

**LIVINGSTON MEMORIAL VNA  
HEALTH CORP. AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**AND SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2022 AND 2021**

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# Walters & Sklyar LLP

## Independent Auditors' Report

To the Board of Directors of  
Livingston Memorial VNA Health Corp.  
and Subsidiaries  
Ventura, California

### **Opinion**

We have audited the accompanying consolidated financial statements of Livingston Memorial VNA Health Corp. (a California not-for-profit corporation) and Subsidiaries (collectively referred to as the Association), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Livingston Memorial VNA Health Corp. and Subsidiaries as of December 31, 2022 and 2021, and the changes in their net assets and their 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association 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.

### **Emphasis of Matter**

As discussed in Note 2 to the consolidated financial statements, the Association adopted the new accounting guidance Accounting Standards Update 2016-02, *Leases (Topic 842)*, effective January 1, 2022. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated 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 consolidated 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 consolidated 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 Association'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

### **Report on Consolidating Information**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Supplemental Consolidating Information is presented for

purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Walters & Sklyar LLP*

Woodland Hills, California

November 10, 2023

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

|   | 2022          | 2021          |
|---|---------------|---------------|
| <b>CURRENT ASSETS:</b>                              |               |               |
| Cash and cash equivalents                           | \$ 6,088,061  | \$ 6,411,869  |
| Patient accounts receivable, net                    | 1,970,840     | 2,176,592     |
| Contributions receivable                            | 5,013         | 41,666        |
| Prepaid expenses and other current assets           | 260,464       | 167,547       |
| Total current assets                                | 8,324,378     | 8,797,674     |
| BENEFICIAL INTEREST IN NET ASSETS OF VCCF           | 1,849,302     | 2,155,072     |
| PROPERTY AND EQUIPMENT, net                         | 211,563       | 266,927       |
| OPERATING LEASE RIGHT-OF-USE ASSETS                 | 596,621       | -             |
| Total assets  | \$ 10,981,864 | \$ 11,219,673 |
| <b>CURRENT LIABILITIES:</b>                         |               |               |
| Accounts payable                                    | \$ 162,287    | \$ 124,700    |
| Accrued expenses                                    | 1,254,498     | 1,506,549     |
| Advances - provider relief funds                    | -             | 83,024        |
| Current portion of installment payment payable      | 10,601        | 9,746         |
| Current portion of operating lease liabilities      | 367,410       | -             |
| Total current liabilities                           | 1,794,796     | 1,724,019     |
| INSTALLMENT PAYMENT PAYABLE, net of current portion | 6,607         | 17,209        |
| OPERATING LEASE LIABILITIES, net of current portion | 235,495       | -             |
| Total liabilities                                   | 2,036,898     | 1,741,228     |
| COMMITMENTS AND CONTINGENCIES                       | -             | -             |
| <b>NET ASSETS:</b>                                  |               |               |
| Without donor restrictions                          | 8,435,287     | 8,933,123     |
| With donor restrictions                             | 509,679       | 545,322       |
| Total net assets                                    | 8,944,966     | 9,478,445     |
| Total liabilities and net assets                    | \$ 10,981,864 | \$ 11,219,673 |

The accompanying notes are an integral part of the consolidated financial statements

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:  |                     |                     |
| REVENUE AND SUPPORT:   |                     |                     |
| Patient service revenue, net   | \$ 17,291,526       | \$ 17,771,134       |
| Income from beneficial interest in net assets of VCCF, net of expenses<br>of \$24,960 and \$32,116, respectively | 53,271              | 104,863             |
| Contributions and grants   | 311,076             | 663,625             |
| Fundraising events, net of direct expenses   | 186,285             | 71,403              |
| Other (expenses) revenues, net   | (3,190)             | 116,863             |
| Net assets released from restrictions, used for operations   | <u>937,031</u>      | <u>1,401,011</u>    |
| Total revenue and support  | <u>18,775,999</u>   | <u>20,128,899</u>   |
| EXPENSES:  |                     |                     |
| Program services   | 15,545,409          | 15,416,401          |
| Supporting services:   |                     |                     |
| Fundraising  | 398,098             | 328,909             |
| General and administrative   | <u>2,971,287</u>    | <u>3,134,820</u>    |
| Total supporting services  | <u>3,369,385</u>    | <u>3,463,729</u>    |
| Total expenses   | <u>18,914,794</u>   | <u>18,880,130</u>   |
| (Deficiency) excess of revenues over expenses  | (138,795)           | 1,248,769           |
| NET UNREALIZED (LOSS) GAIN - BENEFICIAL INTEREST<br>IN NET ASSETS OF VCCF  | <u>(359,041)</u>    | <u>127,259</u>      |
| (Decrease) increase in net assets without donor restrictions   | <u>(497,836)</u>    | <u>1,376,028</u>    |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:   |                     |                     |
| Income from beneficial interest in net assets of VCCF  | -                   | 2,008               |
| Contributions and grants   | 812,056             | 1,252,216           |
| Fundraising events, net of direct expenses   | 89,332              | 144,395             |
| Net assets released from restrictions, used for operations   | <u>(937,031)</u>    | <u>(1,401,011)</u>  |
| (Decrease) in net assets with donor restrictions   | <u>(35,643)</u>     | <u>(2,392)</u>      |
| NET CHANGE IN NET ASSETS   | (533,479)           | 1,373,636           |
| NET ASSETS, beginning of year  | <u>9,478,445</u>    | <u>8,104,809</u>    |
| NET ASSETS, end of year  | <u>\$ 8,944,966</u> | <u>\$ 9,478,445</u> |

The accompanying notes are an integral part of the consolidated financial statements

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

|   | <u>2022</u>                | <u>2021</u>                |
|---|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                            |                            |
| Net change in net assets  | \$ (533,479)               | \$ 1,373,636               |
| Adjustments to reconcile net change in net assets to net cash (used in) provided by operating activities: |                            |                            |
| Depreciation and amortization   | 108,103                    | 114,319                    |
| Net realized (gain) on beneficial interest in net assets of VCCF  | (10,278)                   | (74,422)                   |
| Net unrealized loss (gain) on beneficial interest in net assets of VCCF                                   | 359,041                    | (127,259)                  |
| Changes in assets and liabilities:  |                            |                            |
| Decrease (increase) in patient accounts receivable, net   | 205,752                    | (145,959)                  |
| Decrease (increase) in contributions receivable   | 36,653                     | (41,666)                   |
| (Increase) in prepaid expenses and other current assets   | (92,917)                   | (10,548)                   |
| (Increase) in operating lease right-of-use assets   | (596,621)                  | -                          |
| Increase (decrease) in accounts payable   | 37,587                     | (78,416)                   |
| (Decrease) in accrued expenses  | (252,051)                  | (138,031)                  |
| (Decrease) in advances - provider relief funds  | (83,024)                   | (496,125)                  |
| Increase in operating lease liabilities   | <u>602,905</u>             | <u>-</u>                   |
| Net cash (used in) provided by operating activities   | <u>(218,329)</u>           | <u>375,529</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                            |                            |
| Interest and dividend reinvestment - beneficial interest in net assets of VCCF                            | (42,993)                   | (32,449)                   |
| Purchase of property and equipment  | <u>(52,739)</u>            | <u>(74,624)</u>            |
| Net cash (used in) investing activities   | <u>(95,732)</u>            | <u>(107,073)</u>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>  |                            |                            |
| Principal payments on installment payment payable   | <u>(9,747)</u>             | <u>(3,825)</u>             |
| Net cash (used in) financing activities   | <u>(9,747)</u>             | <u>(3,825)</u>             |
| <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>  | <b>(323,808)</b>           | <b>264,631</b>             |
| <b>CASH AND CASH EQUIVALENTS, beginning of year</b>   | <b><u>6,411,869</u></b>    | <b><u>6,147,238</u></b>    |
| <b>CASH AND CASH EQUIVALENTS, end of year</b>   | <b><u>\$ 6,088,061</u></b> | <b><u>\$ 6,411,869</u></b> |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

**CASH PAID DURING THE YEAR FOR:**

|          |                 |                  |
|----------|-----------------|------------------|
| Interest | \$ <u>3,094</u> | \$ <u>29,719</u> |
|----------|-----------------|------------------|

**SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY:**

During the year ended December 31, 2021, property and equipment amounting to \$30,780 was purchased by entering into an installment payment agreement.

The accompanying notes are an integral part of the consolidated financial statements

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|                                       | Program Services        |                     |                        |                           | Supporting Services |                               |                              | Total                |
|---------------------------------------|-------------------------|---------------------|------------------------|---------------------------|---------------------|-------------------------------|------------------------------|----------------------|
|                                       | Home Health<br>Services | Hospice<br>Services | Caregivers<br>Services | Total Program<br>Services | Fundraising         | General and<br>Administrative | Total Supporting<br>Services |                      |
| Conferences and meetings              | \$ 3,423                | \$ 1,759            | \$ -                   | \$ 5,182                  | \$ 268              | \$ 3,887                      | \$ 4,155                     | \$ 9,337             |
| Contracted services                   | 185,133                 | 1,427,706           | -                      | 1,612,839                 | -                   | 256,133                       | 256,133                      | 1,868,972            |
| Depreciation and amortization         | 60,158                  | 38,701              | -                      | 98,859                    | 973                 | 8,271                         | 9,244                        | 108,103              |
| Dues, subscriptions, and license fees | 1,622                   | 728                 | -                      | 2,350                     | 586                 | 11,485                        | 12,071                       | 14,421               |
| Employee benefits                     | 595,682                 | 354,362             | 11,456                 | 961,500                   | 32,653              | 201,454                       | 234,107                      | 1,195,607            |
| Facility expenses                     | 121,409                 | 249,566             | -                      | 370,975                   | 9,921               | 107,790                       | 117,711                      | 488,686              |
| Insurance                             | 99,236                  | 60,981              | 100                    | 160,317                   | 1,747               | 12,332                        | 14,079                       | 174,396              |
| Interest                              | -                       | -                   | -                      | -                         | -                   | 3,094                         | 3,094                        | 3,094                |
| Legal and accounting                  | -                       | -                   | -                      | -                         | -                   | 73,127                        | 73,127                       | 73,127               |
| Marketing                             | 70                      | 1,221               | -                      | 1,291                     | 6,171               | 42,139                        | 48,310                       | 49,601               |
| Medical supplies                      | 55,703                  | 326,128             | -                      | 381,831                   | -                   | 4,773                         | 4,773                        | 386,604              |
| Mileage                               | 230,324                 | 116,383             | 130,543                | 477,250                   | 1,119               | 10,892                        | 12,011                       | 489,261              |
| Miscellaneous fundraising expenses    | -                       | -                   | -                      | -                         | 20                  | -                             | 20                           | 20                   |
| Office expenses                       | 254,130                 | 199,751             | -                      | 453,881                   | 8,991               | 132,262                       | 141,253                      | 595,134              |
| Payroll taxes                         | 391,546                 | 274,735             | 78,088                 | 744,369                   | 20,663              | 123,067                       | 143,730                      | 888,099              |
| Personnel recruitment                 | 54,162                  | 7,851               | -                      | 62,013                    | 222                 | 80,554                        | 80,776                       | 142,789              |
| Postage and printing                  | 15,871                  | 12,734              | -                      | 28,605                    | 31,117              | 33,081                        | 64,198                       | 92,803               |
| Salaries                              | 5,214,214               | 3,694,659           | 1,016,978              | 9,925,851                 | 276,878             | 1,824,898                     | 2,101,776                    | 12,027,627           |
| Telephone                             | 143,029                 | 87,842              | -                      | 230,871                   | 2,219               | 19,298                        | 21,517                       | 252,388              |
| Utilities                             | 11,317                  | 16,108              | -                      | 27,425                    | 4,550               | 22,750                        | 27,300                       | 54,725               |
| <b>Total functional expenses</b>      | <b>\$ 7,437,029</b>     | <b>\$ 6,871,215</b> | <b>\$ 1,237,165</b>    | <b>\$ 15,545,409</b>      | <b>\$ 398,098</b>   | <b>\$ 2,971,287</b>           | <b>\$ 3,369,385</b>          | <b>\$ 18,914,794</b> |

The accompanying notes are an integral part of the consolidated financial statements

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|                                       | Program Services     |                     |                     |                        | Supporting Services |                            |                           | Total                |
|---------------------------------------|----------------------|---------------------|---------------------|------------------------|---------------------|----------------------------|---------------------------|----------------------|
|                                       | Home Health Services | Hospice Services    | Caregivers Services | Total Program Services | Fundraising         | General and Administrative | Total Supporting Services |                      |
| Conferences and meetings              | \$ 1,724             | \$ 809              | \$ -                | \$ 2,533               | \$ 25               | \$ 1,827                   | \$ 1,852                  | \$ 4,385             |
| Contracted services                   | 46,148               | 1,683,350           | -                   | 1,729,498              | -                   | 224,773                    | 224,773                   | 1,954,271            |
| Depreciation and amortization         | 65,178               | 40,002              | -                   | 105,180                | 1,144               | 7,995                      | 9,139                     | 114,319              |
| Dues, subscriptions, and license fees | 695                  | 1,401               | -                   | 2,096                  | 2,302               | 18,728                     | 21,030                    | 23,126               |
| Employee benefits                     | 609,573              | 397,140             | 55,017              | 1,061,730              | 66,960              | 260,384                    | 327,344                   | 1,389,074            |
| Facility expenses                     | 126,384              | 151,736             | -                   | 278,120                | 10,297              | 190,834                    | 201,131                   | 479,251              |
| Insurance                             | 88,080               | 54,084              | -                   | 142,164                | 1,545               | 10,816                     | 12,361                    | 154,525              |
| Interest                              | -                    | -                   | -                   | -                      | -                   | 29,719                     | 29,719                    | 29,719               |
| Legal and accounting                  | -                    | -                   | -                   | -                      | -                   | 71,031                     | 71,031                    | 71,031               |
| Marketing                             | -                    | 81                  | -                   | 81                     | 2,398               | 39,509                     | 41,907                    | 41,988               |
| Medical supplies                      | 74,628               | 468,305             | -                   | 542,933                | -                   | 2,460                      | 2,460                     | 545,393              |
| Mileage                               | 189,035              | 101,890             | 118,383             | 409,308                | 570                 | 9,710                      | 10,280                    | 419,588              |
| Miscellaneous fundraising expenses    | -                    | -                   | -                   | -                      | 1,997               | -                          | 1,997                     | 1,997                |
| Office expenses                       | 285,430              | 216,919             | -                   | 502,349                | 12,128              | 79,964                     | 92,092                    | 594,441              |
| Payroll taxes                         | 403,938              | 224,442             | 71,594              | 699,974                | 13,295              | 131,404                    | 144,699                   | 844,673              |
| Personnel recruitment                 | 13,510               | 4,933               | -                   | 18,443                 | 137                 | 104,204                    | 104,341                   | 122,784              |
| Postage and printing                  | 16,234               | 11,195              | -                   | 27,429                 | 18,105              | 23,705                     | 41,810                    | 69,239               |
| Salaries                              | 5,468,498            | 3,211,966           | 932,282             | 9,612,746              | 191,274             | 1,885,761                  | 2,077,035                 | 11,689,781           |
| Telephone                             | 160,460              | 99,791              | -                   | 260,251                | 2,677               | 21,723                     | 24,400                    | 284,651              |
| Utilities                             | 8,701                | 12,865              | -                   | 21,566                 | 4,055               | 20,273                     | 24,328                    | 45,894               |
| Total functional expenses             | <u>\$ 7,558,216</u>  | <u>\$ 6,680,909</u> | <u>\$ 1,177,276</u> | <u>\$ 15,416,401</u>   | <u>\$ 328,909</u>   | <u>\$ 3,134,820</u>        | <u>\$ 3,463,729</u>       | <u>\$ 18,880,130</u> |

The accompanying notes are an integral part of the consolidated financial statements

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 1 - ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of Livingston Memorial VNA Health Corp. and Subsidiaries (collectively referred to as the Association) include the accounts of Livingston Memorial VNA Health Corp., Livingston Memorial Visiting Nurse Association (LMVNA), and Livingston Caregivers (LC), formerly Gold Coast Caregivers. The entities are incorporated in California as 501(c)(3) not-for-profit corporations. They have identical Boards of Directors (collectively, the Board).

The Association strives to provide a variety of home health services ranging from rehabilitation to infusion therapy to palliative care to hospice care of the highest quality in the most cost-effective manner to the residents of Ventura County, California. The Association also offers services to the community including support groups and educational classes. LMVNA is licensed by the State of California, certified by Medicare and Medi-Cal, and is accredited by The Joint Commission (TJC).

In April 2017, LMVNA obtained control of Camarillo Hospice Corporation (CH), an unrelated not-for-profit corporation, in a transaction accounted for as an acquisition. No consideration was transferred.

All significant intercompany accounts and transactions have been eliminated in consolidation.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The accompanying consolidated financial statements of the Association have been prepared using accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). In accordance with GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and that may be expendable for any purpose in performing the primary objectives of the Association.
- Net assets with donor restrictions – Net assets with donor restrictions represent net assets subject to donor-imposed stipulations, which include (a) restrictions that may or will be met either by actions of the Association and/or the passage of time, and (b) stipulations that require the corpus to be invested in perpetuity and only the income be made available for operations in accordance with donor restrictions. As restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Basis of Presentation – Continued

The Association follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements*, as amended by Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which provides guidance on the net asset classification and reporting of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of UPMIFA. The UPMIFA was signed into law in California (CPMIFA) on September 30, 2008.

#### Recently Adopted Accounting Guidance

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application.

The Association adopted ASU 2016-02 effective January 1, 2022 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted. The Association has elected the package of practical expedients for adoption that permitted it not to reassess its prior conclusions regarding lease identification, lease classification and initial direct costs. The Association also elected a short-term lease exception policy and accounting policy not to separate non-lease components from lease components. The Association did not elect to use an allowable expedient that permitted the use of hindsight in performing evaluation of its leases. Upon adoption of ASU 2016-02, the Association recognized operating lease liabilities of \$950,392, which represented the present value of the remaining minimum lease payments, discounted using the Association's incremental borrowing rate. The Association recognized corresponding operating lease right-of-use (ROU) assets of the same amount, \$950,392. Adoption of ASU 2016-02 had no significant impact on the Association's cash flows from operations or its results of operations. The Association implemented internal controls necessary to ensure compliance with the accounting and disclosure requirements of this new guidance.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is intended to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Organization adopted the provisions of ASU 2020-07 upon its effectivity for the year ended December 31, 2022. Adoption of this new standard resulted in no significant changes, and therefore, no changes to the previously issued audited consolidated financial statements were required on a retrospective basis.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Risks and Uncertainties

The severity of the continued impact of the COVID-19 pandemic on the Association's business depends on a number of factors, including, but not limited to, how long the pandemic will last, whether/when recurrences of the virus and its variants may arise, what restrictions may be enacted or re-enacted and the availability and acceptance of vaccines, all of which are uncertain and cannot be predicted. As such, the extent to which the COVID-19 pandemic may materially impact the Association's financial condition, liquidity, or results of operations still remains highly uncertain.

#### Management Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates, assumptions, and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include those related to the Association's allocation of certain expenses between programs and supporting services, allowance for doubtful accounts, contractual allowances, estimates of useful lives of property and equipment, determination of lease terms, and accounting for impairment losses and litigation. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash, or that are convertible to cash on demand, and are subject to an insignificant risk of changes in fair value. These amounts are recorded at cost, which approximates fair value.

#### Patient Accounts Receivable

The Association receives payments for services rendered to patients from federal and state governments under the Medicare and Medi-Cal programs, privately sponsored managed care programs, and private payors.

Patient accounts receivable include charges for amounts due from patients less price concessions relating to allowances for the excess of established charges over the payments to be received on behalf of patients covered by Medicare, Medi-Cal and other insurers. The Association analyzes historical collection trends, reimbursement experience, and revenue adjustment trends by third-party payors as an integral part of the estimation process related to determining the adequacy of price concessions and the valuation allowance for patient accounts receivable. As of December 31, 2022 and 2021, allowance for price concessions and doubtful accounts was \$104,961 and \$124,751, respectively.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Beneficial Interest in Net Assets of Ventura County Community Foundation (VCCF)

The beneficial interest in net assets of VCCF consists of the endowment funds established by the Board of the Association at VCCF with the purpose of providing continuous support to the Association to carry out its role and mission as described in its Mission Statement, By-Laws, and Articles of Incorporation. They also include amounts contributed by donors with stipulated restrictions. Like all other funds held with VCCF, the Association's funds are part of one large investment pool. The Association may draw up to a certain percent of the value of the funds each year, subject to certain conditions and limitations, but may only obtain a return of the full value of the assets upon consent of VCCF.

The Association's beneficial interest in net assets of VCCF is measured at fair value in the accompanying consolidated balance sheets based on the values provided by VCCF. Investment income or loss (including interest, dividends, and realized gains or losses, net of expenses) is included in the (deficiency) excess of revenues over expenses unless the income is restricted by donor or law. Unrealized gains and losses are excluded from the (deficiency) excess of revenues over expenses. Additionally, donors have also contributed funds for the benefit of the Association directly to VCCF. The Association is precluded from recognizing these assets in its consolidated balance sheets and only reports the distribution of income from these funds by VCCF as contributions.

Amounts invested in VCCF's pooled investment funds are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments in the pooled funds, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the Association's consolidated financial statements.

#### Property and Equipment

Property and equipment are recorded at cost when purchased. Donated equipment is recorded at its estimated fair value on the date received. Depreciation and amortization on all property and equipment is computed on the straight-line method over the economic useful life of each asset. Useful lives range from three to thirty-nine years.

Maintenance and repair costs are expensed as they are incurred, while renewals and improvements of a significant nature are capitalized. At the time of retirement or disposal of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is reflected in the results of operations.

#### Impairment of Long-Lived Assets

The Association reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such review indicates an asset may not be recoverable, an impairment loss is recognized for the excess of the carrying amount over the fair value of an asset to be held and used or over the fair value less cost to sell an asset to be disposed.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Impairment of Long-Lived Assets – Continued

During the years ended December 31, 2022 and 2021, there were no events or changes in circumstances indicating that the carrying amount of any long-lived assets may not be recoverable.

#### Patient Service Revenue

The Association has agreements with third-party payors that provide for payments to the Association at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are adjusted in future periods as final settlements are determined.

Under the Prospective Payment System (PPS) for Medicare reimbursement, the Association estimates net revenues to be recorded based on a reimbursement rate, which is determined using relevant data, such as the severity of the patient's condition, service needs, and certain other factors, bundled into 30-day episodes of care effective January 1, 2020. At the beginning of an episode of care, the Association submits a request for anticipated payment (RAP) for the initial percentage payment. Effective January 1, 2020, the initial payment is 20% of the total PPS amount. At the end of the episode of care, the Association submits a request for the residual final payment. The Centers for Medicare and Medicaid Services (CMS), which sponsors the PPS program, eliminated upfront payments completely in 2021. After that, in 2022, a one-time submission of a Notice of Admission (NOA) replaced the RAP.

The Association follows the provisions of ASU 2014-09, *Revenue from Contracts with Customers*. Under ASU 2014-09, majority of the provision for bad debts is considered an implicit price concession and continue to be recognized as a reduction to patient service revenue but not reflected separately as provision for bad debts. Subsequent changes in the estimate of collectability due to an adverse change in the financial status or ability to pay of a payor are recognized as bad debt expense. The Association's initial estimate of the transaction price subject to revenue recognition is determined by reducing the total standard charges for patient services provided by various elements of variable consideration, including contractual adjustments, discounts, implicit price concessions, retroactive adjustments, and other reductions to the Association's standard charges.

Transaction price associated with services provided to patients who have third-party payor coverage is determined on the basis of contractual or formula-driven rates for the services rendered. Estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private health care coverage and other collection indicators. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Patient Service Revenue – Continued

Patient service revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided. As substantially all of the Association's performance obligations relate to contracts with a duration of less than one year, the Association has elected to apply the optional exemption provided in ASU 2014-09 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of December 31, 2022 and 2021.

Net patient service revenue recognized during the years ended December 31, 2022 and 2021 from major payor sources is as follows:

|                             | <u>2022</u>          | <u>2021</u>          |
|-----------------------------|----------------------|----------------------|
| Medicare                    | \$ 10,060,945        | \$ 11,195,371        |
| Medi-Cal                    | 1,930,169            | 1,667,795            |
| Other third-party payors    | 3,567,959            | 3,318,842            |
| Self-Pay                    | <u>1,732,453</u>     | <u>1,589,126</u>     |
| Net patient service revenue | <u>\$ 17,291,526</u> | <u>\$ 17,771,134</u> |

#### Public Support

Contributions are recognized as revenue when they are received or unconditionally pledged. Gifts of cash and other assets are reported as restricted support 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 to net assets without donor restrictions and reported in the accompanying consolidated statements of operations and changes in net assets as net assets released from restrictions.

Public contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports them as unrestricted support.

#### Grant Income

The Association receives grant income through various city and state agencies, local companies, and non-profit organizations to support its mission and provide specific health care services. Grants are recorded and recognized in accordance with the contribution policy described above.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Charity Care

The Association has a policy of providing care to patients regardless of their ability to pay. Needed services are provided at reduced or no charge to indigent patients based upon the available resources of the Association. Records are maintained to identify and monitor the level of charity care provided. For the years ended December 31, 2022 and 2021, unreimbursed costs foregone for charity care amounted to \$419,878 and \$336,767, respectively. For the years ended December 31, 2022 and 2021, charitable gifts received to offset costs amounted to \$249,595 and \$335,858, respectively. The Association measures charity care services based on direct and indirect costs.

#### Donated Goods and Services

Donated goods are recorded as in-kind contributions at their estimated fair values at the date of receipt. Additionally, a substantial number of volunteers have donated a significant amount of time to the Association's program services and fundraising events, which is considered valuable to the Association's overall effort of providing services. The Association received approximately 2,700 and 1,100 volunteer hours for program services during the years ended December 31, 2022 and 2021, respectively. Additionally, during the years ended December 31, 2022 and 2021, members of the Board and other volunteers donated approximately 2,500 and 2,700 hours, respectively, of their time to the Association's programs and supporting activities. These services have not been recorded in the consolidated financial statements since no objective basis is available to measure the value of such services.

#### Consolidated Statements of Operations

For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the provision of health care services as well as fulfilling the overall mission of the Association are reported as revenues and expenses. Peripheral or incidental transactions are reported as non-operating gains and losses.

#### (Deficiency) Excess of Revenues over Expenses

The accompanying consolidated statements of operations and changes in net assets include (deficiency) excess of revenues over expenses. Changes in unrestricted net assets that are excluded from (deficiency) excess of revenues over expenses include net unrealized gains or losses on the Association's beneficial interest in net assets of VCCF.

#### Functional Expenses

The costs of providing program activities or supporting services have been summarized on a functional basis in the consolidated financial statements. Expenses that are specifically associated with a program activity or supporting service are allocated to that activity. Expenses that are attributable to more than one program or supporting function are allocated by management based on estimates of time, effort, and actual benefits provided.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Income Taxes

Livingston Memorial VNA Health Corp. and its subsidiaries are exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and the corresponding provisions of the California Revenue and Taxation Code, except to the extent of unrelated business taxable income (UBTI) as defined by the IRC.

The Association evaluates uncertain tax positions through its review of the sources of income to identify UBTI and certain other matters, including those which may affect its tax-exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and could be reasonably estimated. As of December 31, 2022 and 2021, the Association had no uncertain tax positions requiring accrual.

The Association files federal and California exempt organization returns. They are no longer subject to income tax examinations by taxing authorities for years before 2019 for their federal and 2018 for their state tax filings.

#### Fair Value of Financial Instruments

For certain financial instruments reported in the Association's consolidated balance sheets including cash and cash equivalents, patient accounts receivable, and other current assets and liabilities, the carrying amounts represent a reasonable estimate of the fair values due to their short-term maturity. The beneficial interest in net assets of VCCF is reflected at estimated fair value in accordance with FASB ASC 820, *Fair Value Measurements and Disclosure*.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data. The hierarchy categorizes the inputs into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority given to unobservable inputs (Level 3). The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. While the Association 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 assets could result in a different fair value measurement at the measurement date.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require transfer of financial instruments from one level to another. In such instances, the transfer is reported at the end of the reporting period. There have been no changes in the valuation methodologies used at December 31, 2022 and 2021 to value the Association's assets at fair value, and there were no significant transfers in or out of Levels 1, 2, or 3.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Concentrations of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist primarily of cash and cash equivalents, and patient accounts receivable. The Association maintains its cash and cash equivalents with high credit quality financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, such balances may be in excess of the FDIC insurance limit.

The Association's concentration of credit risk related to patient accounts receivable is limited due to the diversity of patients and payors. The Association does not require collateral for its services.

#### Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2022 and 2021, advertising costs amounted to \$49,601 and \$41,988, respectively, and are presented as marketing expense in the accompanying consolidated statements of functional expenses.

#### Mergers and Acquisitions

The Association follows the authoritative guidance for not-for-profit entities regarding mergers and acquisitions, which defines a combination of one or more not-for-profit entities, business, or non-profit activities as either a merger or an acquisition. The guidance also establishes principles and requirements in determining whether a not-for-profit entity combination is a merger or acquisition, applies the carryover method in accounting for mergers, applies the acquisition method in accounting for acquisitions, and requires enhanced disclosures about the merger or acquisition.

#### Leases

The Association accounts for its leasing activities in accordance with accounting guidance for leases, as codified in FASB ASC 842, *Leases*, adopted as of January 1, 2022. In adopting this new guidance, the Association utilized expedients that allowed it to retain the classification, as either an operating lease or a finance lease, which was previously determined under prior accounting guidance for leases. The Association reassess this classification upon renewal, extension or the modification of an existing lease agreement. The Association determines the appropriate classification upon entering into a new contract determined to contain a lease. All of the Association's leases are classified as operating leases.

Operating lease assets and liabilities are recognized at the lease commencement date, or were recognized upon adoption of FASB ASC 842. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Association's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

#### Leases – Continued

The Association's leases generally do not provide information to determine the implicit interest rate in the agreements. This requires the Association to estimate an incremental borrowing rate to be used in calculating operating lease liabilities as of the adoption or lease commencement date. The estimated incremental borrowing rate used was 3.25%.

The cost of an operating lease is recognized over the lease term on a straight-line basis. The lease term commences on the date the Association has the right to control the use of the leased property. Certain leases may contain provisions for rent holidays and fixed-step escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and fixed-step escalations are reflected in rent expense on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are reflected in the adjustments to the ROU assets.

#### Recent Accounting Pronouncements

In the normal course of business, the Association evaluates new accounting pronouncements to determine the potential impact they may have on its consolidated financial statements. Based upon this review, the Association does not expect any of the recently issued accounting pronouncements, which have not already been adopted by the Association, to have a material impact on its consolidated financial statements.

#### Subsequent Events

The Association evaluated events occurring between December 31, 2022 and November 10, 2023, the date these consolidated financial statements were available to be issued, and determined that there were no material subsequent events that required recognition or disclosure in these consolidated financial statements, except for the new line of credit disclosed in Note 4.

### NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

|  | <u>2022</u>        | <u>2021</u>        |
|--|--------------------|--------------------|
| Computer equipment                                 | \$ 3,121,971       | \$ 3,081,816       |
| Medical equipment                                  | 406,297            | 404,283            |
| Communication equipment                            | 114,487            | 111,186            |
| Furniture and fixtures                             | 297,259            | 292,441            |
| Leasehold improvements                             | <u>262,254</u>     | <u>259,803</u>     |
|  | 4,202,268          | 4,149,529          |
| Less: accumulated depreciation<br>and amortization | <u>(3,990,705)</u> | <u>(3,882,602)</u> |
| Property and equipment, net                        | <u>\$ 211,563</u>  | <u>\$ 266,927</u>  |

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 3 - PROPERTY AND EQUIPMENT – CONTINUED

Depreciation and amortization expense for the years ended December 31, 2022 and 2021 amounted to \$108,103 and \$114,319, respectively.

### NOTE 4 - LINE OF CREDIT

The Association maintained a line of credit with a bank for working capital purposes. The line of credit permitted indebtedness of up to \$750,000 and matured in July 2022. The outstanding balance accrued interest at the bank's prime rate. At December 31, 2021, there was no amount outstanding under the line of credit.

Subsequent to December 31, 2022, the Association entered into a new line of credit agreement for borrowings up to \$750,000 with a minimum variable interest rate of 8.00% and a one-year term.

### NOTE 5 - ACCRUED EXPENSES

Accrued expenses consisted of the following at December 31:

|                                      | <u>2022</u>         | <u>2021</u>         |
|--------------------------------------|---------------------|---------------------|
| Accrued payroll and related expenses | \$ 241,218          | \$ 347,958          |
| Accrued paid time off                | 875,128             | 814,317             |
| Other                                | <u>138,152</u>      | <u>344,274</u>      |
| Total accrued expenses               | \$ <u>1,254,498</u> | \$ <u>1,506,549</u> |

### NOTE 6 - FUNDS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION

The Livingston Memorial Visiting Nurse Association Endowment Fund (the Fund) was established at VCCF by the Association's Board in 1996 with the funds contributed by the Association. Additional contributions were made to the Fund by the Association in the following years. The Association's Board periodically reviews bequests received for inclusion in the Fund. Under the terms of the Fund agreement, which was established to protect the endowment, VCCF has variance power and is the legal owner of the Fund. VCCF can retain, invest, and reinvest the Fund in any manner within the "prudent person" standard and commingle the assets of the Fund with those of other funds for investment purposes.

The Association is the beneficiary of the Fund and receives distributions of earnings, subject to VCCF's spending policy. Principal may be invaded only with the approval of two-thirds of the Association's Board and VCCF's Board, and if approved, such funds can be used only in accordance with the purpose of the Fund. There were no distributions from this fund during the years ended December 31, 2022 and 2021.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 6 - FUNDS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION – CONTINUED

At December 31, 2022 and 2021, the value of the Fund amounted to \$1,226,162 and \$1,428,900, respectively. Amount available for distribution from this fund at December 31, 2022 and 2021 was \$123,282 and \$61,018, respectively.

During the year ended December 31, 2008, the Association established another endowment fund with VCCF – Charles M. Hair, M.D. Endowment Fund (the Dr. Hair Fund). The original contribution to the Dr. Hair Fund of \$71,800 was comprised of \$58,900 of donor-designated permanently restricted contributions collected by the Association and \$12,900 of Board-designated funds. The terms of the Dr. Hair Fund agreement are similar to the terms of the Fund as described above. There were no distributions from this fund during the years ended December 31, 2022 and 2021. At December 31, 2022 and 2021, the value of the Dr. Hair Fund amounted to \$109,758 and \$127,906, respectively. Amount available for distribution from this fund at December 31, 2022 and 2021 was \$11,004 and \$5,447, respectively.

During the year ended December 31, 2011, the Association established another endowment fund with VCCF – Raymond C. Huston and Dorothy L. Huston Memorial Endowment Fund (the Huston Memorial Fund). The original contribution to the Huston Memorial Fund was donor-designated permanently restricted contributions in the amount of \$242,703 received by the Association. In addition, 5% of the investment income is permanently restricted in accordance with the donor gift instrument. The remaining terms of the Huston Memorial Fund agreement are similar to the terms of the Fund as described above. There were no distributions from this fund during the years ended December 31, 2022 and 2021. At December 31, 2022 and 2021, the value of the Huston Memorial Fund amounted to \$317,187 and \$369,631, respectively. Amount available for distribution from this fund at December 31, 2022 and 2021 was \$32,118 and \$15,931, respectively.

As part of the acquisition of CH in 2017, the Association recorded another endowment fund with VCCF – Camarillo Hospice Endowment Fund (the CH Fund). At the date of acquisition, value of the CH Fund was \$22,822 and additional contributions were made in the following months of 2017, including a \$131,304 transfer of donor-designated permanently restricted funds previously collected by CH. The terms of the CH Fund agreement are similar to the terms of the Fund as described above. There were no distributions from this fund during the years ended December 31, 2022 and 2021. At December 31, 2022 and 2021, the value of the CH Fund amounted to \$196,195 and \$228,635, respectively. Amount available for distribution from this fund at December 31, 2022 and 2021 was \$16,540 and \$7,363, respectively.

Fair values of the aforementioned funds are reported as a liability by VCCF.

In addition, the Lisagor family has established the Lisagor Family Fund directly at VCCF for the benefit of the Association. In accordance with GAAP, this fund is not included in the Association's beneficial interest in net assets of VCCF in the accompanying consolidated balance sheets. There were no distributions from this fund during the years ended December 31, 2022 and 2021.

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 6 - FUNDS HELD BY VENTURA COUNTY COMMUNITY FOUNDATION – CONTINUED

The fair value of the funds representing the cumulative amount of the Association’s beneficial interest in net assets of VCCF is determined using Level 3 inputs based upon the Association’s proportionate share of VCCF’s pooled investment portfolio, as reported by VCCF at year-end.

The following table presents a rollforward of activity for funds held by VCCF at fair value using significant unobservable inputs (Level 3) for the years ended December 31:

|                               | 2022<br>VCCF Pooled<br>Investment Funds | 2021<br>VCCF Pooled<br>Investment Funds |
|-------------------------------|---|---|
| Fair value, beginning of year | \$ 2,155,072                            | \$ 1,920,942                            |
| Contributions/transfers in    | -                                       | -                                       |
| Distributions/transfers out   | -                                       | -                                       |
| Interest and dividends        | 42,993                                  | 32,449                                  |
| Net realized gain             | 35,238                                  | 106,538                                 |
| Net unrealized (loss) gain    | (359,041)                               | 127,259                                 |
| Investment expenses           | <u>(24,960)</u>                         | <u>(32,116)</u>                         |
| Fair value, end of year       | \$ <u>1,849,302</u>                     | \$ <u>2,155,072</u>                     |

NOTE 7 - PROVIDER RELIEF FUNDS

In March 2020, Congress passed the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The CARES Act authorized the Provider Relief Fund (PRF) program specifically for healthcare entities. The PRF program was established to reimburse eligible healthcare providers for healthcare related expenses or lost revenues attributable to the COVID-19 pandemic. The Health Resources and Services Administration is administering the distribution of funds under the program. Fund recipients are subject to certain compliance and reporting requirements. The Association continues to monitor the terms and conditions of the funds received under the PRF program to ensure compliance.

In April 2020, the Association received funds under the PRF program amounting to \$710,810, out of which \$131,661 was expended towards qualifying expenses during the year ended December 31, 2020. During the year ended December 31, 2021, the prior year unspent portion of \$579,149 was expended towards qualifying expenses. Accordingly, the expended amount of \$579,149 is included in restricted contributions and grants, and then reclassified to net assets without donor restrictions reported under net assets released from restrictions for the year ended December 31, 2021 in the accompanying consolidated statements of operations and changes in net assets.

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 - PROVIDER RELIEF FUNDS – CONTINUED**

In November and December 2021, the Association received additional amounts under the PRF program totaling to \$83,024, which were unspent at December 31, 2021 and are reported as advances – provider relief funds in the accompanying consolidated balance sheets. During the year ended December 31, 2022, the prior year unspent portion of \$83,024 was expended towards qualifying expenses. Accordingly, the expended amount of \$83,024 is included in restricted contributions and grants, and then reclassified to net assets without donor restrictions reported under net assets released from restrictions for the year ended December 31, 2022 in the accompanying consolidated statements of operations and changes in net assets.

**NOTE 8 - BOARD DESIGNATION**

The Board has designated (from net assets without donor restrictions of \$8,435,287 and \$8,933,123 as of December 31, 2022 and 2021, respectively) net assets as quasi-endowment, which is managed in accordance with the Association’s investment and spending policies applicable to endowment funds. As of December 31, 2022 and 2021, Board-designated endowment fund amounted to \$1,394,210 and \$1,699,980, respectively.

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following at December 31:

|  | <u>2022</u>           | <u>2021</u>           |
|--|-----------------------|-----------------------|
| <u>Subject to expenditure for specified purpose or time requirement:</u>             |                       |                       |
| Subsidized care  | \$ 5,129              | \$ 48,564             |
| Grief and bereavement services   | 40,000                | -                     |
| Direct support   | 4,445                 | -                     |
| Contributions receivable   | <u>5,013</u>          | <u>41,666</u>         |
|  | \$ <u>54,587</u>      | \$ <u>90,230</u>      |
| <br><u>Subject to spending policy and appropriation (investments in perpetuity):</u> |                       |                       |
| Livingston Memorial Visiting Nurse Association Endowment Fund                        | \$ 10,020             | \$ 10,020             |
| Charles M. Hair, M.D. Endowment Fund   | 59,150                | 59,150                |
| Raymond C. Huston and Dorothy L. Huston Memorial Endowment Fund                      | 254,618               | 254,618               |
| Camarillo Hospice Endowment Fund   | <u>131,304</u>        | <u>131,304</u>        |
|  | <u>455,092</u>        | <u>455,092</u>        |
| <br>Total net assets with donor restrictions   | <br>\$ <u>509,679</u> | <br>\$ <u>545,322</u> |

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS – CONTINUED

Net assets were released from restrictions by incurring expenses satisfying the donor-restricted purposes or time requirements as follows during the years ended December 31:

|  | <u>2022</u>       | <u>2021</u>         |
|--|-------------------|---------------------|
| Subsidized care                        | \$ 386,572        | \$ 381,924          |
| Grief and bereavement services         | 316,672           | 191,023             |
| Direct support                         | -                 | 7,417               |
| Home health and various support        | 38,364            | 57,232              |
| Hospice support                        | 70,733            | 184,266             |
| PRF qualifying expenses                | 83,024            | 579,149             |
| Collection of contributions receivable | <u>41,666</u>     | <u>-</u>            |
|  | <u>\$ 937,031</u> | <u>\$ 1,401,011</u> |

### NOTE 10 - ENDOWMENT

The Association's endowment consists of four individual funds. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### Interpretation of Relevant Law

The Board has interpreted the CPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as net assets with donor restrictions (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.

Remaining portion of the donor-restricted endowment fund that is not accumulated in the permanent endowment is reclassified as net assets without donor restrictions upon appropriation of those amounts for expenditure by the Association in a manner consistent with the standard of prudence prescribed by the CPMIFA. In accordance with the CPMIFA, the Association 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 Association 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 Association, and
- The investment policies of the Association.

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 - ENDOWMENT – CONTINUED

Composition and Changes in Endowment Net Assets

Endowment net assets composition by type of fund is as follows at December 31, 2022:

|                                     | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|-------------------------------------|---------------------------------------|------------------------------------|---------------------|
| Donor-restricted<br>endowment funds | \$ -                                  | \$ 455,092                         | \$ 455,092          |
| Board-designated<br>endowment fund  | <u>1,394,210</u>                      | <u>-</u>                           | <u>1,394,210</u>    |
|                                     | <u>\$ 1,394,210</u>                   | <u>\$ 455,092</u>                  | <u>\$ 1,849,302</u> |

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net<br>assets, beginning<br>of year           | \$ 1,699,980                          | \$ 455,092                         | \$ 2,155,072        |
| Investment income<br>(loss):                            |                                       |                                    |                     |
| Investment<br>income, net                               | 35,994                                | 6,999                              | 42,993              |
| Net (depreciation)<br>(realized/unrealized)             | <u>(297,613)</u>                      | <u>(51,150)</u>                    | <u>(348,763)*</u>   |
| Total investment<br>(loss)                              | (261,619)                             | (44,151)                           | (305,770)           |
| Transfers   | (44,151)                              | 44,151                             | -                   |
| Contributions   | -                                     | -                                  | -                   |
| Distributions   | -                                     | -                                  | -                   |
| Appropriation of<br>endowment assets<br>for expenditure | <u>-</u>                              | <u>-</u>                           | <u>-</u>            |
| Endowment net<br>assets, end of year                    | <u>\$ 1,394,210</u>                   | <u>\$ 455,092</u>                  | <u>\$ 1,849,302</u> |

\*Net (depreciation) includes realized gain of \$35,238 and unrealized (loss) of (\$359,041), net of investment expenses of \$24,960 (Note 6).

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 - ENDOWMENT – CONTINUED

Composition and Changes in Endowment Net Assets – Continued

Endowment net assets composition by type of fund is as follows at December 31, 2021:

|                                     | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|-------------------------------------|---------------------------------------|------------------------------------|---------------------|
| Donor-restricted<br>endowment funds | \$ -                                  | \$ 455,092                         | \$ 455,092          |
| Board-designated<br>endowment fund  | <u>1,699,980</u>                      | <u>-</u>                           | <u>1,699,980</u>    |
|                                     | <u>\$ 1,699,980</u>                   | <u>\$ 455,092</u>                  | <u>\$ 2,155,072</u> |

Changes in endowment net assets for the year ended December 31, 2021 are as follows:

|   | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>        |
|---|---------------------------------------|------------------------------------|---------------------|
| Endowment net<br>assets, beginning<br>of year           | \$ 1,467,858                          | \$ 453,084                         | \$ 1,920,942        |
| Investment income<br>(loss):                            |                                       |                                    |                     |
| Investment<br>income, net                               | 25,908                                | 6,541                              | 32,449              |
| Net appreciation<br>(realized/unrealized)               | <u>169,867</u>                        | <u>31,814</u>                      | <u>201,681*</u>     |
| Total investment<br>income                              | 195,775                               | 38,355                             | 234,130             |
| Transfers   | -                                     | -                                  | -                   |
| Contributions   | -                                     | -                                  | -                   |
| Distributions   | -                                     | -                                  | -                   |
| Appropriation of<br>endowment assets<br>for expenditure | <u>36,347</u>                         | <u>(36,347)</u>                    | <u>-</u>            |
| Endowment net<br>assets, end of year                    | <u>\$ 1,699,980</u>                   | <u>\$ 455,092</u>                  | <u>\$ 2,155,072</u> |

\*Net appreciation includes realized gain of \$106,538 and unrealized gain of \$127,259, net of investment expenses of \$32,116 (Note 6).

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 10 - ENDOWMENT – CONTINUED

#### Endowment Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the law requires the Association to retain as a fund of perpetual duration. Such deficiencies could result from unfavorable market fluctuations that occur after the investment of donor-restricted contributions and continued appropriation for certain programs as might be deemed prudent by the Board. The Association has a policy that permits spending from endowment funds with deficiencies depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. As of and for the years ended December 31, 2022 and 2021, the Association did not have any endowment funds with deficiencies.

#### Return Objectives and Risk Parameters

The Association has adopted investment and spending policies for the endowment funds that attempt to provide protection of principal and ensure reasonable growth of the principal of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity as well as Board-designated funds. Under this policy, as approved by the Board, the endowment funds are invested in a manner that is expected to produce total return on an annualized net-of-fees basis that equals or exceeds an average annual real total return of at least 5% per year over a rolling five-year period. Actual returns in any given year may vary from the expected returns.

#### Strategies Employed for Achieving Objectives

To satisfy its long-term return objective, the endowment assets are invested with VCCF and are part of one large investment portfolio (Notes 2 and 6). VCCF has adopted investment and spending policies that attempt to grow the portfolio in real, inflation-adjusted terms in order to meet annual fund distribution needs while preserving and enhancing purchasing power. As asset allocation is the major determinant of investment performance, the investment policy calls for a diversified portfolio utilizing various asset classes with a goal of reducing portfolio volatility and risk. VCCF expects its portfolio, over time, to provide an average rate of return that, over market cycles, exceeds annual distributions, fees, and inflation.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

Annual distribution policies are based upon a total return strategy that is intended to provide long term capital appreciation. VCCF annually notifies the Association of the status of the endowment funds. The Association requests, subject to the Board's approval, that all or part of the eligible earnings, net of fees, be distributed to the Association and/or be added to the endowment funds' principal in an effort to build the endowment funds. Amounts greater than the eligible earnings, net of fees, may be withdrawn (but in no event to exceed 25% of the value of the Fund in any one given year) as long as the following conditions are met:

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 10 - ENDOWMENT – CONTINUED

#### Spending Policy and How the Investment Objectives Relate to Spending Policy – Continued

- The Association requests such a distribution, subject to approval of two-thirds of the Association’s Board;
- Only principal and any additional gifts received directly from the Association and their pro rata earnings are subject to the withdrawal policy. Endowment funds received by VCCF directly from donors for the endowment funds are not subject to distribution beyond annual payout, unless specified by the donors.

Consistent with this policy, the Association considered the long-term expected return on its endowment funds. Accordingly, over the long term, the Association expects the current spending policy to allow its endowment funds to grow at a rate equal to an average annual real total return of at least 5%. This is consistent with the Association’s objective to provide protection of principal and ensure reasonable growth of the principal of the endowment assets as well as to provide additional real growth through new gifts and investment return.

### NOTE 11 - FUNDRAISING ACTIVITIES

Fundraising activities were as follows during the years ended December 31:

|  | <u>2022</u>       | <u>2021</u>         |
|--|-------------------|---------------------|
| Fundraising revenue:   |                   |                     |
| Contributions and grants:  |                   |                     |
| Without donor restrictions   | \$ 311,076        | \$ 663,625          |
| With donor restrictions, net of PRF of \$83,024 and \$579,149, respectively (Note 7) | <u>729,032</u>    | <u>673,067</u>      |
| Total contributions and grants   | <u>1,040,108</u>  | <u>1,336,692</u>    |
| Fundraising events, net of direct expenses of \$40,461 and \$21,862, respectively:   |                   |                     |
| Without donor restrictions   | 186,285           | 71,403              |
| With donor restrictions  | <u>89,332</u>     | <u>144,395</u>      |
| Total fundraising events, net  | <u>275,617</u>    | <u>215,798</u>      |
| Total revenue – fundraising activities   | 1,315,725         | 1,552,490           |
| Less: fundraising expenses   | <u>(398,098)</u>  | <u>(328,909)</u>    |
| Fundraising activities, net  | <u>\$ 917,627</u> | <u>\$ 1,223,581</u> |

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 12 - PENSION PLAN

The Association maintains a voluntary 403(b) pension plan (the Plan) for the benefit of substantially all eligible employees. Employees may defer compensation up to the current IRC limits. Employer contributions to the Plan are at the discretion of the Association. For the years ended December 31, 2022 and 2021, the Association made no contributions to the Plan.

NOTE 13 - COMMITMENTS

Operating Leases

The Association leases various facilities under operating lease agreements that expire on various dates through September 2025 and require aggregate minimum monthly payments of approximately \$27,300. The Association also leases office equipment under operating lease agreements that expire on various dates through July 2026 and require aggregate minimum monthly payments of approximately \$5,000. Real estate taxes, insurance, and maintenance expenses covering the leased facilities are obligations of the Association.

Future minimum lease payments are as follows at December 31, 2022:

| <u>Year Ending</u><br><u>December 31,</u> | <u>Facilities</u> | <u>Equipment</u>  | <u>Total</u>      |
|---|-------------------|-------------------|-------------------|
| 2023                                      | \$ 328,681        | \$ 58,323         | \$ 387,004        |
| 2024                                      | 131,614           | 54,984            | 186,598           |
| 2025                                      | 41,769            | 15,492            | 57,261            |
| 2026                                      | <u>-</u>          | <u>1,164</u>      | <u>1,164</u>      |
| Total minimum lease payments              | \$ <u>502,064</u> | \$ <u>129,963</u> | 632,027           |
| Less: interest/imputed interest           |                   |                   | <u>(29,122)</u>   |
| Total operating lease liabilities         |                   |                   | 602,905           |
| Less: current portion                     |                   |                   | <u>(367,410)</u>  |
|   |                   |                   | \$ <u>235,495</u> |

For the years ended December 31, 2022 and 2021, total facility and equipment rent expense under these operating lease agreements amounted to \$384,659 and \$357,472, respectively, and is included in facility expenses in the accompanying consolidated statements of functional expenses. During the year ended December 31, 2021, the Association received \$100,000 for an early termination of a facility lease, which is included in other revenues in the accompanying statements of operations and changes in net assets.

As of December 31, 2022, the weighted average remaining lease term was 1.84 years, and the weighted average discount rate was 3.25%. As of December 31, 2022, the operating lease right-of-use assets amounted to \$596,621.

# LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 14 - INSTALLMENT PAYMENT PAYABLE

In July 2021, the Association entered into an installment payment agreement for the purchase of property and equipment amounting to \$30,780. The agreement requires monthly installment payments of \$971, which includes principal and interest at 8.43% per annum, for 36 months.

### NOTE 15 - LEGAL MATTERS

The Association may, from time-to-time, be involved in litigation and regulatory investigations that arise in the normal course of doing business. After consultation with legal counsel, management estimates that matters existing as of December 31, 2022, if any, will be resolved without material adverse effect on the Association's future financial position, results of operations, or cash flows.

### NOTE 16 - AVAILABILITY OF FINANCIAL ASSETS

The Association's financial assets available within one year of the consolidated balance sheet date for general expenditures are as follows at December 31:

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| Cash and cash equivalents  | \$ 6,088,061        | \$ 6,411,869        |
| Patient accounts receivable  | 2,075,801           | 2,301,343           |
| Contributions receivable   | <u>5,013</u>        | <u>41,666</u>       |
|  | 8,168,875           | 8,754,878           |
| Less: financial assets unavailable for<br>general expenditures (subject to<br>expenditure for donor-specified purpose) | <u>(49,574)</u>     | <u>(48,564)</u>     |
| Total  | \$ <u>8,119,301</u> | \$ <u>8,706,314</u> |

The Association's endowment funds consist of donor-restricted endowments and quasi-endowment. Certain income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The Board-designated endowment fund is available in accordance with the Association's investment spending policy applicable to endowment funds (Note 10). As of December 31, 2022 and 2021, the total funds available for distribution within the next 12 months amounted to \$182,944 and \$89,759, respectively (Note 6).

As part of the Association's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Association invests cash in excess of daily requirements in short-term investments.

SUPPLEMENTAL CONSOLIDATING INFORMATION

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION**  
**CONSOLIDATING BALANCE SHEETS**  
**DECEMBER 31, 2022**

|   | <u>LMVNA</u>         | <u>LC</u>         | <u>Eliminations</u> | <u>Total</u>         |
|---|----------------------|-------------------|---------------------|----------------------|
| <b>CURRENT ASSETS:</b>                              |                      |                   |                     |                      |
| Cash and cash equivalents                           | \$ 5,694,664         | \$ 393,397        | \$ -                | \$ 6,088,061         |
| Patient accounts receivable, net                    | 1,773,392            | 197,448           | -                   | 1,970,840            |
| Contributions receivable                            | 5,013                | -                 | -                   | 5,013                |
| Prepaid expenses and other current assets           | 253,764              | 6,700             | -                   | 260,464              |
| Due (to) from - intercompany                        | <u>(372,521)</u>     | <u>-</u>          | <u>372,521</u>      | <u>-</u>             |
| Total current assets                                | 7,354,312            | 597,545           | 372,521             | 8,324,378            |
| BENEFICIAL INTEREST IN NET ASSETS OF VCCF           | 1,849,302            | -                 | -                   | 1,849,302            |
| PROPERTY AND EQUIPMENT, net                         | 211,563              | -                 | -                   | 211,563              |
| OPERATING LEASE RIGHT-OF-USE ASSETS                 | <u>596,621</u>       | <u>-</u>          | <u>-</u>            | <u>596,621</u>       |
| Total assets  | <u>\$ 10,011,798</u> | <u>\$ 597,545</u> | <u>\$ 372,521</u>   | <u>\$ 10,981,864</u> |
| <b>CURRENT LIABILITIES:</b>                         |                      |                   |                     |                      |
| Accounts payable                                    | \$ 148,029           | \$ 14,258         | \$ -                | \$ 162,287           |
| Accrued expenses                                    | 1,173,753            | 80,745            | -                   | 1,254,498            |
| Current portion of installment payment payable      | 10,601               | -                 | -                   | 10,601               |
| Current portion of operating lease liabilities      | 367,410              | -                 | -                   | 367,410              |
| Due to (from) - intercompany                        | <u>-</u>             | <u>(372,521)</u>  | <u>372,521</u>      | <u>-</u>             |
| Total current liabilities                           | 1,699,793            | (277,518)         | 372,521             | 1,794,796            |
| INSTALLMENT PAYMENT PAYABLE, net of current portion | 6,607                | -                 | -                   | 6,607                |
| OPERATING LEASE LIABILITIES, net of current portion | <u>235,495</u>       | <u>-</u>          | <u>-</u>            | <u>235,495</u>       |
| Total liabilities                                   | <u>1,941,895</u>     | <u>(277,518)</u>  | <u>372,521</u>      | <u>2,036,898</u>     |
| COMMITMENTS AND CONTINGENCIES                       | -                    | -                 | -                   | -                    |
| <b>NET ASSETS:</b>                                  |                      |                   |                     |                      |
| Without donor restrictions                          | 7,569,799            | 865,488           | -                   | 8,435,287            |
| With donor restrictions                             | <u>500,104</u>       | <u>9,575</u>      | <u>-</u>            | <u>509,679</u>       |
| Total net assets                                    | <u>8,069,903</u>     | <u>875,063</u>    | <u>-</u>            | <u>8,944,966</u>     |
| Total liabilities and net assets                    | <u>\$ 10,011,798</u> | <u>\$ 597,545</u> | <u>\$ 372,521</u>   | <u>\$ 10,981,864</u> |

See independent auditors' report

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION**  
**CONSOLIDATING BALANCE SHEETS**  
**DECEMBER 31, 2021**

|   | <u>LMVNA</u>         | <u>LC</u>         | <u>Eliminations</u> | <u>Total</u>         |
|---|----------------------|-------------------|---------------------|----------------------|
| <b>CURRENT ASSETS:</b>                              |                      |                   |                     |                      |
| Cash and cash equivalents                           | \$ 6,256,749         | \$ 155,120        | \$ -                | \$ 6,411,869         |
| Patient accounts receivable, net                    | 2,003,015            | 173,577           | -                   | 2,176,592            |
| Contributions receivable                            | 41,666               | -                 | -                   | 41,666               |
| Prepaid expenses and other current assets           | 166,146              | 1,401             | -                   | 167,547              |
| Due (to) from - intercompany                        | <u>(510,443)</u>     | <u>-</u>          | <u>510,443</u>      | <u>-</u>             |
| Total current assets                                | 7,957,133            | 330,098           | 510,443             | 8,797,674            |
| BENEFICIAL INTEREST IN NET ASSETS OF VCCF           | 2,155,072            | -                 | -                   | 2,155,072            |
| PROPERTY AND EQUIPMENT, NET                         | <u>266,927</u>       | <u>-</u>          | <u>-</u>            | <u>266,927</u>       |
| Total assets  | <u>\$ 10,379,132</u> | <u>\$ 330,098</u> | <u>\$ 510,443</u>   | <u>\$ 11,219,673</u> |
| <b>CURRENT LIABILITIES:</b>                         |                      |                   |                     |                      |
| Accounts payable                                    | \$ 119,149           | \$ 5,551          | \$ -                | \$ 124,700           |
| Accrued expenses                                    | 1,455,079            | 51,470            | -                   | 1,506,549            |
| Advances - provider relief funds                    | 83,024               | -                 | -                   | 83,024               |
| Current portion of installment payment payable      | 9,746                | -                 | -                   | 9,746                |
| Due to (from) - intercompany                        | <u>-</u>             | <u>(510,443)</u>  | <u>510,443</u>      | <u>-</u>             |
| Total current liabilities                           | 1,666,998            | (453,422)         | 510,443             | 1,724,019            |
| INSTALLMENT PAYMENT PAYABLE, net of current portion | <u>17,209</u>        | <u>-</u>          | <u>-</u>            | <u>17,209</u>        |
| Total liabilities                                   | <u>1,684,207</u>     | <u>(453,422)</u>  | <u>510,443</u>      | <u>1,741,228</u>     |
| COMMITMENTS AND CONTINGENCIES                       | -                    | -                 | -                   | -                    |
| <b>NET ASSETS:</b>                                  |                      |                   |                     |                      |
| Without donor restrictions                          | 8,163,078            | 770,045           | -                   | 8,933,123            |
| With donor restrictions                             | <u>531,847</u>       | <u>13,475</u>     | <u>-</u>            | <u>545,322</u>       |
| Total net assets                                    | <u>8,694,925</u>     | <u>783,520</u>    | <u>-</u>            | <u>9,478,445</u>     |
| Total liabilities and net assets                    | <u>\$ 10,379,132</u> | <u>\$ 330,098</u> | <u>\$ 510,443</u>   | <u>\$ 11,219,673</u> |

See independent auditors' report

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION**  
**CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

|  | <u>LMVNA</u>        | <u>LC</u>         | <u>Eliminations</u> | <u>Total</u>        |
|--|---------------------|-------------------|---------------------|---------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:                                  |                     |                   |                     |                     |
| REVENUE AND SUPPORT:   |                     |                   |                     |                     |
| Patient service revenue, net   | \$ 15,601,964       | \$ 1,689,562      | \$ -                | \$ 17,291,526       |
| Income from beneficial interest in net assets of VCCF, net of expenses of \$24,960 | 53,271              | -                 | -                   | 53,271              |
| Contributions and grants   | 311,076             | -                 | -                   | 311,076             |
| Fundraising events, net of direct expenses   | 186,285             | -                 | -                   | 186,285             |
| Other revenues (expenses), net   | 62,810              | -                 | (66,000)            | (3,190)             |
| Net assets released from restrictions, used for operations                         | <u>928,686</u>      | <u>8,345</u>      | <u>-</u>            | <u>937,031</u>      |
| Total revenue and support  | <u>17,144,092</u>   | <u>1,697,907</u>  | <u>(66,000)</u>     | <u>18,775,999</u>   |
| EXPENSES:  |                     |                   |                     |                     |
| Program services   | 14,308,244          | 1,237,165         | -                   | 15,545,409          |
| Supporting services:   |                     |                   |                     |                     |
| Fundraising  | 398,098             | -                 | -                   | 398,098             |
| General and administrative   | <u>2,671,988</u>    | <u>365,299</u>    | <u>(66,000)</u>     | <u>2,971,287</u>    |
| Total supporting services  | <u>3,070,086</u>    | <u>365,299</u>    | <u>(66,000)</u>     | <u>3,369,385</u>    |
| Total expenses   | <u>17,378,330</u>   | <u>1,602,464</u>  | <u>(66,000)</u>     | <u>18,914,794</u>   |
| (Deficiency) excess of revenues over expenses                                      | (234,238)           | 95,443            | -                   | (138,795)           |
| NET UNREALIZED (LOSS) - BENEFICIAL INTEREST<br>IN NET ASSETS OF VCCF               |                     |                   |                     |                     |
|  | <u>(359,041)</u>    | <u>-</u>          | <u>-</u>            | <u>(359,041)</u>    |
| (Decrease) increase in net assets without donor restrictions                       | <u>(593,279)</u>    | <u>95,443</u>     | <u>-</u>            | <u>(497,836)</u>    |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:                                     |                     |                   |                     |                     |
| Contributions and grants   | 807,611             | 4,445             | -                   | 812,056             |
| Fundraising events, net of direct expenses   | 89,332              | -                 | -                   | 89,332              |
| Net assets released from restrictions, used for operations                         | <u>(928,686)</u>    | <u>(8,345)</u>    | <u>-</u>            | <u>(937,031)</u>    |
| (Decrease) in net assets with donor restrictions                                   | <u>(31,743)</u>     | <u>(3,900)</u>    | <u>-</u>            | <u>(35,643)</u>     |
| NET CHANGE IN NET ASSETS   | (625,022)           | 91,543            | -                   | (533,479)           |
| NET ASSETS, beginning of year  | <u>8,694,925</u>    | <u>783,520</u>    | <u>-</u>            | <u>9,478,445</u>    |
| NET ASSETS, end of year  | <u>\$ 8,069,903</u> | <u>\$ 875,063</u> | <u>\$ -</u>         | <u>\$ 8,944,966</u> |

See independent auditors' report

**LIVINGSTON MEMORIAL VNA HEALTH CORP. AND SUBSIDIARIES**  
**SUPPLEMENTAL INFORMATION**  
**CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

|  | <u>LMVNA</u>        | <u>LC</u>         | <u>Eliminations</u> | <u>Total</u>        |
|--|---------------------|-------------------|---------------------|---------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:                                  |                     |                   |                     |                     |
| REVENUE AND SUPPORT:   |                     |                   |                     |                     |
| Patient service revenue, net   | \$ 16,137,345       | \$ 1,633,789      | \$ -                | \$ 17,771,134       |
| Income from beneficial interest in net assets of VCCF, net of expenses of \$32,116 | 104,863             | -                 | -                   | 104,863             |
| Contributions and grants   | 663,625             | -                 | -                   | 663,625             |
| Fundraising events, net of direct expenses   | 71,403              | -                 | -                   | 71,403              |
| Other revenues, net  | 182,863             | -                 | (66,000)            | 116,863             |
| Net assets released from restrictions, used for operations                         | <u>1,391,854</u>    | <u>9,157</u>      | <u>-</u>            | <u>1,401,011</u>    |
| Total revenue and support  | <u>18,551,953</u>   | <u>1,642,946</u>  | <u>(66,000)</u>     | <u>20,128,899</u>   |
| EXPENSES:  |                     |                   |                     |                     |
| Program services   | 14,239,125          | 1,177,276         | -                   | 15,416,401          |
| Supporting services:   |                     |                   |                     |                     |
| Fundraising  | 328,909             | -                 | -                   | 328,909             |
| General and administrative   | <u>2,860,799</u>    | <u>340,021</u>    | <u>(66,000)</u>     | <u>3,134,820</u>    |
| Total supporting services  | <u>3,189,708</u>    | <u>340,021</u>    | <u>(66,000)</u>     | <u>3,463,729</u>    |
| Total expenses   | <u>17,428,833</u>   | <u>1,517,297</u>  | <u>(66,000)</u>     | <u>18,880,130</u>   |
| Excess of revenues over expenses   | 1,123,120           | 125,649           | -                   | 1,248,769           |
| NET UNREALIZED GAIN - BENEFICIAL INTEREST<br>IN NET ASSETS OF VCCF                 |                     |                   |                     |                     |
|  | <u>127,259</u>      | <u>-</u>          | <u>-</u>            | <u>127,259</u>      |
| Increase in net assets without donor restrictions                                  | <u>1,250,379</u>    | <u>125,649</u>    | <u>-</u>            | <u>1,376,028</u>    |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:                                     |                     |                   |                     |                     |
| Income from beneficial interest in net assets of VCCF                              | 2,008               | -                 | -                   | 2,008               |
| Contributions and grants   | 1,244,798           | 7,418             | -                   | 1,252,216           |
| Fundraising events, net of direct expenses   | 144,395             | -                 | -                   | 144,395             |
| Net assets released from restrictions, used for operations                         | <u>(1,391,854)</u>  | <u>(9,157)</u>    | <u>-</u>            | <u>(1,401,011)</u>  |
| (Decrease) in net assets with donor restrictions                                   | <u>(653)</u>        | <u>(1,739)</u>    | <u>-</u>            | <u>(2,392)</u>      |
| NET CHANGE IN NET ASSETS   | 1,249,726           | 123,910           | -                   | 1,373,636           |
| NET ASSETS, beginning of year  | <u>7,445,199</u>    | <u>659,610</u>    | <u>-</u>            | <u>8,104,809</u>    |
| NET ASSETS, end of year  | <u>\$ 8,694,925</u> | <u>\$ 783,520</u> | <u>\$ -</u>         | <u>\$ 9,478,445</u> |

See independent auditors' report