

**HOPE HOSPICE AND COMMUNITY SERVICES, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2023 AND 2022



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hope Hospice and Community Services, Inc. and Subsidiary
Fort Myers, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hope Hospice and Community Services, Inc. and Subsidiary (the Organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, and the results of their operations and changes in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Hope Hospice and Community Services, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter Regarding Changes in Accounting Principles

As discussed in Note 1 to the consolidated financial statements, effective October 1, 2022, Hope Hospice and Community Services, Inc. and Subsidiary adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Hospice and Community Services, Inc. and Subsidiary's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Hope Hospice and Community Services, Inc. and Subsidiary's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hope Hospice and Community Services, Inc. and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of operations and changes in net assets are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 20, 2024

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,072,500	\$ 11,246,400
Accounts Receivable	6,237,200	7,158,400
Investments	6,837,800	24,883,900
Inventory	468,900	527,100
Prepaid Expenses	1,145,600	2,237,000
Other Receivables	620,400	690,800
Total Current Assets	26,382,400	46,743,600
NONCURRENT ASSETS		
Other Assets	1,155,200	1,155,200
Financing Right-Of-Use Assets	61,800	-
Operating Right-Of-Use Assets	4,061,100	-
Real Estate Held for Sale	-	3,016,800
Total Noncurrent Assets	5,278,100	4,172,000
PROPERTY AND EQUIPMENT , Net of Accumulated Depreciation	32,552,300	36,803,800
Total Assets	\$ 64,212,800	\$ 87,719,400
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes Payable	\$ -	\$ 1,000,000
Current Portion of Finance Lease Obligations	63,000	-
Current Portion of Operating Lease Obligations	1,070,500	-
Accounts Payable	4,341,800	4,538,200
Estimated Third-Party Payor Settlements	-	175,400
Accrued Expenses:		
Payroll	998,000	2,213,500
Compensated Absences	2,045,000	2,340,800
Patient Care	888,500	680,900
Retirement Plan Contribution	997,500	1,057,700
Insurance	231,700	379,000
Due to Third-Party Payors	295,300	444,200
Other	2,591,900	3,083,600
Total Current Liabilities	13,523,200	15,913,300
OPERATING LEASE OBLIGATIONS , Less Current Portion	3,032,000	-
LONG-TERM DEBT , Net of Current Maturities	-	18,000,000
Total Liabilities	16,555,200	33,913,300
NET ASSETS		
Without Donor Restrictions	47,429,200	53,539,700
With Donor Restrictions	228,400	266,400
Total Net Assets	47,657,600	53,806,100
Total Liabilities and Net Assets	\$ 64,212,800	\$ 87,719,400

See accompanying Notes to Consolidated Financial Statements.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues:		
Patient Service Revenue	\$ 124,161,900	\$ 129,184,800
Contributions	5,935,500	5,576,700
Emergency Grant Revenue	-	2,932,500
Investment Earnings (Losses), Net	4,229,200	(4,902,200)
Net Assets Released from Restrictions	38,000	57,500
Total Revenues	134,364,600	132,849,300
Expenses:		
Employee Salaries, Payroll Taxes, and Benefits	70,234,800	77,735,700
Medical Supplies and Expenses	47,884,200	48,805,500
Office Supplies and Expenses	13,059,000	12,965,200
Lease Expense	1,556,900	1,486,000
Depreciation	2,672,800	3,034,300
Interest Expense, Net of Amounts Capitalized	738,500	580,100
Other	1,999,200	2,232,400
Total Expenses	138,145,400	146,839,200
Operating Income (Loss)	(3,780,800)	(13,989,900)
Other Expense:		
Loss on Sale of Real Estate	(2,329,700)	(25,800)
Total Other Expense	(2,329,700)	(25,800)
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(6,110,500)	(14,015,700)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Net Assets Released from Restrictions	(38,000)	(57,500)
INCREASE (DECREASE) IN NET ASSETS	(6,148,500)	(14,073,200)
Net Assets - Beginning of Year	53,806,100	67,879,300
NET ASSETS - END OF YEAR	\$ 47,657,600	\$ 53,806,100

See accompanying Notes to Consolidated Financial Statements.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (6,148,500)	\$ (14,073,200)
Noncash Adjustments:		
Depreciation	2,672,800	3,034,300
Amortization of Financing Right-of-Use Assets	123,500	-
Noncash Lease Expense	41,400	-
Loss on Sale of Fixed Assets	195,400	1,400
Unrealized (Gain) Loss on Investments	2,527,200	5,379,600
Realized (Gain) Loss on Investments	(6,060,000)	297,000
Loss on Sale of Real Estate	2,329,700	25,800
(Increase) Decrease in Current Assets:		
Inventory	58,200	49,000
Prepaid Expenses	1,091,400	(594,200)
Accounts Receivable	921,200	(1,289,800)
Other Receivables	70,400	(461,600)
Other Assets	-	(29,500)
(Decrease) Increase in Current Liabilities:		
Accounts Payable	(196,400)	190,400
Estimated Third-Party Payor Settlements	(175,400)	(2,000,000)
Due to Third-Party Payors	(148,900)	(37,000)
Accrued Expenses	(2,002,900)	180,400
Net Cash Used by Operating Activities	(4,700,900)	(9,327,400)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property & Equipment	(741,800)	(1,701,400)
Proceeds from Sale of Fixed Assets	6,800	3,400
Proceeds from Sale of Real Estate	2,805,400	1,343,088
Purchase of Real Estate Held for Sale	-	(32,988)
Purchase of Investments	(1,342,700)	(9,002,700)
Proceeds from Sale of Investments	22,921,600	7,956,200
Net Cash Provided (Used) by Investing Activities	23,649,300	(1,434,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-Term Debt	(19,000,000)	(1,000,000)
Principal Payments on Lease Obligations	(122,300)	-
Net Cash Used by Financing Activities	(19,122,300)	(1,000,000)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(173,900)	(11,761,800)
Cash and Cash Equivalents - Beginning of Year	11,246,400	23,008,200
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,072,500	\$ 11,246,400
SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES		
Operating Lease Obligations Incurred for Buildings	\$ 2,689,800	\$ -
SUPPLEMENTAL DISCLOSURE		
Interest Paid, Net of Amounts Capitalized	\$ 738,500	\$ 417,900

See accompanying Notes to Consolidated Financial Statements.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Hope Hospice and Community Services, Inc. (Hope) is a nonprofit corporation providing counseling, spiritual support, and medical assistance to the terminally ill and their families. The majority of Hope's revenue is from providing hospice services to patients insured by Medicare, Medicaid, or private insurance companies. Hope also provides other services to elderly individuals under state and federal contracts.

Hope became the sole member of Visiting Nurses Association of Southwest Florida, Inc. (VNA) on August 7, 2013. VNA is a nonprofit corporation providing the highest quality home and community based health care services to all people in the community. Effective on October 1, 2022, VNA merged into Hope.

Effective March 1, 2023, Chapters Health System, Inc., became the sole member of Hope. Chapters Health System, Inc. is a Florida nonprofit corporation that provides support and care for people with or affected by advanced illnesses by offering a wide variety of compassionate healthcare choices.

Principles of Consolidation

These consolidated financial statements include the accounts of Hope and VNA (collectively, the Organization). All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Standards of Accounting and Financial Reporting

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America.

Cash

The majority of the Organization's cash balances are deposited in noninterest-bearing accounts. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits and certain accounts may exceed these limits.

Cash Equivalents

The Organization defines any highly liquid debt instrument with a maturity date of three months or less at the time of purchase to be a cash equivalent.

Accounts Receivable and Concentration of Credit

Accounts receivable represents amounts due from patients, third-party payors (principally Medicare and Medicaid programs), and for other services rendered based on payment arrangements specific to each payor. At September 30, 2023, the percentages of the accounts receivable due from Medicare, the state and managed Medicaid programs, and various private insurers were 67%, 13%, and 20%, respectively. At September 30, 2022, the percentages of the accounts receivable due from each of these three parties were 63%, 14%, and 22%, respectively. Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivables, the Organization analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Accordingly, all accounts receivable are recorded at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. The potential risk is limited to the amounts recorded in the consolidated financial statements.

The allowance for uncollectible accounts is regularly reviewed by management and is maintained at the amount estimated to sufficiently cover future write-offs and subsequent recoveries, general economic conditions, and the age and balance of outstanding accounts. Additions to the allowance for uncollectible accounts are made by means of the provision for bad debts. Accounts receivable are written off after collection efforts have been followed in accordance with the Organization's policies. At September 30, 2023 and 2022, the allowance for uncollectible accounts was approximately \$2,186,500 and \$1,246,300, respectively. Accounts written off as uncollectible are deducted from the allowance and subsequent recoveries are added.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Concentration of Credit (Continued)

The opening and closing contract balances were as follows:

	<u>Accounts Receivable</u>
Balance as of October 1, 2021	\$ 5,868,600
Balance as of September 30, 2022	7,158,400
Balance as of September 30, 2023	6,237,200

Bequests Receivable

Bequests receivable are stated at the amount that management expects to collect of the outstanding balances. Management determines the allowance for doubtful accounts by identifying troubled accounts, considering the donor's financial condition and current economic condition, and using historical experience applied to an aging of bequests receivables. Bequests receivables at September 30, 2023 and 2022 were \$-0- and \$360,000, respectively.

Investments

Investments held by the Organization are stated at the readily determinable fair market value in accordance with guidance regarding accounting for certain investments held by nonprofit organizations.

Fair Value Measurements

The Organization categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization adopted the policy to value certain financial instruments at fair value. The Organization has not elected to measure any existing financial instruments at fair value; however, it may elect to measure newly acquired financial instruments at fair value in the future.

The Organization's other financial instruments consist primarily of cash and cash equivalents, receivables, other accounts receivable, accounts payable, accrued expenses, and long-term debt. The carrying value of these items, with the exception of long-term debt, approximates fair value due to their short maturity. The carrying value of the Organization's long-term debt approximates fair value because the interest rate associated with the Note Payable are variable based on the Treasury Rate plus 0.75%.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

Inventory

Inventory of health care supplies is carried at the lower of cost or net realizable value using the first-in, first-out method. Inventory consisting of donated items received by the Organization for resale in its thrift shops is recorded at the estimated fair market value of donated items on hand at the end of the year.

Other Assets

Other assets consist of refundable deposits paid towards utilities, insurance policies, and various other vendors. All deposits are expected to be refunded at a future agreed upon date. At September 30, 2023 and 2022, these deposits totaled \$1,155,200 and \$1,155,200, respectively.

Real Estate Held for Sale

Real estate held for sale consists of land and developed land improvements. Land under development is carried at cost, unless events and circumstances indicate that the carrying value may be impaired. In addition to costs of direct land acquisition, land under development includes capitalized interest, real estate taxes, and development costs. Land costs are allocated to each parcel on a per acre basis. Common costs are allocated to each parcel based on the approximate relative sales value of each parcel. Certain other costs specific to a parcel are assigned to that parcel.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are carried at cost. All capital expenditures over \$1,000 are capitalized. Additions and improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Interest is capitalized on funds used during construction by the Organization on its long-term debt.

Buildings and Leasehold Improvements	5 to 40 Years
Office Equipment	7 Years
Motor Vehicles	5 Years

Depreciation

Depreciation is based on rates calculated to provide for the retirement of property and equipment over their estimated useful lives (or lease term if shorter) using the straight-line method and generally follows the guidelines established for hospitals and other medical organizations. Depreciation expense for 2023 and 2022 was \$2,672,800 and \$3,034,300, respectively.

Gift Annuities

The Organization enters into gift annuity agreements with individuals. The individuals contribute an amount to the Organization in exchange for an agreement that obligates the Organization to pay a defined amount to the individuals for the remainder of their life. The amount to be paid is based on a specified interest rate contained in the agreement. These obligations are recorded at the expected discounted future cash outflow of the agreement based on the individual's expected life expectancy. The difference between the amount received and the amount of the expected discounted cash outflow is recognized as a current year contribution without donor restrictions.

The recorded annuity obligation at September 30, 2023 and 2022 was \$223,100 and \$310,900, respectively, and is included in Accrued Expenses: Other, in the accompanying consolidated statements of financial position.

Contributions and Net Assets

All contributions, other than capital campaign pledges, are considered to be available for unrestricted use, unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions then reclassified to net assets without donor restrictions upon expiration of the time or use restriction.

The Organization's net assets with donor restrictions represent contributions received for specific projects, which have not yet been satisfied. The Organization has no net assets with donor restrictions in perpetuity.

Bequests are recognized as revenue upon the donor's death and when the Organization is notified of the gift.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of 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. These estimates and assumptions affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is also not aware of any activities that are subject to tax as unrelated business income, excise, or other taxes.

The Organization is in compliance with the income tax standard regarding the recognition and measurement of uncertain tax positions. This guidance clarifies the accounting for uncertainty in income taxes recognized in an Organization's financial statements. The implementation of this standard had no impact on the Organization's financial statements.

Recently Issued Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent amount the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of consolidated financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Lease disclosures for the year ended September 30, 2022, are made under prior lease guidance in FASB ASC 840.

The Organization adopted the requirements of the guidance October 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Organization recognized on October 1, 2022, a lease liability of \$2,393,630 which represents the present value of the remaining operating lease payments of \$2,565,016 discounted using the risk-free rate as of the adoption date, and right of use asset of \$2,393,630.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Standards (Continued)

The standard had a material impact on the balance sheets but did not have an impact on the statements of operations and changes in net assets (deficit), nor the statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right of use assets (ROU) and long-term lease obligations on the balance sheets.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses its incremental borrowing rate or a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the balance sheets.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NOTE 2 REVENUE RECOGNITION

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government payors), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills the patients and third party after the services are performed. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The Organization measures the performance obligation as hospice services are provided to patients in their home, an inpatient hospice facility or an acute care setting.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 REVENUE RECOGNITION

Patient Service Revenue (Continued)

The Organization determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors or the established rates of the government entities. The Organization determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy(ies), and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with patients.

Agreements with third-party payors provide for payments that may differ from established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid Revenue

Revenue for services rendered to patients covered under the Medicare and Medicaid programs are recorded based on date of service at amounts equal to payment rates specific to the Organization that are set by the Medicare and Medicaid programs. The payment rates are daily or hourly rates for each of the four levels of care provided by the Organization (i.e., routine home care, general inpatient care, continuous care, and respite care). Services rendered to Medicare program beneficiaries by the Organization are paid based in part on estimated program service utilization during the year under the Periodic Interim Payment (PIP) system. Medicare makes final settlements based upon actual utilization. Amounts earned under these contractual arrangements are subject to audit and final determination by third-party fiscal intermediaries or other appropriate governmental authorities or their agents. As of September 30, 2023 and 2022, estimated PIP overpayments approximate \$3,171,800 and \$1,979,100, respectively. Adjustments are also made to revenue due to various eligibility restrictions by the payor and other reasons unrelated to credit risk. The Organization estimates the impact of these adjustments based on historical experience, which primarily includes historical claims adjustments, and records it during the period services are rendered as an estimated revenue adjustment and as a reduction to patient accounts receivable.

Additionally, the Organization's reimbursement from Medicare is subject to an inpatient cap limit and an overall payment cap. If inpatient days of hospice care provided exceed 20% of the total days of hospice care provided for an annual period beginning on October 1, then payments for days in excess of this limit are paid for at the routine home care rate. If overall payments made by Medicare to the Organization exceed their hospice cap limit (as calculated by the Medicare fiscal intermediary) for an annual period beginning on October 1, the payments in excess of the hospice cap limit have to be repaid to Medicare. The Organization reviews the adequacy of its hospice cap liability on a periodic basis. As of September 30, 2023 and 2022, the Organization did not have an overpayment liability. Because of the many variables involved in estimating the Medicare hospice cap overpayment liability there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 REVENUE RECOGNITION

Patient Service Revenue (Continued)

Other Third-Party Payor Revenue

Revenue for services rendered to patients covered by other third-party payors (e.g., commercial insurance carriers, health maintenance organizations, and preferred provider organizations, etc.) are recorded based on date of service at amounts equal to the Organization's established rate or a rate negotiated with the third-party payor. Contractual adjustments are recorded for the difference between the Organization's established rate and the amounts estimated to be realized from third-party payors and are deducted from revenues and patient accounts receivable.

Approximately 95% of patient service revenue was earned from the Medicare and Medicaid Programs for the years ended September 30, 2023 and 2022, respectively. Due to the significance of Medicare and Medicaid program revenues to the Organization, any change in the reimbursement methodologies employed by the Medicare and Medicaid program for hospice services could significantly impact the financial operations and financial position of the Organization.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care companies have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in companies entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient services. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. During the years ending September 30, 2023 and 2022, additional patient revenue (expense) was recognized in the consolidated statements of operations and changes in net assets due to these changes of approximately \$151,000 and \$2,000,000, respectively. The remaining estimated reserve for outstanding third-party payors audits, reviews, and investigations is \$-0- and \$175,400 as of September 30, 2023 and 2022, respectively.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 2 REVENUE RECOGNITION

Patient Service Revenue (Continued)

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended September 30, 2023 and 2022. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

The Organization has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, self pay) have different reimbursement/payment methodologies.
- Length of the patient's service of care.
- Method of reimbursement (fee for service or capitation).
- Organization's line of business that provided the service.

Nursing Home Support

Certain hospice patients served by the Organization reside in a nursing home setting during part or all of their hospice enrollment period. If, during the enrollment period, a patient's nursing home obligation is the responsibility of the Medicaid program, the Organization assumes responsibility for payment to the nursing home and billing to the Medicaid program. Medicaid payment rates to the Organization are established by the state of Florida; however, the Organization's payment to the nursing home is based on a contractual arrangement with the nursing home.

Charity Care

The Organization provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The Organization estimates costs of providing charity care by applying a cost to gross charges ratio to the gross uncompensated charges related with providing charity care to its patients. The estimated cost of charity care during the years ended September 30, 2023 and 2022 was approximately \$480,000 and \$447,700, respectively.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 3 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 as of September 30:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 11,072,500	\$ 11,246,400
Accounts Receivable	6,237,200	7,158,400
Investments	6,837,800	24,883,900
Other Receivables	620,400	690,800
Less Donor Imposed Restrictions:		
Restricted Funds	(228,400)	(266,400)
Less Compliance or Statutory Restrictions:		
Annuity Reserve	(245,300)	(342,100)
Note Covenant	-	(19,000,000)
Total	<u>\$ 24,294,200</u>	<u>\$ 24,371,000</u>

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds. The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Organization measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

NOTE 4 FAIR VALUE MEASUREMENTS

Assets Recorded at Fair Value on a Recurring Basis

The following table presents the fair value hierarchy for the balances of assets and liabilities measured at fair value on a recurring basis as of September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Common Stock	\$ 4,939,000	\$ -	\$ -	\$ 4,939,000
Corporate/Government Bonds	-	1,310,300	-	1,310,300
Fixed Income Funds	588,500	-	-	588,500
Total	<u>\$ 5,527,500</u>	<u>\$ 1,310,300</u>	<u>\$ -</u>	<u>\$ 6,837,800</u>

The following table presents the fair value hierarchy for the balances of assets and liabilities measured at fair value on a recurring basis as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Common Stock	\$ 18,379,300	\$ -	\$ -	\$ 18,379,300
Corporate/Government Bonds	-	3,188,000	-	3,188,000
Fixed Income Funds	3,316,600	-	-	3,316,600
Total	<u>\$ 21,695,900</u>	<u>\$ 3,188,000</u>	<u>\$ -</u>	<u>\$ 24,883,900</u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 4 FAIR VALUE MEASUREMENTS

Assets Recorded at Fair Value on a Recurring Basis (Continued)

Securities are recorded at fair value on a recurring basis. Fair value measurement is based on quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange. Securities values using Level 2 inputs include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. The Organization does not have any securities that are valued using Level 3 inputs.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment are composed of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 3,661,300	\$ 3,955,700
Buildings	52,616,100	52,522,500
Office Equipment	8,573,600	11,085,100
Leasehold Improvements	3,796,800	4,185,800
Vehicles	1,810,700	1,977,400
Construction in Progress	-	1,801,700
Total	<u>70,458,500</u>	<u>75,528,200</u>
Accumulated Depreciation	(37,906,200)	(38,724,400)
Total	<u>\$ 32,552,300</u>	<u>\$ 36,803,800</u>

NOTE 6 BONDS PAYABLE AND NOTES PAYABLE

In September 2017, Hope issued \$25,000,000 of industrial revenue bonds (Series 2017) for the purpose of refinancing an outstanding 2008 bond issue and financing certain qualified project costs related to the acquisition, construction, renovation and equipping of the PACE facility, Hospice facility, patient rooms at the Health Park Hospice House, infrastructure costs for Hope Preserve and financing certain issuance costs related to the issuance of the Series 2017 Bonds. In March 2021, Hope entered into a \$20,000,000 promissory note with a financial institution and used the proceeds to retire the outstanding balance of the Series 2017 industrial revenues bonds.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 6 BONDS PAYABLE AND NOTES PAYABLE (CONTINUED)

In March 2021, the Organization executed a \$20,000,000 promissory note with a financial institution. Interest is a variable rate equal to the Treasury Rate plus 0.75%. Interest only payments commence on July 1, 2021 and continue on the same day of each quarter thereafter (being October, January, April, and July) through the term of the note. A principal curtailment payment equal to \$1,000,000 is due and payable commencing on April 1, 2022 and continuing on the same day of each year thereafter through the term of the note. All unpaid principal and all accrued and unpaid interest shall be due and payable on March 30, 2026. The note is collateralized by substantially all of the assets of Hope. The interest rate at September 30, 2022 was 3.98%. The Note was paid in full during the year ended September 30, 2023.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following at September 30:

	2023			
	Beginning Balance	Additions	Releases	Ending Balance
Subject to Expenditure for Specified Purpose:				
Labelle Hospice House	\$ 179,800	\$ -	\$ -	\$ 179,800
Pet Peace of Mind Program	86,600	-	(38,000)	48,600
Total	\$ 266,400	\$ -	\$ (38,000)	\$ 228,400
	2022			
	Beginning Balance	Additions	Releases	Ending Balance
Subject to Expenditure for Specified Purpose:				
Labelle Hospice House	\$ 179,800	\$ -	\$ -	\$ 179,800
Pet Peace of Mind Program	144,100	-	(57,500)	86,600
Total	\$ 323,900	\$ -	\$ (57,500)	\$ 266,400

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 8 LEASES

The Organization leases real property, equipment as well as certain office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2030 and provide for various renewal options. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. The following table provides quantitative information concerning the Organization's leases for the year ended September 30:

Lease Cost	
Finance Lease Cost:	
Amortization of Right-of-Use Assets	\$ 123,500
Interest on Lease Liabilities	4,800
Operating Lease Cost	1,200,400
Total	<u>\$ 1,328,700</u>
Other Information	
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:	
Operating Cash Flows from Financing Leases	\$ 4,800
Operating Cash Flows from Operating Leases	1,159,000
Financing Cash Flows from Financing Leases	122,300
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	185,300
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	5,083,400
Weighted-Average Month Remaining Lease Term - Financing Leases	6 Months
Weighted-Average Month Remaining Lease Term - Operating Leases	56 Months
Weighted-Average Discount Rate - Financing Leases	4.07%
Weighted-Average Discount Rate - Operating Leases	4.12%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of September 30, 2023, is as follows:

<u>Year Ending September 30,</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 63,600	\$ 1,215,300
2025	-	919,800
2026	-	897,700
2027	-	504,300
2028	-	463,300
Thereafter	-	513,700
Total Lease Payments	63,600	4,514,100
Less: Imputed Interest	(600)	(411,600)
Total Lease Obligations	63,000	4,102,500
Less: Current Obligations	(63,000)	(1,070,500)
Long-Term Lease Obligations	<u>\$ -</u>	<u>\$ 3,032,000</u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 8 LEASES (CONTINUED)

Operating Lease Agreements – ASC 840

Hope is committed under operating leases for its branch locations and certain equipment. Total lease expense under these obligations was \$1,486,000 for the year ended September 30, 2022, respectively. Future lease obligations under these operating leases are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 1,298,300
2024	1,228,400
2025	853,900
2026	888,100
2027	480,800
Thereafter	763,500
Total	<u>\$ 5,513,000</u>

NOTE 9 INVESTMENT EARNINGS

Investment earnings for the years ended September 30 is composed of:

	<u>2023</u>	<u>2022</u>
Interest and Dividends	\$ 865,200	\$ 973,300
Realized Gain (Loss)	6,060,000	(297,000)
Unrealized Loss	(2,527,200)	(5,379,600)
Investment Management Fees	(168,700)	(198,900)
Total	<u>\$ 4,229,300</u>	<u>\$ (4,902,200)</u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 10 FUNCTIONAL EXPENSES

The tables below present expenses by both their nature and function for the years ended September 30, 2023 and 2022.

September 30, 2023	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 49,661,800	\$ 4,402,100	\$ 1,111,600	\$ 55,175,500
Contracted Services	16,890,100	566,800	321,500	17,778,400
Payroll Taxes and Fringe Benefits	14,305,100	467,100	287,000	15,059,200
Patient Related Expenses	20,147,600	8,200	1,800	20,157,600
Pharmacy Expenses	10,375,000	-	-	10,375,000
Medical Supplies	4,799,600	-	-	4,799,600
Occupancy	3,980,700	134,300	151,600	4,266,600
Depreciation and Amortization	2,226,900	425,000	20,900	2,672,800
Leases	549,000	45,800	962,100	1,556,900
Telephone	995,500	75,000	-	1,070,500
Utilities	360,600	649,000	82,100	1,091,700
Professional Fees	398,800	33,300	-	432,100
Insurance	619,100	68,800	70,900	758,800
Postage and Printing	145,100	10,800	-	155,900
Contract Labor	424,200	-	-	424,200
Interest and Banking Fees	755,800	63,100	-	818,900
Dues, Publications, and Subscriptions	280,600	20,300	-	300,900
Fundraising	-	-	13,300	13,300
Advertising	208,800	10,500	4,600	223,900
Office Supplies and Equipment	107,700	35,000	1,000	143,700
Other	204,700	548,700	10,300	763,700
Travel	8,600	700	-	9,300
Educational Expense	29,900	1,400	-	31,300
Taxes and Licenses	36,300	29,300	-	65,600
Total Expenses	<u>\$ 127,511,500</u>	<u>\$ 7,595,200</u>	<u>\$ 3,038,700</u>	<u>\$ 138,145,400</u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 10 FUNCTIONAL EXPENSES (CONTINUED)

September 30, 2022	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 54,636,300	\$ 4,646,000	\$ 1,174,800	\$ 60,457,100
Contracted Services	16,967,600	470,500	372,000	17,810,100
Payroll Taxes and Fringe Benefits	15,510,100	1,462,300	306,600	17,279,000
Patient Related Expenses	20,708,900	8,500	2,100	20,719,500
Pharmacy Expenses	10,039,400	-	-	10,039,400
Medical Supplies	5,098,800	-	-	5,098,800
Occupancy	3,896,800	123,200	145,100	4,165,100
Depreciation and Amortization	2,515,900	475,900	42,500	3,034,300
Leases	501,300	43,300	941,500	1,486,100
Telephone	1,033,800	82,500	-	1,116,300
Utilities	412,600	578,500	29,200	1,020,300
Professional Fees	626,000	54,100	-	680,100
Insurance	624,200	71,000	62,100	757,300
Postage and Printing	337,100	17,400	-	354,500
Contract Labor	407,100	-	-	407,100
Interest and Banking Fees	587,300	50,700	-	638,000
Dues, Publications, and Subscriptions	309,000	22,200	-	331,200
Fundraising	-	-	333,000	333,000
Advertising	366,400	25,000	500	391,900
Office Supplies and Equipment	122,300	47,400	100	169,800
Other	345,400	4,500	13,900	363,800
Travel	19,800	1,700	-	21,500
Educational Expense	93,000	5,300	-	98,300
Taxes and Licenses	31,600	35,100	-	66,700
Total Expenses	<u>\$ 135,190,700</u>	<u>\$ 8,225,100</u>	<u>\$ 3,423,400</u>	<u>\$ 146,839,200</u>

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include certain wages and benefits, rent, repairs and maintenance, utilities, property taxes, and depreciation, which are allocated on time spent and square footage basis.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Health Care Legislation and Regulation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUE)

Health Care Legislation and Regulation (Continued)

Management believes that the Organization is in substantial compliance with fraud and abuse as well as other applicable government laws and regulations. Compliance with such laws and regulations is subject to government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. This coverage has not changed significantly from the previous year. Settled claims from these risks have not exceeded commercial insurance coverage for the past five years.

Litigation

The Organization is subject to legal proceedings and claims that arise in the course of providing health care services. The Organization purchases professional liability insurance on a claims-made basis and excess liability insurance coverage from a commercial insurance company. In management's opinion, adequate provision has been made for amounts expected to be paid under the policy's deductible limits for unasserted claims not covered by the policy and any other uninsured liabilities.

NOTE 12 RETIREMENT PLANS

The Organization has three retirement plans available for its employees. Two of the plans only allow for employee contributions. The Organization does not contribute to either of these two plans.

The third plan is a defined contribution plan for eligible employees at least 21 years of age and with one year of service. The plan is funded solely by the Organization. The contribution amount is determined on an annual basis by the board of directors. The Organization's retirement expenses related to these plans were \$864,600 and \$1,370,000 for the years ended September 30, 2023 and 2022, respectively, and is included in the Employee Salaries, Payroll Taxes, and Benefits shown on the accompanying consolidated statement of operations and changes in net assets.

NOTE 13 RELATED PARTY TRANSACTIONS

Certain board members are employees or board members with businesses that have business dealings with the Organization. One board member is a principal of a trust institution that is used as a depository for cash equivalents and investments of the Organization totaling \$16,462,800 and \$36,549,800 at September 30, 2023 and 2022, respectively. Investment management fees paid to the trust totaled \$168,400 and \$198,900 for the years ended September 30, 2023 and 2022, respectively.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 13 RELATED PARTY TRANSACTIONS (CONTINUED)

A member of the board is the chief executive officer of an office machine sales company that provided office machines which are included in the lease obligations reflected in Note 9. Payments made directly to the office machine company totaled \$40,300 and \$50,200 for the years ended September 30, 2023 and 2022, respectively.

A member of the board is the principal of an office furniture sales company that provided furniture. Payments made directly to the office furniture company totaled \$86,500 and \$206,000 for the year ended September 30, 2023 and 2022, respectively.

A member of the board is a representative of a financial services mutual organization that provided services to the Organization. Payment made directly to the financial services organization totaled \$-0- and \$68,900 for the year ended September 30, 2023 and 2022, respectively.

The CEO of the Organization is a board member of a company that provides various technology-enabled products and services for medication risk management and organization performance optimization. Payments made directly to this company totaled \$8,083,900 and \$7,258,600 for the years ended September 30, 2023 and 2022, respectively. Amounts payable to the company totaled \$43,200 and \$873,800 for the years ended September 30, 2023 and 2022, respectively.

NOTE 14 COVID-19 FUNDING

During the year ended September 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Hospital, COVID-19 has impacted various parts of its operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, shortages of health care personnel, and loss of revenue due to reductions in certain revenue streams. Management believes the Hospital has taken and will continue to take appropriate actions to mitigate the negative impact. The full impact of the ongoing pandemic is unknown and cannot be reasonably estimated as of September 30, 2022.

Through September 30, 2023, the Organization has received the following governmental funds: Provider Relief Funds (PRF) from HHS of approximately \$7,400,000, and funds from SBA Paycheck Protection Program of \$10,000,000.

Provider Relief Funds

The Organization is using the PRF to cover lost revenues and increased expenses directly attributable to COVID-19. The Organization has recognized approximately \$-0- and \$2,932,500, included in Emergency Grant Revenue for the years ended September 30, 2023 and 2022, respectively.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

NOTE 14 COVID-19 FUNDING (CONTINUED)

Payroll Protection Program Note Payable

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law, in response to the economic effects of the COVID-19 virus. The CARES Act added a new Paycheck Protection Program (PPP) to the SBA's section 7(a) lending program. Through PPP an SBA approved financial institution, provide a loan bearing an interest rate of 1%, with a two-year term, with a six-month deferral of interest payments, and interest accruing during deferment. There are various eligibility and usage guidelines, which may result in full or partial loan forgiveness, at which time the loan amount forgiven will be recognized consistent with grant revenue. In April 2021, the Organization secured a PPP loan in the amount of \$10,000,000, which was formally forgiven as of September 30, 2021 and was included in in Emergency Grant Revenue for the year ended September 30, 2021.

NOTE 15 SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 20, 2024, the date the consolidated financial statements were issued.

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Hope Hospice and Community Services, Inc.	Visiting Nurses Association of Southwest Florida, Inc.	Eliminating Entries	Consolidated Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 11,072,500	\$ -	\$ -	\$ 11,072,500
Accounts Receivable	6,237,200	-	-	6,237,200
Investments	6,837,800	-	-	6,837,800
Inventory	468,900	-	-	468,900
Prepaid Expenses	1,145,600	-	-	1,145,600
Other Receivables	620,400	-	-	620,400
Total Current Assets	<u>26,382,400</u>	<u>-</u>	<u>-</u>	<u>26,382,400</u>
NONCURRENT ASSETS				
Other Assets	1,155,200	-	-	1,155,200
Financing Right-Of-Use Assets	61,800	-	-	61,800
Operating Right-Of-Use Assets	4,061,100	-	-	4,061,100
Real Estate Held for Sale	-	-	-	-
Total Noncurrent Assets	<u>5,278,100</u>	<u>-</u>	<u>-</u>	<u>5,278,100</u>
PROPERTY AND EQUIPMENT, Net of Accumulated Depreciation	<u>32,552,300</u>	<u>-</u>	<u>-</u>	<u>32,552,300</u>
 Total Assets	 <u>\$ 64,212,800</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 64,212,800</u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	Hope Hospice and Community Services, Inc.	Visiting Nurses Association of Southwest Florida, Inc.	Eliminating Entries	Consolidated Total
CURRENT LIABILITIES				
Notes Payable	\$ -	\$ -	\$ -	\$ -
Current Portion of Finance Lease Obligations	63,000	-	-	63,000
Current Portion of Operating Lease Obligations	1,070,500	-	-	1,070,500
Accounts Payable	4,341,800	-	-	4,341,800
Estimated Third-Party Payor Settlements	-	-	-	-
Accrued Expenses:				
Payroll	998,000	-	-	998,000
Compensated Absences	2,045,000	-	-	2,045,000
Patient Care	888,500	-	-	888,500
Retirement Plan Contribution	997,500	-	-	997,500
Insurance	231,700	-	-	231,700
Due to Third-Party Payors	295,300	-	-	295,300
Other	2,591,900	-	-	2,591,900
Total Current Liabilities	<u>13,523,200</u>	<u>-</u>	<u>-</u>	<u>13,523,200</u>
OPERATING LEASE OBLIGATIONS, Less Current Portion	3,032,000	-	-	3,032,000
LONG-TERM DEBT, Net of Current Maturities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	16,555,200	-	-	16,555,200
NET ASSETS				
Without Donor Restrictions	47,429,200	-	-	47,429,200
With Donor Restrictions	228,400	-	-	228,400
Total Net Assets	<u>47,657,600</u>	<u>-</u>	<u>-</u>	<u>47,657,600</u>
Total Liabilities and Net Assets	<u>\$ 64,212,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,212,800</u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Hope Hospice and Community Services, Inc.	Visiting Nurses Association of Southwest Florida, Inc.	Eliminating Entries	Consolidated Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues:				
Patient Service Revenue	\$ 124,161,900	\$ -	\$ -	\$ 124,161,900
Estimated Third-Party Payor Settlements	-	-	-	-
Contributions	5,935,500	-	-	5,935,500
Emergency Grant Revenue	-	-	-	-
Investment Earnings (Losses), Net	4,229,200	-	-	4,229,200
Net Assets Released from Restrictions	38,000	-	-	38,000
Total Revenues	<u>134,364,600</u>	<u>-</u>	<u>-</u>	<u>134,364,600</u>
Expenses:				
Employee Salaries, Payroll Taxes, and Benefits	70,234,800	-	-	70,234,800
Medical Supplies and Expenses	47,884,200	-	-	47,884,200
Office Supplies and Expenses	13,059,000	-	-	13,059,000
Lease Expense	1,556,900	-	-	1,556,900
Depreciation	2,672,800	-	-	2,672,800
Interest Expense, Net of Amounts Capitalized	738,500	-	-	738,500
Other	1,999,200	-	-	1,999,200
Total Expenses	<u>138,145,400</u>	<u>-</u>	<u>-</u>	<u>138,145,400</u>
Operating Loss	(3,780,800)	-	-	(3,780,800)
Other Income (Expense):				
Loss on Sale of Real Estate	(2,329,700)	-	-	(2,329,700)
Total Other Income (Expense)	<u>(2,329,700)</u>	<u>-</u>	<u>-</u>	<u>(2,329,700)</u>
DEFICIT OF REVENUES OVER EXPENSES	(6,110,500)	-	-	(6,110,500)
EQUITY TRANSFER	461,500	(461,500)	-	-
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(5,649,000)	(461,500)	-	(6,110,500)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Net Assets Released from Restrictions	(38,000)	-	-	(38,000)
DECREASE IN NET ASSETS	(5,687,000)	(461,500)	-	(6,148,500)
Net Assets - Beginning of Year	53,344,600	461,500	-	53,806,100
NET ASSETS - END OF YEAR	<u>\$ 47,657,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,657,600</u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY

SINGLE AUDIT REPORTS

YEAR ENDED SEPTEMBER 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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**HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
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YEAR ENDED SEPTEMBER 30, 2023**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Hope Hospice and Community Services, Inc. and Subsidiary
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hope Hospice and Community Services, Inc. and Subsidiary (the Organization), which comprise the consolidated statement of financial position as of September 30, 2023, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 20, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
February 20, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT, REPORT ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER
10.650, RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Directors
Hope Hospice and Community Services, Inc. and Subsidiary
Fort Myers, Florida

Report on Compliance for Each Major Federal Program and State Project

Opinion on Each Major Federal Program and State Project

We have audited Hope Hospice and Community Services, Inc. and Subsidiary's (collectively the Organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement*, and the requirements described in the Florida Department of Financial Services' *State Projects Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended September 30, 2023. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General of the State of Florida. Our responsibilities under those standards and the Uniform Guidance and Chapter 10.650, Rules of the Auditor General are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Hope Hospice and Community Services, Inc. and Subsidiary and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Hope Hospice and Community Services, Inc. and Subsidiary's federal programs and state projects.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Hope Hospice and Community Services, Inc. and Subsidiary's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program or state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by Uniform Guidance and Chapter 10.650, Rules of the Auditor General

We have audited the financial statements of the Organization as of and for the year ended September 30, 2023, and have issued our report thereon dated February 20, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by Uniform Guidance and Chapter 10.650, *Nonprofit and For-Profit Organizations*, Rules of the Auditor General and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Fort Myers, Florida
February 20, 2024

**HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2023**

Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Grant Number	Expenditures
Federal Awards			
AGING CLUSTER:			
Department of Health and Human Services			
<i>Passed Through the State of Florida Department of Elder Affairs</i>			
<i>Area Agency on Aging of Southwest Florida Older Americans Act:</i>			
Special Programs for the Aging (Title III-B) Supportive Services - Glades County	93.044	357, 358.22, 358.23	\$ 57,271
Special Programs for the Aging (Title III-B) Supportive Services - Hendry County	93.044	357, 358.22, 358.23	417,618
Covid-19-American Rescue Plan (Title III-B) Supportive Services - Glades County	93.044	ARPA 357,358.22	19,094
Covid-19-American Rescue Plan (Title III-B) Supportive Services - Hendry County	93.044	ARPA 357,358.22	77,671
Subtotal Assistance Listing Number 93.044			571,654
Special Programs for the Aging (Title III-C-1) Nutrition Services - Glades County	93.045	357, 358.22, 358.23	34,011
Special Programs for the Aging (Title III-C-1) Nutrition Services - Hendry County	93.045	357, 358.22, 358.23	65,556
Special Programs for the Aging (Title III-C-2) Nutrition Services - Glades County	93.045	357, 358.22, 358.23	121,488
Special Programs for the Aging (Title III-C-2) Nutrition Services - Hendry County	93.045	357, 358.22, 358.23	291,584
Covid-19-American Rescue Plan (Title III-C-2) Nutrition Services - Glades County	93.045	ARPA 357,358.22	854
Covid-19-American Rescue Plan (Title III-C-2) Nutrition Services - Hendry County	93.045	ARPA 357,358.22	10,518
Subtotal Assistance Listing Number 93.045			524,011
Nutrition Services Incentive - Glades County	93.053	357, 358.22, 358.23	6,839
Nutrition Services Incentive - Hendry County	93.053	357, 358.22, 358.23	16,099
Subtotal Assistance Listing Number 93.053			22,938
Total Aging Cluster			1,118,603

**HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
SEPTEMBER 30, 2023**

Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Contract Grant Number	Expenditures
Department of Health and Human Services			
<i>Passed Through the State of Florida Department of Elder Affairs</i>			
<i>Area Agency on Aging of Southwest Florida Older Americans Act:</i>			
National Family Caregiver Support (Title III-E) Caregiver Support - Glades County	93.052	357, 358.22, 358.23	\$ 11,282
National Family Caregiver Support (Title III-E) Caregiver Support - Hendry County	93.052	357, 358.22, 358.23	131,345
Covid-19-American Rescue Plan (Title III-E) Caregiver Support - Hendry County	93.052	ARPA 357,358.22	53,549
Subtotal Assistance Listing Number 93.052			<u>196,176</u>
<i>Direct Award:</i>			
Covid-19 Provider Relief Funds	93.498		2,932,524
<i>Passed Through the State of Florida Department of Elder Affairs</i>			
<i>Area Agency on Aging of Southwest Florida Older Americans Act:</i>			
Emergency Home Energy Assistance for the Elderly - Glades County	93.568	357, 358.22, 358.23	6,545
Emergency Home Energy Assistance for the Elderly - Hendry County	93.568	357, 358.22, 358.23	22,162
Covid-19-Emergency Home Energy Assistance for the Elderly American Rescue Plan - Glades County	93.568	ARPA 357,358.22	3,167
Covid-19-Emergency Home Energy Assistance for the Elderly American Rescue Plan - Hendry County	93.568	ARPA 357,358.22	17,892
Subtotal Assistance Listing Number 93.568			<u>49,766</u>
Total Department of Health and Human Services			<u>4,297,069</u>
Department of Treasury			
<i>Passed Through Lee County, Florida</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLT-2390	163,862
Total Department of Treasury			<u>163,862</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 4,460,931</u></u>

**HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE (CONTINUED)
SEPTEMBER 30, 2023**

Grantor/Pass-through Agency Program Title	Assistance Listing Number	Contract Grant No.	Expenditures
<u>State Financial Assistance</u>			
Department of Elder Affairs			
<i>Passed Through the Area Agency on Aging of Southwest Florida</i>			
Home Care for the Elderly - Glades County	65.001	357, 358.22, 358.23	\$ 4,265
Home Care for the Elderly - Hendry County	65.001	357, 358.22, 358.23	13,935
Covid-19-American Rescue Plan Enhanced FMAP - Glades County	65.001	ENHCE 357,358.23	14,814
Covid-19-American Rescue Plan Enhanced FMAP - Hendry County	65.001	ENHCE 357,358.23	38,990
Subtotal Assistance Listing Number 65.001			<u>72,004</u>
Alzheimer's Respite Services / Special Projects - Glades County	65.004	357, 358.22, 358.23	20,533
Alzheimer's Respite Services / Special Projects - Hendry County	65.004	357, 358.22, 358.23	216,736
Subtotal Assistance Listing Number 65.004			<u>237,269</u>
Local Service Programs - Glades County	65.009	LSP 357,358.23	13,827
Local Service Programs - Hendry County	65.009	LSP 357,358.23	35,569
Subtotal Assistance Listing Number 65.009			<u>49,396</u>
Community Care for the Elderly - Glades County	65.010	357, 358.22, 358.23	97,290
Community Care for the Elderly - Hendry County	65.010	357, 358.22, 358.23	463,138
Subtotal Assistance Listing Number 65.010			<u>560,428</u>
Total Department of Elder Affairs			<u>919,097</u>
Total Expenditures of State Financial Assistance			<u>\$ 919,097</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u><u>\$ 5,380,028</u></u>

HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
SEPTEMBER 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance activity of the Organization under programs of the federal government and state of Florida for the year ended September 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and Chapter 10.650, Rules of the Auditor General of the State of Florida. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. During the year ended September 30, 2023, there were no funds passed through to sub recipients.

NOTE 3 RECONCILIATION OF SEFA AND CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements reflect revenue recognized from the COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution, and other grant funds, of approximately \$2,448,000 for the year ended September 30, 2023.

The SEFA includes Provider Relief Fund and American Rescue Plan Rural Distribution of \$2,932,524 that were received in Period 4 in accordance with the requirements of the compliance supplement for assistance listing number 93.498.

**HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued; Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Programs

Assistance Listing Number	Name of Federal Program or Cluster
93.498	Covid-19 Provider Relief Funds
Dollar threshold used to distinguish between Type A or Type B programs was:	
Major Federal Program	\$ <u>750,000</u>
Auditee qualified as low-risk auditee	_____ <u> X </u> yes _____ no

**HOPE HOSPICE AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2023**

Section I – Summary of Auditors’ Results (Continued)

State Financial Assistance

1. Internal control over major state projects:

- Material weaknesses identified? _____ yes x no
- Significant deficiency identified? _____ yes x no

2. Type of auditors’ report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, Rules of the Auditor General? _____ yes x no

Identification of Major State Projects

Assistance Listing Number

65.010

Name of State Project

Community Care for the Elderly

Dollar threshold used to distinguish between Type A and Type B state projects:

\$ 300,000

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs and State Projects

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a) and Chapter 10.650, Rules of the Auditor General of the State of Florida.