

HOSPICE GIVING FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**HOSPICE GIVING FOUNDATION
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10



INDEPENDENT AUDITORS' REPORT

Board of Directors
Hospice Giving Foundation
Monterey, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hospice Giving Foundation (the Foundation), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Hospice Giving Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hospice Giving Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in fiscal year 2023 the Foundation adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 an absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 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 GAAS, 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 the Foundation'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 the Foundation'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.

Board of Directors
Hospice Giving Foundation

Other Matters

The financial statements of Hospice Giving Foundation as of June 30, 2022, were audited by Hayashi Wayland, LLP whose partners and professional staff joined CliftonLarsonAllen LLP as of November 1, 2022, and has subsequently ceased operations. Hayashi Wayland LLP's report dated October 25, 2022, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Salinas, California
December 27, 2023

**HOSPICE GIVING FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 60,717	\$ 215,635
Contributions and Grants Receivable	1,271,393	1,466,000
Short-Term Investments	639,585	299,913
Prepaid Expenses	28,343	16,368
Total Current Assets	2,000,038	1,997,916
PROPERTY AND EQUIPMENT, NET	38,082	8,746
OPERATING LEASE RIGHT-OF-USE ASSET, NET	191,861	-
OTHER ASSETS		
Deposits	3,250	3,250
Long-Term Investments	24,132,940	23,824,791
Trusts Receivable	4,616,902	1,875,854
Total Other Assets	28,753,092	25,703,895
Total Assets	\$ 30,983,073	\$ 27,710,557
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 128,384	\$ 401,118
Accrued Liabilities	95,893	84,605
Current Maturities of Trust and Annuity Liabilities	1,045	1,045
Current Operating Lease Liability	97,374	-
Total Current Liabilities	322,696	486,768
TRUST AND ANNUITY LIABILITIES	4,942	4,942
OPERATING LEASE LIABILITY - NONCURRENT	97,230	-
Total Liabilities	424,868	491,710
NET ASSETS		
Without Donor Restrictions:		
Undesignated	2,266,872	3,486,343
Board Designated for Grants and Operating Reserve	18,700,410	17,348,085
Total Without Donor Restrictions	20,967,282	20,834,428
With Donor Restrictions:		
Purpose or Time Restricted	5,946,851	2,759,565
Donor-Restricted Endowment	3,644,072	3,624,854
Total With Donor Restrictions	9,590,923	6,384,419
Total Net Assets	30,558,205	27,218,847
Total Liabilities and Net Assets	\$ 30,983,073	\$ 27,710,557

See accompanying Notes to Financial Statements.

**HOSPICE GIVING FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE			
Contributions and Pledges	\$ 397,162	\$ 479,200	\$ 876,362
Special Events	132,168	-	132,168
Bequests	285,106	-	285,106
Other Income	155	-	155
Investment Return, Net	1,395,523	447,150	1,842,673
Change in Value of Split-Interest Agreements	(463)	2,741,048	2,740,585
Net Assets Released from Restrictions	460,894	(460,894)	-
Total Operating Support and Revenue	2,670,545	3,206,504	5,877,049
OPERATING EXPENSES			
Program Services:			
Community Education	121,202	-	121,202
Grant Making	1,476,111	-	1,476,111
Total Program Services	1,597,313	-	1,597,313
Supporting Services:			
General and Administrative	530,412	-	530,412
Bequest Management	11,294	-	11,294
Fundraising	296,229	-	296,229
Community Engagement	102,443	-	102,443
Total Supporting Services	940,378	-	940,378
Total Operating Expenses	2,537,691	-	2,537,691
CHANGE IN NET ASSETS	132,854	3,206,504	3,339,358
Net Assets - Beginning of Year	20,834,428	6,384,419	27,218,847
NET ASSETS - END OF YEAR	\$ 20,967,282	\$ 9,590,923	\$ 30,558,205

See accompanying Notes to Financial Statements.

**HOSPICE GIVING FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE			
Contributions and Pledges	\$ 371,743	\$ 479,411	\$ 851,154
Special Events	200,872	-	200,872
Bequests	1,712,301	-	1,712,301
Other Income	728	-	728
Investment Return, Net	(2,444,050)	(706,467)	(3,150,517)
Change in Value of Split-Interest Agreements	(634)	51,997	51,363
Net Assets Released from Restrictions	765,142	(765,142)	-
Total Operating Support and Revenue	606,102	(940,201)	(334,099)
OPERATING EXPENSES			
Program Services:			
Community Education	120,020	-	120,020
Grant Making	2,048,637	-	2,048,637
Total Program Services	2,168,657	-	2,168,657
Supporting Services:			
General and Administrative	450,244	-	450,244
Bequest Management	16,384	-	16,384
Fundraising	315,212	-	315,212
Community Engagement	66,262	-	66,262
Total Supporting Services	848,102	-	848,102
Total Operating Expenses	3,016,759	-	3,016,759
CHANGE IN NET ASSETS	(2,410,657)	(940,201)	(3,350,858)
Net Assets - Beginning of Year	23,245,085	7,324,620	30,569,705
NET ASSETS - END OF YEAR	\$ 20,834,428	\$ 6,384,419	\$ 27,218,847

See accompanying Notes to Financial Statements.

**HOSPICE GIVING FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Program Services			Supporting Services					
	Community Education	Grant Making	Total Program Services	General and Administrative	Bequest Management	Fundraising	Community Engagement	Total Supporting Services	Total Expenses
Grants	\$ -	\$ 1,388,764	\$ 1,388,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,388,764
Salaries and Wages	83,117	65,539	148,656	255,866	-	158,484	-	414,350	563,006
Employee Benefits and Taxes	9,403	4,700	14,103	85,769	-	15,433	-	101,202	115,305
Administration	4,881	-	4,881	20,911	-	5,851	-	26,762	31,643
Depreciation	-	-	-	5,940	-	-	-	5,940	5,940
Development and Donor Relations	-	129	129	3,100	-	415	34,202	37,717	37,846
Direct Mail Expense	-	-	-	1,741	-	20,652	6,293	28,686	28,686
Dues and Subscription	-	-	-	2,610	-	427	820	3,857	3,857
Educational Workshops	2,048	-	2,048	30	-	-	-	30	2,078
Marketing and Advertising	180	-	180	4,214	-	6,780	60,661	71,655	71,835
Office	1,283	-	1,283	8,488	-	1,436	-	9,924	11,207
Planned Giving Expense	-	-	-	-	1,400	-	-	1,400	1,400
Printing and Reproduction	296	354	650	5,154	-	481	467	6,102	6,752
Professional Fees	375	-	375	76,263	9,894	33,590	-	119,747	120,122
Rent	13,874	13,873	27,747	18,124	-	13,874	-	31,998	59,745
Special Events	-	-	-	214	-	31,699	-	31,913	31,913
Technology	4,709	-	4,709	28,350	-	-	-	28,350	33,059
Travel, Conference, and Meals	1,036	2,752	3,788	13,638	-	7,107	-	20,745	24,533
Total Expenses by Function	<u>121,202</u>	<u>1,476,111</u>	<u>1,597,313</u>	<u>530,412</u>	<u>11,294</u>	<u>296,229</u>	<u>102,443</u>	<u>940,378</u>	<u>2,537,691</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 121,202</u>	<u>\$ 1,476,111</u>	<u>\$ 1,597,313</u>	<u>\$ 530,412</u>	<u>\$ 11,294</u>	<u>\$ 296,229</u>	<u>\$ 102,443</u>	<u>\$ 940,378</u>	<u>\$ 2,537,691</u>

See accompanying Notes to Financial Statements.

**HOSPICE GIVING FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services					
	Community Education	Grant Making	Total Program Services	General and Administrative	Bequest Management	Fundraising	Community Engagement	Total Supporting Services	Total Expenses
Grants	\$ -	\$ 1,972,675	\$ 1,972,675	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,972,675
Salaries and Wages	86,250	58,397	144,647	241,677	-	197,933	-	439,610	584,257
Employee Benefits and Taxes	9,623	4,180	13,803	94,497	-	23,368	-	117,865	131,668
Administration	-	-	-	17,122	-	-	8	17,130	17,130
Depreciation	-	-	-	4,181	-	-	-	4,181	4,181
Development and Donor Relations	117	84	201	1,096	-	1,175	4,242	6,513	6,714
Direct Mail Expense	-	-	-	951	-	14,299	7,897	23,147	23,147
Dues and Subscription	517	-	517	2,335	-	1,869	765	4,969	5,486
Educational Workshops	2,289	-	2,289	-	-	-	-	-	2,289
Marketing and Advertising	297	-	297	3,452	-	2,741	49,977	56,170	56,467
Office	1,459	-	1,459	5,428	-	1,454	-	6,882	8,341
Planned Giving Expense	-	-	-	-	2,125	-	-	2,125	2,125
Printing and Reproduction	-	495	495	5,875	-	585	3,373	9,833	10,328
Professional Fees	750	-	750	50,384	14,259	750	-	65,393	66,143
Rent	12,750	12,750	25,500	12,750	-	12,750	-	25,500	51,000
Special Events	-	-	-	-	-	41,631	-	41,631	41,631
Technology	4,644	-	4,644	6,616	-	16,537	-	23,153	27,797
Travel, Conference, and Meals	1,324	56	1,380	3,880	-	120	-	4,000	5,380
Total Expenses by Function	<u>120,020</u>	<u>2,048,637</u>	<u>2,168,657</u>	<u>450,244</u>	<u>16,384</u>	<u>315,212</u>	<u>66,262</u>	<u>848,102</u>	<u>3,016,759</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 120,020</u>	<u>\$ 2,048,637</u>	<u>\$ 2,168,657</u>	<u>\$ 450,244</u>	<u>\$ 16,384</u>	<u>\$ 315,212</u>	<u>\$ 66,262</u>	<u>\$ 848,102</u>	<u>\$ 3,016,759</u>

See accompanying Notes to Financial Statements.

**HOSPICE GIVING FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,339,358	\$ (3,350,858)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	5,940	4,181
Noncash Lease Expense	2,743	-
Change in Value of Split-Interest Agreements	(2,740,585)	(51,364)
Net Realized and Unrealized (Gain) Loss on Investments	(1,242,130)	3,725,318
(Increase) Decrease in Assets:		
Contributions and Grants Receivable	194,607	(1,003,000)
Prepaid Expenses	(11,975)	(2,398)
Increase (Decrease) in Liabilities:		
Accounts Payable	(272,734)	400,320
Accrued Liabilities	11,288	15,349
Contributions Restricted for Endowment	(19,218)	(18,818)
Net Cash Used by Operating Activities	(732,706)	(281,270)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(35,276)	(1,000)
Purchases of Investments	(1,168,898)	(1,530,850)
Proceeds from the Sale of Investments	1,763,207	1,671,855
Net Cash Provided by Investing Activities	559,033	140,005
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of Contributions Restricted for Endowment	19,218	18,818
Payments on Annuity Contracts, Net of Refunds	(463)	(503)
Net Cash Provided by Financing Activities	18,755	18,315
CHANGE IN CASH	(154,918)	(122,950)
Cash - Beginning of Year	215,635	338,585
CASH - END OF YEAR	\$ 60,717	\$ 215,635

See accompanying Notes to Financial Statements.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hospice Giving Foundation (the Foundation) is an independent foundation established in 1997. The Foundation provides leadership and direction to help ensure quality, end-of-life care is available to all people, across Monterey and San Benito Counties. As the primary funder for end-of-life care and services, the Foundation ensures donor dollars are properly directed, conducts thorough vetting of all prospective grantee organizations and supports a breadth and depth of end-of-life services throughout the identified communities. Services include providing extensive public education on advance healthcare preparedness, understanding options for care, effective communications, as well as professional continuing education. The Foundation works closely with funded agencies and partners to establish a more integrated model of care which benefits individuals with serious illness, families, caregivers and health care professionals/organizations.

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The net assets, revenues, gains and losses, other support and expenses and other changes in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, for reporting purposes, net assets of the Foundation and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. This includes certain amounts designated by the board of directors for endowment and other purposes.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Foundation and/or the passage of time, or net assets that are perpetual in nature and subject to donor-imposed restrictions that they be maintained in perpetuity by the Foundation. Generally, the donors of these assets permit the Foundation to use all, or a part of the income earned on related investments for general or donor-restricted purposes.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Gifts of land, buildings, and equipment are presented as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. 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 net assets with donor restrictions. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional contributions with a measurable performance or other barrier and a right of return, are not recorded until the conditions on which they depend have been met.

A portion of the Foundation's revenue is derived from special events. The Foundation has historically recognized revenue from admissions and sponsorships equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Special event income of \$132,168 and \$200,872 was recognized for the years ended June 30, 2023 and 2022, respectively, in the form of admissions, sponsorships, raffle tickets and contributions.

Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Cash

The Foundation considers all highly liquid investments with an initial maturity of three months or less at the date of purchase to be cash except for money market funds held in investment brokerage accounts, which are classified as investments.

Contributions Receivable

Contributions receivable, which include unconditional promises to give, that are expected to be collected within one year are recorded at net realizable value. Contributions that are expected to be collected over periods in excess of one year are recorded at the present value of the estimated cash flows beyond one year. The discounts on those amounts are computed using an estimated discount rate applicable to the years in which the promises are received.

The Foundation uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management analysis of specific contributions made. The allowance has been estimated at zero for the years ended June 30, 2023 and 2022.

Investments

Marketable debt and equity securities are measured at fair value. Increases or decreases in market value are recognized in the period in which they occur.

Property and Equipment

All equipment acquired by purchase is stated at cost. Donated property is stated at fair value at the date of gift. Major improvements are capitalized to the property accounts, while maintenance and repairs which do not extend the life of the respective assets are expensed currently. The Foundation typically capitalizes items costing or valued at \$500 or more with an estimated useful life of more than one year.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is computed by use of the straight-line method based on the estimated useful lives of the respective assets, which range from five to thirty years.

Accrued Compensated Absences

All full-time employees of the Foundation accrue vacation and sick leave. The rate of accrual is based on seniority. Vacation accrues at the rate of 10 days for one year but less than three years of service, 15 days for three years but less than eight years of service, and 20 days after eight years of employment. Part-time employees may earn vacation on a pro-rata basis, based on years of service. Employees working less than part-time or temporary employees are not eligible for vacation benefits. Sick leave accrues at a rate of 10 days per year. Vacation is allowed to carryover at a maximum of 10 days. Any unused vacation is paid upon termination. The President/CEO's accrued vacation and sick leave is negotiated as part of their annual contract with the board.

Donated Services

Donated services are not recorded unless such services create or enhance nonfinancial assets or require specialized skills and are so essential that they would be purchased if not provided by donation.

Advertising Costs

It is the policy of the Foundation to expense advertising costs as they are incurred. Advertising expenses for the years ended June 30, 2023 and 2022 totaled \$-0-.

Income Taxes

As a tax-exempt nonprofit organization, the Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state franchise tax under California Revenue and Taxation Code Section 23701(d) but is subject to taxes on unrelated business income when earned.

Management has considered the Foundation's tax positions and believes that all of the positions taken in its federal and state tax returns are more likely than not to be sustained upon examination. The Foundation's returns are subject to income tax examinations by the federal and state tax authorities, generally for three years and four years, respectively, after they are filed.

Functional Allocation of Expenses

The costs of providing program services and other activities have been presented on a functional basis in the statements of activities. Certain categories of expenses are attributable to both program and supporting functions. Accordingly, such costs have been allocated among the programs and supporting services benefited. Salaries, payroll taxes and benefits are allocated by a percentage of use determined by staff time. Facilities, equipment and other expenses, which are attributable to more than one function are allocated based on the ratio of program or supporting services which receive the benefit of those expenses.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The carrying amount of financial instruments including cash, contributions receivable, accounts payable, and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Reclassifications

Certain reclassifications have been made to the prior year comparative financial statements to conform with the current year presentation.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the earliest period presented.

The Foundation has elected to adopt the package of practical expedients available in the year of adoption. The Foundation has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets.

As a result of the adoption of the new lease accounting guidance, the Foundation recognized on July 1, 2022 a lease liability of \$254,186, which represents the present value of the remaining operating lease payments of \$266,476, discounted using a risk free rate equal to the term of the lease of 3.54%, and a right-of-use asset of \$254,186.

The standard had a material impact on the statement of financial position but did not have an impact on the statement of activities, nor statements of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Foundation leases equipment and an office facility. The Foundation determines if an arrangement is a lease at inception. Operating leases are included in operating right-of-use assets and operating lease liabilities in the statement of financial position. The Foundation does not have any finance leases.

ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Foundation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

In evaluating contracts to determine if they qualify as a lease, the Foundation considers factors such as if the Foundation has obtained substantially all of the rights to the underlying asset through exclusivity, if the Foundation can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Foundation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

Subsequent events have been evaluated by the Foundation through December 27, 2023, which is the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

The Foundation maintains cash in bank deposit accounts at several financial institutions located in California. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023 and 2022, all the Foundation's cash in bank deposit accounts was covered by FDIC Insurance.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 CONCENTRATION OF CREDIT RISK (CONTINUED)

The Foundation's investments are exposed to various risks, such as fluctuations in the market and credit risks. Due to the level of risks associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near future and that such changes could materially affect the amounts reported in the statements of activities.

NOTE 3 FAIR VALUE MEASUREMENTS

The Foundation measures its assets and liabilities at fair value in accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB *Accounting Standards Codification*. This guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value.

The guidance establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The guidance expands disclosures about instruments measured at fair value. The guidance applies to other accounting pronouncements that require or permit fair value measurements, and, accordingly, the guidance does not require any new fair value measurements.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial statement.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurements.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the financial instruments carried at fair value as of June 30, by caption on the statements of financial position by the valuation hierarchy defined above:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>June 30, 2023</u>				
Investments	\$ 24,772,525	\$ -	\$ -	\$ 24,772,525
Trusts Receivable	-	-	4,616,902	4,616,902
Total	<u>\$ 24,772,525</u>	<u>\$ -</u>	<u>\$ 4,616,902</u>	<u>\$ 29,389,427</u>
<u>June 30, 2022</u>				
Investments	\$ 24,124,704	\$ -	\$ -	\$ 24,124,704
Trusts Receivable	-	-	1,875,854	1,875,854
Total	<u>\$ 24,124,704</u>	<u>\$ -</u>	<u>\$ 1,875,854</u>	<u>\$ 26,000,558</u>

During the years ended June 30, 2023 and 2022, the Foundation had no purchases, issues, or transfers in or out of Level 3 assets.

The following table represents a roll forward of the fair value of the Level 3 trusts receivable balances on June 30:

	<u>2023</u>	<u>2022</u>
Balance, Beginning of Year	\$ 1,875,854	\$ 1,823,857
Change in Fair Value	2,741,048	51,997
Balance, End of Year	<u>\$ 4,616,902</u>	<u>\$ 1,875,854</u>

Following is a description of the Foundation's valuation methodologies for assets and liabilities measured at fair value:

Fair value for Level 1 is based upon quoted market prices. Inputs are obtained from various sources including market participants, dealers, brokers, and financial institutions.

Fair value for Level 3 utilizes the key input of a discount rate to convert the expected future cash flows from the trusts to a single present value amount. The Foundation utilizes an estimated discount rate at June 30, 2023 and 2022 and develops measurement criteria based on the best information possible. The net present value of the split-interest agreements in which the Foundation does not serve as trustee utilizes significant unobservable inputs in estimating fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 RECEIVABLES

Receivables at June 30 consist of the following:

	2023	2022
Contributions Receivable:		
Elma Brown Trust	\$ 1,215,393	\$ 1,280,000
Geri Allison Trust	-	170,000
Julia Viarengo Trust	6,000	6,000
Allison Cathro Trust	-	5,000
Margaret Frank	25,000	-
Other	-	5,000
Total Contributions Receivable	1,246,393	1,466,000
Grants Receivable:		
Harden Foundation	25,000	-
Total Grants Receivable	25,000	-
Total Receivables	\$ 1,271,393	\$ 1,466,000

NOTE 5 INVESTMENTS

The Foundation classifies its investments as follows:

Undesignated Fund – The Undesignated Fund accounts for those funds which are not classified as board-designated, donor-restricted endowment or charitable gift annuities.

Board-Designated Fund – The Board-Designated Fund accounts for those funds which are not restricted and will be expended for specific purposes as designated by the board of directors.

Donor-Restricted Endowment Fund – The Donor-Restricted Endowment Fund accounts for funds donated to the Foundation in which the principal is to be invested and only the related income and appreciation in the value of the endowment investments can be expended.

Charitable Gift Annuities Fund – The Charitable Gift Annuities Fund accounts for funds donated to the Foundation in which the donor is to be paid annuity payments for life. The Foundation invests these funds based upon regulations of the California Department of Insurance and the Florida Office of Insurance Regulation.

At June 30, 2023 and 2022, \$5,116 and \$5,371, respectively, of the charitable gift annuities fund and other funds as needed, are required as reserves to meet the expected future payment obligations under the Foundation’s outstanding annuity contracts.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 INVESTMENTS (CONTINUED)

Investments are stated at fair market value based on quoted market prices (Level 1). The investments portfolio included the following at June 30:

	Undesignated Fund	Board Designated Fund	Donor- Restricted Endowment Fund	Charitable Gift Annuities Fund	Total
<u>June 30, 2023</u>					
Money Market	\$ 515,109	\$ 7,774	\$ 19,754	\$ 96,948	\$ 639,585
Treasury Bills	498,808	-	-	-	498,808
Domestic Corporate Bonds and Bond Funds	-	8,292,386	1,679,958	14,631	9,986,975
Domestic Stocks and Stock Funds	-	5,695,267	1,730,949	52,741	7,478,957
International Stocks and Stock Funds	-	3,762,666	1,224,166	-	4,986,832
Other	-	942,317	239,051	-	1,181,368
Total	<u>\$ 1,013,917</u>	<u>\$ 18,700,410</u>	<u>\$ 4,893,878</u>	<u>\$ 164,320</u>	<u>\$ 24,772,525</u>
<u>June 30, 2022</u>					
Money Market	\$ 210,007	\$ 1,597	\$ 19,391	\$ 68,918	\$ 299,913
Treasury Bills	1,984,018	-	-	-	1,984,018
Domestic Corporate Bonds and Bond Funds	-	7,761,197	1,513,441	39,435	9,314,073
Domestic Stocks and Stock Funds	-	5,075,247	1,538,113	45,731	6,659,091
International Stocks and Stock Funds	-	3,729,550	1,156,894	-	4,886,444
Other	-	780,494	200,671	-	981,165
Total	<u>\$ 2,194,025</u>	<u>\$ 17,348,085</u>	<u>\$ 4,428,510</u>	<u>\$ 154,084</u>	<u>\$ 24,124,704</u>

Investment return net is comprised of the following for the years ended June 30:

	Undesignated Fund	Board- Designated Fund	Donor- Restricted Endowment Fund	Trusts and Annuities	Total
<u>June 30, 2023</u>					
Interest and Dividend Income	\$ 12,754	\$ 520,021	\$ 145,570	\$ 3,489	\$ 681,834
Realized and Unrealized Gains (Losses) on Investments	20,745	896,945	317,230	7,210	1,242,130
Investment Fees	-	(65,641)	(15,650)	-	(81,291)
Total Investment Return, Net	<u>\$ 33,499</u>	<u>\$ 1,351,325</u>	<u>\$ 447,150</u>	<u>\$ 10,699</u>	<u>\$ 1,842,673</u>
<u>June 30, 2022</u>					
Interest and Dividend Income	\$ 218	\$ 516,408	\$ 154,404	\$ 1,938	\$ 672,968
Realized and Unrealized Gains (Losses) on Investments	(1,134)	(2,871,536)	(840,608)	(12,040)	(3,725,318)
Investment Fees	-	(77,904)	(20,263)	-	(98,167)
Total Investment Return, Net	<u>\$ (916)</u>	<u>\$ (2,433,032)</u>	<u>\$ (706,467)</u>	<u>\$ (10,102)</u>	<u>\$ (3,150,517)</u>

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 SPLIT-INTEREST AGREEMENTS

Trusts Receivable

The Foundation is a remainderman beneficiary of two charitable remainder trusts for which the Foundation does not serve as Trustee. The assets of these trusts are in no way subject to the control of the Foundation at this time and are recorded at the estimated net present value of the assets to be received. The charitable remainder trust agreements stipulate that certain amounts are to be paid to individuals from trust income until such time that the trust is terminated. The Foundation also has two charitable gift annuities. The assets donated are recorded at fair market value. The charitable gift annuity agreements stipulate that the Foundation will pay an annual annuity for the life of the donor.

The net present value of assets and trust and annuity liabilities are recorded based on the present value of future payments calculated using IRS life expectancy tables in IRS Publication 590, dated December 2022 and discounted to its net present value at an estimated discount rate for the period of time at the date of the gift. The discount rates used ranged from 3.97% to 6.00% depending on when the contribution was received. The change in value of the trust agreements is recorded for the amortization of the discount and any changes in actuarial assumptions.

Upon the death of the last beneficiary of each trust, the assets of the individual trusts will become the property of the Foundation.

The carrying value of the split-interest agreements at June 30 consists of the following:

	<u>2023</u>	<u>2022</u>
Charitable Remainder Trust in Which the Foundation Does not Serve as Trustee, Net Present Value:		
Remainder Interest in Armstrong Trust	\$ 48,178	\$ 45,825
Remainder Interest in Christensen Charitable Trust	<u>4,568,724</u>	<u>1,830,029</u>
Total	<u>\$ 4,616,902</u>	<u>\$ 1,875,854</u>

At June 30 trust and annuity liabilities consists of the following:

	<u>2023</u>	<u>2022</u>
Payable for Charitable Gift Annuities	<u>\$ 5,987</u>	<u>\$ 5,987</u>

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 COMMUNITY FOUNDATION

The Community Foundation for Monterey County (CFMC) holds an endowed designated fund known as the Dr. James Valentine Fund (the Fund). The Foundation is a 20% beneficiary of the Fund. The Fund benefits three other nonprofit organizations. Distributions will be paid annually in September. The Foundation received a distribution of \$81,563 and \$43,238 from the Fund at June 30, 2023 and 2022, respectively. These distributions represent the Foundation's 20% share of the total 4.25% distribution of the Fund. The distribution is calculated on the fair value of the quarterly average fund balance of the Fund at September 30th of the preceding calendar year. The endowment fund balance is not reflected in the accompanying financial statements as the Foundation has no ownership rights to the fund.

NOTE 8 PROPERTY AND EQUIPMENT, NET

Property and equipment at June 30 consist of the following:

	<u>2023</u>	<u>2022</u>
Furniture and Fixtures	\$ 91,569	\$ 60,865
Less: Accumulated Depreciation	(53,487)	(52,119)
Property and Equipment, Net	<u>\$ 38,082</u>	<u>\$ 8,746</u>

Depreciation expense was \$5,940 and \$4,181 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

At June 30 net assets with donor restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purpose:		
Split-Interest Agreements	\$ 4,616,902	\$ 1,875,854
Dalton State Fund	10,000	10,000
Heal Together Initiative	11,161	-
Palliative Care	-	150
Community Education	58,982	69,905
Endowment Earnings:		
Community Outreach and Education	12,834	9,684
Hospice Care at Westland House	29,272	21,329
Hospice Care - Westland Fund	376,102	280,121
General	831,598	492,522
Total	<u>5,946,851</u>	<u>2,759,565</u>
Endowments Held in Perpetuity:		
Donor-Restricted Endowment	<u>3,644,072</u>	<u>3,624,854</u>
Total Net Assets With Donor Restrictions	<u>\$ 9,590,923</u>	<u>\$ 6,384,419</u>

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

During the course of the year, net assets that were subject to donor-imposed restrictions were fulfilled by actions of the Foundation pursuant to those restrictions. These net assets are shown in the statements of activities as Net Assets Released from Restrictions. The detail of the net assets released from restrictions at June 30 is as follows:

	<u>2023</u>	<u>2022</u>
Expiration of Time Restrictions		
Satisfaction of Purpose Restrictions:		
Heal Together Initiative	\$ 390,839	\$ 640,538
Palliative Care	-	150
Community Education	<u>70,055</u>	<u>124,454</u>
Total Net Assets Released from Donor Restrictions	<u>\$ 460,894</u>	<u>\$ 765,142</u>

NOTE 10 ENDOWMENT

At June 30, 2023 and 2022, the Foundation's endowment fund is composed of various donor-restricted contributions. Under the terms of these contributions, the original donation must be kept in perpetuity and depending on the donors' wishes, the earnings are available for unrestricted or restricted uses. The total of these permanently restricted contributions at June 30, 2023 and 2022 was \$3,644,072 and \$3,624,854, respectively.

The Foundation's endowment consists of eight individual funds, three established for general operating purposes, one for the Westland House and the remaining are for patient care, community outreach and education, and Alzheimer's. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Foundation's board of directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not held in perpetuity under net assets with donor restrictions is classified as net assets with donor restrictions that are restricted by time or purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 ENDOWMENT (CONTINUED)

Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

Spending Policy

Each year a percentage of the earnings in each donor-restricted endowment fund or board-designated fund shall be appropriated and then distributed in the following year according to written criteria with a proportion left in each fund for growth. The percentage shall be reviewed annually by the Foundation's investment committee, which may make recommendations to the board as to any recommended changes. There were no distributions from the donor-restricted endowment funds or the board-designated funds for the years ending June 30, 2023 and 2022.

Investment Policy

Investment Objective

The Fund is a balanced portfolio composed of equity, fixed income, and cash equivalent securities and, as such, is intended to be more aggressive than fixed income-oriented portfolios and less aggressive than equity-oriented portfolios. In this context "aggressive" relates to such issues as investment vehicles, diversification among economic and industry sectors and individual securities, and expected long-term rates of return and return volatility. Within this framework, the investment objectives for the Fund are stated below in order of importance:

Preservation of Purchasing Power – Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation in order to preserve purchasing power of the Foundation's assets.

Growth of Capital – Asset growth is expected to be consistent with the investment consultant's stated style characteristics over a complete market cycle (generally three to five years).

Preservation of Capital – Over the investment time horizon, capital gains are to be protected. A positive return must be experienced over the investment time horizon.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 ENDOWMENT (CONTINUED)

Investment Policy (Continued)

Asset Allocation Limitations

Asset allocations for the board-designated fund include Domestic Stocks 13% to 44%, target 30%; International Stocks 11% to 41%, target 20%; Fixed Income Assets 30% to 80%, target 45%; and Alternative Investments 0% to 45%, target 5%. The donor-restricted endowment includes asset allocations of: Domestic Stocks 20% to 50%, target 35%; International Stocks 10% to 40%, target 25%; Fixed Income Assets 20% to 70%, target 35%; and Alternative Investments 0% to 45%, target 5%.

Risk Tolerance

The board of directors recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, as measured and evidenced by high volatility and/or low-quality rated securities, the assumption of risk is warranted and encouraged in order to allow the investment consultant the opportunity to achieve satisfactory long-term results consistent with the objectives and fiduciary character of the Foundation.

Endowment Net Asset Composition

Endowment net asset composition as of June 30:

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 4,893,878	\$ 4,893,878
Board-Designated Endowment Funds	18,700,410	-	18,700,410
Total	<u>\$ 18,700,410</u>	<u>\$ 4,893,878</u>	<u>\$ 23,594,288</u>
June 30, 2022	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds	\$ -	\$ 4,428,510	\$ 4,428,510
Board-Designated Endowment Funds	17,348,085	-	17,348,085
Total	<u>\$ 17,348,085</u>	<u>\$ 4,428,510</u>	<u>\$ 21,776,595</u>

Changes in Endowment Net Assets

Changes in endowment net assets for the years ended June 30:

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ 17,348,085	\$ 4,428,510	\$ 21,776,595
Investment Return:			
Investment Income	520,021	145,570	665,591
Realized and Unrealized Gain (Loss)	896,945	317,230	1,214,175
Investment Fees	(64,641)	(16,650)	(81,291)
Total Investment Return	<u>1,352,325</u>	<u>446,150</u>	<u>1,798,475</u>
Contributions	-	19,218	19,218
Endowment Net Assets - End of Year	<u>\$ 18,700,410</u>	<u>\$ 4,893,878</u>	<u>\$ 23,594,288</u>

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets (Continued)

<u>June 30, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Net Assets - Beginning of Year	\$ 19,608,118	\$ 5,116,159	\$ 24,724,277
Investment Return:			
Investment Income	516,408	154,404	670,812
Realized and Unrealized Gain (Loss)	(2,871,536)	(840,608)	(3,712,144)
Investment Fees	<u>(77,904)</u>	<u>(20,263)</u>	<u>(98,167)</u>
Total Investment Return	(2,433,032)	(706,467)	(3,139,499)
Contributions	-	18,818	18,818
Board Designations and Transfers	172,999	-	172,999
Endowment Net Assets - End of Year	<u>\$ 17,348,085</u>	<u>\$ 4,428,510</u>	<u>\$ 21,776,595</u>

NOTE 11 LEASES – ASC 842

The Foundation leases equipment and an office facility for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2027. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provide quantitative information concerning the Foundation's leases for the year ending June 30, 2023:

Lease Cost:	
Operating Lease Cost	\$ 66,133
Total Lease Cost	<u>\$ 66,133</u>
Other Information:	
Operating Cash Flows from Operating Leases	\$ 63,390
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 254,186
Weighted-Average Remaining Lease Term - Operating Leases	2.3 Years
Weighted-Average Discount Rate - Operating Leases	3.54 %

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 11 LEASES – ASC 842 (CONTINUED)

The Foundation classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 102,639
2025	61,839
2026	37,949
2027	660
Undiscounted Cash Flows	<u>203,087</u>
Less: Imputed Interest	<u>(8,483)</u>
Total Present Value	<u><u>\$ 194,604</u></u>
Short-Term Lease Liabilities	\$ (97,374)
Long-Term Lease Liabilities	<u>(97,230)</u>
Total Lease Liabilities	<u><u>\$ (194,604)</u></u>

NOTE 12 OPERATING LEASE AGREEMENTS – ASC 840

The Foundation elected to apply the provisions of FASB 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022, are made under prior lease guidance in FASB ASC 840.

The Foundation conducts a portion of its operations from office space in Monterey, California leased under a noncancelable lease agreement terminating October 31, 2024. Total rent expense for the years ended June 30, 2022, amounted to \$51,000.

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 57,000
2024	62,000
2025	21,000
Total	<u><u>\$ 140,000</u></u>

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 13 RETIREMENT PLAN

The Foundation has a 403(b) retirement plan that covers all eligible employees. Retirement costs include current service costs, which are accrued and funded by an employer contribution of 5% of wages, on a current basis. An individual employee has the option to designate placement of the contribution made on his or her behalf in mutual funds and/or annuity contracts. The employee can also make a contribution in an amount equal to the maximum allowed by law or 25% of their wages for the year. Retirement costs charged to operations for the years ended June 30, 2023 and 2022 were \$24,400 and \$26,368, respectively. There are no unfunded prior service costs.

NOTE 14 CONTINGENCIES

Bequests

The Foundation has been informed of several bequests. As the estates have not been settled, no estimates of actual distributions payable to the Foundation are available. Accordingly, the Foundation has not recorded any support income or receivables due from these bequests.

NOTE 15 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Foundation has various sources of liquidity at its disposal, including cash, receivables and investments.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 51,802	\$ 206,720
Contributions and Grants Receivable	1,265,393	156,249
Undesignated Funds	1,013,917	2,194,025
Board-Designated Funds	18,700,410	17,348,085
Donor-Restricted Funds Designated for General Expenditure	<u>831,569</u>	<u>492,522</u>
Financial Assets Available for General Expenditure Within One Year	<u>\$ 21,863,091</u>	<u>\$ 20,397,601</u>

The Foundation's endowment fund consists of donor-restricted endowments and funds designated by the board as endowments. A spending rate is determined annually by the investment advisory committee. The approved percentage is based on the average 12-quarter fair market values of the funds as of June 30th each year.

**HOSPICE GIVING FOUNDATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Board-designated funds are \$18,700,410 and \$17,348,085 as of June 30, 2023 and 2022, respectively. These funds are subject to the Foundation's spending policy but are available if necessary.

Donor-restricted endowment funds, other than earnings from general endowment funds, are not available for general expenditure. Earnings from donor-restricted endowments are restricted by time or for specific purposes. Donor-restricted fund earnings designated for general expenditure of \$831,569 and \$492,522 for the years-ended June 30, 2023 and 2022, respectively, are considered available within the next year.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.