

# **Minnesota Network of Hospice and Palliative Care**

Arden Hills, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
December 31, 2023 and 2022



**CERTIFIED PUBLIC ACCOUNTANTS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Minnesota Network of Hospice and Palliative Care  
Minneapolis, Minnesota

### **Opinion**

We have audited the accompanying financial statements of Minnesota Network of Hospice and Palliative Care (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Minnesota Network of Hospice and Palliative Care as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Minnesota Network of Hospice and Palliative Care 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 Minnesota Network of Hospice and Palliative Care's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Minnesota Network of Hospice and Palliative Care'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 Minnesota Network of Hospice and Palliative Care'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.

*Carpenter, Evert & Associates, Ltd.*  
Certified Public Accountants

Minneapolis, Minnesota  
June 6, 2024



EXHIBIT B

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
WITH COMPARATIVE TOTALS FOR 2022

	2023				2022		
	Program Services		Support Services		Total All Services	Total All Services	Total All Services
	Education and Advocacy	General Program Services	Management & General	Fundraising	Support Services	Total All Services	Total All Services
Salaries	\$ 165,794	\$ 18,422	\$ 18,939	\$ 12,376	\$ 31,315	\$ 215,531	\$ 175,990
Payroll Taxes	12,418	1,925	1,471	2,125	3,596	17,939	13,854
Employee Benefits	11,952	1,690	2,257	933	3,190	16,832	16,891
Total Personnel Costs	190,164	22,037	22,667	15,434	38,101	250,302	206,735
Contract Services	49,052	2,253	5,493	250	5,743	57,048	62,952
Space Rentals/Catering	-	-	26,828	-	26,828	26,828	11,408
Professional Fees	14,548	6,063	2,424	1,213	3,637	24,248	24,956
Office Space	4,370	5,705	5,629	4,128	9,757	19,832	19,571
Dues and Subscriptions	13,080	401	1,602	1,016	2,618	16,099	19,993
Fees and Licenses	7,087	2,953	1,179	591	1,770	11,810	12,100
Repairs and Maintenance	-	-	11,381	-	11,381	11,381	9,332
Miscellaneous	-	-	9,025	-	9,025	9,025	13,636
Insurance	-	-	8,284	-	8,284	8,284	5,499
Honorariums	6,762	1,113	-	-	-	7,875	21,425
Printing	-	1,286	1,730	3,436	5,166	6,452	5,156
Advertising and Promotion	85	-	3,543	-	3,543	3,628	111
Postage	-	277	458	1,246	1,704	1,981	3,428
Direct Mail	-	-	-	1,799	1,799	1,799	474
Total Expense	\$ 285,148	\$ 42,088	\$ 100,243	\$ 29,113	\$ 129,356	\$ 456,592	\$ 416,776

The accompanying Notes to Financial Statements are an integral part of this statement.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
 STATEMENT OF FUNCTIONAL EXPENSE  
 FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Support Services			Total All Services
	Education and Advocacy	General Program Services	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries	\$ 135,378	\$ 15,042	\$ 150,420	\$ 15,465	\$ 10,105	\$ 25,570	\$ 175,990
Payroll Taxes	9,590	1,487	11,077	1,136	1,641	2,777	13,854
Employee Benefits	11,993	1,696	13,689	2,265	937	3,202	16,891
Total Personnel Costs	156,961	18,225	175,186	18,866	12,683	31,549	206,735
Contract Services	54,129	2,486	56,615	6,062	275	6,337	62,952
Space Rentals/Catering	-	-	-	11,408	-	11,408	11,408
Professional Fees	14,973	6,240	21,213	2,495	1,248	3,743	24,956
Office Space	4,313	5,631	9,944	5,553	4,074	9,627	19,571
Dues and Subscriptions	16,244	498	16,742	1,989	1,262	3,251	19,993
Fees and Licenses	7,260	3,025	10,285	1,210	605	1,815	12,100
Repairs and Maintenance	-	-	-	9,332	-	9,332	9,332
Miscellaneous	-	-	-	13,636	-	13,636	13,636
Insurance	-	-	-	5,499	-	5,499	5,499
Honorariums	18,397	3,028	21,425	-	-	-	21,425
Printing	-	1,028	1,028	1,382	2,746	4,128	5,156
Advertising and Promotion	-	-	-	111	-	111	111
Postage	-	479	479	793	2,156	2,949	3,428
Direct Mail	-	-	-	-	474	474	474
Total Expense	\$ 272,277	\$ 40,640	\$ 312,917	\$ 78,336	\$ 25,523	\$ 103,859	\$ 416,776

The accompanying Notes to Financial Statements  
 are an integral part of this statement.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<b>Current Assets:</b>		
Cash	\$ 399,481	\$ 448,542
Investments	119,577	110,142
Grants and Contributions Receivable	3,520	2,812
Prepaid Expense	54,233	15,556
Total Current Assets	576,811	577,052
Right-of-Use Lease Asset	1,656	20,754
TOTAL ASSETS	\$ 578,467	\$ 597,806
<u>LIABILITIES AND NET ASSETS</u>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 5,726	\$ 477
Payroll Taxes Accrued and Withheld	2,033	1,587
Accrued Salaries and Vacation	10,604	20,012
Deferred Revenue	57,383	38,303
Operating Lease Liabilities	1,656	19,326
Total Current Liabilities	77,402	79,705
Operating Lease Liabilities-LT	-	1,650
Total Liabilities	77,402	81,355
<b>Net Assets:</b>		
<b>Without Donor Restrictions</b>		
Designated	1,000	1,000
Undesignated	448,065	445,451
Total Net Assets Without Donor Restrictions	449,065	446,451
With Donor Restrictions	52,000	70,000
Total Net Assets	501,065	516,451
TOTAL LIABILITIES AND NET ASSETS	\$ 578,467	\$ 597,806

The accompanying Notes to Financial Statements  
are an integral part of these statements.



MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

<u>Increase (Decrease) in Cash</u>	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ (15,386)	\$ 88,739
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Unrealized (Gain) Loss on Investments	(5,303)	13,237
Net Change in Operating Lease Activities	(222)	222
Decreases (Increases) in Assets:		
Grants and Contributions Receivable	(708)	1,250
Prepaid Expense	(38,677)	(10,944)
Increases (Decreases) in Liabilities:		
Accounts Payable	5,249	(11,814)
Payroll Taxes Accrued & Withheld	446	298
Accrued Salaries and Vacation	(9,408)	3,569
Deferred Revenue	19,080	(58,619)
Net Cash Provided (Used) by Operating Activities	<u>(44,929)</u>	<u>25,938</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of Investments	<u>(4,132)</u>	<u>(2,898)</u>
Net Cash (Used) by Investing Activities	(4,132)	(2,898)
<b>Cash Flows from Financing Activities:</b>		
None	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash	(49,061)	23,040
Cash - Beginning of Year	<u>448,542</u>	<u>425,502</u>
Cash - End of Year	<u>\$ 399,481</u>	<u>\$ 448,542</u>

The accompanying Notes to Financial Statements  
are an integral part of these statements.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies

Organizational Purpose

Minnesota Network of Hospice and Palliative Care (MNHPC) strives to ensure that everyone has the help they need to live and die according to their wishes. MNHPC provides education and advocacy around serious illness and end-of-life care.

MNHPC works with health care professionals to provide the tools, resources, and support they need to deliver high quality serious illness and end-of-life care, and MNHPC works with patients, families, and caregivers to offer information about medical and social services and supports that are available to help families through some of the most difficult times in their lives.

MNHPC delivers education through written and digital resources, a website, Helpline, media articles, workshops, webinars, and conferences. MNHPC also provides technical assistants about rules, regulations, and best practices to palliative care and hospice providers.

During the past year, MNHPC has had the following results:

Education and Advocacy – Provided educational opportunities for over 1,000 participants, including health care professionals and the public and convened stakeholders for two Serious Illness Action Network Forums that were designed to educate and solicit recommendations to improve serious illness care in Minnesota.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to MNHPC, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and purpose. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. MNHPC reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash and Cash Equivalents

MNHPC considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Investments

MNHPC carries its investments at market value.

Promises-To-Give (Grants and Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Property and Equipment

All expenditures for property above \$3,000 are capitalized at cost if purchased, or an estimated market value if donated. Depreciation is provided through the use of the straight-line method.

Revenue and Revenue Recognition

Membership dues are recognized equally over the period of the membership.

Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Conference income is recognized when the performance obligation of transferring services are met.

Deferred revenue consists of prepaid conference registrations and membership dues that pertain to the next fiscal year. The following provides information about significant changes in deferred revenue for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Deferred Revenue – Beginning of Year	\$ 38,303	\$ 96,922
Decreases due to revenue recognized	(38,303)	(96,922)
Increases due to cash received	<u>57,383</u>	<u>38,303</u>
Deferred Revenue – End of Year	<u>\$ 57,383</u>	<u>\$ 38,303</u>

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising expense was \$3,628 and \$111 for the years ended December 31, 2023 and 2022, respectively.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expense

Expenses are recorded in the functional categories when incurred. In certain cases, allocations between categories must be made. When allocations are required, they are based upon the best estimates of management.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Income Tax

MNHPC has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. MNHPC's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. MNHPC continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, MNHPC annually files a Return of Organization Exempt From Income Tax (Form 990).

Subsequent Events

MNHPC has evaluated the effect that subsequent events would have on the financial statements through June 6, 2024, which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

MNHPC provides services within Minnesota. The amounts due for services provided are from individuals, or their third-party payors, substantially all of which are local residents. Grants and contributions receivable are from local institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At December 31, 2023 and 2022 MNHPC held funds at a local financial institution in excess of federally insured limits.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

3. Investments

Investments were comprised of the following at:

	December 31,			
	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Mutual Funds	\$ 98,090	\$ 95,405	\$ 95,060	\$ 87,072
Money Market Funds	24,172	24,172	23,070	23,070
Total	\$ 122,262	\$ 119,577	\$ 118,130	\$ 110,142

MNHPC had investment income (loss) of \$10,376 and (\$9,774) for the years ending December 31, 2023 and 2022, respectively.

4. Fair Value

Fair value is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at:

December 31, 2023:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 95,405	\$ -	\$ -	\$ 95,405
Money Market Funds	24,172	-	-	24,172
Total	\$ 119,577	\$ -	\$ -	\$ 119,577

December 31, 2022:

	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 87,072	\$ -	\$ -	\$ 87,072
Money Market Funds	23,070	-	-	23,070
Total	\$ 110,142	\$ -	\$ -	\$ 110,142

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

5. Leases

The MNHPC is a party to one operating lease for office space. The right-of-use (ROU) assets represent the MNHPC's right to use underlying assets for the lease term, and the lease liabilities represent the MNHPC's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The MNHPC has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating Leases:		
Operating Lease Right of Use Asset	\$ <u>1,656</u>	\$ <u>20,754</u>
Operating Lease Liabilities - Current	\$ 1,656	\$ 19,326
Operating Lease Liabilities - Noncurrent	<u>-</u>	<u>1,650</u>
Total Operating Lease Liabilities	\$ <u>1,656</u>	\$ <u>20,976</u>

The following summarizes the weighted average remaining lease term and discount rate as of:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Weighted Average Remaining Lease Term:		
Operating Leases	0.08 years	1.08 years
Weighted Average Discount Rate:		
Operating Leases	4.2%	4.2%

Maturities of lease liabilities as of December 31, 2023 were as follows:

	<u>Operating</u>
Year Ending December 31:	
2024	\$ <u>1,656</u>
Total Lease Payments	1,656
Less: Present Value Discount	<u>-</u>
Present Value of Lease Liabilities	\$ <u>1,656</u>

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating lease expense included in office space	\$ <u>19,630</u>	\$ <u>17,994</u>

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

5. Leases (continued)

The following summarizes cash flow information related to leases for the year ended:

	December 31,	
	2023	2022
Cash paid for amounts included in the measurement of Lease liabilities:		
Operating cash flows from operating leases	<u>\$ 19,832</u>	<u>\$ 17,772</u>

6. Designated Net Assets

Net asset without donor restriction designations consisted of the following as of:

	December 31,	
	2023	2022
Donor Software	<u>\$ 1,000</u>	<u>\$ 1,000</u>

7. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of:

	December 31,	
	2023	2022
Restrictions that Expire:		
Subject to Expenditures for a Specified Purpose:		
Community Outreach	<u>\$ 52,000</u>	<u>\$ 70,000</u>

8. Retirement Plan

Employees of MNHPC may participate in an Internal Revenue Code 403(b) retirement savings plan. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement.

MINNESOTA NETWORK OF HOSPICE AND PALLIATIVE CARE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

9. Liquidity and Availability

The following represents MNHPC's financial assets at:

	December 31,	
	2023	2022
Financial Assets:		
Cash	\$ 399,481	\$ 448,542
Investments	119,577	110,142
Grants and Contributions Receivable	3,520	2,812
Total Financial Assets	522,578	561,496
Less assets not available to be used for general expenditures within one year:		
Board Designated Net Assets	1,000	1,000
Financial assets available for general expenditures within one year	\$ 521,578	\$ 560,496

As part of MNHPC's liquidity plan, MNHPC has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.