

HOSPICE AND PALLIATIVE NURSES FOUNDATION

(A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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## **Independent Auditors' Report**

To the Board of Directors  
Hospice and Palliative Nurses Foundation

We have audited the accompanying statement of financial position of Hospice and Palliative Nurses Foundation (a nonprofit organization) as of December 31, 2008, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hospice and Palliative Nurses Foundation as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Michalik & Daniels, LLC*

Pittsburgh, Pennsylvania  
September 30, 2009

HOSPICE AND PALLIATIVE NURSES FOUNDATION  
(a nonprofit organization)

STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2008

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Assets

**Current assets**

Cash and cash equivalents		\$	196,926
Short-term investments			186,952
Accounts receivable			12,375
Prepaid expenses			<u>1,096</u>
<b>Total current assets</b>			<b>397,349</b>

**Fixed assets**

Equipment	\$	8,893	
Less accumulated depreciation		<u>(7,263)</u>	1,630

**Other assets**

Long-term investments			<u>303,358</u>
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<b>Total assets</b>		\$	<u><b>702,337</b></u>
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Liabilities and Net Assets

**Current liability**

Accounts payable		\$	4,761
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**Net assets**

Net assets - unrestricted			363,894
Net assets – board designated			38,979
Net assets – temporarily restricted			<u>294,703</u>
<b>Total net assets</b>			<b>697,576</b>

<b>Total liability and net assets</b>		\$	<u><b>702,337</b></u>
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See accompanying notes and accountants' report.

**HOSPICE AND PALLIATIVE NURSES FOUNDATION**  
**(a nonprofit organization)**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenues</b>			
Grants	\$ 121,500	\$ 92,000	\$ 213,500
Contributions	67,554	40,000	107,554
Interest and dividend income	19,017		19,017
Investment (losses) gains	(5,487)		(5,487)
Fundraising events	9,580		9,580
Miscellaneous	3,784		3,784
Net assets released from restrictions	<u>89,817</u>	<u>( 89,817)</u>	<u>-0-</u>
<b>Total support and revenues</b>	<b>305,765</b>	<b>42,183</b>	<b>347,948</b>
<b>Expenses</b>			
Program services			
Educational and research	137,349		137,349
Supporting services			
Management and general	51,034		51,034
Fundraising	<u>53,230</u>		<u>53,230</u>
<b>Total support services</b>	<b>104,264</b>		<b>104,264</b>
<b>Total expenses</b>	<b><u>241,613</u></b>		<b><u>241,613</u></b>
<b>Increase in net assets</b>	<b>64,152</b>	<b>42,183</b>	<b>106,335</b>
<b>Net assets at beginning of year</b>	<b><u>338,721</u></b>	<b><u>252,520</u></b>	<b><u>591,241</u></b>
<b>Net assets at end of year</b>	<b>\$ <u>402,873</u></b>	<b>\$ <u>294,703</u></b>	<b>\$ <u>697,576</u></b>

See accompanying notes and accountants' report.

**HOSPICE AND PALLIATIVE NURSES FOUNDATION**  
**(a nonprofit organization)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER, 31, 2008**

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**Cash Flow from Operating Activities:**

Increase in net assets	\$ 106,335
Adjustments to reconcile excess support over expenses:	
Unrealized loss on investment	5,487
Increase in receivables	(4,320)
Decrease in prepaid expenses	2,717
Increase in accounts payable	717
Depreciation	<u>1,779</u>
<b>Net Cash Provided by Operating Activities</b>	<b>112,715</b>

**Cash Flows From Investing Activities:**

Purchase of investments	(521,781)
Sales of investments	<u>400,000</u>
<b>Net Cash (Used) in Investing Activities</b>	<b>(121,781)</b>

**Net Increase (Decrease) in Cash** (9,066)

**Cash at Beginning of the Year** 205,992

**Cash at End of the Year** \$ 196,926

**Supplemental Disclosure of Cash Flow Information:**

Cash paid during the year for:	
Interest	\$ -0-
Income taxes	\$ -0-

See accompanying notes and accountants' report.

**HOSPICE AND PALLIATIVE NURSES FOUNDATION**  
(a nonprofit organization)

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program	Support Services			Total
	Services	Management		Total	
	Education &	and	Fundraising	Support	Total
	Research	General		Services	Expenses
Board expenses	\$ 2,484	\$ 2,483	\$ -	\$ 2,483	\$ 4,967
NCP grant	80,000	-	-	-	80,000
Florence Wald expenses	-	-	5,954	5,954	5,954
Certification scholarships	1,280	-	-	-	1,280
Education scholarships	1,510	-	-	-	1,510
Chapter education grants	2,506	-	-	-	2,506
Sigma Theta Tau grant	5,000	-	-	-	5,000
PDIA nursing award	2,160	-	-	-	2,160
Staff travel	-	1,128	1,129	2,257	2,257
Computer expenses	-	1,241	1,240	2,481	2,481
Shipping	-	-	83	83	83
Liability insurance	-	1,092	-	1,092	1,092
Printing	-	-	4,778	4,778	4,778
Postage	-	-	6,735	6,735	6,735
Office supplies	-	1,565	-	1,565	1,565
Bank charges	-	1,854	-	1,854	1,854
Rent	-	5,626	-	5,626	5,626
Telephone	-	820	-	820	820
Administration wages	-	13,306	-	13,306	13,306
Staff development	-	225	-	225	225
Professional fees	-	7,765	7,500	15,265	15,265
Salary, payroll taxes and fringe benefits	20,075	11,471	25,811	37,282	57,357
Grant project expense	22,334	-	-	-	22,334
Depreciation	-	1,779	-	1,779	1,779
Miscellaneous	-	679	-	679	679
	<u>\$ 137,349</u>	<u>\$ 51,034</u>	<u>\$ 53,230</u>	<u>\$ 104,264</u>	<u>\$ 241,613</u>

The accompanying report and notes to financial statements are integral parts of these financial statements.

**HOSPICE AND PALLIATIVE NURSES FOUNDATION**  
**(a nonprofit organization)**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

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**NOTE 1 – NATURE OF NONPROFIT ACTIVITIES**

Hospice and Palliative Nurses Foundation (HPNF) is a nonprofit charitable corporation pursuant to Section 501(c)(3) of the Internal Revenue Code. The organization's purpose is to provide educational and scientific support to nurses and other health care professionals involved in hospice and palliative care.

**Education and Research**

HPNF provides grants, awards and scholarships to various organizations and individuals for their education and research within the hospice and palliative nursing field.

**Fundraising**

HPNF contacts potential donors to contribute money, services, materials, other assets, or time to support the programs of the foundation.

**Management and General**

This function to manages office operations including grant activities, foundation development, staff education and development and general marketing; and manages the financial and budgetary responsibilities of the foundation.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of HPNF have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standard (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**HOSPICE AND PALLIATIVE NURSES FOUNDATION**  
**(a nonprofit organization)**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Contributions**

Grants and contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor restricted support is reported as an increase in either temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Equipment**

Equipment is capitalized at cost. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the individual assets. Depreciation expense as of December 31, 2008 was \$1,779.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of less than 90 days. The Association maintains, at various financial institutions, cash and cash equivalents which may periodically exceed federally insured amounts.

**Donated Services**

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, the Foundation recognizes services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Materials, equipment and services received as donations are recorded and reflected in the accompanying financial statements at their estimated fair values at the date of receipt. The amount of such donated materials, equipment and services was \$26,191 for the year ended December 31, 2008.

**HOSPICE AND PALLIATIVE NURSES FOUNDATION**  
**(a nonprofit organization)**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The basis for the allocation of expenses is defined by time studies performed by the Association.

**Income Taxes**

HPNF qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (IRC) and, is thereby exempt from paying federal income tax. In addition, the organization qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and had been classified as an organization that is not a private foundation under Section 509(a)(2). HPNF is duly registered as a Charitable Organization with the Department of State, Commonwealth of Pennsylvania.

**NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

Educational grants	\$ 37,108
Certification scholarships	33,570
Certification research	113,500
Annual assembly scholarship	10,410
Salary for Director of Development	38,647
Writing awards	1,500
Nursing leadership awards	43,968
STTI Research Grant	15,000
Spanish Translation Sheets	<u>1,000</u>
	\$ <u>294,703</u>

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008

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**NOTE 4 - INVESTMENTS**

The market values of the association's investment portfolio as of December 31, 2008 are as follows:

Short-term		
Mutual fund		\$ 36,239
Certificates of deposit		<u>150,713</u>
		186,952
Long-term		
Certificates of deposit		<u>303,358</u>
Total investments		\$ <u>490,310</u>