

HUDSON VALLEY HOSPICE FOUNDATION, INC.

FINANCIAL STATEMENTS

December 31, 2022 and 2021

HUDSON VALLEY HOSPICE FOUNDATION, INC.

FINANCIAL STATEMENTS
December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Hudson Valley Hospice Foundation, Inc.

Opinion

We have audited the consolidated financial statements of Hudson Valley Hospice Foundation, Inc. (the Foundation), a New York not-for-profit corporation, which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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.


Crowe LLP

West Hartford, Connecticut
April 27, 2023

HUDSON VALLEY HOSPICE FOUNDATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 141,648	\$ 878,874
Donor restricted cash and cash equivalents for capital campaign	1,133,456	266,830
Prepaid expenses and other assets	19,769	18,768
Contributions and pledges receivable	<u>95,834</u>	<u>381,273</u>
Total current assets	1,390,707	1,545,745
Other assets:		
Due from affiliates	-	1,570
Pledges receivable, net	268,396	252,499
Investments	1,095,575	1,250,024
Right-of-use asset	63,516	-
Property and equipment, net	<u>9,355</u>	<u>12,833</u>
Total assets	<u>\$ 2,827,549</u>	<u>\$ 3,062,671</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 7,359	\$ 30,525
Due to affiliates	4,664	-
Lease liability	<u>29,352</u>	<u>-</u>
Total current liabilities	41,375	30,525
Lease liability	<u>32,490</u>	<u>-</u>
Total liabilities	73,865	30,525
Net assets:		
Net assets without donor restrictions	1,007,395	1,882,941
Net assets with donor restrictions	<u>1,746,289</u>	<u>1,149,205</u>
Total net assets	<u>2,753,684</u>	<u>3,032,146</u>
Total liabilities and net assets	<u>\$ 2,827,549</u>	<u>\$ 3,062,671</u>

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

HUDSON VALLEY HOSPICE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Public support and revenue:						
Fundraising events	\$ 137,187	\$ -	\$ 137,187	\$ 267,253	\$ -	\$ 267,253
Contributions and pledges receivable	42,343	670,208	712,551	539,795	899,342	1,439,137
Net assets released from restrictions	73,124	(73,124)	-	38,840	(38,840)	-
Investment income	70,191	-	70,191	68,000	-	68,000
Realized (losses) gains on sales of investments	(454)	-	(454)	1,215	-	1,215
Holding (losses) gains on investments	(228,258)	-	(228,258)	99,785	-	99,785
Total public support and revenue	<u>94,133</u>	<u>597,084</u>	<u>691,217</u>	<u>1,014,888</u>	<u>860,502</u>	<u>1,875,390</u>
Expenses:						
Fundraising	264,808	-	264,808	437,282	-	437,282
Contributions to Hospice	473,124	-	473,124	38,840	-	38,840
Management and general	231,747	-	231,747	148,844	-	148,844
Total expenses	<u>969,679</u>	<u>-</u>	<u>969,679</u>	<u>624,966</u>	<u>-</u>	<u>624,966</u>
Change in net assets	<u>(875,546)</u>	<u>597,084</u>	<u>(278,462)</u>	<u>389,922</u>	<u>860,502</u>	<u>1,250,424</u>
Net assets, beginning of year	<u>1,882,941</u>	<u>1,149,205</u>	<u>3,032,146</u>	<u>1,493,019</u>	<u>288,703</u>	<u>1,781,722</u>
Net assets, end of year	<u>\$ 1,007,395</u>	<u>\$ 1,746,289</u>	<u>\$ 2,753,684</u>	<u>\$ 1,882,941</u>	<u>\$ 1,149,205</u>	<u>\$ 3,032,146</u>

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

HUDSON VALLEY HOSPICE FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

	2022				2021			
	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ -	\$ 108,083	\$ 107,743	\$ 215,826	\$ -	\$ 151,073	\$ 58,981	\$ 210,054
General and administrative	-	-	100,884	100,884	-	-	71,589	71,589
Contributions to Hospice	473,124	-	-	473,124	38,840	-	-	38,840
Employee benefits	-	35,146	4,718	39,864	-	29,782	3,998	33,780
Bank and investment fees	-	-	17,626	17,626	-	-	11,338	11,338
Depreciation and amortization	-	-	776	776	-	-	2,939	2,939
	<u>473,124</u>	<u>143,229</u>	<u>231,747</u>	<u>848,100</u>	<u>38,840</u>	<u>180,856</u>	<u>148,844</u>	<u>368,540</u>
Fundraising events:								
Gala	-	46,252	-	46,252	-	-	-	-
Golf	-	24,450	-	24,450	-	30,547	-	30,547
Capital campaign	-	7,262	-	7,262	-	158,061	-	158,061
Other events	-	12,845	-	12,845	-	15,011	-	15,011
Tree of Life	-	11,838	-	11,838	-	7,639	-	7,639
Annual Appeal	-	9,494	-	9,494	-	11,563	-	11,563
Memorial Garden	-	8,539	-	8,539	-	33,605	-	33,605
Sporting event	-	899	-	899	-	-	-	-
	<u>-</u>	<u>121,579</u>	<u>-</u>	<u>121,579</u>	<u>-</u>	<u>256,426</u>	<u>-</u>	<u>256,426</u>
Total expenses	<u>\$ 473,124</u>	<u>\$ 264,808</u>	<u>\$ 231,747</u>	<u>\$ 969,679</u>	<u>\$ 38,840</u>	<u>\$ 437,282</u>	<u>\$ 148,844</u>	<u>\$ 624,966</u>

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

HUDSON VALLEY HOSPICE FOUNDATION, INC.
 STATEMENTS OF CASH FLOWS
 Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
(Deficiency) excess of revenue over expenses	\$ (278,462)	\$ 1,250,424
Adjustments to reconcile (deficiency) excess of revenue over expenses to cash provided by operating activities:		
Depreciation and amortization	776	2,939
Realized losses (gains) on sales of investments	454	(1,215)
Holding losses (gains) on investments	228,258	(99,785)
Amortization of right-of-use lease asset	28,205	-
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	(1,001)	(12,291)
Contributions and pledges receivable	269,542	(610,015)
Due (to) from affiliates	6,234	(4,402)
Accounts payable	(23,166)	25,316
Lease liability	(29,879)	-
Net cash provided by operating activities	<u>200,961</u>	<u>550,971</u>
Cash flows from investing activities:		
Purchases of property and equipment	2,702	-
Purchases of investments	(323,357)	(85,158)
Sales of investments	249,094	56,897
Net cash used in investing activities	<u>(71,561)</u>	<u>(28,261)</u>
Change in cash and cash equivalents and restricted cash and cash equivalents	129,400	522,710
Cash and cash equivalents at beginning of year	<u>1,145,704</u>	<u>622,994</u>
Cash and cash equivalents and restricted cash and cash equivalents at end of year	<u>\$ 1,275,104</u>	<u>\$ 1,145,704</u>

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

HUDSON VALLEY HOSPICE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 - GENERAL

Hudson Valley Hospice Foundation (the Foundation) is organized as a not-for-profit corporation, whose main function is to solicit, invest, and allocate charitable gifts and grants and perform research and community education on behalf of Hudson Valley Hospice (Hospice), the sole member of the Foundation, located in Hyde Park, New York.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Use of Estimates: The preparation of financial statements in conformity with GAAP 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.

Cash and Cash Equivalents: The Foundation classifies certain securities with original maturity dates of three months or less from the date of purchase as cash equivalents. Cash equivalents are comprised of several cash accounts and money market funds as of December 31, 2022 and 2021. In general, the Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250,000 per depositor, per bank. At times, the Foundation may maintain cash balances that are in excess of the insured FDIC limits. It is the Foundation's policy to monitor the financial strength of its banks on an ongoing basis.

Money market funds are not insured by the FDIC and are not a risk-free investment. Money market funds invest in a variety of instruments including mortgage-backed and asset-backed securities. Although a money market fund seeks to preserve its one dollar per share value, it is possible that a money market fund's value can decrease below one dollar per share. As of December 31, 2022 and 2021, the Foundation had \$811,520 and \$347,165 in money market funds, respectively. These money market accounts are held within cash and cash equivalents.

Restricted Cash and Cash Equivalents: As part of the Foundation's ongoing capital campaign, the Foundation held \$1,133,456 and \$266,830 of restricted cash and cash equivalents that are donor restricted for the capital campaign as of December 31, 2022 and 2021, respectively.

Investments: The Foundation's investment securities portfolio consists of mutual funds, which are considered equity securities with readily determinable fair values. The Foundation accounts for its mutual funds in accordance with FASB ASC 321, "*Investments - Equity Securities*" (FASB ASC 321). Investments in equity securities, with readily determinable fair values, are measured at fair value at the time of purchase, with subsequent changes in fair value included in holdings gains on investments on the statement of activities, unless the income or loss is restricted by donor or law.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases: In February 2016, the FASB issued a new standard, ASU 2016-02 “*Leases (Topic 842)*” (FASB ASC 842) related to leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. The most prominent among 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 the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Foundation has adopted FASB ASC 842 as of January 1, 2022 using the cumulative effect transition approach. The cumulative effect transition approach provides a method for recording existing leases at adoption and not restating comparative periods, rather the effect of the change is recorded at the beginning of the year of adoption. In addition, the Foundation elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Foundation to carry forward the historical lease classification.

The standard had a material impact in the Foundation’s statements of financial position but did not have an impact in the Foundation’s statements of activities and net assets. The most significant impact was the recognition of the right-of-use asset and lease liability for the operating lease, which amounted to \$59,368 and \$58,365, respectively, as of December 31, 2022.

At the inception of an arrangement, management determines whether the arrangement is or contains a lease based on the unique facts and circumstances present.

The ROU asset represents the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the Foundation’s lease does not provide an implicit rate, the Foundation has elected to use the practical expedient provided by FASB ASC 842 and utilize a U.S. Treasury rate with a similar duration to the lease at commencement date in determining the present value of lease payments. The ROU asset also includes any lease payments made and excludes lease incentives. The Foundation’s 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 lease payments is recognized on a straight-line basis over the lease term.

Most leases with a term greater than one-year are recognized on the statements of financial position as ROU asset and lease liability. The Foundation has elected not to recognize on the statements of financial position leases with terms of one year or less.

Pledges, Bequests, and Gifts for Specific Purposes: Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received, or the condition has been satisfied. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of operations as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received, and contributions received by donors without restrictions, are reflected as other operating revenue in the accompanying consolidated statements of operations.

(Continued)

HUDSON VALLEY HOSPICE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation reports gifts of equipment (or other long-lived assets) as support 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 support with donor restrictions. Absent 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.

Financial Statement Presentation: The financial statements report the changes in and totals of each net asset class based on the existence of donor restrictions. Net assets are classified as without donor restriction or with donor restriction. Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. Net assets without donor restrictions include undesignated net assets.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by actions of the Foundation or by the passage of time, which include Hospice patient care services and education.

Net assets with donor restrictions as of December 31, 2022 and 2021 are available for the following activities:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Hospice patient care services and education	\$ 248,603	\$ 248,603
Capital campaign	<u>1,497,686</u>	<u>900,602</u>
 Total net assets with donor restrictions	 <u>\$ 1,746,289</u>	 <u>\$ 1,149,205</u>

Net assets released from restrictions were \$73,124 and \$38,840 during the years ended December 31, 2022 and 2021, respectively.

Revenue Recognition: All public support and revenue are considered to be available for unrestricted use unless specifically restricted by the donor. If any revenue is restricted, those funds are held as net assets with donor restrictions until the respective restriction is satisfied. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Income Taxes: The Foundation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC. At times, the Foundation is involved with activities that subject minor amounts of unrelated business federal income tax, which are paid as they come due in accordance with the IRC and the regulations there under. Such amounts are insignificant to the Foundation's financial statements.

(Continued)

HUDSON VALLEY HOSPICE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Foundation accounts for uncertain tax positions in accordance with provisions of FASB ASC 740, "Income Taxes" which provides a new framework for how companies should recognize, measure, present and disclose uncertain tax positions in their financial statements. With these changes, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Foundation would recognize interest and/or penalties related to income tax matters in income tax expense. The Foundation does not have any uncertain tax positions as of December 31, 2022 and 2021 and did not record any penalties or interest associated with uncertain tax positions.

In addition, the Foundation did not record any penalties or interest associated with unrecognized tax benefits. The Foundation's prior three tax years are open and subject to examination by the Internal Revenue Service.

Donated Services: A substantial number of volunteers have donated services to the Foundation during the year; however, these donated services are not reflected in the financial statements, as these services do not require specialized skills.

Subsequent Events: Subsequent events have been evaluated through April 27, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - RELATED PARTY TRANSACTIONS

Hospice charges the Foundation for operating expenses that it has paid on the Foundation's behalf. Salary and fringe benefits are billed to the Foundation based on allocations included within the annual budget approved by the Board of Trustees of the Foundation and the Board of Directors of Hospice. Office operations, which include rent, printing, postage, computer support and supplies, as well as community education, are allocated to the Foundation based on a square footage percentage. During the fiscal years ended December 31, 2022 and 2021, the Foundation recognized \$256,247 and \$245,160 of expenses allocated from Hospice, respectively. Amounts due (to) from Hospice are (\$4,664) and \$1,570 as of December 31, 2022 and 2021, respectively. During the fiscal years ended December 31, 2022 and 2021, the Foundation contributed \$473,124 and \$38,840 to Hospice, respectively. During 2022, \$400,000 of the contributions to Hospice were donated as part of the capital campaign to be utilized on the construction of a new residence building.

NOTE 4 - INVESTMENTS

The market values of investments classified as available for sale as of December 31, 2022 and 2021, are as follows:

	<u>2022</u>	<u>2021</u>
Mutual funds	\$ 893,772	\$ 993,292
Corporate bonds	151,163	242,628
Certificates of deposit	<u>50,640</u>	<u>14,104</u>
Total	<u>\$ 1,095,575</u>	<u>\$ 1,250,024</u>

(Continued)

HUDSON VALLEY HOSPICE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4 - INVESTMENTS (Continued)

The following schedule summarizes the investment return for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and investment income	\$ 70,191	\$ 68,000
Realized and unrealized (losses) gains on investments	<u>(228,712)</u>	<u>101,000</u>
	(158,521)	169,000
Less investment expenses	<u>-</u>	<u>-</u>
Total	<u>\$ (158,521)</u>	<u>\$ 169,000</u>

NOTE 5 - FAIR VALUE MEASUREMENTS

U.S. GAAP defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date. The fair values of ETF and closed end funds, common stock, government securities and mutual funds that are readily marketable are determined by obtaining quoted prices from nationally recognized securities exchanges.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability. The Foundation did not have any financial instruments categorized as Level 3 at December 31, 2022 and 2021.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

(Continued)

HUDSON VALLEY HOSPICE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents the financial instruments, carried at fair value, as of December 31, 2022 and 2021, by the valuation hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2022</u>				
Mutual funds	\$ 893,772	\$ -	\$ -	\$ 893,772
Corporate bonds	-	151,163	-	151,163
Certificates of deposit	50,640	-	-	50,640
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 944,412</u>	<u>\$ 151,163</u>	<u>\$ -</u>	<u>\$ 1,095,575</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2021</u>				
Mutual funds	\$ 993,292	\$ -	\$ -	\$ 993,292
Corporate bonds	-	242,628	-	242,628
Certificates of deposit	14,104	-	-	14,104
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 1,007,396</u>	<u>\$ 242,628</u>	<u>\$ -</u>	<u>\$ 1,250,024</u>

If quoted prices in active markets for identical assets and liabilities are not available, then quoted prices for similar assets and liabilities, quoted prices for identical assets or liabilities in inactive markets or inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, will be used to determine fair value (Level 2 inputs). The following is a description of the inputs used for assets recorded using Level 2 fair values:

Corporate bonds – Corporate bonds are valued based on the defined sector, benchmark yields, yield to maturity, and adjustments related to corporate actions. In addition to the standard inputs described above, certain bonds are valued using vendor trading platform data.

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HUDSON VALLEY HOSPICE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 6 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash and cash equivalents	\$ 141,648	\$ 878,874
Donor restricted cash and cash equivalents for capital campaign	1,133,456	266,830
Contributions receivable and pledges, current	<u>95,834</u>	<u>381,273</u>
Total financial assets	1,370,938	1,526,977
Less those unavailable for general expenditure within one year due to:		
Capital campaign	<u>(1,229,290)</u>	<u>(648,103)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 141,648</u>	<u>\$ 878,874</u>

As part of the Foundation's liquidity management plan, management invests cash in excess of daily requirements in short-term investments and money market funds. The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

NOTE 7 - PLEDGES RECEIVABLE

The Foundation started a capital campaign during 2020 and the intended purpose is to help provide funding to Hospice for a new facility to provide services for terminally ill patients. Gross pledge contributions related to the capital campaign were \$197,084 and \$869,922 and the corresponding pledges receivable balance was \$373,569 and \$639,271 as of December 31, 2022 and 2021, respectively.

All of the Foundation's pledges receivable represent unconditional promises to give. The Foundation's pledges are due in various payment streams. The following pledges are due to the Foundation as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 105,173	\$ 386,772
Due in one to five years	<u>268,396</u>	<u>252,499</u>
Total	<u>\$ 373,569</u>	<u>\$ 639,271</u>

As of December 31, 2022 and 2021, the Foundation recorded \$9,339 and \$9,420 as an allowance for uncollectible pledges, respectively. There was no discount on long-term pledges recorded as of December 31, 2022 and 2021.

(Continued)

HUDSON VALLEY HOSPICE FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 8 - LEASE ARRANGEMENTS

The Foundation has in place a lease agreement for a building in Poughkeepsie, New York. The lease commenced on March 1, 2020 with an expiration date of February 28, 2025. The exercise of lease renewal options is at the Foundation's sole discretion.

Lease expense for the years ended December 31, 2022 and 2021, amounted to approximately \$25,190 and \$29,210, respectively, recorded within general and administrative on the statements of functional expenses.

A summary of maturities for the operating lease at December 31, 2022 is as follows:

2023	\$ 29,352
2024	29,352
2025	<u>4,892</u>
Total lease payments	63,596
Less: Amount representing interest	<u>(1,754)</u>
Present value of lease liabilities	<u>\$ 61,842</u>

A summary of remaining lease terms and discount rates at December 31, 2022 is as follows:

Weighted-average remaining lease term (years)	2 years
Weighted-average discount rate	2.50%