CONEJO HOSPICE, INC.

dba HOSPICE OF THE CONEJO

FINANCIAL STATEMENTS

DECEMBER 31, 2022

FARBER HASS HURLEY LLP
CERTIFIED PUBLIC ACCOUNTANTS

CONEJO HOSPICE, INC.
dba HOSPICE OF THE CONEJO
INDEX TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Conejo Hospice, Inc. dba Hospice of the Conejo

Opinion

We have audited the accompanying financial statements of Conejo Hospice, Inc. dba Hospice of the Conejo, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Conejo Hospice, Inc. dba Hospice of the Conejo as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Conejo Hospice, Inc. dba Hospice of the Conejo's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Conejo Hospice, Inc. dba Hospice of the Conejo'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.

Farber Hass Hurley LLP

Farber Hass Hurley LLP

Chatsworth, California
November 01, 2023

CONEJO HOSPICE, INC.
dba HOSPICE OF THE CONEJO
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Current assets:		
Cash and cash equivalents	$	431,778
Grant receivables		50,000
Other receivables		1,590
Prepaid expenses		7,722
Total current assets		491,090
Non-current assets:		
Funds held at Ventura County Community Foundation		123,292
Property and equipment, net		16,740
Donated gravesites		21,245
Total assets	$	652,367

LIABILITIES AND NET ASSETS

Accrued expenses	$	11,070
		11,070
Net assets:		
Net assets without donor restrictions		470,501
Net assets with donor restrictions		170,796
Total net assets		641,297
Total liabilities and net assets	$	652,367

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

CONEJO HOSPICE, INC.
dba HOSPICE OF THE CONEJO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Net assets without donor restriction	Net assets with donor restriction	Total
REVENUE AND SUPPORT:			
Contributions:			
Private foundation	$ 124,700	$ -	$ 124,700
Government grants	13,052	-	13,052
Individual/Corporation	104,271	-	104,271
Program income	9,273	-	9,273
Total	251,296	-	251,296
Special event revenue	85,849	-	85,849
Direct event costs	(47,948)	-	(47,948)
Special event, net	37,901	-	37,901
Unrealized investment loss	-	(27,057)	(27,057)
Realized investment gain, net of investment fees	-	724	724
Interest and dividend income	835	3,192	4,027
Contributed rental income	27,072	-	27,072
Total revenue and support	317,104	(23,141)	293,963
ASSETS RELEASED FROM RESTRICTIONS:			
Appropriation of endowment income	15,490	(15,490)	-
	15,490	(15,490)	-
Total support, revenue and other gains	332,594	(38,631)	293,963
EXPENSES:			
Program services	164,979	-	164,979
General and administrative	39,881	-	39,881
Fundraising	79,543	-	79,543
Total expenses	284,403	-	284,403
Change in net assets	48,191	(38,631)	9,560
Net assets – beginning of year	422,310	209,427	631,737
Net assets – end of year	$ 470,501	$ 170,796	$ 641,297

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

CONEJO HOSPICE, INC.
dba HOSPICE OF THE CONEJO
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	General and Administrative	Fund Raising	Total
Salaries	$ 63,523	$ 14,572	$ 60,937	$ 139,032
Mileage	127	-	-	127
Payroll taxes	5,238	1,340	5,603	12,181
Total employee costs	68,888	15,912	66,540	151,340
Advertising and marketing	6,346	1,892	2,115	10,353
Bank service charges	-	990	-	990
Bereavement supplies	515	-	-	515
Computer systems expenses	2,139	257	456	2,852
Conference	-	1,700	-	1,700
Depreciation	514	342	-	856
Dues and subscriptions	762	-	-	762
Insurance	10,801	1,440	2,160	14,401
Legal and accounting	-	13,054	-	13,054
Office expenses	6,792	906	1,358	9,056
Other meetings	246	-	-	246
Payroll processing charge	-	1,645	-	1,645
Postage	232	42	190	464
Pregnancy loss	3,920	-	-	3,920
Grief support program expenses	16,085	-	-	16,085
Rent and utilities	24,084	1,606	6,422	32,112
Bereavement services	16,780	-	-	16,780
Telephone	1,192	95	302	1,589
Volunteer training	683	-	-	683
Outside consultant	5,000	-	-	5,000
Total other expenses	96,091	23,969	13,003	133,063
Total expenses	$ 164,979	$ 39,881	$ 79,543	$ 284,403

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

CONEJO HOSPICE, INC.
dba HOSPICE OF THE CONEJO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash flows from operating activities:		
Change in net assets	$	9,560
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation		856
Unrealized investment loss		27,057
Change in assets and liabilities:		
Grant receivables		(18,333)
Other receivables		(1,000)
Prepaid expenses		(1,488)
Accrued expenses		(12,002)
Cash provided by operating activities		4,650
Cash flows from investing activities:		
Purchase of equipment		(16,610)
Sales of investments, net		14,084
Cash used by investing activities		(2,526)
Net increase in cash, cash equivalents, and restricted cash		2,124
Cash, cash equivalents, and restricted cash – beginning of year		429,654
Cash, cash equivalents, and restricted cash – end of year	$	431,778
Supplemental cash flow information:		
Interest paid	$	-
Taxes paid	$	-

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Conejo Hospice, Inc. dba Hospice of the Conejo (the "Organization") is a non-profit corporation. Hospice of the Conejo is a volunteer hospice and grief support center, organized to aid terminally ill patients and their families by providing counseling and necessary in-home support in the Conejo, Simi Valley, and surrounding areas of California. Bereavement support is also provided. There is no charge for any services and all ages are served. The Organization's revenues are derived from fundraising events, individual and corporate contributions, and government grants.

Basis of accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

Financial statement presentation

Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restriction – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific purposes from time to time.

Net assets with donor restriction – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and revenue recognition

Sources of revenue

The primary sources of revenue are grants and contracts and donations. Grants and contracts and donations come from wide variety of sources, including county and city funds, private foundations, individual donations, and other non-profit organizations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and revenue recognition (continued)

Contributions and donations
The Organization recognizes contributions and donations when cash, securities or other assets are received; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. A contribution amount from a personal trust exceeds 10% of total revenue (See Note 11).

Revenue recognition
The Organization adopted Accounting Standard Update ("ASU") No. 2014-09 - *Revenue from Contracts with Customers* (Topic 606) in the prior year. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Functional expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and benefits are allocated based on estimates of time and effort. Bereavement services, and professional fees are allocated based on full-time equivalent. Rent and utilities are allocated based on space utilization.

Investments
Investments are carried at their estimated fair values as determined by management in good faith with the assistance of third-party individuals using methods it considers appropriate. Those estimated fair values may differ from the values that would have been used had a ready market for those securities existed. Changes in unrealized gains and losses resulting from changes in fair value, net of investment management fees, are included in the statement of activities as "net appreciation or depreciation in investments".

Property and equipment
Furniture and equipment are stated at cost, except for donated equipment, which is stated at fair market value at date of receipt. The Organization's policy is to capitalize equipment with a cost in excess of $500. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. As of December 31, 2022, the Organization had $856 in depreciation expenses.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, cash in bank accounts and investments with an initial maturity of three months or less.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes
The Organization has received favorable determination letters from the Internal Revenue Service and the Franchise Tax Board that the Organization is exempt from Federal and State income tax under Internal Revenue Code Section 501(c)(3) and applicable state statutes. In addition, the Organization has been classified as an organization that is not a private foundation under Section 509(a)(2). The accounting principles generally accepted in the United States of America provides accounting and disclosure guidance about positions taken by an organization in its information returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its Federal and State organization information returns are more likely than not to be sustained upon examination. The Organization is subject to examinations by U.S. Federal and State tax authorities from 2019 to the present, generally for three years after they are filed.

Advertising and marketing costs
The Organization expenses its costs for advertising when incurred. For the year ended December 31, 2022, advertising and marketing expenses were $10,353.

Volunteer hours
A substantial number of volunteers have donated significant amounts of time in the Organization's program services and in its fundraising campaigns. No amounts have been reflected in the Statement of Activities for donated services, as no objective basis is available to measure the value of such services.

Estimates and assumptions
Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Fair value of financial instruments
The carrying amount of cash and cash equivalents approximates fair value because of the liquidity of these instruments. The carrying values of receivables and accrued expenses approximate fair values because of the short maturity of these instruments.

NOTE 2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows at December 31, 2022.

NOTE 2. CASH, CASH EQUIVALENTS, AND RESTRICTED CASH (continued)

	Cash and cash equivalents	Cash restricted for burial fund	Total
Cash in checking	$ 326,984	$ -	$ 326,984
Petty cash	100	-	100
Certificate of deposit	40,703	63,990	104,693
	$ 367,787	$ 63,990	$ 431,777

The cash balances and the certificates of deposit are held at two local banks. Deposits held with these financial institutions may exceed the amount of insurance provided on such deposits. The balances are insured by the Federal Deposit Insurance Corporation ("FDIC"). During the year ended December 31, 2022, there were, at times, funds that were uninsured. Management does not believe that the Organization is subject to any unusual financial risk beyond the normal risk associated with commercial banking relationships. The Organization has not experienced any losses on its deposits of cash and cash equivalents.

NOTE 3. NET ASSETS – WITH DONOR RESTRICTIONS

Net assets with donor restrictions not subject to appropriation or expenditure consist of an Endowment Fund, the income from which is held as net assets with donor restrictions for use in programs at the Board's discretion. At December 31, 2022 the net assets with donor restrictions account included (See Note 4):

Haaland Endowment	$ 94,322

Net assets with donor restrictions are income items designated for specific purposes. At December 31, 2022, net assets subject to expenditure for specified purpose include:

Endowment investment income	$ 8,568
Burial assistance program	63,990
	$ 72,558

NOTE 4. ENDOWMENTS

The Organization's endowment includes donor-restricted endowment funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods.

The Organization has chosen to invest the funds with the Ventura County Community Foundation ("VCCF"), where they receive professional investment management expertise. The VCCF's investment strategy is to satisfy its long-term rate-of-return objectives by relying on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

VCCF has variance power over these funds. Distributions from the Endowment are determined by the VCCF's board of directors, which considers, among other factors, anticipated budget needs, available funds, recent endowment performance, and overall economic conditions. As of December 31, 2022, the Board agreed to appropriate $15,490 for the use of general operational purpose.

In accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Board appropriates for expenditure no more than 7% of the average fair market value of the endowment averaged over the previous three years.

The changes in endowment net assets for December 31, 2022 were as follows:

	Net assets without donor restriction	Net assets with donor restrictions		
		VCCF Investments	Haaland Endowment	Total
Endowment net assets December 31, 2021	$ -	$ 51,115	$ 94,322	$ 145,437
Appropriation of endowment income	-	(15,490)		(15,490)
Investment loss	-	(27,057)	-	(27,057)
Endowment net assets December 31, 2022	$ -	$ 8,568	$ 94,322	$ 102,890

NOTE 5. FAIR VALUE MEASUREMENTS

In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a consistent framework which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities

(level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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. ASC Topic 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. These methods are used on a consistent basis and the Organization has not made changes in the valuation techniques used.

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

NOTE 5. FAIR VALUE MEASUREMENTS (continued)

Ventura County Community Foundation Fund ("VCCF"): Investments in VCCF consist of money market, stocks, bonds, mutual funds, and real estate investments. The fair market values of some investments are determined through quoted market values. Other investments, which are not readily marketable, are carried at their estimated fair values as determined by management in good faith with the assistance of third-party investment managers.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Ventura County Community Foundation	$ -	$ -	$ 123,292	$ 123,292
Total assets at fair value	$ -	$ -	$ 123,292	$ 123,292

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended December 31, 2022.

Balance, beginning of year	$ 164,433
Investment loss	(21,241)
Management fees	(1,900)
Distribution	(18,000)
Balance, end of year	$ 123,292
The amount of total gains or losses for the period included in changes in net assets attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ (27,057)

CONEJO HOSPICE, INC.
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NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6. RISKS AND UNCERTAINTIES

The Organization invests in various investment securities (see Note 5). Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those such changes could materially affect the investment balances and the amounts available for appropriation.

NOTE 7. LEASE COMMITMENTS

The Organization utilizes space in the Human Services Center on rent-free basis, although it pays utilities on a pro-rata share. The Organization has signed a lease that can be canceled upon sixty (60) days written notice by either party. The term of the lease was from May 1, 2017 through May 1, 2018, and month-to-month thereafter. During 2022, the Organization has recorded rental income and a corresponding rent expense for its contributed space, based on the fair market value of comparable rental space, in the amount of $27,072.

NOTE 8. PROPERTY AND EQUIPMENT

The Organization's property and equipment was comprised of the following at December 31, 2022:

Furniture and equipment	$ 48,225
Accumulated depreciation	(31,485)
	$ 16,740

NOTE 9. FUNDRAISING EVENTS

The Organization has various fundraising events throughout the year, with the major event activities being the Tree of Life, Golf Tournament, and Festival of Trees.

	Tree of Life	Golf Tournament	Festival of Trees	General	Total
For the year ended December 31, 2022					
Revenue	$ 21,151	$ 39,484	$ 23,434	$ 1,780	$ 85,849
Less direct benefit to donors	(10,362)	(26,588)	(10,177)	(821)	(47,948)
Less overhead expenses	(9,799)	(18,292)	(10,856)	(825)	(39,772)
Net income (loss) from fundraising for the year ended December 31, 2022	$ 990	$ (5,396)	$ 2,401	$ 134	$ (1,871)

NOTE 10. LIQUIDITY AND CAPITAL RESOURCES

The Organization's source of liquidity includes cash and cash equivalents and contributions from donors. As of December 31, 2022, the Organization's working capital is $413,575. Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

Current asstes:		
Cash and cash equivalents (less restricted cash)	$	365,333
Grant receivables		50,000
Accounts receivable, net		1,590
Prepaid expenses		7,722
		424,645
Accrued expenses		11,070
		11,070
Working capital	$	413,575
Assets limited to use:		
Donor restricted:		
VCCF investments	$	123,292
	$	123,292

The Organization has certain board designated and donor-restricted assets limited to use. Income from donor-restricted endowment is restricted for specific purposes and, therefore is not available for general expenditures. These assets limited to use, are more fully described in Notes 3, 4, and 5. In addition, the Organization operates with a balanced budget and anticipates collecting revenue to cover general expenditures not covered by donor restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the Organization's cash and positive cash generated by operations for fiscal year 2022.

NOTE 11. CONTRIBUTION

During 2022, the Organization is entitled to receive a $50,000 distribution from a personal trust as stipulated in a trust agreement. As of December 31, 2022, the Organization has not received the funds. The Organization will receive the funds in subsequent year.

NOTE 12. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 01, 2023, the date that the financial statements were available to be issued.

On August 24, 2023, the Organization became entitled to receive its respective shares of distribution from a personal revocable trust in an amount of $610,285.