

HOSPICE OF SAN LUIS OBISPO COUNTY
COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2025

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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, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in 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

January 12, 2026

HOSPICE OF SAN LUIS OBISPO COUNTY
STATEMENT OF FINANCIAL POSITION
June 30, 2025

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 483,271
Accounts receivable	8,758
Prepaid expense	7,243
Marketable securities (note 2)	117,159
Marketable securities - Community Foundation SLO County (notes 2 and 5)	<u>31,728</u>

TOTAL CURRENT ASSETS 648,159

NON-CURRENT ASSETS

Property and equipment, net of accumulated depreciation	<u>948,180</u>
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TOTAL NON-CURRENT ASSETS 948,180

TOTAL ASSETS \$ 1,596,339

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ <u>14,768</u>
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TOTAL CURRENT LIABILITIES 14,768

NET ASSETS

Without donor restrictions	1,347,903
With donor restrictions	<u>233,668</u>

TOTAL NET ASSETS 1,581,571

TOTAL LIABILITIES AND NET ASSETS \$ 1,596,339

See accompanying notes and independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GRANTS AND OTHER SUPPORT			
Contributions and memorials	\$ 539,083	\$ -	\$ 539,083
Grants	84,750	75,000	159,750
Fundraising event revenue	92,421	-	92,421
Marketable securities, net	37,179	627	37,806
Net assets released from restrictions	73,633	(73,633)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUE	827,066	1,994	829,060
EXPENSES			
Program services	568,564	-	568,564
Support services			
Management and general	80,656	-	80,656
Fundraising	39,260	-	39,260
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	688,480	-	688,480
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS	138,586	1,994	140,580
NET ASSETS AT BEGINNING OF YEAR	1,209,317	231,674	1,440,991
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NET ASSETS AT END OF YEAR	\$ 1,347,903	\$ 233,668	\$ 1,581,571
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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, 2025

	Program Services	Mgmt. and General	Fundraising	Total
Compensation				
Salaries	\$ 395,193	46,493	23,247	\$ 464,933
Payroll taxes	30,944	3,641	1,820	36,405
	<hr/>	<hr/>	<hr/>	<hr/>
Subtotal	426,137	50,134	25,067	501,338
Advertising and public relations	3,445	383	-	3,828
Bank fees	5,366	-	-	5,366
Bookkeeping	9,676	1,210	1,209	12,095
Contract services	15,026	1,878	1,879	18,783
Dues and subscriptions	1,192	-	-	1,192
Employee benefits	4,197	494	248	4,939
Fundraiser operations	-	-	20,629	20,629
Grant writing	-	-	1,512	1,512
Insurance	9,188	16,276	9,188	34,652
Marketable security fees	627	-	-	627
Postage	313	-	-	313
Program expenses	200	-	-	200
Repairs and maintenance	26,517	2,946	-	29,463
Seminars and training	172	-	-	172
Supplies	24,662	2,742	-	27,404
Telephone	381	-	-	381
Travel	1,302	116	29	1,447
Utilities	12,265	1,363	-	13,628
Volunteer services	1,026	128	128	1,282
	<hr/>	<hr/>	<hr/>	<hr/>
Total before depreciation	541,692	77,670	59,889	679,251
Depreciation	26,872	2,986	-	29,858
Fundraising event direct cost reported separately	-	-	(20,629)	(20,629)
	<hr/>	<hr/>	<hr/>	<hr/>
Total functional expenses	\$ 568,564	\$ 80,656	\$ 39,260	\$ 688,480
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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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 140,580
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	29,858
Realized/unrealized gain on marketable securities	(37,806)
(Increase) Decrease in:	
Accounts receivable	(792)
Prepaid expenses	(57)
Increase (Decrease) in:	
Accounts payable and accrued expenses	10,918
Early fundraising payments	<u>(5,000)</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES:	137,701
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of marketable securities	<u>88,884</u>
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES:	<u>88,884</u>
NET CHANGE IN CASH	226,585
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>256,687</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 483,271</u>

See accompanying notes and independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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 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

The Organization recognizes contribution revenue in accordance with ASC 958-605. Contributions are recognized when an unconditional promise to give is received. Conditional grants or contributions, including those containing measurable performance barriers or return-of-funds provisions, are recognized as revenue only when the conditions are substantially satisfied.

Special event revenues are recorded when the event occurs, and amounts received in advance are recorded as deferred revenue. Grants that are considered exchange transactions are recognized as revenue when the related eligible expenditures are incurred, in accordance with ASC 606.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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

Donated Services and Contributed Non-Financial Assets

The Organization receives a substantial amount of volunteer time that does not meet the requirements for recognition in the financial statements under U.S. generally accepted accounting principles. Volunteers provide in-home respite care, emotional support, grief counseling support, and various administrative functions. Although these services are integral to the Organization's operations, they do not create or enhance non-financial assets and do not require specialized skills; therefore, they are not recognized in the accompanying financial statements. The Organization may also receive donated goods such as supplies, equipment, and event-related materials. Contributed non-financial assets are recorded at estimated fair value on the date received. No significant contributed non-financial assets meeting recognition criteria were received during the year ended June 30, 2025.

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.

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, 2025, the Organization incurred advertising costs of \$3,445.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

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

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting functions based on management's estimates, including time studies, square footage usage, and specific identification when possible.

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, 2025, are comprised of the following:

	Cost	Fair Value
Mutual Funds - Stock Funds	\$ 17,539	\$ 19,412
Exchange Traded Products - Equities	49,541	53,991
Exchange Traded Products - Fixed Income	43,635	43,756
Investment - Community Foundation SLO County	Unknown	31,728
Total marketable securities	\$ <u>110,715</u>	\$ <u>148,887</u>

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

2. MARKETABLE SECURITIES (CONT.)

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.

Return on marketable securities consists of the following:

Dividends and interest	\$	14,170
Net realized and unrealized gains		24,263
External marketable securities expenses		<u>(627)</u>
Marketable securities return, net	\$	<u>37,806</u>

3. PROPERTY AND EQUIPMENT

Summaries of fixed assets by major classifications at June 30, 2025, are as follows:

<u>Description</u>	<u>Life (Years)</u>	<u>June 30, 2025</u>
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>(732,233)</u>
Property and equipment, net		\$ <u>948,180</u>

Total depreciation for the year ended June 30, 2025, was \$29,858.

4. ACCRUED EXPENSES

Accrued expenses at June 30, 2025 consist of the following:

Accrued accounts payable	\$	9,236
Accrued payroll liabilities		<u>5,532</u>
Total accrued expenses	\$	<u>14,768</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Endowment Investment and Spending Policies

The Organization's endowments consist of donor-restricted endowment funds and a board-designated quasi-endowment. The Organization adheres to the provisions of the California Uniform Prudent Management of Institutional Funds Act (SPMIFA), under which the Organization manages endowment funds with the objective of providing a predictable and stable source of support while preserving the long-term purchasing power of the endowment assets.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

5. NET ASSETS WITH DONOR RESTRICTIONS (CONT.)

The Organization's investment policy seeks long-term growth through a diversified portfolio including equity and fixed-income securities. The spending policy allows for annual appropriations of endowment earnings as approved by the Board, subject to applicable donor restrictions and prudent spending considerations.

At June 30, 2025, net assets with donor restrictions were composed of:

Community Foundation San Luis Obispo Endowment Fund	\$	31,728
Rupe Care Management Grant		32,270
Rupe Endowment Fund		169,670
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Total net assets with donor restrictions	\$	233,668
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Community Foundation San Luis Obispo County Endowment Fund

Net assets with donor restrictions at June 30, 2025, 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.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

5. NET ASSETS WITH DONOR RESTRICTIONS (CONT.)

At June 30, 2025, the Community Fund is composed of:

Amounts required to be invested in perpetuity	\$ 10,250
Restricted realized and unrealized gains	4,890
Amounts available for appropriation	17,537
Amounts appropriated for expenditure	<u>(949)</u>
Total Community Fund net assets	<u>\$ 31,728</u>

Rupe Care Management Grant

The Organization received a grant in the amount of \$75,000 for the year ended June 30, 2025. The grant funds use is restricted for the care and management of those with dementia.

At June 30, 2025, the Rupe Grant balance in net assets with donor restrictions are as follows:

Balance at June 30, 2024	\$ 31,710
Contributions	75,000
Amounts appropriated for expenditure	<u>(74,440)</u>
Balance at June 30, 2025	<u>\$ 32,270</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, 2024	\$ 175,911
Net appreciation/(depreciation)	23,222
Amounts appropriated for expenditure	<u>(29,463)</u>
Balance at June 30, 2025	<u>\$ 169,670</u>

6. RISKS AND UNCERTAINTIES

The Organization maintains cash in bank deposit accounts that are within federally insured limits. Cash equivalents consist primarily of government money market mutual funds invested in U.S. Treasury and other government-backed securities. Although these funds are not insured by the Federal Deposit Insurance Corporation, management believes the credit risk associated with these instruments is minimal. Concentrations of revenue include its largest grant representing 8.8% of revenues and its largest fundraising event representing 4.4% of revenues for the year ended June 30, 2025.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

7. COMMITMENTS AND CONTINGENCIES

The Organization is not subject to any material legal claims or pending litigation as of June 30, 2025. The Organization has evaluated its contracts, grant agreements, and program activities and has determined that there are no significant commitments or contingencies requiring disclosure.

8. RELATED-PARTY TRANSACTIONS

Members of the Board of Directors and volunteers donate their time to support the Organization's programs and operations. The Organization did not identify any material related-party transactions requiring disclosure for the year ended June 30, 2025.

9. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's policy is to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due. The Organization monitors its liquidity on an ongoing basis to ensure adequate resources are available to meet operational needs. The Organization maintains cash reserves and investments to provide operating liquidity, with board-designated amounts subject to approval before use. The Organization also invests excess cash in short-term, highly liquid financial instruments. 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.

Cash and cash equivalents, at year end	\$	483,271
Marketable securities, at year end		148,887
Accounts receivable, net		<u>8,758</u>
Total financial assets, at year end		640,916
Less amounts unavailable for general expenditure due to imposed purpose restrictions:		
Board designated quasi-endowment		(169,670)
Donor restricted		<u>(63,998)</u>
Total amount unavailable for general expenditure		<u>(233,668)</u>
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>407,248</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.

See independent accountant's compilation report.

HOSPICE OF SAN LUIS OBISPO COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2025

10. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 12, 2026, the date the financial statements were available to be issued. On November 24, 2025, the Organization sold its building located at 1304 Pacific Street, San Luis Obispo, California, for \$2,750,000. The proceeds were used to acquire a new facility located at 1305 Marsh Street, San Luis Obispo, California, for \$1,900,000. Management determined that the new facility better meets the operational needs of the Organization.

No other subsequent events requiring adjustment to, or disclosure in, the financial statements were identified.