UNITED HOSPICE, INC.

Financial Statements
December 31, 2022, and 2021

UNITED HOSPICE, INC.

Financial Statements
December 31, 2022, and 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of United Hospice, Inc.

Opinion

We have audited the accompanying financial statements of United Hospice, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and 2021 the related statement of activities, functional expenses, and cash flow for the year then ended, and the related notes to the financial statements. The financial statements of United Hospice, Inc. as of December 31, 2021, and for the year the ended were audited by other auditors. Those auditors expressed and unqualified opinion on those financial statements in their report dated May 10, 2022.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Hospice, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Hospice, Inc. 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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 United Hospice, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Donalee Berard, CPA, President
donalee@berardcpas.com

www.berardcpas.com
44 Park Ave., Suffern, NY 10901
T. 845-357-5668 F. 845-357-5637

Joann Arendes, CPA, Director
joann@berardcpas.com

Auditor's 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 auditor's report that includes our opinion. 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 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, including omissions, 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 generally accepted 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 United Hospice, Inc. '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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Hospice, Inc.'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.

Berard & Associates CPA's P.C.

Berard & Associates, CPA's P.C.
Suffern, New York 10901
May 1, 2023

UNITED HOSPICE, INC.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 662,681	$ 1,062,856
Investments	11,237,987	14,106,008
Accounts receivable, net	980,935	891,896
Contributions receivable	1,737	13,096
Contributions receivable-charitable lead trust annuity	25,833	19,816
Grants receivable	24,828	22,571
Prepaid expenses	154,845	89,326
Total current assets	13,088,846	16,205,569
Property and equipment, net	6,557,086	6,777,064
Other assets:		
Personal property	36,047	36,047
Total assets	$ 19,681,979	$ 23,018,680
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 218,801	$ 244,159
Accrued expenses	558,600	652,652
Contract liability	5,085	6,826
Reserve for vacation pay	424,069	410,670
Total liabilities	1,206,555	1,314,307
Net assets		
Without donor restrictions		
Undesignated	5,199,503	12,544,675
Board designated:		
Operating reserve	5,543,881	-
Payroll reserve	751,469	-
Investment in existing property, plant, and equipment	6,557,086	-
Hospice development fund	-	2,951,153
New purchases of equipment and renovations	280,000	2,102,331
Hospice residence maintenance and improvement	-	1,500,000
Hospice residence charitable endowment fund	-	1,300,000
Administrative office maintenance and improvement	-	1,147,273
Total without donor restrictions	18,331,939	21,545,432
With donor restrictions	143,485	158,941
Total net assets	18,475,424	21,704,373
Total liabilities and net assets	$ 19,681,979	$ 23,018,680

See notes to financial statements

UNITED HOSPICE, INC.
Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND SUPPORT						
Revenue:						
Net patient service revenue	$ 9,231,294	$ -	$ 9,231,294	$ 9,871,120	$ -	$ 9,871,120
Rental and other income	32,051	-	32,051	500	-	500
Total revenue	9,263,345	-	9,263,345	9,871,620	-	9,871,620
Support:						
Grants	99,311	-	99,311	90,285	-	90,285
Contribution	271,187	13,377	284,564	272,363	14,163	286,526
Fund raising revenue	204,623	-	204,623	314,119	-	314,119
Fund raising expense	(111,963)	-	(111,963)	(122,202)	-	(122,202)
In-kind revenue	3,475	-	3,475	31,248	-	31,248
NYS HWB funding	44,675	-	44,675	-	-	-
CARES Act provider relief funding	-	-	-	312,466	-	312,466
Total support	511,308	13,377	524,685	898,279	14,163	912,442
Net assets released from restriction	28,833	(28,833)	-	307,863	(307,863)	-
Total revenues and other support	9,803,486	(15,456)	9,788,030	11,077,762	(293,700)	10,784,062
EXPENSES						
Program services	8,992,665	-	8,992,665	8,804,726	-	8,804,726
Management & general	2,127,455	-	2,127,455	2,121,278	-	2,121,278
Fund raising	76,255	-	76,255	161,758	-	161,758
Total expenses	11,196,375	-	11,196,375	11,087,762	-	11,087,762
Net operating activity	(1,392,889)	(15,456)	(1,408,345)	(10,000)	(293,700)	(303,700)
NONOPERATING ACTIVITY						
Net investment income	(1,820,604)	-	(1,820,604)	1,421,838	28	1,421,866
Total nonoperating activity	(1,820,604)	-	(1,820,604)	1,421,838	28	1,421,866
Changes in net assets	(3,213,493)	(15,456)	(3,228,949)	1,411,838	(293,672)	1,118,166
Net assets, beginning	21,545,432	158,941	21,704,373	20,133,594	452,613	20,586,207
Net assets, ending	$ 18,331,939	$ 143,485	$ 18,475,424	$ 21,545,432	$ 158,941	$ 21,704,373

See notes to financial statements

UNITED HOSPICE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services			Supporting Services			
	Community Hospice	Hospice Residence	Total	Management and General	Fund Raising	Direct Cost of Donor Benefit	Total
Salaries	$ 3,787,389	$ 1,517,572	$ 5,304,961	$ 1,320,362	$ 52,219	$ -	$ 6,677,542
Payroll taxes	314,744	114,808	429,552	95,078	5,698	-	530,328
Employee benefits	570,590	139,136	709,726	151,877	1,609	-	863,212
Total salaries and related expenses	4,672,723	1,771,516	6,444,239	1,567,317	59,526	-	8,071,082
Nursing home room and board	295,393	-	295,393	-	-	-	295,393
Prescriptions	157,005	40,616	197,621	-	-	-	197,621
Medical supplies and equipment	369,294	73,065	442,359	-	-	-	442,359
Hospital in patient services	740	-	740	-	-	-	740
Transportation costs	115,682	-	115,682	9,342	280	-	125,304
Ambulance	30,483	36,683	67,166	-	-	-	67,166
Outpatient services	87	-	87	-	-	-	87
Patient and bereavement support	6,705	-	6,705	-	-	-	6,705
Patient services	-	62,164	62,164	-	-	-	62,164
Housekeeping	-	81,701	81,701	-	-	-	81,701
Therapy	1,440	-	1,440	-	-	-	1,440
Public relations and advertising	-	-	-	121,994	-	-	121,994
Website	-	-	-	8,405	-	-	8,405
Professional fees	-	-	-	119,437	-	-	119,437
Donations	-	-	-	2,330	-	-	2,330
Merchant fees and other	-	-	-	29,838	-	-	29,838
Information technology services	236,651	15,388	252,039	78,884	-	-	330,923
Occupancy	53,022	82,294	135,316	18,946	-	-	154,262
Building and ground maintenance	24,678	80,968	105,646	37,766	-	-	143,412
General insurance	44,690	15,559	60,249	7,887	-	-	68,136
Meals and entertainment	-	-	-	-	-	111,963	111,963
Telephone and answering services	121,106	16,220	137,326	873	873	-	139,072
Office supplies, postage and copier lease	49,649	15,430	65,079	13,253	6,640	-	84,972
Supplies and services in-kind	3,475	-	3,475	-	-	-	3,475
Staff support and training	66,137	2,317	68,454	33,568	-	-	102,022
Dues, fees and subscriptions	44,674	1,425	46,099	6,195	5,584	-	57,878
Administrative fees	40,934	1,811	42,745	8,099	3,352	-	54,196
Brochures, pamphlets, and printing	12,453	-	12,453	5,337	-	-	17,790
Classified advertising and recruitment	92,261	-	92,261	30,754	-	-	123,015
Bad debt	52,812	10,665	63,477	-	-	-	63,477
Total expenses before depreciation	6,492,094	2,307,822	8,799,916	2,100,225	76,255	111,963	11,088,359
Depreciation and amortization	40,845	151,904	192,749	27,230	-	-	219,979
Less expenses included with revenues on statement of activities	-	-	-	-	-	(111,963)	(111,963)
Total expenses	$ 6,532,939	$ 2,459,726	$ 8,992,665	$ 2,127,455	$ 76,255	$ -	$ 11,196,375

See notes to financial statements

UNITED HOSPICE, INC.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			Supporting Services			
	Community Hospice	Hospice Residence	Total	Management and General	Fund Raising	Direct Cost of Donor Benefit	Total
Salaries	$ 4,034,244	$ 1,381,520	$ 5,415,764	$ 1,255,499	$ 108,509	$ -	$ 6,779,772
Payroll taxes	249,953	104,046	353,999	100,314	8,670	-	462,983
Employee benefits	536,871	184,543	721,414	162,750	20,827	-	904,991
Total salaries and related expenses	4,821,068	1,670,109	6,491,177	1,518,563	138,006	-	8,147,746
Nursing home room and board	177,695	-	177,695	-	-	-	177,695
Home health aides contract	4,450	-	4,450	-	-	-	4,450
Prescriptions	164,322	36,154	200,476	-	-	-	200,476
Medical supplies and equipment	413,011	39,018	452,029	-	-	-	452,029
Hospital in patient services	11,093	-	11,093	-	-	-	11,093
Transportation costs	111,553	194	111,747	6,784	388	-	118,919
Ambulance	43,418	37,752	81,170	-	-	-	81,170
Outpatient services	1,837	-	1,837	-	-	-	1,837
Patient and bereavement support	4,950	-	4,950	-	-	-	4,950
Physician fees	150	-	150	-	-	-	150
Patient services	-	49,396	49,396	-	-	-	49,396
Housekeeping	-	68,482	68,482	-	-	-	68,482
Therapy	1,440	-	1,440	-	-	-	1,440
Public relations and advertising	-	-	-	212,066	-	-	212,066
Website	-	-	-	15,153	-	-	15,153
Professional fees	-	-	-	92,922	-	-	92,922
Donations	-	-	-	7,222	-	-	7,222
Merchant fees and other	-	-	-	14,175	6,833	-	21,008
Information technology services	237,323	10,121	247,444	79,108	-	-	326,552
Occupancy	48,143	63,693	111,836	17,585	-	-	129,421
Building and ground maintenance	34,190	91,082	125,272	52,816	-	-	178,088
General insurance	57,171	13,489	70,660	10,089	-	-	80,749
Meals and entertainment	-	-	-	-	-	122,202	122,202
Telephone and answering services	118,164	17,109	135,273	1,481	1,481	-	138,235
Office supplies, postage and copier lease	28,630	7,092	35,722	10,011	7,485	-	53,218
In-kind services and supplies	31,248	-	31,248	-	-	-	31,248
Staff support and training	43,275	635	43,910	23,047	216	-	67,173
Dues, fees and subscriptions	47,622	100	47,722	6,330	5,036	-	59,088
Payroll and administrative fees	27,397	3,190	30,587	7,714	1,063	-	39,364
Brochures, pamphlets, and printing	8,566	185	8,751	3,751	-	-	12,502
Classified advertising and recruitment	41,504	-	41,504	13,835	-	-	55,339
Bad debt	8,170	13,825	21,995	-	1,250	-	23,245
Total expenses before depreciation	6,486,390	2,121,626	8,608,016	2,092,652	161,758	122,202	10,984,628
Depreciation and amortization	42,940	153,770	196,710	28,626	-	-	225,336
Less expenses included with revenues on statement of activities	-	-	-	-	-	(122,202)	(122,202)
Total expenses	$ 6,529,330	$ 2,275,396	$ 8,804,726	$ 2,121,278	$ 161,758	$ -	$ 11,087,762

See notes to financial statements

UNITED HOSPICE, INC.
Statements of Cash Flow
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,228,949)	$ 1,118,166
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	219,979	222,045
Realized and unrealized (gain) / loss on investment	2,180,053	(1,132,260)
Changes in assets and liabilities:		
(Increase) in accounts receivable	(89,039)	(80,392)
Decrease in contributions receivable	11,359	3,716
(Increase) in grants receivable	(2,257)	-
Decrease in charitable lead trust annuity	(6,017)	-
Increase (decrease) in prepaid expenses	(65,519)	42,033
Increase (decrease) in accounts payable	(25,358)	31,536
Increase (decrease) in accrued expenses	(94,052)	66,007
(Decrease) in contract liability	(1,741)	(9,369)
Increase in reserve for vacation pay	13,399	21,178
Net cash provided/(used) by operating activities	(1,088,142)	282,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(10,633)
Other investment activity, net	78,111	10,900
Transfers out of investments for sales, dividends, and interest received	3,148,987	8,441,076
Transfer in for the purchase of investments	(2,539,131)	(9,400,917)
Net cash provided/(used) by investing activities	687,967	(959,574)
CASH FLOWS FROM FINANCING ACTIVITIES		
None.	-	-
Net cash provided by financing activities	-	-
Net (decrease) in cash and cash equivalents	(400,175)	(676,914)
Cash and cash equivalents- beginning	1,062,856	1,739,770
Cash and cash equivalents- ending	$ 662,681	$ 1,062,856
Supplemental information of non-cash transactions:		
In-Kind services and supplies	$ 3,475	$ 31,248
Supplemental Information:		
Interest paid	$ -	$ -
Taxes paid	$ -	$ -

See notes to financial statements

NOTE 1 - ORGANIZATION AND PURPOSE

United Hospice, Inc. (the Organization), is a not-for-profit corporation, which was incorporated in June of 1987. The primary purpose of the corporation is to serve any person that is seriously ill at that time in the course of the illness when no further treatment offers hope to cure, and to provide such individuals and their families with comprehensive care and support. Primary sources of funds to pay for program and support services include patient fees billed to insurance carriers, government grants, and contributions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements have been prepared on the accrual basis of accounting in accordance with U.S generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications, with or without donor restrictions.

Basis of Presentation
The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are 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, such as those that the donor stipulates those resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

It is the policy of The Organization to account for donor restricted funds, which are received and expended in the same year to be recorded as unrestricted.

Cash and Cash Equivalents
For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

Investments
Investments are recorded at fair value. Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments, is recognized in the statement of activities. Realized gains and losses on the sale of investments are generally determined on the specific identification method on the trade date.

The fair value of debt and equity securities with readily determinable fair values are generally based on quoted market prices obtained from active markets.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurements
The Organization reports a fair value measurement of all applicable financial assets and liabilities, including investments, inventory, pledges receivable, deferred revenue, and short-term and long-term notes payable.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

- Level I inputs - Quoted prices (unadjusted) in active markets of identical assets or liabilities that the organization has the ability to access at the measurement date. Quoted market prices in an active market provide the most reliable evidence of fair value and should be used to measure fair value whenever available.

- Level II inputs - Inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly (such as quoted prices for similar assets or liabilities in active markets).

- Level III inputs - Are unobservable inputs when observable inputs are not available. Unobservable inputs should be developed based on the best information available.

Accounts Receivable
Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Contributions Receivable

Contributions Receivable are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional Contributions Receivable are recognized only when the conditions on which they depend are substantially met and the Contributions become unconditional. Contributions Receivable as of December 31, 2022 and December 31, 2021 were current and do not reflect any discounts or bad debts.

Donors' expressions of intention to give in the future, not constituting unconditional promises to give, are not reflected in the accompanying financial statements.

Contribution Receivable-Charitable Lead Trust
United Hospice is the irrevocable beneficiary of a perpetual Charitable Lead Annuity Trust held by a bank trustee. The beneficial interest in the trust was recorded at fair value, and distributions from the trust can be used at the discretion of the Organization. Historically, the value of the beneficial interest in the trust has been adjusted annually for the change in its estimated fair value, accretion of the discount, and other changes in the estimates of future benefits. In the year ended December 31, 2021, the trustor exceeded their expected actuarial lifespan. As such, from January 1, 2022 forward, the value of the beneficial interest is recognized when distributed.

.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment
United Hospice capitalizes property and equipment over $5,000. Purchases of property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the useful lives of the assets.

Impairment of Long-Lived Assets
Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an assets many not be recoverable. No impairment was identified as of December 31, 2022 and December 31, 2021.

Leases
At the inception of a contract, we assess whether the contract is, or contains, a lease. A lease is classified as a finance lease if any one of the following criteria are met: the lease transfers ownership of the asset by the end of the lease term, the lease contains an option to purchase the asset that is reasonably certain to be exercised, the lease term is for a major part of the remaining useful life of the asset or the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of the criteria.

For all leases a ROU asset and lease liability are recognized at the lease commencement date. The lease liability represents the present value of the lease payments under the lease. The ROU asset is initially measured at cost, which includes the initial lease liability, plus any initial direct costs incurred, less any lease incentives received. The lease liability is initially measured as the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the risk-free rate. The Organization recognizes lease liabilities with an initial, individual value of $30,000 or more. As of December 31, 2022, no leases met the requirements to be recorded.

Revenue and Revenue Recognition

Patient Service Revenue
The Organization's patient service revenue is recognized at the amount that reflects the amount in which the Organization expects to receive for providing patient care. These amounts are due from patients and third-party payors and include an estimate of variable consideration for retroactive revenue adjustments. Generally, the Organization bills the patients and third-party payors monthly for al long as services are performed.

Revenue is recognized as patient care is provided. Revenue for patient care provided is recognized based on actual charges incurred in relation to total expected (or actual) adjustments. The Organization measures the performance obligation from the from admission to the program to the point to the point when it is no longer required to provide services to that patient.

Because nearly all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at year-end, which primarily relate to acute care patients (in-house). The performance obligations for these contracts are generally completed when the patients are discharged or services are no longer provided.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The majority of the Organization's services are rendered to patients with third-party payor insurance coverage. Reimbursement under these programs for all payors is based on a combination of prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Corporation has with commercial payors also provide for retroactive reviews of claims. Agreements with third-party payors typically provide for payments at amounts less than established charges. Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured 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. Implicit price concessions are determined based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change and are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2022 or December 31, 2021. Subsequent changes that are determined to be the result of an adverse change in the patients ability to pay are recorded as bad debt expense. Bad debt expense for the years ended December 31, 2022 and December 31, 2021 were $63,477 and $23,245, respectively.

The Organization derives most of its income from Medicare, Medicaid, Private Pay, and contracts with insurance carriers. Any revenue received which has not been earned is recorded as deferred income or refundable advance. Any revenue earned which has not been received is recorded as accounts receivable.

A summary of the payment arrangements with major third-party payers follows:

Medicare: Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic or other factors. Certain services are paid based on cost reimbursement methodologies subject to certain limits. Physical services are paid based upon established fee schedules.

Medicaid: Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of services, or per covered member.

Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

The organization receives over 90 percent of its revenue from Medicare and Medicaid.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations 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 payers also provide for retroactive audit and review of claims. Settlements with third-party payers for retroactive adjustments due to audits, review or investigations are considered variable consideration and are included in the determination of estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and the Organization's historic 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.

Contributions Revenue
Unconditional contributions are recognized and reported at fair value at the date the promise is received. Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Government Grants
A portion of the Organization's revenues consists of government grants from the State of New York and the County of Rockland. Thus, its funding is vulnerable to changes in the legislative priorities of state and local governments. The Organization recognizes revenue from these sources when the contractual obligations are met. There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to funding source audit findings, additional monies available over and above original contractual amounts, etc. The amount of such adjustments was not material in 2022 and 2021

In-Kind Donations
The Organization receives contributions in a form other than cash or investments. Most are donated supplies which are recorded as contributions at the date of gift and expenses when the donated items are placed into service. If the Organization receives a contribution of property, the contributed asset is recognized as an asset at its estimated fair value at the date of the gift. For the years ended December 31, 2022 and December 31, 2021, in-kind revenue consisted entirely of supplies and services and totaled $3,475 and $31,248, respectably.

A number of volunteers, including members of the Board of Directors, have made significant contributions of time to the Agency’s policy-making, program and support functions. The value of time does not meet the criteria for recognition of contributed services under generally accepted accounting principles and, accordingly, is not reported in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited. The allocated expenses include occupancy and depreciation, which are allocated on a square footage basis, as well as personnel costs, professional services, office expenses, information technology, insurance, and other, which are allocated based on estimates of time and effort. Building-related expenses are allocated by square footage. All other expenses are charged to programs and supporting services based upon usage. Management and general expenses provide for the overall support and direction of the Organization.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c) (3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus: and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Accounting Change: Adoption of ASC 842

On January 1, 2022, the Organization adopted FASB Accounting Standards Codification, or ASC, Topic 842, Leases, which requires the recognition of the right-of-use, or ROU, assets and related operating and finance lease liabilities on the statement of financial position. The Organization adopted ASC 842 using a modified retrospective approach for all leases existing at January 1, 2022. As permitted by ASC 842, the organization elected the adoption date of January 1, 2022, which is the date of initial application. As a result, the statement of financial position prior to January 1, 2022 was not restated, and continues to be reported under ASC Topic 840, Leases, which did not require the recognition of operating lease liabilities on the balance sheet, and is not comparative.

All leases are classified as either operating leases or finance leases. The lease classification affects the expense recognition in the statement of activities. Operating lease charges are recorded entirely in operating expenses. Finance lease charges are split, amortization of the ROU asset is recorded in operating expenses and an implied interest component is recorded in interest expense. The expense recognition for operating leases and finance leases under ASC 842 is substantially consistent with ASC 840. As a result, there is no significant difference in the results of operations presented in our statement of activities for each period presented.

NOTE 3 – PROGRAM NOTE

United Hospice offers a variety of programs and services to patients, families and the community.

The Hospice Program offers a comprehensive array of direct care and support services to individuals and families facing advanced illness. The Organization served 887 patients in 2022 including services provided at home, in nursing homes, assisted living facilities, group homes, hospitals and the Joe Raso Hospice Residence (JRHR) which opened on March 16, 2012. Care is provided regardless of ability to pay. Philanthropic support makes it possible for United Hospice to provide services to those without insurance or with inadequate insurance. Philanthropic support also enables the Organization to provide services not mandated by regulation such as massage and music therapies as well as in-home respite care.

Bereavement Support Program offers individual and group counseling services to the family members of those served by the Hospice Program as well as any individual in the community who has experienced a loss. Crisis intervention services are provided to individuals, schools, work sites or any other venue where a tragedy has occurred. Healing Hearts provides bereavement services to children and the adults responsible for them who have experienced a loss. Philanthropic support makes it possible for the Organization to offer the breadth of bereavement services provided.

United Hospice's operating license has included two counties, Rockland and Orange for the past 35 years. The New York State Department of Health determines the operating territory of each hospice operating in New York. To better serve Orange County, United Hospice has established as office in Goshen, New York that will support the expansion of services. In the year ended December 31, 2022, United Hospice’s revenue related to its Orange County operations was $505,855. It provided an equivalent of 2,371 patient days of care.

During the year ended December 31, 2022, management implemented a three-year strategic plan that was focused on further improving patient care and operations. A central priority of its plan was to determine how to further prioritize the comfort and wellbeing of patients. As such, the Organization began the process of developing a palliative care program and is currently in the process of obtaining the Medicare designations needed to provide this level of care.

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash in bank accounts and money market accounts at five banks. The bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) on balances up to $250,000 at each bank. On December 31, 2022, the Organization had cash accounts with one institution that exceeded the FDIC limit by $480,114. Management has placed the funds of the Organization in financial institutions they deem to be of high quality in order to minimize risk.

NOTE 5 – PROPERTY, PLANT, AND EQUIPMENT

The Organization follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of $5,000. Depreciation is computed by the straight-line method at rated based on the following estimate of useful lives:

	Years
Furniture and Fixtures	3-7
Building and Improvements	15-40
Office Equipment	3-7

NOTE 5 – PROPERTY, PLANT, AND EQUIPMENT - Continued

As of December 31, the costs and related accumulated depreciation of buildings, property and equipment consisted of the following:

	2022	2021
Land	$ 1,144,040	$ 1,144,040
Building and Improvements	7,734,419	7,740,189
Office Equipment	94,492	158,983
Furniture	8,625	8,625
Less: Accumulated Depreciation	(2,424,490)	(2,274,773)
Net Book Value	$ 6,557,086	$ 6,777,064

Depreciation expense for the year ended December 31, 2022 and 2021 was $219,979 and $225,336.

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

At December 31, 2022 and 2021 investments consist as the following:

	December 31, 2022			
	Market Value	Level 1	Level 2	Level 3
Cash and Money	$ 669,671	$ 669,671	$ -	$ -
Common and Preferred Stock	6,553,180	6,480,413	72,767	-
Corporate Bonds	981,784	-	981,784	-
Government bonds	701,128	701,128	-	-
Foreign bonds	3,822	-	3,822	-
Mortgage-backed securities	221,702	-	221,702	-
Mutual funds	1,282,428	1,282,428	-	-
Real estate investment trusts	395,865	-	395,865	-
Real estate funds	428,407	-	428,407	-
Total investments	$ 11,237,987	$ 9,133,640	$2,104,347	$ -

	December 31, 2021			
	Market Value	Level 1	Level 2	Level 3
Cash and Money	$ 1,042,809	$ 1,042,809	$ -	$ -
Common and Preferred Stock	8,207,527	8,207,527	-	-
Corporate Bonds	1,744,479	-	1,744,479	-
Government bonds	1,331,505	-	1,331,505	-
Foreign bonds	5,101	-	5,101	-
Mortgage-backed securities	251,031	-	251,031	-
Mutual funds	473,317	473,317	-	-
Real estate investment trusts	462,063	-	462,063	-
Real estate funds	588,176	-	588,176	-
Total investments	$ 14,106,008	$ 9,723,653	$4,382,355	$ -

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS - Continued

At December 31, 2022 and 2021 investments income consist as the following:

	2022	2021
Unrealized gain/(loss)	$ (2,009,843)	$ 240,552
Realized gain/(loss)	(170,209)	891,708
Investment management fees	(87,549)	(91,194)
Interest and dividends income	446,907	380,800
Total investment income	$ (1,820,604)	$ 1,421,866

NOTE 7 – RETIREMENT PLAN

United Hospice has a noncontributory, trusted, defined contribution pension plan with an effective date of January 1, 1991 that covers substantially all employees. The plan was amended with an effective date of December 23, 2019 to allow eligible participation on the first day of the month following the date of hire. It is the Organization's policy to fund the pension cost accrued, net of any forfeitures available. For the year ended December 31, 2022 the organizations Board of Directors approved a 4% profit sharing allocation. Total expenses related to the profit sharing contributions for the years ended December 31, 2022 and December 31, 2021 totaled $169,384 and $266,866, respectively. Pension administration costs for the years ended December 31, 2022 and December 31, 2021 totaled $17,675 and $16,267, respectively.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Donor restricted net assets were $143,285 in 2022 and $158,941 in 2021. These funds are set aside for:

	2022	2021
Charity Fund	$ 2,000	$ 2,000
Employee Fund	6,950	7,650
Joe Raso residence for hospice patients	22,544	22,544
Bonnie Walsh Education Fund	58,373	54,057
Joe Raso residence endowment fund	-	19,822
Veteran’s funds	4,745	4,745
Therapy fund	42,183	41,818
Education fund	6,690	6,615
	$ 143,285	$ 158,941

Note 9 – RELATED PARTY TRANSACTION

United Hospice has business relationships with several board members and a relative of the former Chief Executive Officer. All transactions are at arms-length. The total amounts of all transactions in 2022 and 2021 was $0 and $19,158 respectively.

Note 10 - LIQUIDITY AND AVAILABLITY OF FINANCIAL RESOURCES

The following table reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, or because the Board has set aside the funds for specific reserve or long-term investments as Board designated. Board designations could be drawn upon if the Board approves that action.

Financial Assets:	2022	2021
Cash and cash equivalents	$ 662,681	$ 1,062,856
Investments	11,237,987	14,106,008
Accounts receivable, net	980,935	891,896
Contribution receivable, net	1,737	13,096
Grant receivable	24,828	22,571
Total financial assets, at year-end	12,908,168	16,096,427
Less amounts not available to be used within one year:		
Board designated for		
Hospice development fund	$ -	$ (2,951,153)
New purchases of equipment and renovations	(280,000)	(2,102,331)
Hospice residence maintenance and improvement	-	(1,500,000)
Hospice residence charitable endowment fund	-	(1,300,000)
Administrative office maintenance and improvement	-	(1,147,273)
Donor Restricted Net Assets	(143,485)	(158,941)
Financial assets available to meet cash needs for general expenditures within one year	$ 12,484,683	$ 6,936,729

The organization regularly monitors its cashflow and liquidity needs as part of its financial reporting and analysis. In the event of unanticipated liquidity needs, United Hospice, Inc. has a Board designated operating reserve of $5,543,881 as well as a $751,000 payroll reserve.

Note 11 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through May 1, 2023, which is the date the financial statements were available to be issued and determined that there were no such events requiring recognition or disclosure in the financial statements.