2020	74,399
2021	75,902
2022	77,405
Thereafter	39,078
	\$ 363,903

NOTE 9 - CONCENTRATIONS OF CREDIT RISK

The Organization's financial instruments exposed to concentrations of credit risk consists primary of cash and cash equivalents. The Organization maintains its cash balances at local banks. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2018. At times, the Organization's balances may exceed the insured limit. Management believes the risk related to these deposits is minimal.

The Organization maintains its investment balances at a financial institution. The balances are insured by the Securities Investors Protection Corporation (SIPC) up to \$500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 9 - CONCENTRATIONS OF CREDIT RISK (CONTINUED)

Revenues from the Medicare program accounted for 93% of the Organization's net patient service revenue at December 31, 2018. Laws and regulations governing the Medicare program are complex and subject to interpretation.

NOTE 10 - SUPPLEMENTAL CASH FLOW INFORMATION

The Organization has adopted *FASB ASU 2016-18, Restricted Cash*, which requires the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and restricted cash or cash equivalents.

Cash and cash equivalents	\$ 35,162
Restricted cash	493,707
	493,707
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 528,869

NOTE 11 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 7,966
Accounts receivable, net	193,149
Investments	490,308
	490,308
	\$ 691,423

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization relies primarily on reimbursements from Medicare or commercial insurances, via direct deposit or by check, to fund hospice care. The other source of funding is related to donations from individuals or business organizations as well as an Oysters & Ale fundraising campaign. The Organization also maintains an investment account with one entity, which the account is primarily intended to manage

For purposes of analyzing resources available to meet general expenditures over a twelve month period, the Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, the Organization operates within a balanced budget and anticipates collecting sufficient revenues to cover general expenditures.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

NOTE 12 - NEW ACCOUNTING PRONOUNCEMENT

In February 2016, the Financial Account Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which provides more transparency and comparability among organizations by recognizing leased assets and leased liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019 with early adoption permitted. The Organization will be evaluating the impact this standard will have on its financial statements and related disclosures.