

HOSPICE OF SAN LUIS OBISPO COUNTY  
COMPILED FINANCIAL STATEMENTS  
Year Ended June 30, 2023

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# McDERMOTT & APKARIAN, LLP

*"Always Focused On Your Future"*

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

To the Board of Directors  
Hospice of San Luis Obispo County  
San Luis Obispo, CA

Management is responsible for the accompanying financial statements of Hospice of San Luis Obispo County, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy of the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

*McDermott & Apkarian, LLP*

McDermott & Apkarian, LLP  
Orcutt, CA

March 25, 2024

HOSPICE OF SAN LUIS OBISPO COUNTY  
STATEMENT OF FINANCIAL POSITION  
June 30, 2023

ASSETS

CURRENT ASSETS

Cash and equivalents	\$	327,269
Accounts receivable		4,157
Prepaid expense		6,017
Marketable securities (note 3)		160,127
Marketable securities - Community Foundation SLO County (notes 3 and 6)		21,043

TOTAL CURRENT ASSETS		518,613
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NON-CURRENT ASSETS

Property and equipment, net of accumulated depreciation		1,009,945
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TOTAL NON-CURRENT ASSETS		1,009,945
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TOTAL ASSETS	\$	1,528,558
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$	13,654
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TOTAL CURRENT LIABILITIES		13,654
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NET ASSETS

Without donor restrictions		1,306,408
With donor restrictions		208,496

TOTAL NET ASSETS		1,514,904
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TOTAL LIABILITIES AND NET ASSETS	\$	1,528,558
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See accompanying notes and independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GRANTS AND OTHER SUPPORT			
Contributions and memorials	\$ 317,355	\$ -	\$ 317,355
Grants	56,575	95,000	151,575
Grants - covid related	37,320	-	37,320
Fundraising event revenue, net	79,992	-	79,992
In-kind donations	14,094	-	14,094
Marketable securities, net	6,176	10,140	16,316
Net assets released from restrictions	(6,362)	6,362	-
 TOTAL REVENUE	 505,150	 111,502	 616,652
EXPENSES			
Program services	536,422	-	536,422
Support services			
Management and general	59,052	-	59,052
Fundraising	34,013	-	34,013
 TOTAL EXPENSES	 629,487	 -	 629,487
 CHANGE IN NET ASSETS	 (124,337)	 111,502	 (12,835)
NET ASSETS AT BEGINNING OF YEAR	1,430,745	96,994	1,527,739
 NET ASSETS AT END OF YEAR	 \$ 1,306,408	 \$ 208,496	 \$ 1,514,904

See accompanying notes and independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2023

	<u>Program Services</u>	<u>Mgmt. and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation				
Salaries	\$ 369,193	\$ 43,435	\$ 21,717	\$ 434,345
Payroll taxes	<u>27,264</u>	<u>3,208</u>	<u>1,604</u>	<u>32,076</u>
Subtotal	396,457	46,643	23,321	466,421
Advertising and public relations	20,390	700	-	21,090
Bank fees	925	-	-	925
Bookkeeping	3,716	408	408	4,532
Care management	25	-	-	25
Contract services	13,511	1,483	1,483	16,477
Dues and subscriptions	9,658	-	-	9,658
Employee benefits	3,406	401	200	4,007
Fundraiser operations	-	-	34,712	34,712
Insurance	18,647	3,008	8,421	30,076
Marketable security fees	617	-	-	617
Postage	1,140	-	-	1,140
Professional fees	6,235	-	-	6,235
Program expenses	379	-	-	379
Repairs and maintenance	8,348	928	-	9,276
Seminars and training	110	-	-	110
Supplies	7,764	863	-	8,627
Taxes and licenses	1,234	-	-	1,234
Telephone	380	-	-	380
Travel	496	44	11	551
Utilities	9,996	1,111	-	11,107
Volunteer services	<u>1,544</u>	<u>169</u>	<u>169</u>	<u>1,882</u>
Total before depreciation	504,978	55,758	68,725	629,461
Depreciation	29,644	3,294	-	32,938
Gain/(loss) on sale of assets	1,800	-	-	1,800
Fundraising event direct cost reported separately	<u>-</u>	<u>-</u>	<u>(34,712)</u>	<u>(34,712)</u>
Total functional expenses	<u>\$ 536,422</u>	<u>59,052</u>	<u>34,013</u>	<u>629,487</u>

See accompanying notes and independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$	(12,835)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		32,938
Realized/unrealized (gain)/loss on marketable securities		38,455
Realized gain/(loss) on sale of fixed assets		1,800
(Increase) Decrease in:		
Accounts receivable		14,627
Prepaid expenses		(642)
Increase (Decrease) in:		
Accounts payable		(1,200)
Accrued expenses		(3,607)
Deferred revenue		(1,853)
		67,683
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:		67,683
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of marketable securities		207,694
Acquisition of marketable securities		(56,761)
		150,933
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES:		150,933
NET CHANGE IN CASH		218,616
CASH AND RESTRICTED CASH, BEGINNING OF YEAR		108,653
CASH AND RESTRICTED CASH, END OF YEAR	\$	327,269

See accompanying notes and independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

1. ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Hospice of San Luis Obispo County (Hospice) is a non-profit, non-stock corporation, organized under the laws of the State of California in 1977, for the purpose of providing volunteer support, education and counseling to those living with a life threatening or terminal illness, their families, and the bereaved. As a volunteer hospice all services rendered are provided at no cost to the individuals and families receiving them and insurance is never billed.

Hospice programs include 1) in home care by trained volunteers for emotional and practical assistance, 2) grief support to individuals and families of all ages, 3) quarterly in-home volunteer trainings for respite care, pet peace of mind or end of life doula services; annual bereavement/grief training and ongoing community education about issues related to dying and death, and 4) community response services provided to businesses, schools, churches, government and community agencies.

Basis of accounting

The financial statements are presented on the accrual basis of accounting which recognizes revenue as gross income when earned and operating expenses as deductions from gross income when incurred. The financial resources are maintained in accordance with the principles of fund accounting.

Net assets without donor restrictions is utilized to record contributions, fund raising, fees and other forms of unrestricted revenue and expenditures related to the general operations and fund raising efforts of the organization.

Net assets with donor restrictions is utilized to record resources received by the Organization that are restricted as to use by the donor or grantor. When the restriction expires, the net assets of this fund are reclassified to net assets without donor restrictions.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as net assets with donor restrictions. When the donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as net assets without donor restrictions.

Estimates

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

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

1. ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONT.)

Income Tax

Hospice is recognized by the Internal Revenue Service as a qualified section 501(c)(3), non-profit organization, and as such, is not liable for Federal income or State franchise tax. The Organization qualifies for the charitable contribution deduction under section 170(b)(1)(A) and has been classified as an organization that is not a private foundation.

Cash and Cash Equivalents

Cash and cash equivalents includes all liquid marketable securities including money market accounts and certificates of deposits with a maturity of three months or less when purchased.

Accounts Receivable

Management has determined that an allowance for doubtful accounts would be zero based on the Organization's credit policies, prior collection experience and the type of customers associated with the Organization.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures in excess of \$1,500 for property and equipment at cost. Repairs and maintenance are charged to expense when incurred. Depreciation expense is calculated on the straight-line method over the useful life of the related asset.

Advertising

Advertising costs are expensed as incurred during the period in which they are incurred. During the year ended June 30, 2023, the Organization incurred advertising costs of \$6,995.

In-Kind Donations

Hospice receives donations of time and services from members of the community and volunteers. The value of these donations is reflected in the accompanying financial statements. In-kind donations of fixed assets, supplies and vendor services used directly by the Organization are valued at their appraised values at the time of the receipt.

<u>Description</u>	<u>Fair Value</u>
Alpha Fire Unlimited	\$ 1,000
Astound Business Solutions Powered by Digital West	5,419
Good Electrons	4,500
KCBX Public Radio	1,800
New Times	<u>1,375</u>
Total in-kind donations	\$ <u>14,094</u>

See independent accountant's compilation report.



HOSPICE OF SAN LUIS OBISPO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

1. ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONT.)

Fair Value Measurements

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets.

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets.

Level 3 inputs - estimates using the best information available when there is little or no market.

The Organization is required to measure two types of assets and the related revenues at fair value: non-cash contributions and certain marketable securities. The techniques used to measure fair value are described in the notes below that relate to each asset/revenue.

Functional Allocation of Expenses

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Expenses that are directly relatable to a functional category are allocated 100% to that category. These operating expenses are directly allocated based on historical time studies.

2. MARKETABLE SECURITIES

Marketable securities are presented in the aggregate at fair market value on quoted prices in active markets, and are summarized in the following table.

Securities are generally held in custodial investment accounts administered by certain financial institutions. The fair values of marketable securities are traded on the national security exchanges and are valued at the closing price on the last business day of the fiscal year. Market rise or decrease could occur and is dependent on the future changes in market prices of the various marketable securities held.

Marketable securities at June 30, 2023, are comprised of the following:

	<u>Cost</u>	<u>Fair Value</u>
Mutual Funds - Bonds	\$ 70,303	\$ 60,227
Mutual Funds - Equities	70,860	93,929
Mutual Funds - Other	5,671	5,971
Investment - Community Foundation SLO County	<u>15,061</u>	<u>21,043</u>
Total marketable securities	<u>\$ 161,895</u>	<u>\$ 181,170</u>

Realized gains and losses on the sale of marketable securities are calculated using the specific identification method. Unrealized gains and losses represent the change in the fair market value of the individual marketable securities for the year, or since the acquisition during the year, and are included in the change in net assets.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

2. MARKETABLE SECURITIES (CONT.)

Return on marketable securities consists of the following:

Dividends and interest	\$	1,189
Net realized and unrealized gains		15,127
External marketable securities expenses		<u>(617)</u>
Marketable securities return, net	\$	<u>15,699</u>

3. PROPERTY AND EQUIPMENT

Summaries of fixed assets by major classifications at June 30, 2023, are as follows:

Description	Life (Years)	June 30, 2023
Furniture and equipment	3-7	\$ 61,743
Buildings and improvements	15-39	1,117,136
Land		<u>501,534</u>
Total property and equipment		1,680,413
Less accumulated depreciation		<u>(670,468)</u>
Property and equipment, net		<u>\$ 1,009,945</u>

Total depreciation for the year ended June 30, 2023, was \$32,938.

4. ACCRUED EXPENSES

Accrued expenses at June 30, 2023 consist of the following:

Accrued vacation	\$	<u>11,881</u>
Total accrued expenses	\$	<u>11,881</u>

Hospice has accrued a liability for vacation leave earned but not taken by staff employees. This accrual was calculated on actual vacation days earned and applied to the individuals' hourly rate.

5. NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2023, net assets with donor restrictions were composed of:

Community Foundation San Luis Obispo Endowment Fund	\$	21,043
Rupe Care Management Grant		38,044
Rupe Endowment Fund		<u>149,409</u>
Total net assets with donor restrictions	\$	<u>208,496</u>

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

5. NET ASSETS WITH DONOR RESTRICTIONS (CONT.)

Community Foundation San Luis Obispo County Endowment Fund

Net assets with donor restrictions at June 30, 2023, consist of an endowment fund established in fiscal year 2002/2003. The purpose of the fund is to provide Hospice ongoing support through investment income from the fund. Annual earnings from the fund, net of fees and expenses, may be distributed to Hospice; neither fund principal nor the net appreciation of fund principal, realized or unrealized, may be distributed. The fund shall continue as long as assets are available in the fund and the purposes of the fund can be served by its continuation.

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, therefore, classifies amounts in its donor-restricted endowment fund as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The Organization has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be underwater if the fair value of the fund is less than the sum of (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under the law. The fund is not currently underwater.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-imposed endowment funds: (1) the duration and preservation of the fund, (2) the purpose of 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 marketable securities, (6) other resources of the Organization, and (7) the marketable securities policies of the Organization.

At June 30, 2023, the Community Fund is composed of:

Amounts required to be invested in perpetuity	\$	10,250
Restricted realized and unrealized gains		1,610
Amounts available for appropriation		9,800
Amounts appropriated for expenditure		<u>(617)</u>
Total Community Fund net assets	\$	<u>21,043</u>

Rupe Care Management Grant

The Organization received a grant in the amount of \$65,000 for the year ended June 30, 2023. The grant funds use is restricted for the care and management of those with dementia.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

5. NET ASSETS WITH DONOR RESTRICTIONS (CONT.)

At June 30, 2023, the Rupe Grant balance in net assets with donor restrictions are as follows:

Balance at June 30, 2022	\$ 34,965
Contributions	65,000
Amounts appropriated for expenditure	<u>(61,921)</u>
Balance at June 30, 2023	<u>\$ 38,044</u>

Rupe Endowment Fund

In accordance with the Arthur N. Rupe Foundation grant requirements, Hospice set aside \$100,000 to establish the Rupe Endowment Fund. This fund will be held in perpetuity as a permanent endowment and will be used exclusively for endowment purposes. Hospice has received additional contributions since the fund's inception. The income generated by this endowment will be allocated solely to cover the operating and maintenance expenses associated with the facility located at Pacific Street in San Luis Obispo, where Hospice is situated.

Balance at June 30, 2022	\$ 148,383
Net appreciation/(depreciation)	10,301
Amounts appropriated for expenditure	<u>(9,275)</u>
Balance at June 30, 2023	<u>\$ 149,409</u>

7. CONCENTRATIONS

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation and Securities Investor Protection Corporation up to \$250,000. At fiscal year-end June 30, 2023 the Organization had \$26,053 of uninsured balances.

The Organization's largest grant consisted of 10.2% of revenue for the year ended June 30, 2023.

The Organization's largest fundraiser consisted of 6.25% of revenue for the year ended June 30, 2023.

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets (cash and cash equivalents) as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2023

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONT.)

Cash and cash equivalents, at year end	\$	327,269
Marketable securities, at year end		181,170
Accounts receivable, net		<u>4,157</u>
Total financial assets, at year end		512,596
Less amounts unavailable for general expenditure due to imposed purpose restrictions:		
Board designated quasi-endowment		(149,409)
Donor restricted		<u>(59,087)</u>
Total amount unavailable for general expenditure		<u>(208,496)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u><u>304,100</u></u>

As part of the Organization's liquidity management plan, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, cash in excess of daily requirements is invested in various mutual funds.

9. EMPLOYEE RETIREMENT PLAN

Prior to the year ended June 30, 2023, the Organization had a 403(b) plan in place. However, as of July 1, 2022, the Organization has decided to utilize the California CalSavers program for its employees and terminated the 403(b) plan.

10. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 25, 2024, the date which the financial statements were available to be issued. There are no events that requires disclosure.

See independent accountant's compilation report.