

APPENDIX C-1

Home Health & Hospice Care Audited Financial Statements FY 20



Home Health & Hospice Care

FINANCIAL STATEMENTS

June 30, 2020 and 2019

With Independent Auditor's Report





INDEPENDENT AUDITOR'S REPORT

Board of Directors
Home Health and Hospice Care

We have audited the accompanying financial statements of Home Health and Hospice Care, which comprise the balance sheets as of June 30, 2020 and 2019, and the related statements of operations, changes in net assets, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards (GAAP). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Home Health and Hospice Care as of June 30, 2020 and 2019, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matter

Effect of Adopting New Accounting Standards

As discussed in Note 1, Home Health and Hospice Care adopted new accounting guidance, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) and related guidance and, FASB ASU No. 2018-08, *Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to these matters.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
February 15, 2021

HOME HEALTH AND HOSPICE CARE

Balance Sheets

June 30, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$10,266,696	\$ 5,750,055
Short-term investments	103,460	101,233
Patient accounts receivable, net	2,678,685	2,408,075
Other receivable	44,272	46,733
Prepaid expenses	<u>325,357</u>	<u>423,017</u>
Total current assets	13,418,470	8,729,113
Assets limited as to use	6,764,843	6,382,724
Property and equipment, net	<u>2,888,129</u>	<u>2,924,606</u>
Total assets	<u>\$23,071,442</u>	<u>\$18,036,443</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 389,145	\$ 475,801
Accrued payroll and related items	2,114,511	1,733,192
Deferred revenue	<u>4,603,657</u>	<u>-</u>
Total current liabilities	7,107,313	2,208,993
Deferred compensation	94,948	74,939
Long-term debt, net of current portion	<u>64,341</u>	<u>-</u>
Total liabilities	<u>7,266,602</u>	<u>2,283,932</u>
Net assets		
Without donor restrictions	11,973,449	12,077,960
With donor restrictions	<u>3,831,391</u>	<u>3,674,551</u>
Total net assets	<u>15,804,840</u>	<u>15,752,511</u>
Total liabilities and net assets	<u>\$23,071,442</u>	<u>\$18,036,443</u>

The accompanying notes are an integral part of these financial statements.

HOME HEALTH AND HOSPICE CARE

Statements of Operations

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating revenue		
Net patient service revenue	\$20,645,484	\$21,296,412
Municipal appropriations	98,774	109,441
Net assets released from restrictions	374,781	382,994
Other operating revenue	<u>420,309</u>	<u>308,750</u>
Total operating revenue	<u>21,539,348</u>	<u>22,097,597</u>
Operating expenses		
Salaries and benefits	19,036,133	18,999,175
Other operating expenses	3,128,168	3,238,724
Depreciation	<u>303,401</u>	<u>337,257</u>
Total operating expenses	<u>22,467,702</u>	<u>22,575,156</u>
Operating loss	<u>(928,354)</u>	<u>(477,559)</u>
Other revenue and gains (losses)		
Contributions	745,559	824,813
Investment income	98,162	80,130
Change in fair value of investments	(19,878)	76,229
Loss on disposal of asset	<u>-</u>	<u>(1,377)</u>
Total other revenue and gains (losses)	<u>823,843</u>	<u>979,795</u>
(Deficit) excess of revenue and gains over expenses and losses and (decrease) increase in net assets without donor restrictions	<u>\$ (104,511)</u>	<u>\$ 502,236</u>

The accompanying notes are an integral part of these financial statements.

HOME HEALTH AND HOSPICE CARE

Statements of Changes in Net Assets

Years Ended June 30, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Balances, June 30, 2018	\$ <u>11,575,724</u>	\$ <u>3,566,783</u>	\$ <u>15,142,507</u>
Excess of revenue and gains over expenses	502,236	-	502,236
Net assets released from restrictions	-	(382,994)	(382,994)
Contributions	-	244,468	244,468
Investment income, net	-	67,967	67,967
Change in fair value of investments	<u>-</u>	<u>178,327</u>	<u>178,327</u>
Increase in net assets	<u>502,236</u>	<u>107,768</u>	<u>610,004</u>
Balances, June 30, 2019	<u>12,077,960</u>	<u>3,674,551</u>	<u>15,752,511</u>
Deficit of revenue and gains over expenses and losses	(104,511)	-	(104,511)
Net assets released from restrictions	-	(374,781)	(374,781)
Contributions	-	336,609	336,609
Investment income, net	-	71,465	71,465
Change in fair value of investments	<u>-</u>	<u>123,547</u>	<u>123,547</u>
(Decrease) increase in net assets	<u>(104,511)</u>	<u>156,840</u>	<u>52,329</u>
Balances, June 30, 2020	<u>\$ 11,973,449</u>	<u>\$ 3,831,391</u>	<u>\$ 15,804,840</u>

The accompanying notes are an integral part of these financial statements.

HOME HEALTH AND HOSPICE CARE

Statements of Cash Flows

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 52,329	\$ 610,004
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	303,401	337,257
Loss on disposal of asset	-	1,377
Change in fair value of investments	(103,669)	(254,556)
Contributions and investment income restricted for long-term purposes	(28,000)	(91,380)
(Increase) decrease in the following assets		
Patient accounts receivable	(270,610)	145,142
Other receivable	2,461	(339)
Prepaid expenses	97,660	(172,732)
Increase (decrease) in the following liabilities		
Accounts payable and accrued expenses	(86,656)	53,532
Accrued payroll and related expenses	381,319	136,016
Deferred revenue	4,603,657	(55,250)
Deferred compensation	20,009	74,939
Net cash provided by operating activities	<u>4,971,901</u>	<u>784,010</u>
Cash flows from investing activities		
Proceeds from sale of investments	171,171	711,969
Investment purchases	(451,848)	(887,156)
Capital expenditures	(266,924)	(16,426)
Net cash used in investing activities	<u>(547,601)</u>	<u>(191,613)</u>
Cash flows from financing activities		
Proceeds from issuance of long-term debt	64,341	-
Contributions and investment income received restricted for long-term purposes	28,000	91,380
Net cash provided by financing activities	<u>92,341</u>	<u>91,380</u>
Net increase in cash and cash equivalents	4,516,641	683,777
Cash and cash equivalents, beginning of year	<u>5,750,055</u>	<u>5,066,278</u>
Cash and cash equivalents, end of year	<u>\$10,266,696</u>	<u>\$ 5,750,055</u>

The accompanying notes are an integral part of these financial statements.