

Minnesota Network of Hospice and Palliative Care

Arden Hills, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
December 31, 2020 and 2019



CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report

Board of Directors
Minnesota Network of Hospice and Palliative Care
Arden Hills, Minnesota

We have audited the accompanying financial statements of Minnesota Network of Hospice and Palliative Care, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Network of Hospice and Palliative Care as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter, Evert & Associates, LLP.
Certified Public Accountants

Minneapolis, Minnesota
June 3, 2021

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Support and Revenue:		
Membership Income	\$ 205,480	\$ 190,752
Grants and Contributions:		
Individual Contributions	76,624	58,981
Grants	56,300	21,258
Direct Mail Contributions	19,535	25,881
Total Grants and Contributions	<u>152,459</u>	<u>106,120</u>
Conference Income	18,887	382,828
Special Events:		
Special Event Income	13,367	24,165
Costs of Direct Benefits to Donors	-	(5,468)
Net Special Events	<u>13,367</u>	<u>18,697</u>
Investment Income	7,813	10,182
Guidebook Sales	577	1,844
Miscellaneous	3,385	664
Total Support and Revenue	<u>401,968</u>	<u>711,087</u>
Expense:		
Program Services		
Education and Advocacy	256,252	507,013
General Program Services	14,758	20,796
Total Program Expenses	<u>271,010</u>	<u>527,809</u>
Support Services:		
Management and General	95,453	105,377
Fundraising	14,751	27,218
Total Support Services	<u>110,204</u>	<u>132,595</u>
Total Expense	<u>381,214</u>	<u>660,404</u>
Change in Net Assets	20,754	50,683
Net Assets - Beginning of Year - Without Donor Restrictions	<u>233,846</u>	<u>183,163</u>
Net Assets - End of Year - Without Donor Restrictions	<u>\$ 254,600</u>	<u>\$ 233,846</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

EXHIBIT B

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE TOTALS FOR 2019

	2020					2019	
	Program Services		Support Services			Total All Services	Total All Services
	Education and Advocacy	General Program Services	Program Services	Management & General	Fund-raising	Support Services	Total All Services
Salaries	\$ 130,671	\$ 9,881	\$ 140,552	\$ 13,119	\$ 7,418	\$ 20,537	\$ 161,089
Payroll Taxes	10,392	787	11,179	1,073	591	1,664	12,843
Employee Benefits	7,082	1,483	8,565	800	452	1,252	9,817
Total Personnel Costs	148,145	12,151	160,296	14,992	8,461	23,453	183,749
Contract Services	83,811	1,767	85,578	918	136	1,054	86,632
Office Space	-	119	119	18,294	-	18,294	18,413
Fees and Licenses	3,296	-	3,296	14,253	-	14,253	17,549
Professional Fees	3,484	-	3,484	13,128	-	13,128	16,612
Dues and Subscriptions	4,653	-	4,653	7,106	229	7,335	11,988
Repairs and Maintenance	-	-	-	11,791	-	11,791	11,791
Miscellaneous	1,937	655	2,592	5,165	-	5,165	7,757
Printing	4,349	-	4,349	233	2,305	2,538	6,887
Insurance	-	-	-	6,098	-	6,098	6,098
Space Rentals/Catering	4,612	2	4,614	-	136	136	4,750
Direct Mail	-	-	-	-	3,456	3,456	3,456
Telephone	-	-	-	1,783	-	1,783	1,783
Postage	532	-	532	947	-	947	1,479
Travel Expense	704	40	744	79	9	88	832
Supplies	643	24	667	143	19	162	829
Professional Development	86	-	86	523	-	523	609
Honorariums	-	-	-	-	-	-	-
Board Expense	-	-	-	-	-	-	-
Educational Materials	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
Total Expense	\$ 256,252	\$ 14,758	\$ 271,010	\$ 95,453	\$ 14,751	\$ 110,204	\$ 381,214
							\$ 660,404

The accompanying Notes to Financial Statements are an integral part of this statement.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services			Support Services			Total All Services
	Education and Advocacy	General Program Services	Total Program Services	Management & General	Fund-raising	Total Support Services	
Salaries	\$ 174,690	\$ 13,209	\$ 187,899	\$ 17,539	\$ 9,916	\$ 27,455	\$ 215,354
Payroll Taxes	13,546	1,026	14,572	1,399	770	2,169	16,741
Employee Benefits	8,849	1,853	10,702	1,000	565	1,565	12,267
Total Personnel Costs	197,085	16,088	213,173	19,938	11,251	31,189	244,362
Contract Services	113,559	2,394	115,953	1,243	184	1,427	117,380
Office Space	-	116	116	17,791	-	17,791	17,907
Fees and Licenses	1,949	-	1,949	8,428	-	8,428	10,377
Professional Fees	4,100	-	4,100	15,451	-	15,451	19,551
Dues and Subscriptions	5,081	-	5,081	7,759	250	8,009	13,090
Repairs and Maintenance	-	-	-	11,705	-	11,705	11,705
Miscellaneous	3,175	1,074	4,249	8,465	-	8,465	12,714
Printing	6,960	-	6,960	373	3,689	4,062	11,022
Insurance	-	-	-	5,344	-	5,344	5,344
Space Rentals/Catering	130,540	58	130,598	-	3,849	3,849	134,447
Direct Mail	-	-	-	-	7,495	7,495	7,495
Telephone	-	-	-	2,177	-	2,177	2,177
Postage	325	-	325	578	-	578	903
Travel Expense	14,511	821	15,332	1,633	195	1,828	17,160
Supplies	6,311	237	6,548	1,409	190	1,599	8,147
Professional Development	126	-	126	762	-	762	888
Honorariums	22,118	-	22,118	767	115	882	23,000
Board Expense	1,126	-	1,126	971	-	971	2,097
Educational Materials	47	8	55	-	-	-	55
Depreciation	-	-	-	583	-	583	583
Total Expense	\$ 507,013	\$ 20,796	\$ 527,809	\$ 105,377	\$ 27,218	\$ 132,595	\$ 660,404

The accompanying Notes to Financial Statements are an integral part of this statement.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 197,627	\$ 110,933
Investments	112,310	108,751
Grants and Contributions Receivable	26,915	-
Accounts Receivable	2,652	-
Prepaid Expense	4,438	75,600
Total Current Assets	<u>343,942</u>	<u>295,284</u>
Property and Equipment - Net	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 343,942</u>	<u>\$ 295,284</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 5,092	\$ 4,692
Payroll Taxes Accrued and Withheld	1,143	427
Accrued Salaries and Vacation	20,338	23,006
Deferred Revenue	62,769	33,313
Total Liabilities	<u>89,342</u>	<u>61,438</u>
Net Assets:		
Without Donor Restrictions		
Designated	1,000	1,000
Undesignated	253,600	232,846
Total Net Assets Without Donor Restrictions	<u>254,600</u>	<u>233,846</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 343,942</u>	<u>\$ 295,284</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

<u>Increase (Decrease) in Cash</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 20,754	\$ 50,683
Total Adjustments	<u>68,443</u>	<u>(11,246)</u>
Net Cash Provided by Operating Activities	89,197	39,437
Cash Flows from Investing Activities:		
Purchase of Investments	<u>(2,503)</u>	<u>(2,081)</u>
Net Cash (Used) by Investing Activities	(2,503)	(2,081)
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net Increase in Cash	86,694	37,356
Cash - Beginning of Year	<u>110,933</u>	<u>73,577</u>
Cash - End of Year	<u>\$ 197,627</u>	<u>\$ 110,933</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies

Organizational Purpose

Minnesota Network of Hospice and Palliative Care (MNHPC) strives to ensure that everyone has the help they need to live and die according to their wishes. MNHPC provides education and advocacy around serious illness and end-of-life care.

MNHPC works with health care professionals to provide the tools, resources, and support they need to deliver high quality serious illness and end-of-life care, and MNHPC works with patients, families, and caregivers to offer information about medical and social services and supports that are available to help families through some of the most difficult times in their lives.

MNHPC delivers education through written and digital resources, a website, Helpline, media articles, workshops, webinars, and conferences. MNHPC also provides technical assistants about rules, regulations, and best practices to palliative care and hospice providers.

During the past year, MNHPC has had the following results:

Helpline and Website – More than 115,000 website visits.

Education – Provided educational opportunities for over 1,700 participants, including health care professionals and members of the public. Nearly 12,000 Choosing Hospice Consumer Guides, a care guidebook created by MNHPC were distributed to hospice providers and consumers.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to MNHPC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and purpose. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Revenue and Revenue Recognition

MNHPC recognizes membership dues equally over the period of the membership.

Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

Deferred revenue consists of prepaid conference registrations and membership dues that pertain to the next fiscal year. The following provides information about significant changes in deferred revenue for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Deferred Revenue – Beginning of Year	\$ 33,313	\$ 33,359
Decreases due to revenue recognized	(33,313)	(33,359)
Increases due to cash received	<u>62,769</u>	<u>33,313</u>
Deferred Revenue – End of Year	<u>\$ 62,769</u>	<u>\$ 33,313</u>

Promises-To-Give (Grants Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Functional Allocation of Expense

Expenses are recorded in the functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based upon the best estimates of management.

Accounts Receivable and Doubtful Accounts

MNHPC extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and MNHPC does not charge interest on accounts receivable balances. MNHPC reviews accounts receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as accounts receivable are considered collectable.

Investments

MNHPC carries its investments at market value.

Property and Equipment

All expenditures for property above \$3,000 are capitalized at cost if purchased, or an estimated market value if donated. Depreciation is provided through the use of the straight-line method.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

Income Tax

MNHPC has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. MNHPC's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. MNHPC continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, MNHPC annually files a Return of Organization Exempt From Income Tax (Form 990).

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 that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

MNHPC has evaluated the effect that subsequent events would have on the financial statements through June 3, 2021 which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

MNHPC provides services within Minnesota. The amounts due for services provided are from individuals, or their third-party payors, substantially all of which are local residents. Grants receivable are from local institutions.

3. Contingencies

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary closing of Organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. Reasonable estimates cannot be made at this time regarding the impact on future operating results.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. Investments

Investments were comprised of the following at:

	December 31,			
	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 89,481	\$ 89,539	\$ 87,037	\$ 86,039
Money Market Funds	<u>22,771</u>	<u>22,771</u>	<u>22,712</u>	<u>22,712</u>
Total	<u>\$ 112,252</u>	<u>\$ 112,310</u>	<u>\$ 109,749</u>	<u>\$ 108,751</u>

MNHPC had investment income of \$7,813 and \$10,182 for the years ending December 31, 2020 and 2019, respectively.

5. Fair Value

MNHPC adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (“ASC 820”). In accordance with ASC 820, “fair value” is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

December 31, 2020:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 89,539	\$ -	\$ -	\$ 89,539
Money Market Funds	<u>22,771</u>	<u>-</u>	<u>-</u>	<u>22,771</u>
Total	<u>\$ 112,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,310</u>

December 31, 2019:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 86,039	\$ -	\$ -	\$ 86,039
Money Market Funds	<u>22,712</u>	<u>-</u>	<u>-</u>	<u>22,712</u>
Total	<u>\$ 108,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,751</u>

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

6. Property and Equipment

MNHPC owned the following as of:

	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2020</u>	<u>2019</u>	
Furniture	\$ 3,795	\$ 3,795	2 years
Office Equipment	24,965	24,965	2 years
Software	<u>20,730</u>	<u>20,730</u>	5 years
	49,490	49,490	
Less Accumulated Depreciation	<u>49,490</u>	<u>49,490</u>	
	<u>\$ -</u>	<u>\$ -</u>	

Depreciation expense of \$0 and \$583 was recorded for the years ended December 31, 2020 and 2019.

7. Designated Net Assets

Net asset without donor restriction designations consisted of the following as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Donor Software	<u>\$ 1,000</u>	<u>\$ 1,000</u>

8. Operating Leases

Rental commitments under noncancelable leases for office space and equipment in effect at December 31, 2020, total \$33,016. The future annual rental commitments are as follows:

<u>Due in the Year Ending December 31,</u>	
2021	\$ 23,064
2022	5,764
2023	<u>4,188</u>
Total	<u>\$ 33,016</u>

Rental expense for office space was \$18,413 and \$17,907 for the years ended December 31, 2020 and 2019.

9. Retirement Plan

Employees of MNHPC may participate in an Internal Revenue Code 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

10. Liquidity and Availability

The following represents MNHPC's financial assets at:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$ 197,627	\$ 110,933
Investments	112,310	108,751
Grants and Contributions Receivable	26,915	-
Accounts Receivable	<u>2,652</u>	<u>-</u>
Total Financial Assets	339,504	219,684
Less assets not available to be used for general expenditures within one year:		
Board Designated Net Assets	<u>1,000</u>	<u>1,000</u>
Financial assets available for general expenditures within one year	<u>\$ 338,504</u>	<u>\$ 218,684</u>

As part of MNHPC's liquidity plan, MNHPC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

11. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Used by Operating Activities were as follows as of:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Depreciation	\$ -	\$ 583
Unrealized Loss (Gain) on Investments	(1,056)	(6,263)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	400	(1,251)
Payroll Taxes Accrued and Withheld	716	76
Deferred Revenue	29,456	(46)
Accrued Salaries and Vacation	(2,668)	694
Decreases (Increases) in Current Assets:		
Grants and Contributions Receivable	(26,915)	32,961
Accounts Receivable	(2,652)	2,310
Prepaid Expense	<u>71,162</u>	<u>(40,310)</u>
Total Adjustments	<u>\$ 68,443</u>	<u>\$ (11,246)</u>