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**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019**

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*Nelson & Associates*  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
California Hospice and Palliative Care Association  
Elk Grove, CA

We have reviewed the accompanying financial statements of California Hospice and Palliative Care Association (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2020 and 2019, and the related Statement of Activities, Functional Expenses and Cash Flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

**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.

**Accountant's Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

  
Nelson & Associates, CPAs  
May 26, 2021  
Elk Grove, CA

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 2)	\$ 502,744	\$ 269,251
Accounts receivable (Note 1)	218	-
Prepaid Expenses	12,846	6,495
Security deposit asset	<u>1,728</u>	<u>1,728</u>
<b>Total Current Assets</b>	<u>517,536</u>	<u>277,474</u>
<b>Non-Current Assets</b>		
Property and equipment, net of accumulated depreciation (Note 4)	1,803	3,885
Investments (Note 3)	<u>1,453,932</u>	<u>1,309,227</u>
<b>Total Non-Current Assets</b>	<u>1,455,735</u>	<u>1,313,112</u>
<b>Total Assets</b>	<u>\$ 1,973,271</u>	<u>\$ 1,590,586</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 21,540	\$ 9,083
Accrued payroll and benefits	13,381	20,947
Deferred Revenue (Note 1)	<u>175,165</u>	<u>53,860</u>
<b>Total Liabilities</b>	<u>210,086</u>	<u>83,890</u>
<b>Net Assets (Note 1)</b>		
Without Donor Restrictions	1,763,185	1,506,696
With Donor Restrictions	<u>-</u>	<u>-</u>
<b>Total Net Assets</b>	<u>1,763,185</u>	<u>1,506,696</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,973,271</u>	<u>\$ 1,590,586</u>

See Accompanying Notes and Independent Accountant's Review Report

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
<b><u>Support and Revenues</u></b>			
Contributions and grants	\$ 122,688	\$ -	\$ 122,688
Federal Grant Support	54,997	-	54,997
Membership dues	294,595	-	294,595
Professional Education Events	51,921	-	51,921
Investment Revenue (Note 3)	164,453	-	164,453
Other Income	<u>11,370</u>	<u>-</u>	<u>11,370</u>
<b>Total Revenues</b>	<u>700,024</u>	<u>-</u>	<u>700,024</u>
<b><u>Expenses</u></b>			
Program expenses			
Professional Education	185,832	-	185,832
Information and Referral	82,537	-	82,537
Community Education	19,042	-	19,042
Other Member Services	<u>16,774</u>	<u>-</u>	<u>16,774</u>
Total program expenses	<u>304,185</u>	<u>-</u>	<u>304,185</u>
Supporting Services			
Management and General	131,057	-	131,057
Fundraising	<u>8,293</u>	<u>-</u>	<u>8,293</u>
Total supporting services	<u>139,350</u>	<u>-</u>	<u>139,350</u>
<b>Total Expenses</b>	<u>443,535</u>	<u>-</u>	<u>443,535</u>
<b>Change in Net Assets</b>	256,489	-	256,489
<b>Net Assets - January 1, 2020</b>	<u>1,506,696</u>	<u>-</u>	<u>1,506,696</u>
<b>Net Assets - December 31, 2020</b>	<u>\$ 1,763,185</u>	<u>\$ -</u>	<u>\$ 1,763,185</u>

See Accompanying Notes and Independent Accountant's Review Report

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
<b><u>Support and Revenues</u></b>			
Contributions and grants	\$ 34,658	\$ -	\$ 34,658
Membership dues	244,046	-	244,046
Professional Education Events	162,588	-	162,588
Investment Revenue (Note 3)	195,530	-	195,530
Other Income	<u>5,148</u>	<u>-</u>	<u>5,148</u>
<b>Total Revenues</b>	<u>641,970</u>	<u>-</u>	<u>641,970</u>
<b><u>Expenses</u></b>			
Program expenses			
Professional Education	232,520	-	232,520
Information and Referral	111,999	-	111,999
Community Education	19,172	-	19,172
Other Member Services	<u>20,898</u>	<u>-</u>	<u>20,898</u>
Total program expenses	<u>384,589</u>	<u>-</u>	<u>384,589</u>
Management and General	129,795	-	129,795
Fundraising	<u>9,378</u>	<u>-</u>	<u>9,378</u>
<b>Total Expenses</b>	<u>523,762</u>	<u>-</u>	<u>523,762</u>
<b>Change in Net Assets</b>	118,208	-	118,208
<b>Net Assets - January 1, 2019</b>	<u>1,388,488</u>	<u>-</u>	<u>1,388,488</u>
<b>Net Assets - December 31, 2019</b>	<u>\$ 1,506,696</u>	<u>\$ -</u>	<u>\$ 1,506,696</u>

See Accompanying Notes and Independent Accountant's Review Report

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Professional Education</u>	<u>Other Member Services</u>	<u>Information and Referral</u>	<u>Community Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Personnel Costs	\$ 132,698	\$ 47,688	\$ 16,587	\$ 10,367	\$ 207,340	\$ 74,872	\$ 5,759	\$ 80,631	\$ 287,971
Operating Expenses									
Professional Fees	2,796	2,231	47	328	5,402	1,951	150	2,101	7,503
Contract Services	27,785	22,168	469	3,263	53,685	19,386	1,491	20,877	74,562
Annual Conferences	5,164	4,120	89	606	9,979	1,567	120	1,687	11,666
Office Supplies	283	112	12	48	455	165	13	178	633
Dues and Subscriptions	1,595	633	71	275	2,574	929	71	1,000	3,574
Insurance	1,783	619	311	155	2,868	1,036	80	1,116	3,984
Occupancy Costs	6,959	2,287	1,143	572	10,961	3,958	306	4,264	15,225
Information Technology	6,501	2,578	291	1,122	10,492	3,788	292	4,080	14,572
Postage	183	73	8	31	295	106	8	114	409
Depreciation	-	-	-	-	-	2,400	-	2,400	2,400
Interest Expense	-	-	-	-	-	7,565	-	7,565	7,565
Travel Expense	-	-	-	-	-	-	-	-	-
Miscellaneous	85	28	14	7	134	49	3	52	186
Total Functional Expenses	<u>\$ 185,832</u>	<u>\$ 82,537</u>	<u>\$ 19,042</u>	<u>\$ 16,774</u>	<u>\$ 304,185</u>	<u>\$ 131,057</u>	<u>\$ 8,293</u>	<u>\$ 139,350</u>	<u>\$ 443,535</u>

See Accompanying Notes and Independent Accountant's Review Report

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Professional Education</u>	<u>Other Member Services</u>	<u>Information and Referral</u>	<u>Community Education</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
Personnel Costs	\$ 121,759	\$ 43,757	\$ 15,220	\$ 9,512	\$ 190,248	\$ 68,700	\$ 5,285	\$ 73,985	\$ 264,233
Operating Expenses									
Professional Fees	3,038	2,424	51	356	5,869	2,120	163	2,283	8,152
Contract Services	33,694	26,883	569	3,956	65,102	23,509	1,808	25,317	90,419
Annual Conferences	36,335	28,990	614	4,265	70,204	8,357	643	9,000	79,204
Office Supplies	1,306	518	59	226	2,109	761	59	820	2,929
Dues and Subscriptions	466	185	21	80	752	272	21	293	1,045
Insurance	2,773	964	484	240	4,461	1,611	124	1,735	6,196
Occupancy Costs	10,373	3,409	1,704	851	16,337	5,900	454	6,354	22,691
Equipment Rental	493	162	81	41	777	281	22	303	1,080
Information Technology	6,227	2,469	279	1,075	10,050	3,629	279	3,908	13,958
Printing	482	191	21	84	778	281	21	302	1,080
Postage	1,177	465	53	202	1,897	685	53	738	2,635
Depreciation	-	-	-	-	-	318	-	318	318
Travel Expense	14,295	1,549	-	-	15,844	5,720	441	6,161	22,005
Miscellaneous	102	33	16	10	161	7,651	5	7,656	7,817
Total Functional Expenses	<u>\$ 232,520</u>	<u>\$ 111,999</u>	<u>\$ 19,172</u>	<u>\$ 20,898</u>	<u>\$ 384,589</u>	<u>\$ 129,795</u>	<u>\$ 9,378</u>	<u>\$ 139,173</u>	<u>\$ 523,762</u>

See Accompanying Notes and Independent Accountant's Review Report



**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020 and 2019**

	2020	2019
<b><u>Cash Flows from Operating Activities</u></b>		
Increase in Net Assets	\$ 256,489	\$ 118,208
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation	2,082	318
Decrease/(Increase) in:		
Accounts receivable	(218)	5,036
Prepaid expenses	(6,351)	(4,034)
Security Deposit Asset	-	(2,806)
Increase/(Decrease) in:		
Accounts payable	12,457	(40,933)
Accrued payroll and benefits	(7,566)	(19,553)
Deferred Revenue	<u>121,305</u>	<u>(45,687)</u>
Net Cash Used by Operating Activities	<u>378,198</u>	<u>10,549</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Investments	(144,705)	(166,965)
Sale of Investments	<u>-</u>	<u>184,721</u>
Net Cash Used for Investing Activities	<u>(144,705)</u>	<u>17,756</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Purchase of Fixed Assets	<u>-</u>	<u>(2,251)</u>
Net Cash Used for Financing Activities	<u>-</u>	<u>(2,251)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<u>233,493</u>	<u>26,054</u>
<b>Cash and Cash Equivalents, January 1, 2020</b>	<u>269,251</u>	<u>243,197</u>
<b>Cash and Cash Equivalents, December 31, 2020</b>	<u>\$ 502,744</u>	<u>\$ 269,251</u>

See Accompanying Notes and Independent Accountant's Review Report

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Description of Organization

The California Hospice and Palliative Care Association (CHAPCA) (hereafter referred to as "CHAPCA" or "the Organization") was established in 2016 with the merger of two nonprofit organizations, the California Hospice Foundation (Foundation) and the California Hospice and Palliative Care Association (old CHAPCA). CHAPCA's mission is to promote the value and quality of end-of-life care for patients and their families through education and advocacy.

Nature of Activities

CHAPCA activities include professional and community hospice and palliative care education, information and referral and other hospice-related activities. These activities are for the benefit of hospice care patients and organizations providing hospice and palliative care.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Net Assets

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

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and are available for general operations.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by actions of the Organization and/or the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Gains and losses on investments and other assets are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets are reported as reclassified between the applicable classes of net assets.

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.

Receivables

Accounts receivables from sales of products and program services are recognized for invoiced amounts with no allowance for doubtful accounts since CHAPCA has no history of material bad debts. Receivables are primarily from unrelated individuals. The Organization had accounts receivable of \$218 and \$ - for the years ended December 31, 2020 and 2019, respectively.

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Property and Equipment

Fixed Assets are stated at cost for assets purchased and at estimated fair market value for items donated. The Organization capitalizes assets purchased with a useful life of more than one year and purchase price greater than \$1,500. Depreciation of fixed assets is provided over the estimated useful lives, ranging from 3 to 5 years, of the respective assets using the straight line method.

Deferred Revenue

Revenue related to receipts collected prior to the occurrence of a conference is deferred and recognized in the period in which the conference is held. In addition, membership dues collected in advance of the year of membership are deferred. The Organization had deferred revenue of \$175,165 and \$53,860 at December 31, 2020 and 2019, respectively.

Revenue and Expense Recognition

Revenues are recognized when earned. Policies include:

- Membership dues are recognized over the membership period which is the calendar year.
- Dues collected in advance are recognized as deferred membership dues revenue which is a current liability.
- Professional education and conference events are recognized when the events are held and recorded as deferred revenue if collected in advance.
- Investment income is recognized for dividends and interest income received or receivable, realized gains (losses) from sales, and unrealized gains (losses) in the carrying value of investments held.
- Contributions are recognized in the period received or unconditionally promised, and other revenues are recognized when earned.

Expenses are recognized when incurred which is when goods or services have been received. The expenses of providing various programs and other activities are reported on a functional basis in the statement of activities. Personnel and other costs have been allocated to the various programs and activities benefited. The costs are allocated based on payroll supporting each program and supporting services.

Advertising Costs

Advertising costs are not significant to the financial statements as whole. Advertising expenses are recorded when incurred.

Contributed Services

CHAPCA members donate their time to various activities including governance activities as officers and directors. The value of this contributed time is not recognized in the financial statements since it does not meet the criteria for recognition as a contribution.

Functional Allocation of Expenses

Costs of providing various programs have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Statements of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs directly applied to the related program or supporting service categories are allocated on the basis of estimates of time and effort.

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION**  
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Income Taxes

California Hospice and Palliative Care Organization is exempt from federal income and state franchise taxes under the provisions of Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d), and is not classified as a private foundation; therefore the Organization has made no provision for income taxes in the accompanying financial statements.

Management believes substantially all CHAPCA's activities are substantially-related to its tax-exempt purpose.

Uncertain Tax Positions

The Organization adopted the provisions of FASB ASC 740-10, Accounting for Uncertainty in Income Taxes. CHAPCA may recognize a tax benefit from an uncertain tax position under FASB ASC 740-10 only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The Organization recognized no asset for unrecognized tax benefits nor liabilities resulting from the adoption of FASB ASC 740-10 or as of December 31, 2020 and 2019.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require 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. Accordingly, actual results could differ from those estimates.

**NOTE 2: CASH AND CASH EQUIVALENTS**

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with United States financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. The Organization had cash and equivalents of \$206,064 and -\$0- at risk for the years ended December 31, 2020 and 2019.

**NOTE 3: INVESTMENTS AT FAIR VALUE**

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements.

Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that maybe used to measure fair value, which are the following:

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Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable and can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

For the year ended December 31, 2020, the Organization engaged solely in Level 1 inputs.

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investments at December 31, 2020 at fair value are summarized below:

The portfolio consists of publically traded mutual funds invested in debt and equity securities of publically traded companies.

	<u>Cost</u>	<u>FMV</u>	<u>Unrealized Gains/(Losses)</u>
Mutual Funds	\$ <u>1,170,139</u>	\$ <u>1,453,931</u>	\$ <u>283,792</u>

Investments at December 31, 2019 at fair value are summarized below:

	<u>Cost</u>	<u>FMV</u>	<u>Unrealized Gains/(Losses)</u>
Mutual Funds	\$ <u>1,111,037</u>	\$ <u>1,309,227</u>	\$ <u>198,190</u>

The organization's holdings in equities consist entirely of mutual funds, which are carried at their aggregate market values as determined by the quoted market prices at the end of each business day. The following table presents the Organization's assets at December 31, 2020 and December 31, 2019 that are measured at fair value on a recurring basis and are categorized using the fair value heirarchy.

	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ <u>1,453,932</u>	\$ <u>-</u>	\$ <u>-</u>

The following table presents the Organization's assets at December 31, 2019 that are measured at fair value on a recurring basis and are categorized using the fair value heirarchy.

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	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ <u>1,309,227</u>	\$ <u>-</u>	\$ <u>-</u>

The components of investment income for the year ending December 31, 2020 and are as follows:

Interest and Dividends	\$ 46,623	\$ 45,222
Realized Gains / (Losses)	34,033	31,231
Unrealized Gains / (Losses)	<u>83,797</u>	<u>119,077</u>
	<u>\$ 164,453</u>	<u>\$ 195,530</u>

Investment management fees were paid in the amount of \$13,284 and \$13,098, for the years ended December 31, 2020 and 2019. Investment fees paid in 2019 were netted against investment income.

**NOTE 4: PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2020 and 2019, consisted of the following:

Furniture and Equipment	70,625	70,625
Less: accumulated depreciation	<u>(68,822)</u>	<u>(66,740)</u>
Property and equipment, net	<u>\$ 1,803</u>	<u>\$ 3,885</u>

Depreciation expense totaled \$2,400 and \$318 for the years ended December 31, 2020 and 2019.

**NOTE 5: COMPENSATED ABSENCES**

The Organization expects to pay certain employees for compensated absences arising from employees' absence from employment because of paid time off, illness and personal necessity leave. Consequently, the Organization has recorded a liability for the estimated probable future payments in accordance with Accounting Standards Codification No. 43. Accrued compensated absences were \$13,329 and \$9,638 for the years ended December 31, 2020 and 2019.

**NOTE 6: COMMITMENTS: OPERATING LEASE**

CHAPCA leases office space pursuant to a non-cancelable operating lease expiring in September 2021. Rental expense for the years ended December 31, 2020 and 2019 was \$15,223 and \$22,691. The future minimum lease payments for the remainder of the lease are as follows:

<u>Year Ending December 31</u>	<u>Amount</u>
2021	\$ <u>9,918</u>
Total	<u>\$ 9,918</u>

The Organization also leases a copy machine on a month to month basis. The monthly rent is \$200.

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION**  
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**NOTE 7: PENSION PLAN**

Eligible CHAPCA employees are covered by a retirement plan qualified under Section 403(b) of the Internal Revenue Code. Employees must be at least 18 years of age, have one year of employment service and work 1,000 hours per year to be eligible to participate in the plan. CHAPCA contributes 6.5 percent of eligible compensation. Contributions to the plan on behalf of eligible employees were \$8,450 and \$10,646 for the years ended December 31, 2020 and 2019.

**NOTE 8: MEASURE OF OPERATIONS**

The Organization operating revenues, expenses and transfers include all operating revenues and expenses that are an integral part of the Organization programs and supporting activities. The measure of operations includes support for operating activities from both donor-restricted net assets and net assets without donor restrictions. The measure of operations excludes investment return in excess of amounts made available for current support and changes in fair value.

**NOTE 9: LIQUIDITY AND AVAILABILITY**

The Organization has \$502,744 of liquid assets available to meet cash needs for general expenditures. In addition, the organization has \$1,453,932 in investments that could be used for cash needs. None of the financial assets mentioned above are subject to donor restrictions that would make them unavailable for general expenditures within one year of the current year financial position. The management of the Organization has a goal to maintain cash on hand to meet 20 days of normal operating expenses that on average are approximately \$28,000. The Organization has a policy to structure its financial assets to be available as the Organization general expenditures, liabilities and other obligations come due.

The Organization also has available credit through credit card company in the amount of \$11,200, which is used by management of the Organization to cover short-term or immediate expenses. In addition, the management of the Organization could use the credit card funds to draw upon in the event of an unanticipated liquidity need.

**NOTE 10: SUBSEQUENT EVENTS**

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories, and quarantining of people who may have been exposed to the virus. The Organization continues to monitor developments, including government requirements and recommendations at the national, State, and local level. The COVID-19 pandemic is complex and evolving. At this point, the Organization cannot reasonably estimate the duration and severity of this pandemic, which could have a material adverse impact on business, results of operations, financial position and cash flows.

Subsequent events have been evaluated through May 26, 2021, the date the financial statements were available to be issued.

**NOTE 11: FEDERAL GRANT SUPPORT**

The Organization received loan proceeds in the amount of \$54,997 under the Paycheck Protection Program (PPP). Established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), the PPP provided loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower meets the forgiveness criteria. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

**CALIFORNIA HOSPICE AND PALLIATIVE CARE ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 and 2019**

**NOTE 12: RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

*ASU 2016-18 - Statement of Cash Flows (Topic 230) Restricted Cash.* This standard addresses the diversity in practice that exists regarding the classification and the presentation of changes in restricted cash on the statement of cash flows under Topic 230, Statement of Cash Flows. The standard requires cash flow statements to explain the changes during a reporting period of the totals for cash, cash equivalents, restricted cash and restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and the end-of-period total amounts set forth on the statement of cash flows. The amendments in this ASU do not provide a definition of restricted cash or restricted cash equivalents. The new requirements are effective for the Organization's December 31, 2019 year end however the Organization adopted the pronouncement as of December 31, 2018.

*ASU 2018-08 -* Provides new guidance for when transactions should be accounted for as contributions (nonreciprocal transactions) under Topic 958, Not-For-Profit Entities, or as exchange transactions subject to other revenue accounting guidance. For contributions received the effective date is for periods beginning after December 15, 2018. For contributions made the effective date is for periods beginning after December 15, 2019.

**NOTE 13: FUTURE ACCOUNTING PRONOUNCEMENTS**

*ASU 2016-02 - Leases (Topic 842).* Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with term of more than 12 months. Unlike current GAAP, which requires only capital leases to be recognized on the balance sheet, ASU No. 2016-02 will require both operating and finance leases to be recognized on the balance sheet. Additionally, the ASU will require disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases, including qualitative and quantitative requirements. The new requirements are effective for the Organization's December 31, 2020 year end. Management has not yet determined the impact of this accounting standard on the Organization's operations or cash flows.

*ASU 2018-13 - Fair Value Measurement -* Modifies the disclosure requirement for fair value measurements. The effective date is for fiscal years beginning after December 15, 2019. Management has not yet determined the impact of this accounting standard on the Organization's operations or cash flows.