

HOSPICE OF GREEN COUNTRY, INC.

Financial Statements

Years Ended December 31, 2017 and 2016

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 statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 audits. We conducted our audits 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

MORSE & CO., PLLC

Tulsa, Oklahoma
April 18, 2018

HOSPICE OF GREEN COUNTRY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Cash and cash equivalents	\$ 275,934	\$ 121,902
Cash and cash equivalents - restricted	344,443	423,302
Accounts receivable, net of allowance for doubtful accounts of \$15,500 and \$15,603.	125,716	171,190
Pledges receivable	105,000	57,600
Prepaid expenses	277	396
Other assets	10,726	12,040
Investments	546,964	359,965
Beneficial interest in Irrevocable Charitable Remainder Unitrust	17,082	18,475
Beneficial interest in assets held by Tulsa Community Foundation	102,730	89,174
Property and equipment, net of accumulated depreciation	5,818	9,940
Total Assets	\$ 1,534,690	\$ 1,263,984

LIABILITIES AND NET ASSETS

Accounts payable	\$ 46,642	\$ 47,635
Accrued payroll	29,787	37,405
Accrued paid time off	21,524	17,212
Other liability	2,578	4,005
Deferred revenue	5,000	5,250
Total liabilities	105,531	111,507
Unrestricted net assets	859,921	621,526
Temporarily restricted net assets	569,238	530,951
Total net assets	1,429,159	1,152,477
Total liabilities and net assets	\$ 1,534,690	\$ 1,263,984

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

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Net patient service revenue	\$ 1,650,639	\$ -	\$ 1,650,639
Contributions, grants and bequests	250,679	348,169	598,848
Resale store sales	106,511	-	106,511
Unrealized gain (loss) on investments	15,668	(1,393)	14,275
Realized gain (loss) on investments	39,595	13,556	53,151
Interest income	171	-	171
Other income	1,369	-	1,369
Net assets released from restrictions	322,045	(322,045)	-
Total revenues	<u>2,386,677</u>	<u>38,287</u>	<u>2,424,964</u>
Expenses			
Program services	1,611,118	-	1,611,118
Management and general	340,688	-	340,688
Fundraising	196,476	-	196,476
Total expenses	<u>2,148,282</u>	<u>-</u>	<u>2,148,282</u>
Increase (decrease) in net assets	238,395	38,287	276,682
Net assets, beginning of year	<u>621,526</u>	<u>530,951</u>	<u>1,152,477</u>
Net assets, end of year	<u>\$ 859,921</u>	<u>\$ 569,238</u>	<u>\$ 1,429,159</u>

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

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue			
Net patient service revenue	\$ 1,609,710	\$ -	\$ 1,609,710
Contributions, grants and bequests	212,446	371,029	583,475
Unrealized loss on investments	(2,174)	675	(1,499)
Realized gain on investments	37,389	-	37,389
Loss on disposal of assets	16,790	(501)	16,289
Other income	201	-	201
Net assets released from restrictions	170,940	(170,940)	-
Total revenues	<u>2,045,302</u>	<u>200,263</u>	<u>2,245,565</u>
Expenses			
Program services	1,562,991	-	1,562,991
Management and general	357,490	-	357,490
Fundraising	216,514	-	216,514
Total expenses	<u>2,136,995</u>	<u>-</u>	<u>2,136,995</u>
Increase (decrease) in net assets	(91,693)	200,263	108,570
Net assets, beginning of year	<u>713,219</u>	<u>330,688</u>	<u>1,043,907</u>
Net assets, end of year	<u><u>\$ 621,526</u></u>	<u><u>\$ 530,951</u></u>	<u><u>\$ 1,152,477</u></u>

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

HOSPICE OF GREEN COUNTRY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flow from operating activities		
Increase in net assets	\$ 276,682	\$ 108,570
Adjustments to reconcile change in net assets to cash provided by (used for) by operating activities:		
Depreciation and amortization	4,122	4,208
Unrealized loss (gain) on investments	(53,473)	(16,289)
Realized loss (gain) on sale of investments	(14,275)	1,437
(Gain) loss on disposal of assets	-	(397)
Changes in assets and liabilities:		
Accounts receivable	45,474	(12,066)
Pledges receivable	(47,400)	(6,091)
Prepaid expenses	119	2,317
Other Assets	1,314	(1,647)
Accounts payable	(993)	1,789
Accrued payroll	(7,618)	6,590
Accrued paid time off	4,312	3,072
Other liability	(1,427)	4,005
Deferred revenue	(250)	(2,250)
Net cash provided by (used for) operating activities	206,587	93,248
Cash flow from investing activities		
Investment activity, net	(6,414)	-
Purchases of investments	(125,000)	-
Net cash provided by (used for) investing activities	(131,414)	-
Change in cash and cash equivalents	75,173	93,248
Cash and cash equivalents, beginning of year	545,204	451,956
Cash and cash equivalents, end of year	\$ 620,377	\$ 545,204

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

HOSPICE OF GREEN COUNTRY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	Total
Compensation of officers and directors	\$ 129,762	\$ 162,512	\$ 79,687	\$ 371,961
Other salaries and wages	691,146	6,729	6,837	704,712
Payroll taxes	64,617	13,322	6,811	84,750
Employee benefits	97,320	28,413	10,609	136,342
Contract services	113,147	-	-	113,147
Medical supplies and drugs	238,832	-	-	238,832
Other patient care expenses	70,602	-	-	70,602
Bad debt expense	16,723	-	-	16,723
Office and other general expenses	185,877	129,057	92,157	407,091
Depreciation expense	3,092	655	375	4,122
	<u>3,092</u>	<u>655</u>	<u>375</u>	<u>4,122</u>
Total	<u>\$ 1,611,118</u>	<u>\$ 340,688</u>	<u>\$ 196,476</u>	<u>\$ 2,148,282</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, 2016

	Program Services	Management and General	Fundraising	Total
Compensation of officers and directors	\$ 146,357	\$ 157,836	\$ 75,673	\$ 379,866
Other salaries and wages	672,743	16,910	18,834	708,487
Payroll taxes	66,925	14,278	7,722	88,925
Employee benefits	93,105	19,022	10,231	122,358
Contract services	63,881	-	-	63,881
Medical supplies and drugs	206,780	-	-	206,780
Other patient care expenses	100,356	-	-	100,356
Bad debt expense	32,012	-	-	32,012
Office and other general expenses	177,465	148,771	103,886	430,122
Depreciation expense	3,367	673	168	4,208
	<u>3,367</u>	<u>673</u>	<u>168</u>	<u>4,208</u>
Total	<u>\$ 1,562,991</u>	<u>\$ 357,490</u>	<u>\$ 216,514</u>	<u>\$ 2,136,995</u>

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

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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.

Unrestricted

Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted

Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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
YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016. An allowance for doubtful accounts is established by management based on past experience and analysis of current receivable collectability. Accounts receivable are short-term and non-interest bearing.

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, 2017 and 2016 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 years ended December 31, 2017 and 2016.

Net Patient Service Revenue

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

Resale Store

During 2016, the Organization began operations of Sophisticated Seconds, a resale store 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.

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**HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016**

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$283,595 and \$143,250 in 2017 and 2016, respectively.

Functional Expenses

Expenses by function have been allocated between program and supporting services classifications on the basis of estimates made by management.

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, 2017 and 2016, the unrecognized tax benefit accrual was zero. The Ministry 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 2014.

Subsequent Events

The Organization has evaluated subsequent events through April 18, 2018, 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, 2017 and 2016 are as follows:

	2017	2016
Investments	\$ 546,964	\$ 359,965
Beneficial interest in Irrevocable Charitable Remainder Unitrust	\$ 17,082	\$ 18,475
Beneficial interest in assets held by Tulsa Community Foundation	\$ 102,730	\$ 89,174
Pledges receivable	\$ 105,000	\$ 57,600

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 2 - FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of these assets were determined as follows:

<u>December 31, 2017</u>	Quoted Prices in Active Markets of Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 546,964	\$ -	\$ -
Beneficial interest in Irrevocable Charitable Remainder Unitrust	-	17,082	-
Beneficial interest in assets held by Tulsa Community Foundation	-	102,730	-
Pledges receivable	-	-	105,000
Total assets measured at fair value	<u>\$ 546,964</u>	<u>\$ 119,812</u>	<u>\$ 105,000</u>

<u>December 31, 2016</u>	Quoted Prices in Active Markets of Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	\$ 359,965	\$ -	\$ -
Beneficial interest in Irrevocable Charitable Remainder Unitrust	-	18,475	-
Beneficial interest in assets held by Tulsa Community Foundation	-	89,174	-
Pledges receivable	-	-	57,600
Total assets measured at fair value	<u>\$ 359,965</u>	<u>\$ 107,649</u>	<u>\$ 57,600</u>

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:	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 57,600	\$ 51,000
New pledges	75,000	95,100
Uncollectible pledges written-off	-	-
Pledges collected	(27,600)	(88,500)
Balance, end of year	<u>\$ 105,000</u>	<u>\$ 57,600</u>

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 3 - INVESTMENTS

Investments at December 31, 2017, are summarized as follows:

	Fair Value	Cost
Investments	\$ 546,964	\$ 366,899
Irrevocable Charitable Remainder Unitrust	17,082	-
Tulsa Community Foundation	102,730	77,717
	<u>\$ 666,776</u>	<u>\$ 444,616</u>

Investments at December 31, 2016, are summarized as follows:

	Fair Value	Cost
Investments	\$ 359,965	\$ 350,595
Irrevocable Charitable Remainder Unitrust	18,475	-
Tulsa Community Foundation	89,174	77,717
	<u>\$ 467,614</u>	<u>\$ 428,312</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.

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 \$6,812 and \$5,918 at December 31, 2017 and 2016, respectively, which includes contributions made by others for the benefit of Hospice of Green Country, Inc. The Foundation has the power to modify the donor's stipulations under certain conditions as the Foundation monitors the changing needs of the community. As such, this amount is not included as an asset, but distributions are recorded when received.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 6 - PROPERTY AND EQUIPMENT

At December 31, property and equipment were as follows:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 240,885	\$ 239,483
Office furniture and fixtures	29,671	32,907
	<u>270,556</u>	<u>272,390</u>
Accumulated depreciation	(264,738)	(262,450)
Property and equipment, net	<u>\$ 5,818</u>	<u>\$ 9,940</u>

Depreciation expense for the years ended December 31, 2017 and 2016, was \$4,122 and \$4,208, respectively.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

At December 31, temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Courtesy care	\$ 337,882	\$ 362,569
Beneficial interest in Tulsa Community Foundation	102,730	89,174
Pet peace of mind	50,454	9,750
Live alone program	37,739	36,782
Educational outreach	23,351	-
Beneficial interest in Irrevocable Charitable Remainder Unitrust	17,082	18,475
Patient needs	-	34
Capital project	-	14,167
Total	<u>\$ 569,238</u>	<u>\$ 530,951</u>

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:

	<u>2017</u>	<u>2016</u>
Courtesy care	\$ 283,595	\$ 143,250
Capital project	14,167	15,177
Educational outreach	13,999	-
Live alone program	8,175	6,108
Pet peace of mind	2,075	6,030
Patient needs	34	375
Total	<u>\$ 322,045</u>	<u>\$ 170,940</u>

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 8 - LEASES

The Organization leases various equipment and facilities under operating leases expiring at various dates through June, 2023. Rent expense totaled \$83,897 and \$70,009, for the years ended December 31, 2017 and 2016, respectively.

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

<u>Year Ending December 31</u>	
2018	\$ 93,469
2019	97,119
2020	74,399
2021	75,902
2022	77,405
Thereafter	39,078
	<u>\$ 457,372</u>

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, 2016 and 2015. 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.

Revenues from the Medicare program accounted for 90% and 96% of the Organization's net patient service revenue at December 31, 2017 and 2016, respectively. Laws and regulations governing the Medicare program are complex and subject to interpretation.

(Continued)

HOSPICE OF GREEN COUNTRY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 10 - NEW ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which provides more relevant information regarding available resources (and the changes in those resources) to donors, grantors, creditors, and other users. The most significant aspects of the ASU are as follows: (1) the ASU replaces the current presentation of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets - net assets with donor restrictions and net assets without donor restrictions, (2) the ASU expands disclosure related to the nature and amount of any donor restrictions, board designations of net assets without donor restrictions as well as any underwater endowment funds, (3) the ASU requires expenses to be presented by nature and function, as well as an analysis of the allocation of these expenses, and (4) the ASU requires specific quantitative and qualitative disclosures to improve the ability of financial statement users to assess the entity's available financial resources and the methods by which it manages liquidity and liquidity risk. ASU 2016-14 is to be applied retrospectively, and is effective for years beginning after December 15, 2017, with early adoption permitted.

In February 2016, the Financial Accounting 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 these standards will have on its financial statements and related disclosures.