



**Hospice of the Plains, Inc.**

Years Ended December 31, 2015 and 2014  
with  
Independent Auditors' Report

**Hospice of the Plains, Inc.**

Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

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Board of Directors  
Hospice of the Plains, Inc.  
Wray, Colorado

Independent Auditors' Report

We have audited the accompanying financial statements of Hospice of the Plains, Inc. which comprise the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities and changes in net assets and cash flows for the years then ended and the related notes to 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 audit 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 Hospice of the Plains, Inc. as of December 31, 2015 and 2014 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.

*Stratagem PC*  
*Certified Public Accountants*

*Lakewood, CO*

June 1, 2016

Hospice of the Plains, Inc.

Statements of Financial Position  
December 31, 2015 and 2014  
(See Independent Auditors' Report)

	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 670,397	\$ 612,240
Accounts receivable	104,246	128,200
Prepaid expenses	<u>4,672</u>	<u>5,046</u>
Total current assets	<u>779,315</u>	<u>745,486</u>
Property and equipment, at cost:		
Buildings	28,776	28,776
Computers	40,120	40,120
Furniture and fixtures	52,474	43,934
Machinery and equipment	5,509	5,509
Office equipment	<u>9,358</u>	<u>9,358</u>
	136,237	127,697
Less accumulated depreciation	<u>101,021</u>	<u>90,960</u>
Total property and equipment	<u>35,216</u>	<u>36,737</u>
Other assets:		
Deposit	<u>670</u>	<u>670</u>
Total assets	<u>\$ 815,201</u>	<u>\$ 782,893</u>

(See Notes to Financial Statements)

Hospice of the Plains, Inc.

Statements of Financial Position  
December 31, 2015 and 2014  
(See Independent Auditors' Report)

Liabilities and Net Assets

	<u>2015</u>	<u>2014</u>
Current liabilities:		
Accounts payable	\$ 3,617	\$ 4,225
Accrued expenses	72,914	87,147
Other liabilities	<u>7,371</u>	<u>3,265</u>
Total liabilities	<u>83,902</u>	<u>94,637</u>
Net assets:		
Unrestricted:		
Operating	433,459	390,464
Investment in property and equipment	35,216	36,737
Board designated	<u>261,463</u>	<u>259,393</u>
Total unrestricted and total net assets	730,138	686,594
Temporarily restricted	<u>1,161</u>	<u>1,662</u>
Total net assets	<u>731,299</u>	<u>688,256</u>
Total liabilities and net assets	<u>\$ 815,201</u>	<u>\$ 782,893</u>

(See Notes to Financial Statements)

**Hospice of the Plains, Inc.**

Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2015  
(See Independent Auditors' Report)

	<u>Unrestricted</u>	<u>Board Designated</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:				
Donations	\$ 228,160	\$ -	\$ -	\$ 228,160
Fund raising	82,100	-	-	82,100
Grants	66,123	-	-	66,123
Interest income	3,072	2,070	-	5,142
Patient care	899,834	-	-	899,834
Net assets released from restrictions:				
Satisfaction of restriction	501	-	(501)	-
 Total revenues	 <u>1,279,790</u>	 <u>2,070</u>	 <u>(501)</u>	 <u>1,281,359</u>
Expenses:				
Program	972,872	-	-	972,872
General and administrative	229,453	-	-	229,453
Fund raising	35,991	-	-	35,991
 Total expenses	 <u>1,238,316</u>	 <u>-</u>	 <u>-</u>	 <u>1,238,316</u>
 Change in net assets	 41,474	 2,070	 (501)	 43,043
 Net assets, beginning of year	 <u>427,201</u>	 <u>259,393</u>	 <u>1,662</u>	 <u>688,256</u>
 Net assets, end of year	 <u>\$ 468,675</u>	 <u>\$ 261,463</u>	 <u>\$ 1,161</u>	 <u>\$ 731,299</u>

(See Notes to Financial Statements)

**Hospice of the Plains, Inc.**

Statement of Activities and Changes in Net Assets  
Year Ended December 31, 2014  
(See Independent Auditors' Report)

	Unrestricted	Board Designated	Temporarily Restricted	Total
<b>Revenues:</b>				
Donations	\$ 202,631	\$ -	\$ -	\$ 202,631
Fund raising	63,508	-	-	63,508
Grants	33,823	-	1,500	35,323
Interest income	3,603	1,875	-	5,478
Patient care	973,988	-	-	973,988
<b>Net assets released from restrictions:</b>				
Satisfaction of restriction	6,517	-	(6,517)	-
<b>Total revenues</b>	<b>1,284,070</b>	<b>1,875</b>	<b>(5,017)</b>	<b>1,280,928</b>
<b>Expenses:</b>				
Program	1,094,221	-	-	1,094,221
General and administrative	225,114	-	-	225,114
Fund raising	32,553	-	-	32,553
<b>Total expenses</b>	<b>1,351,888</b>	<b>-</b>	<b>-</b>	<b>1,351,888</b>
<b>Change in net assets</b>	<b>(67,818)</b>	<b>1,875</b>	<b>(5,017)</b>	<b>(70,960)</b>
<b>Net assets, beginning of year</b>	<b>495,019</b>	<b>257,518</b>	<b>6,679</b>	<b>759,216</b>
<b>Net assets, end of year</b>	<b>\$ 427,201</b>	<b>\$ 259,393</b>	<b>\$ 1,662</b>	<b>\$ 688,256</b>

(See Notes to Financial Statements)



Hospice of the Plains, Inc.

Statements of Cash Flows  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,300,171	\$ 1,265,546
Cash paid to suppliers and employees	(1,238,616)	(1,389,255)
Interest received	<u>5,142</u>	<u>5,478</u>
Net cash provided (used) by operating activities	66,697	(118,231)
Cash flows from investing activities:		
Acquisition of property and equipment and net cash used by investing activities	<u>(8,540)</u>	<u>(4,965)</u>
Net increase (decrease) in cash and cash equivalents	58,157	(123,196)
Cash and cash equivalents, beginning	<u>612,240</u>	<u>735,436</u>
Cash and cash equivalents, ending	<u><u>\$ 670,397</u></u>	<u><u>\$ 612,240</u></u>

(continued)  
(See Notes to Financial Statements)

Hospice of the Plains, Inc.

Statements of Cash Flows (continued)  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

	<u>2015</u>	<u>2014</u>
Reconciliation of the change in net assets to net cash provided (used) by operating activities:		
Change in net assets	\$ 43,043	\$ (70,960)
Non-cash items included in change in net assets:		
Depreciation	10,061	8,933
(Increase) decrease in assets:		
Accounts receivable, trade	23,954	(9,665)
Prepaid expenses	374	420
Increase (decrease) in liabilities:		
Accounts payable	(608)	(18,765)
Accrued expenses	(14,233)	(24,267)
Other liabilities	4,106	(3,927)
Net cash provided (used) by operating activities	<u>\$ 66,697</u>	<u>\$ (118,231)</u>

(See Notes to Financial Statements)

## Hospice of the Plains, Inc.

Notes to Financial Statements  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

### 1. Nature of Operations and Summary of Significant Accounting Policies

#### Nature of operations

Hospice of the Plains, Inc. was established in 1995 to provide medical assistance and support for terminally ill patients and their families. The Hospice was granted non-profit status by the Internal Revenue Service under Section 501(c) (3). Therefore, a provision for income taxes is not required as income is related to the exempt function.

Financial statements are prepared using the accrual method of accounting under accounting principles generally accepted in the United States of America whereby income is reported as earned and expenses reported as incurred

#### Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash in bank deposit accounts at a financial institution in which the deposits are guaranteed by the Federal Deposit Insurance Corporation ("FDIC").

The operating accounts of the Organization are held at institutions that are provided insurance up to \$250,000 per FDIC-insured depository institution. Topic 825 of the FASB ASC, *Financial Instruments* identifies such accounts as a concentration of credit risk requiring disclosure regardless of the degree of risk. Risk related to deposits held outside of institutions participating in the above program is managed by maintaining deposits with high quality financial institutions and monitoring cash such that balances are rarely, if ever, in excess of any applicable FDIC insurance limits that may be in place. In addition, management does not believe that the Organization is exposed to any significant risk related to cash and cash equivalents.

#### Allowance for doubtful accounts

Provision for uncollectible receivables is recorded using the allowance method, which provides for losses on those accounts that, based upon management's estimate, will prove to be uncollectible. As of December 31, 2015 and 2014, management determined that no allowance was necessary.

#### Property and equipment

Property and equipment are recorded at acquisition cost. When items are disposed, the cost and related depreciation are removed from the accounts, with gains or losses on disposal recorded. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, ranging from three to 39 years.

## Hospice of the Plains, Inc.

Notes to Financial Statements  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### Contributions

Under the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958, Subtopic 605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

All donations are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### In-kind contributions

Donated services are reflected as "in-kind" contributions in the accompanying statements at their estimated values at the date of service with a corresponding entry to the related expense.

#### Use of estimates in the preparation of financial statements

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 and disclosure of contingent 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.

#### Advertising costs

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. Advertising expense for the years ended December 31, 2015 and 2014 was approximately \$11,100 and \$11,800, respectively.

#### Income taxes

No provision for taxes on earnings has been made in the financial statements as the Organization has qualified as a not-for-profit Organization under Section 501(c)(3) of the Internal Revenue Code.

## Hospice of the Plains, Inc.

Notes to Financial Statements  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

### 2. Commitments

#### Office lease

The main office of the Organization is located in a local hospital, which provides the space under a one year lease expiring in December 2016 for \$900 per month. However, the hospital provides a portion of the rent on an in-kind basis which totaled \$6,000 for both 2015 and 2014. The Hospice also leases office space in Sterling, Colorado under a lease agreement expiring in November 2018. The lease calls for initial monthly rent of \$800 with annual increases up to \$875 in the final year, plus the Organization's share of common area maintenance costs each year.

The minimum annual commitments under the terms of this lease for years ending after December 31, 2015 are as follows:

<u>Year Ended</u> <u>December 31,</u>		
2016	\$	14,725
2017		10,225
2018		<u>9,625</u>
	<u>\$</u>	<u>34,575</u>

Rent paid for the year ended December 31, 2015 and 2014 totaled approximately \$14,400 and \$14,000, respectively.

#### Vehicle leases

During the year ended December 31, 2012, the Organization entered into eleven separate vehicle lease agreements with an unrelated third party. The lease terms are either thirty-six or forty-eight months, monthly payments range from \$357 to \$544 with expiration dates in either 2015 or 2016. As of December 31, 2015 and 2014, only four leases remain as other agreements were terminated and the vehicles returned to the lessor for a nominal cost.

**Hospice of the Plains, Inc.**

Notes to Financial Statements  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

**2. Commitments (continued)**

Vehicle leases

The minimum annual commitment under the terms of the remaining four leases for years ending after December 31, 2015 are as follows:

<u>Year Ended</u> <u>December 31,</u>	
2016	<u>\$ 4,731</u>

Employment agreement

The Organization maintains an employment contract with the director of the Organization, which covers the period beginning January 1 through December 31 of each year. The terms of the agreement define the base salary to be paid each year, scope of duties and other various rights and responsibilities.

**3. Concentration of Credit Risk**

The Hospice grants credit, without collateral, to its patients, most of whom are local residents insured under third-party payor agreements. The composition of receivables from patients and third-party payors at December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Medicare/Medicaid	81 %	86 %
Third parties/private pay	<u>19</u>	<u>14</u>
Total	<u>100 %</u>	<u>100 %</u>

The amount, if any, of disallowed billings by Medicare/Medicaid cannot be determined at this time.

## Hospice of the Plains, Inc.

Notes to Financial Statements  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report)

### 4. Board Designated Net Assets

The Board established a quasi-endowment fund during 2006 and transferred available unrestricted net assets of \$201,761. Interest earned on the quasi-endowment funds totaled approximately \$2,100 and \$1,900 for 2015 and 2014. It is the intent of the Board that the principal of the quasi-endowment fund shall not be invaded, barring a financial need, but rather shall be preserved in perpetuity and any or all income earned in the quasi-endowment may be distributed for purposes of Hospice of the Plains, Inc. as approved by the Board.

### 5. Retirement Plan

The Organization has a Simple Plan that is effective January 1, 2010 which replaced a Trusteed Internal Revenue Code 403(b) Plan. The Plan allows for employee contributions up to the maximum allowable by the Internal Revenue Code. Contributions by the Organization are up to 3% of gross eligible salary and totaled approximately \$15,000 and \$16,700 for the years ended December 31, 2015 and 2014, respectively.

### 6. Income Taxes

The Organization accounts for uncertain income tax positions in accordance with applicable guidance, utilizing a "more likely than not" threshold related to tax return filing positions to be sustained upon examination based on the technical merits of the positions. An identified tax position that meets the more-likely-than-not recognition threshold is initially and subsequently measured as the largest amount of tax benefit that has a greater than 50 percent likelihood of being realized. Tax positions which previously would have failed to meet the more-likely-than-not recognition threshold are recognized in the first subsequent financial reporting period in which the threshold is met. Conversely, previously recognized tax positions which no longer meet the more-likely-than-not recognition are derecognized in the first subsequent financial reporting period in which the threshold is no longer met. Accrued interest related to tax positions deemed to meet the more-likely-than-not threshold is recognized in interest expense, and any applicable penalties related to such tax positions is recognized as an operating expense of the Organization.

The Organization files tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2010. No authorities have commenced income tax examinations as of the date of this report.

### 7. Subsequent Events

Subsequent events have been evaluated by management as of the date of these financial statements. This date represents the date the financial statements were available to be issued.

Supplemental Information  
(See Independent Auditors' Report on Supplemental Information)





CERTIFIED PUBLIC ACCOUNTANTS  
listen. learn. advise.

Board of Directors  
Hospice of the Plains, Inc.  
Wray, Colorado

Independent Auditors' Report on Supplemental Information

We have audited the financial statements of Hospice of the Plains, Inc. as of and for the years ended December 31, 2015 and 2014 and have issued our report thereon dated June 1, 2016, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses are presented for the 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Stratagem PC*  
*Certified Public Accountants*

*Lakewood, CO*

June 1, 2016

**Hospice of the Plains, Inc.**

Schedules of Expenses  
Years Ended December 31, 2015 and 2014  
(See Independent Auditors' Report on Supplemental Information)

	2015		2014	
		Percentage of total revenues		Percentage of total revenues
Program expenses:				
Ambulance	\$ 315	-	\$ 242	-
Bereavement services	7,797	0.6	8,923	0.7
Dues and publications	17,089	1.3	13,391	1.0
Employee benefits	15,033	1.2	24,013	2.0
Insurance	70,474	5.5	94,587	7.4
Lab costs	14	-	1,398	0.1
Medications	44,106	3.4	59,132	4.6
Medical records	12,528	1.0	11,135	0.9
Nursing home	81	-	-	-
Oxygen	27,107	2.1	16,697	1.3
Salaries	595,951	46.5	642,154	50.2
Supplies	22,963	1.8	16,739	1.3
Taxes, payroll	64,036	5.0	68,695	5.4
Telephone	15,893	1.2	10,942	0.9
Training	2,419	0.2	5,288	0.4
Travel	36,460	2.8	56,654	4.4
Volunteer program	40,606	3.2	64,231	5.0
	\$ 972,872	75.8 %	\$ 1,094,221	85.6 %

(continued)

Hospice of the Plains, Inc.

Schedules of Expenses (continued)  
 Years Ended December 31, 2015 and 2014  
 (See Independent Auditors' Report on Supplemental Information)

	2015		2014	
		Percentage of total revenues		Percentage of total revenues
General and administrative:				
Advertising	\$ 11,130	0.9 %	\$ 11,832	0.9 %
Depreciation	10,061	0.8	8,934	0.7
Education	2,409	0.2	2,283	0.2
Legal and accounting	48,255	3.9	42,031	3.3
Miscellaneous	1,243	0.1	2,128	0.2
Office expense	21,260	1.7	19,981	1.6
Postage	2,903	0.2	2,059	0.2
Printing	8,074	0.6	8,782	0.7
Rent	20,300	1.6	20,050	1.6
Salaries	83,907	6.5	88,264	6.9
Taxes, payroll	6,419	0.5	6,752	0.5
Utilities	2,083	0.2	1,470	0.1
Workers compensation	11,409	0.9	10,548	0.8
	<u>\$ 229,453</u>	<u>18.1 %</u>	<u>\$ 225,114</u>	<u>17.7 %</u>
Fund raising expenses:				
Events	<u>\$ 35,991</u>	<u>2.8 %</u>	<u>\$ 32,553</u>	<u>2.5 %</u>